

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

24TH JANUARY, 1989

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Fourth Meeting of the First Session of the Sixth House of Assembly held in the House of Assembly Chamber on Tuesday 24th January, 1989, 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 15th November, 1988, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

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. 3 of 1988/89)
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No. 4 of 1988/89).
- (3) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No. 2 of 1988/89).
- (4) Statement of Supplementary Estimates (No. 3 of 1988/89)
- (5) Statement of Supplementary Estimates of 1986/87 (Excess Expenditure).

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.00 pm.

The House resumed at 3.30 pm.

Answers to Questions continued.

SUSPENSION OF STANDING ORDERS

HON A J CANEPA:

Mr Speaker, I think I am required to ask the House to suspend Standing Order 7(3) in order that, by prior agreement that we have had and consultation, we should now deal with the motion that I gave notice of some time ago rather than dealing with Government legislation. Therefore, I ask the House for leave to suspend Standing Order 7(3).

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

PRIVATE MEMBERS' MOTIONS

HON A J CANEPA:

Mr Speaker, I have the honour to move that this House:

- (1) considers that the appointment of a Speaker to the House of Assembly should be made with the support of all political forces represented in the House;
- (2) urges that the process of full consultation envisaged in the Gibraltar Constitution should be carried out with a view to agreeing a suitable candidate; and
- (3) that it is essential that no appointment should be made until a candidate acceptable to all such political forces is agreed on.

Mr Speaker, last April during the course of the Ceremonial Opening of this House, I said, when I addressed the House that it would be interesting to see how much heed the Government would take of the views of other political interests such as those represented by the Opposition and I would submit to the House, Sir, that there can hardly be a matter that could come up before this House in which more weight can and should be given to the views of the Opposition than on the question of the appointment of the Speaker of this House, the person who is to preside over the proceedings of this House. In my view there is hardly any matter that can come before this House that is or should be fundamentally non party political, according equality to all the political forces which may be represented in this House from time to time and which in this case are the GSLP Government and the AACR Opposition. No other matter could come up which should afford such equality than the appointment of a Speaker and I would submit Sir, that in Section 26 of the Constitution there is enshrined the principle of such equality, where it states and I quote "The Speaker of the Assembly shall be appointed by the Governor acting after consultation with the Chief Minister and with the Leader of the Opposition". Sir, why else should the Constitution contain and make provision for consultation of both sides of the House in such a balanced manner if it was not actually intended that it should be carried out and carried out, I would submit, fully. The Constitution treats the Government and the Opposition equally in this matter other than the fact that where as the Government with the majority of eight votes as against seven can effectively veto any appointment made by the Governor by not confirming with their votes such an appointment in this House whilst the Opposition with only seven votes is not able to do so. In legislatures which are modelled on the Westminster pattern, and the Gibraltar House of Assembly is such a legislature, the historical and the traditional manner in which a Speaker is selected and appointed is one that accords full equality of treatment to all the political forces represented in that legislature and in particular to the official Opposition. Thus Sir, in the United Kingdom, in the House of Commons, the Speaker is selected by consultation, by discussion between the Prime Minister and the Leader of the Opposition. The Speaker, the Candidate for Speaker, is a person acceptable to both sides of the House, he can come from both sides of the House, either from the Government benches or from

the Opposition benches and it is a traditional time honoured custom that the sponsors of the candidate for the office of Speaker jointly persuade, drag, the reluctant candidate, reluctant for historical reasons, something which I think all Parliamentarians and others who are familiar with the history of parliamentary democracy know about, traditionally whoever is selected the Speaker, has to pretend that he is reluctant to take the office and he is escorted by his sponsors from both sides of the House in this time honoured ceremony when he takes the Chair for the first time. That historical and traditional practice is carried over in other legislatures throughout the Commonwealth, in particular, which are modelled on the pattern of the United Kingdom by the consensus that there is when selecting someone to hold the office of Speaker. In the case of our House of Assembly one of perhaps the fundamental differences, in selecting a candidate, is the fact that invariably such a person has been selected and has to be selected from outside the House. He is not already a Member of the House and only becomes a Member of the House once that appointment is confirmed by the House. I would however submit that the intention, what is provided for in the Constitution, in no way cuts across or infringes that traditional, historical way of going about it and that essential underlined principle that the person selected should be acceptable to both sides of the House. There are in fact historical precedence here in Gibraltar, in our legislature, and you yourself Sir, emerged as a result of a process of consultation without necessarily being the first candidate whose name was mooted for the post at the time. Mr Speaker, without wishing to drag you into the controversy which has been engaging the attention of the House in recent weeks, and in particular naturally ourselves in the Opposition, I venture to suggest, Mr Speaker, or at least I feel bound to point out to Honourable Members that the views which you have expressed in very general terms and which are quoted in an article in the December/January issue of the 'Hi' Magazine are of a clear-cut nature and which I would say require that all Honourable Members, given the fact that you have been Speaker of this House for close on twenty years with the full support of all Members of the House over that period of time from various and different political parties, that such views be given a considerable amount of attention and weight, and in particular, the fact that you are quoted here as having said "that you insisted at the time when you were nominated, before being nominated that you should have the support, you made it a requirement, that you should have the support of all Members of the House and that you do not envy the task of anyone holding the office of Speaker who does not have the unanimous support of the House". I honestly thought, Mr Speaker, knowing the provisions of the Constitution and being fully aware of how the office of Speaker has been filled in Gibraltar in the past, over twenty years ago on two or three occasions, I honestly thought that after the general election, immediately after the general election, since we knew that it was your intention to retire, some time shortly after that, that the Chief Minister would have got in touch with me, invited

me to a meeting, at which we would have discussed the matter and that from our discussions and our consultations, a candidate would have emerged whom both sides of the House could support. Instead what happened was that it was not until October, nearly seven months after the general election, that the Chief Minister wrote to me inquiring or informing me, first of all, that the Government considered that a certain person was ideally suited for the position of Speaker and asking me whether the Opposition would support such an appointment. Shortly prior to that I had had a meeting with His Excellency the Governor on the matter, and I realise the Chief Minister was busy throughout the period between the end of March and October, and as you were not stepping down, Sir, until the end of the year, I realised that perhaps there was no need for him to have taken an initiative very early on, but it became clear during my meeting with the Governor that perhaps it was as a result, and the timing of it I think is indicative of that, the timing of the letter, that it was as a result of the Governor prodding the Chief Minister that he formally wrote to me the letter of the 10 October. I replied a couple of weeks later informing the Chief Minister that we could not support the candidate that he had given me an indication of in his letter, but that I was willing to have a meeting to arrive, to try, to arrive at a consensus on a short list of possible candidates who could be approached, and if they agreed to be considered, that they could be submitted to the Governor for him to make the necessary appointment. Again, I was acting in pursuance of the view that I had, that it was a matter for the Chief Minister and the Leader of the Opposition, to discuss to try to reach amicable agreement on and then one or the other or both jointly approach the Governor for the appointment to be made. Instead what happened was that on the 9 November, the Chief Minister wrote to me saying that the Government felt and I quote "It is not a matter of looking at alternatives, and insisting the Government candidate was the best and the right person for the post and that he was therefore writing to the Governor requesting that the appointment be made". During the summer, in the meantime Mr Speaker, there had been what can only be regarded as leakages to the media about the preferred Government candidate and in fact the person concerned was interviewed on television about the possibility or the likelihood, I should say, of such an appointment. I think that those leakages, I can only construe those leakages, as being an attempt to put the Opposition and perhaps even the Governor in a difficult position on the matter and again, I would suggest that that was not indicative of the spirit behind the relevant section of the Constitution. Nor for that matter can it be said that that spirit was being maintained by statements made by the Government's preferred candidate, on television, to the effect that if the Opposition voted against well it was just too bad, we would have to come around sooner or later accepting him as Speaker. I think that such a way of proceeding, Mr Speaker, is totally unwarranted and it is perhaps indicative of the Government's whole attitude to the Opposition. Let not the Chief Minister say that this is

how he himself was treated in the past because the issue of the appointment of a new Speaker is not one that has come up before the House since we both became Members of the House in 1972 and even moreso has not come up during the two occasions when he himself has been Leader of the Opposition, so he can hardly say that he is doing unto me what has been done unto him in the past. On the 19 December, Mr Speaker, I wrote to him because I knew that an appointment was imminent, and perhaps if I had not written to him on the 19 December, the appointment might have been made already for all I know, since he had on the 9 November informed me that he was asking the Governor to proceed with the appointment of this person that I have been referring to. So on the 19 December I wrote, drawing his attention to the motion now before the House, that I had given notice of this and I asked him in order that the debate could proceed in a meaningful and democratic manner that the possible appointment of a new Speaker, who did not have the support of both sides of the House, should be delayed until this motion had been debated in the House. I was asking him to intervene because he had informed me that he had written to His Excellency asking that the appointment be made. He wrote back almost immediately, a couple of days later, saying that he regretted that he could not accede to my request, my request being please ask the Governor that notwithstanding the fact that you have asked to make such an appointment that he should delay the appointment until there has been an opportunity to debate my motion in the House. He said, no, I cannot accede to your request, but I suppose I should be grateful for the fact that in practice that is what has happened. The appointment has not been made and in fact we are debating my motion in the House this afternoon prior to such an appointment. I am glad to see that at least that much has indeed been taken account of. Now, Sir, we feel very strongly on this side of the House that the Government should not use their majority to thrust on us a Speaker whom we cannot support. We do not have the right to veto the appointment of a Speaker, that red herring has been thrown up in the public controversy, with seven votes we cannot possibly do that. But seven Opposition Members who are elected by the minority in a democratically conducted election do have certain rights, as Members of the House, and the most fundamental right that they have is to have a person presiding over the proceedings of the House in whom they can have full confidence, whom they can actively approve of and support. If that does not happen, if no consensus candidate is appointed, then the Government is using their majority effectively as a threat to the Governor, that they would veto any appointment that he would make of any other candidate other than the one that they prefer, and I would submit that that was never envisaged by the Constitution. I really urge, Mr Speaker, the Government and the Chief Minister, in particular, to ponder carefully over the views that I am expressing and which are going to be expressed by other Members of the Opposition in the House today. I urge him to vote in favour of my motion and enter into a process of full consultation in order that we should

be able to agree on a consensus candidate. Surely even now it is not too late to agree on such a candidate. I get the impression that the general public do not expect that there should be controversy from the Government and the Opposition over such a matter. On other matters yes, of course, I think the public does expect us to have diametrically opposed views, but not on this fundamental issue which touches so closely and so intimately the sensitivities of Honourable Members on this side. It is not too late to enter into such a process of consultation, Mr Speaker, that would enable a new Speaker to be confirmed, the appointment of a new Speaker to be confirmed, in the House in due course in the same way as you the outgoing Speaker, Sir, have been accepted and have had the support of all Members of this House over the years regardless of their party political loyalties. 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 M A FEETHAM:

Mr Speaker, the Government's position will be put by the Honourable Chief Minister.

HON A J CANEPA:

Mr Speaker, is that an indication for the sake of good procedure, of the fact that no Honourable Member of the Government is going to take part in the debate other than the Chief Minister?

HON M A FEETHAM:

That is correct.

HON K B ANTHONY:

Mr Speaker, when this motion was tabled, I had very mixed feelings. On the one hand I was delighted that we on this side of the House, in the Opposition, would have the opportunity to put forward our views, on the other hand, I had a deep feeling of regret that it had been necessary to move this motion. I say that because in my own mind, Mr Speaker, the stand taken by the Honourable Chief Minister has been a demonstration of his determination to get his way in a matter of the next Speaker and the path that he has chosen is to ignore completely the views, the opinions, and any alternative candidates for the appointment of Speaker that might have been put forward by this side of the House. In my view, Mr Speaker, his stand in this matter runs against the true spirit of democracy which this House has always upheld. When Section 26 of the Constitution of Gibraltar was drafted, the Section that deals with the appointment of Speaker, I am certain in my own mind that the person who drafted that Section never envisaged the time when a future Chief Minister of Gibraltar would take the extraordinary step of recommending to His Excellency

the Governor the appointment of a candidate who is unacceptable to the Opposition. Such a thing has never happened in the past, as we all know, and I feel that in a genuine democracy will never even be considered. The extraordinary thing is that his refusal to discuss the issue is absolutely unnecessary. As my colleague, the Leader of the Opposition has said, any motion moved in this House must go the way that the Government want with their numerical voting superiority of eight to seven plus the vote of the two ex-officio Members of the House must go the way they want. The big question that remains in my mind, Mr Speaker, and in the minds of many people is; Why didn't the Chief Minister meet with the Leader of the Opposition as was requested, talk this matter over and then having acted openly in a democratic manner, could have brought his motion to the House knowing fully that it would be passed? He would then have been seen to be acting in a democratic manner. Instead his nominee to be steamrollered into this House with an attitude of disdain for the Opposition's views about the matter. It is a move that demonstrates fully to the people of Gibraltar that as far as the Honourable Chief Minister is concerned, the Opposition and their views are of no concern to him. I fear, Mr Speaker, his is an autocratic rule and like all autocrats any opinion other than his own is unimportant. I say that deliberately, Mr Speaker, because I have seen a change in the thinking of the Honourable Chief Minister during the past year that amazes me. Prior to winning the election in March last year, the Honourable Chief Minister, being the Branch Officer of the TGWU for very many years and at that time, Mr Speaker, as you well know I was not an elected Member of the House, but during those years I was also a Member of the TGWU in a Section that had, as his negotiator, the present Honourable Chief Minister and one of the things that sticks in my mind most was the fact that one of the cornerstones of Mr Bossano's negotiating skills was his belief in negotiation, he advocated negotiation, Mr Speaker, he recommended negotiation and I agree with that policy. To negotiate is to achieve a solution which is satisfactory to both parties in any dispute, and this is a dispute, Mr Speaker. So why was not the Honourable Chief Minister willing to negotiate with my colleague, the Honourable Leader of the Opposition, in this matter the best candidate to the appointment of Speaker of this House. I can only repeat that it must be because there is a deliberate policy within the Chief Minister's political philosophy that for a Socialist Government such as his, an Opposition is an unnecessary adjunct and that if ignored it will dwindle away to being simply seven elected Members on this side of the House whose use and opinions are of no consequence. I hope I am wrong, Mr Speaker, I hope that I have misread the signs that are there, because in this democratically elected House of Assembly, there is a vital role to be played by the Opposition, irrespective of their political beliefs. An Opposition is a necessary watchdog of all Government policies. An Opposition in a democracy is necessary to offer the electorate an alternative Government. Without an active and effective Opposition, the democratic process is at risk and an Opposition must not and never should be ignored in their views because every time that

the views of the Opposition are ignored or refused to be heard, then in my opinion Mr Speaker, the democratic process is weakened just a little bit more. Mr Speaker, the question of why a candidate could be unacceptable to this side of the House must be asked. You have heard from the Honourable Leader of the Opposition in his opening address why he feels that certain safeguards must be taken to ensure that the candidate for your honourable post is acceptable to all Members of the House. First let me analysis why I believe that the Speaker is so important. Recently, I have heard outside this House people asking why is there such a fuss about the Speaker. To people outside this House that may well be fair comment, to many the Speaker is simply someone who sits at the end of this Chamber, speaks occasionally, does not vote, is a symbolic figure and of no major importance. We in this Assembly know only too well that this is not how the role of the Speaker is seen by the elected Members. In the short time that I have been a Member of this Assembly, I have learned that the Honourable Speaker is a man who has the affairs of this House at his fingertips, is aware of all the procedures of the House, whether it is in the passing of the Bills or in the handling of a Motion. He is the man who guides a Member in the wording of a particular Question and who will stop any Member going over the top in his or her phraseology. He is a man who will guide new Members in their first inroads into the parliamentary process and he also advises experienced Members of this House whenever there are points to be clarified. In other words, Mr Speaker, I see your role as that of a trusted friend to all Members of this House, irrespective of which side they sit on. The Speaker is authoritative on all matters of parliamentary procedure, as well as being a guide and mentor to all Members. He is on the bottom line, completely impartial and completely trusted. Impartial and trusted. Mr Speaker one candidate's name has been mentioned as the front runner for the appointment as Speaker and it is of this particular candidate that I now intend to refer. If this person were to be appointed, we on this side of the House would not be prepared to vote in favour of his appointment to the Honourable Chair of this House. During a phase of this particular candidate's active political life, at the end of the 1960s or the beginning of the 1970s he had opposite him.....

MR SPEAKER:

No, I am terribly sorry, we are not going to talk about the qualities of any possible appointee. We are talking about whether there should be consultation and consensus insofar as the procedure for the appointment of a Speaker is concerned and nothing else.

HON K B ANTHONY:

Very well, Mr Speaker, I will not refer to the front runner or any other candidate. I will simply say that it is important that there be full consultation on both sides of this House. I do not see how in a democratic process

this House can work efficiently, how it can work amicably if there are doubts on this side of the House about the Speaker. The Speaker must be a man who both sides can depend upon, can turn to and to look for advice without any fear whatsoever. It is a matter of great concern. It has been mooted in the street, Mr Speaker, that one candidate might be pro GSLP, I do not believe that. I think he may well be fully impartial, but I am not so convinced in my own mind unless I have a say in the matter of the selection of the candidate or as the Leader of the Opposition has said, that the candidate is absolutely independent but certainly not if he is selected purely on the say so of the Government bench. The appointment by His Excellency the Governor must be made on the advice of both sides of the House. If you ignore one side of the House and is only made on the say so of the Government side, how can it be expected that the Opposition accept whatever candidate is nominated with open arms and complete trust and complete belief in his impartiality. That Mr Speaker, is asking too much, far too much of this side of the House. As far as I and my colleagues on this side of the House are concerned we feel that the present situation is totally unacceptable. The House will not be voting unanimously on the nomination of the replacement of the Honourable Speaker until such time as this side of the House has a say in who is selected, as is laid down in Section 26, and then, and only then, are we prepared to look forward to whoever occupies your Honourable Chair Mr Speaker, with the full trust and faith and I would like to think the hand of friendship that has so often been given by you. Only when that happens and the only way that can happen, Mr Speaker, is if the Honourable Chief Minister will reconsider seriously the rather autocratic stand that he has taken in not consulting this side of the House. I feel it is wrong, I feel it is undemocratic and I do not feel it will be good for this House in the future when your successor is in that Chair. Thank you Mr Speaker.

HON G MASCARENHAS:

Mr Speaker, I shall be very brief and I sincerely hope that what I have to say will not fall on deaf ears. I will speak also for the sake of the record, and appeal to Members opposite to find a way to support this motion on such a matter as the appointment of the Speaker which should not be a non controversial subject. We have heard this plea from the Leader of the Opposition and from my colleague Ken Anthony and I sincerely hope with all my heart and in all honesty that they are able to support the motion which has been tabled. Thank you very much.

HON M K FEATHERSTONE:

Mr Speaker, I speak in the role of what in the House of Commons would be called the Father of the House. I am the only Member here who remembers the speakership of your predecessor, Sir William Thompson. I remember when he asked to be able to resign, how it came about that a new

Speaker was appointed. Various names were submitted by the then Government and a particular name was put forward as Speaker to the Opposition. The Opposition did not find favour with this person and suggested another name. The then Government took this on board fully and suggested another name, that of yourself, the then Opposition agreed and you were appointed and confirmed unanimously as Speaker. It is very interesting to read Section 26 of the Constitution because it not only says that the Speaker of the Assembly should be appointed by the Governor after consultation with the Chief Minister and the Leader of the Opposition but it also says how a person should vacate the office of Speaker. If the Governor acting after consultation with the Chief Minister and with the Leader of the Opposition so directs. Again you have a measure of consultation with the Leader of the Opposition and with the Chief Minister. It goes on later on to say that if somebody is to perform the office of Speaker while the Speaker is absent, again it will be as may from time to time be designated in that behalf by the Governor acting after consultation with the Chief Minister and with the Leader of the Opposition. It seems to be well enshrined that there must be consultation between the Leader of the Opposition and the Chief Minister in advising the Governor on who should be the Speaker or whether that Speaker should cease his appointment or whether we should have a temporary Speaker. However it seems that at the moment the Honourable Chief Minister wishes to enjoy the right to hire and fire for himself. This is something which is, in my view, completely unconstitutional and something which I think the Honourable Chief Minister should take on board. We are willing to look at a number of names and we have supplied one or two names to the Governor. I think it is possible that we could agree on a name of some person who is acceptable to the whole House. This is something which is to be highly recommended. I think that to have a Speaker who was not supported fully by the House would be a detriment to the House as such and something to be deprecated. I hope that the Government can support this motion and will think again on the question of enjoying a consensus opinion on the position of Speaker which is somebody which must be of the highest esteem to both sides of the House. Thank you Sir.

HON LT COL E M BRITTO:

Mr Speaker, even in my short time in this House, I realise that it is a sad day for politics in Gibraltar and for this House, in particular, that a motion of this nature should come before this Assembly so shortly before the appointment of a new Speaker. A motion that has had to be brought, in the opinion of the Members on this side of the House for two reasons, one because of the way the Government through the Chief Minister has acted and two because the proper consultation process envisaged in the Constitution has not been carried out. I need hardly point out to you, Mr Speaker, the importance of the office that you hold, the high precedence that it holds in the Table of Precedence in Gibraltar, ranking only behind the

Governor, the Deputy Governor, the Chief Minister and the Chief Justice. Or the personal qualities needed to effectively hold the Chair in which you sit. Impartiality, calmness, patience, objectivity, wisdom, dignity, and I could go on. Of the necessity to be seen to be above the politics of the day or to remind you and the Members of this House, Mr Speaker, that the constitutional process without doubt envisages consultation and by definition agreement, precisely to avoid controversial appointments which can detract from the dignity of your office. The question of a veto has been floated in public prior to this debate, Mr Speaker, and it has been mooted that what we on this side of the House are trying to achieve is effectively a veto on the Government, on the appointment of a Speaker. This Mr Speaker, is as far from the truth as could possibly be the case. What we are trying to achieve, firstly is the proper working of the Constitution and secondly to avoid what appears that could happen, the appointment of a Speaker by dictatorial decree from the Government benches and instead ensure the appointment of a Speaker who has the unanimous support of all Members of this House. Let me deal in particular with the consultation process and to reiterate the fact that this has not been properly carried out. According to my dictionary consultation or to consult means to have deliberations with, to seek information or advice from and to take into consideration feelings, interests, etc, and I put it to you Mr Speaker, that the sequence of events that we have seen since April last year, shows this has not been done. Very briefly, because it has been gone into detail by the Leader of the Opposition, after the election the Chief Minister informed the Governor of the Government's choice of candidate, then last summer either through a leak or whatever in the press, the public was made aware of the person who was the Government's preferred appointment and indeed led to a situation of this person's apparently being congratulated in the street as a future Speaker and was even interviewed on television as such. In the autumn after apparent prodding from the Governor, the Chief Minister wrote to the Leader of the Opposition advising him of the Government's nomination. The Opposition then disagreed and suggested a meeting in order to arrive at an agreement on the Speaker, the Chief Minister or the Government refused and there the matter ends. I put it to you, Mr Speaker, that the process of consultation has not been carried out and secondly the Government's actions since April 1988 has been to act unilaterally. One could try to be kind and excuse the Government of inexperience or ignorance of proper procedures, but that I am afraid will not hold water in a situation where the position is absolutely clear. The Government has refused to discuss or consult and has instead "dictated unilaterally" to the Governor who should be appointed and I say "dictated unilaterally" because the Chief Minister announced at a dinner at the Rock Hotel that the Governor would not go against the Government's nominee because this would provoke a constitutional crisis. By its actions the Government has caused embarrassment to the Leader of the Opposition,

to yourself, Mr Speaker, to the Government's nominee for Speaker and even to the Governor himself. We see what has happened as a misuse of the Government's parliamentary majority to circumvent the Constitution and virtually to dictate to the Governor on something which should be non-controversial and non-political. In conclusion, I would like to reflect on the qualities of a Speaker, that the Members on this side of the House could support, he should not be someone who has been active in local politics relatively recently or a political opponent of one or more of the parties represented in the House or even someone who, as recently as the last election, might have been or would have been prepared to stand as a candidate. We think he should be someone who has the impartiality of a judge, the patience of Job, the wisdom of Solomon and the self control of a buddist monk. On a lighter note to finalise I would submit that despite his title of Mr Speaker, he needs the ability to sit quietly and not to speak most of the time. Thank you Mr Speaker.

HON P C MONTEGRIFFO:

Mr Speaker, the history of the question of the appointment of Speaker has been outlined by the Leader of the Opposition and I do not intend to go over that except to say that at this stage, from the Opposition side, we have perhaps the almost impossible task of trying to persuade Members opposite, at the eleventh hour, to stop and reconsider. Listening to this debate, I am sure, is His Excellency the Governor who I feel does not want to make an appointment, or would prefer to make an appointment that everybody in this House was happy with, and if only out of consideration for his position and for the position of people generally in Gibraltar, we should be able to agree on a person who would simply be an umpire in our deliberations. I will take the approach in my contribution, Sir, of seeking, of urging, the Government, even at this stage to look at the argument that we are putting across in an attempt to get the Government to support this motion and to sit down with us and find a candidate which everybody can accept and which the Governor can then appoint in a totally non-controversial manner. Sir, the logic and the reasonableness of this motion is totally self evident. The motion is in order that the appointment should be with the agreement of all the parties, that there should be consultation and that we should basically avoid controversy and be able to reach agreement on the appointment of a Speaker. Outside the strict constitutional position of how an appointment is made and the Chief Minister may argue in a moment that the strict letter of the Constitution has been adhered to, because there has been some type of consultation and the House of Assembly should now ratify the appointment. The point is that it is politically desirable that the way we conduct politics in Gibraltar, in a small community, with so many external problems that we should unfortunately have this subject divide us when we should be trying honestly and sincerely to do so on a bi-partisan basis. I hear the Minister opposite quering

my sincerity, well I will tell him that I did not stand for election not to be sincere. I have other things in life to do, I am here because I think that I have something to offer to the people but not to create unnecessary controversy and wasting time and taxpayers money. For the good of Gibraltar, as a small community, we should conduct our affairs in a way that is more beneficial to everybody. The Chief Minister is on record on various occasions of saying that he does not believe in a bi-partisan approach to politics and I am not going to argue with that although I have my own views on how legitimate and how desirable to Gibraltar that polarisation of views is, but on something like the Speaker, surely as the Leader of the Opposition has said, it is desirable that we should have a bi-partisan approach. Ultimately, Sir, what we are discussing this afternoon is really a question of the style of Government, that is really what is at stake here, what type of style of Government do we want in Gibraltar. It is not just what type of Government the GSLP have, which ostensibly is an open Government, a Government that will inform the people, a Government that wishes to and I will use the Chief Minister's words "unlock the potential of Gibraltar and to mobilise it, a Government that wishes to push Gibraltar forward into the 20th century, in a big jolt into the 21st century". What style of Government do we want and I think the style of Government that we want is a Government that has a political system where we can concentrate our disagreements on things that are fundamental because that is healthy, if we have different views in fundamental matters ultimately people will decide what is their best view and at least there is debate. However on something, which although fundamental, should be non-controversial because it is not an external threat we have a duty to try and come to terms, a duty to try and agree to solutions which are to people's best interests. It is regrettable for example, Sir, that the Chief Minister in reply to a challenge from the Leader of the opposition to debate the matter publicly on television, should reply that he did not have to take that challenge up because there would be a debate in the House. Of course, but without reminding people that a few days before he had refused to ask the Governor to stop the appointment of the Speaker, prior to the debate taking place. That, Sir would have made a mockery of this debate and we are glad at least that despite the Chief Minister's failure to ask the Governor to stop the appointment, we are debating the matter and we therefore really do have an opportunity of asking the Government to please reconsider and please let us try and see whether we can put this right. Mr Speaker, if my contribution is a little of a plea I am afraid that I am not getting anywhere with the Members opposite since all that I get from them is either laughs, or I am subjected to insults that I was in primary school not so long ago or, on television, that I was recently in nappies. I do not know about the Honourable Mr Moss who is a Minister in which the Government no doubt have confidence, has he also been recently at primary school, he is even younger than I am. I do not know whether on this matter we can actually have some serious consideration from the Government, but Mr Bossano has been quoted as saying something with which I sympathise and that is "that he was fed up of talking in this House, because he could talk

till he was blue in the face and yet it made no difference because basically whatever he said in this House would be run roughshod by the other side. Mr Speaker, let us try and see whether that sentiment, whether that complaint which Mr Bossano thought so legitimate at the time, can be put right by him now that he is Chief Minister. This will not be a victory for the Opposition or indeed for the Government. We are not talking about victory here. All we are saying is, this is a very sensible and logical motion which everybody should support. Let the Government say yes to it, let the people of Gibraltar say, not that it has been a victory for the Opposition or otherwise, but let them see us, as Gibraltarians, all trying to do the sensible thing by talking about the appointment of the Speaker and coming to a consensus. Thank you Sir.

HON CHIEF MINISTER:

Mr Speaker, I will not go into the qualities that we were looking for in giving our advice to His Excellency. I do not think it would be right, although in general terms some of the Members opposite have mentioned the range of hypothetical qualities, but I will not be able to do that without talking about the candidate which we have put forward and which we have considered to be the right man for the job. Obviously as you called to order the Honourable Member opposite, Mr Anthony, about going into the defects of the candidate, it would not be right for me to go into the merits of that candidate. Therefore I think I will just deal with what appeared to be the latest public statement by the Leader of the Opposition in an interview in Panorama, which is that it was not so much the person selected, who might well turn out to be an excellent Speaker, we will have to wait and see, but the way the selection had been carried out that he was opposed to. This motion is not about who the Speaker should be, but how the Speaker should be selected. I do not think how the Speaker should be selected is a matter for a motion in the House. How the Speaker should be selected is already laid down in the Constitution, so it is not what this House considers should or should not be done that has to be done, it is what the Constitution says has to be done. Whether the House considers that the Speaker has to have the support of all the political forces of the House and whether the House considers that it is essential that no appointment should be made until a candidate acceptable to all such political forces is agreed upon is irrelevant and possibly unconstitutional. Because in fact, Mr Speaker, if you said as you are perfectly entitled to do, that you felt that you have already done a fair stint in the Chair and you wanted to have a bit of peace and quiet instead of having to listen to all of us talking here, then if there was not consensus and if it was not possible to have a candidate acceptable to everybody, the Governor would still have to appoint a Speaker and we would have passed a motion in the House saying that he should not do it. But the Constitution says he has to do it, so in fact what the House is being asked to do, by the Opposition, is to make

it a condition on the exercise of his constitutional power by His Excellency that he should not be able to proceed with the appointment of the Speaker until there is unanimity in the House. This is why we have said that in fact the motion is suggesting that the Opposition should have the right to veto, obviously as the position now stands they do not have the right to veto because when we have had a situation where a Speaker is appointed, who has the support of the governing party, the Governor knows that when the motion comes to the House there will be a majority in the House sufficient to guarantee that it will be passed like so many other things that have been passed before in this House by Government majority. Even though the governing party had less of 50% of the vote, as has been the case since 1972, when there was a marginal victory by the party in power and then for every election after 1976, they had less than 50% of the vote and yet things were carried by Government majority and once they are carried, as in all democracies, the governing majority counts and even if we have a situation as we had in 1984, where the party in Government had 43% of the votes and the party that was elected into the Opposition and the party that did not get any seats, both publicly argued that the Government did not have a majority of popular support to endorse the Brussels Agreement, it was still done and we have to accept that because democracies work like that. If we had a normal parliamentary system as is the case in most Commonwealth and European countries there would not be six or seven Members on the other side. They would be lucky to have one with the percentage of the votes that they got. So that is how democracies work everywhere. The motion says that the House should be without a Speaker, given your decision to retire Mr Speaker, until we can agree here on who should take your place which means that effectively the Opposition would be able to block that situation ad infinitum by not agreeing to anybody that the Government put up and eventually the Government presumably would have to accept what the Opposition put up in order to get a Speaker. The Government cannot work without meetings of the House, because if there are no meetings of the House it cannot implement the programme on which it has been elected which require the enactment of legislation. The Opposition frankly come to the House to make the point that they would do a better job in Government but if the House does not meet they do not have a pressing need to carry out certain things that require legislative approval, nor do they have a situation where they have a financial year where the House has to approve the Budget in order to carry on the functions of Government, but the Government cannot govern without Parliament. It is that logical analysis which led me to remark that the logical implications of the motion would have been to be saying that it would be the Opposition who would be deciding who the Speaker was and not the other way round. The Government is going to vote against the motion and defeat it. It is going to defeat it because in fact it does not accept that there has to be full consultation between the Government and the Opposition and that that is what the Constitution says. The Constitution is very clear, it says the Speaker of the Assembly shall be appointed by

the Governor acting after consultation with the Chief Minister and with the Leader of the Opposition, if any, because it assumes that it is conceivable that there could not be a Leader of the Opposition, but that there cannot be a situation where there is no Chief Minister. We have had situations where there have not been Leaders of the Opposition because there has been a coalition Government with everybody technically in the Government in one shape or another or we could have a situation where there is a divided Opposition and nobody is elected as Leader and therefore then in that situation although the Speaker of the House is still the Speaker of the House including all the Members of the Opposition, only the Chief Minister is consulted. That is what the Constitution says. The Governor consulted me after the election, he reminded me, Mr Speaker, that you had made clear that you would continue for a while after the election although you had made it clear that you had decided to retire before the election, Mr Speaker, and you reminded me shortly after the election when we came in on the 25 March. The first situation we had was the immediate problem of the end of the Financial Year and of producing a Budget and the Governor said that as soon as I had got over the Budget that he would like to have my views on who I thought was the best person for the job. We thought to ourselves who is the best person for the job, not who is the person that the Opposition are most likely to want and who is the person that the Opposition are least likely to want. We did not look at that aspect, so we did not think that the essential characteristic was acceptability to the Opposition and we suggested the name that we thought was appropriate for reasons that I will not go into because we are not talking about the individual but which I am quite happy on another occasion to specify how well qualified we think that the person we have put up is for the job and we are confident that he will prove it. The Governor then had the function as far as I could tell from the Constitution of finding out who the Leader of the Opposition wanted or whether the Leader of the Opposition was happy with the name we had suggested and eventually he came back to me and he said that the feedback of the Opposition was that they did not like the name that I had put up and therefore would I have a go at trying to persuade the Leader of the Opposition. So I wrote to the Leader of the Opposition, not because I thought it was my job, but because I do not mind going along with suggestions that people put to me and if His Excellency said to me that he thought, since it was really, although the Constitution says his job, really we have gone a long way since 1969, it was really a local political issue, that is to say London does not really mind who we have as Speaker, with certain limitations obviously, and that primarily it is the local opinion that matters. I therefore wrote to the Honourable Member opposite as he says in October, saying would he support the candidate that we have put forward. He wrote back in November saying no, he did not say no because of x, y and z, and he did not say no we want somebody else and the people we think are acceptable are so and so. What he said was that after having consulted his colleagues and the Party, the Opposition did not support the name

that I had put forward and would we meet to look for a consensus candidate. Now as far as I am concerned the Constitution does not say that we have to meet and look for a consensus candidate, the Constitution says that the Governor seeks my views and the Governor seeks the Leader of the Opposition's views. The only reason that I approached him was because the Governor thought I might be able to persuade him to support the candidate we wanted. It was obvious from the reply that I was not going to be able to persuade him and therefore we went back to the Governor and said "Your Excellency this is your constitutional responsibility, it is up to you to proceed". The Honourable Member then deduced from that, in December, that that meant that the appointment would happen before the motion was heard. I did not say that that was going to happen and therefore felt no need to tell the Governor to stop something which I had not told him to start. So I told him that I was not going to write to the Governor to tell him to stop, I did not tell him why I was not going to do so although the reason was of course that there was no need to do it. Let me say that the arguments that we have heard in this House are arguments from Members who have been outside the House of Assembly for most of their lives and have only joined it on this occasion. And as the Honourable Mr Montegriffo says, I have often remarked about how many arguments I had used in the sixteen years that I spent in Opposition in this House, when it appeared that I was making some kind of impact in persuading Members of the Government but at the end of the day when the voting was taken the result was zero. It had made no impact at all. Let me say that this is not the case now, the arguments that they have used do not convince us, it is not a question that we have made up our minds and we are not going to change our minds because having made it up and that it is irreversable, it is that the arguments that they have put are arguments that we do not accept. Fundamentally as far as we are concerned what Parliamentary systems do here, and everywhere where there are Parliaments, is they allow people to chose a programme and then those that have been elected on that programme have got that responsibility for implementing that programme and if there are going to be questioned about the validity of the programme throughout their term of office, then they will never be able to prove whether the programme will work or will not work and it is a nonsense for the Honourable Member opposite to say that the things that we disagree with are fundamental things and that we must concentrate our disagreements on fundamental things. Mr Speaker, we have had a whole lot of questions where we have disagreed on how many times Main Street gets hosed, whether we are keeping debris or rubbish in Eastern Beach, whether we should be keeping the rubbish in the Mancomunidad.....

HON P C MONTEGRIFFO:

I think the Chief Minister well knows the point I am making which is simply that if we have to disagree on things that are fundamental and which pose a big threat to Gibraltar, we owe it to people to try and agree on things that, although they are fundamental in another sense like the

Speaker, we should be able to come to a consensus and that we should limit, as a small community, as much as possible the areas of conflict, that is the point that I am making and which I think is reasonable.

HON CHIEF MINISTER:

It is not the point that he makes Mr Speaker. I took copious notes of what he said and he said, we should concentrate our disagreements on things that are fundamental and on things that are not fundamental we should have broad agreement. I in any case disagree with that. I think that we should concentrate our agreements on things that are fundamental and if we disagree on things that are less important, well it does not really matter and we do not put Gibraltar in any danger. I think we should be in complete agreement that sovereignty is not negotiable, but it does not really matter whether we disagree about how many times we hose down Main Street, because at the end of the day we are not putting Gibraltar at risk, so the disagreements should not be on things that are fundamental, the disagreements, if we have to have them, should be on things where at the end of the day, if the Opposition disagree with us and we are making a mistake and we get it wrong, well we got it wrong and we will get punished for it when we go to an election, because people punish politicians for the mistakes that they make, but we will not have done irreparable damage to Gibraltar. On fundamentals we ought to try and agree and it has always been the spirit of this House, independent of who has been in Government, that when Gibraltar is under attack it closes ranks and all communities, all small communities tend to do that, when we are under attack by outsiders we close ranks. This is not something that is going to put Parliamentary democracy at risk. This is something on which we have clearly a different approach on what is the right way to proceed although how real our differences are is hypothetical because as the Honourable Member opposite has mentioned it has never happened, that is to say, the situation when the Speaker was selected in 1969, was in fact when Major Peliza was in Government and I was not in the House then and I do not know whether it was the Governor that spoke to the then Leader of the Opposition of whether it was the Chief Minister who spoke to the then Leader of the Opposition. It may well be that Major Peliza did things in 1969, in a way in which the Opposition approved, it may well be that they approve more of his style than they do of mine, but I am not standing for Speaker, Mr Speaker, and therefore we could not help laughing at the Honourable Mr Montegriffo because he in fact addressed you as Mr Bossano, and it seems to us that he has got himself so confused about who the next Speaker is going to be that maybe he thinks I am bidding for that job as well. The situation is that we defend the way that we have done things because as far as we are concerned what we have done is totally in keeping with the spirit and the letter of the Constitution and we are opposing the motion that the Opposition is bringing because as far as we are concerned it seems to us that whether they

intended it or not, if the House will pass this motion, the House would actually be putting a constraint on the constitutional powers of His Excellency the Governor. I question whether in fact the motion is capable of being given effect since it says that no Speaker can be appointed until there is unanimity in the House, which means that if there was no unanimity, no Speaker would be appointed and if no Speaker were appointed the House would not be able to continue and we would then have to have a General Election presumably, because we were unable to reach agreement over who the Speaker should be. That would be the natural constitutional consequences of accepting the motion. I am sure they did not intend it to be that, but that is what is written down. We certainly do not accept that that is what they intended to do, that there should not be the possibility of appointing a Speaker, and in their contributions they said certain things, some of the Members opposite said certain things which run contrary to what the motion says. One or two of the Members said that at the end of the day if I had agreed to meet with the Leader of the Opposition to try and find a consensus and the consensus had failed, we would still have been able to proceed by majority. That is not what the motion seeks, the motion seeks that we should not be able to proceed with a majority, it says, it is essential that no appointment should be made until a candidate acceptable to all political forces is agreed upon. All political forces represented in the House Mr Speaker, if this policy had been adopted before, which I question the constitutionality of it anyway, all I have to do is to take Members back to the situation of the House of Assembly in 1976 and in 1980, where we had a situation where there were two parties and I was the only candidate of the GSLP and according to the proposals of the Opposition if a situation like this had arisen I would have been able, on my own, to block the appointment of a Speaker, because I would have been one of the political forces represented in the House and would have had to have been with the agreement of all the political forces. That is a nonsense because it would then have given one Member, of one party, as a sole representative of that party, the right to veto what the other fourteen Members of the House were agreed upon. I do not believe they thought very carefully of what it is that they are asking for because I am sure that is not the intention either. I think they have to accept that we are acting in the way that we think is correct and we are going to be tested ultimately by the results we produce with our approach, Mr Speaker. We will listen to what they have to say on the subject, they are entitled to have a say, but at the end of the day the way Parliamentary democracy is worked here, and everywhere else, is by majority rule and I think that part of the problem that the AACR in Opposition has is that it has to learn that because it is a very long time since they were on that side.

MR SPEAKER:

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

HON A J CANEPA:

It seems, Mr Speaker, that either the Government is on the defensive to such an extent that only the Chief Minister takes part in this debate or else that he dominates his Ministers to such an extent that they have nothing to say other than the Honourable Mr Michael Feetham standing up and formally telling us with his master's voice that the Chief Minister would reply on behalf of the Government. How the Speaker is selected is not a matter for the House says the Chief Minister, of course it is not, other than the House confirms the appointment, and certainly to discuss it here before how we go about selecting a Speaker would not be necessary were it not that the Government is departing, if not from the strict letter of the Constitution, certainly from the spirit of the relevant section of the Constitution and the manner in which Speakers are generally selected in Parliamentary democracies which are modelled on that of the United Kingdom. The motion would not be necessary other than we feel that it is necessary to go through the exercise of putting a point of view across because the proper procedures which were carried out in this House before the Chief Minister became a Member in 1972 had not been carried out. To talk about the number of seats that a party gets at an election based as a result of whatever percentage support they get is a pure red herring. The Chief Minister very often does that, he comes across with an argument on something else that appears to be logical from his point of view to impress his band of supporters but it does not bear analysis to talk about the number of seats and that if you get 30% you have one seat or two, that is utter nonsense because the system of voting, the methods of electing Governments in many legislatures in many parts of the world is such that it does not reflect the full percentage support that they are getting because the objective could well be to ensure stable Government. Take the United Kingdom for instance, you have the Conservatives with the majority of over 100 seats with 43% of the vote and in the recent election the Liberals and the Social Democrats polled almost as many votes as the Labour Party, which got 29%, and they got 27% and the Labour Party finished up with over 200 seats and the Liberals and the Social Democrats finished up with 20 seats. That argument is a pure red herring and he knows that it is so. He is intelligent enough to know but he also knows that that sort of argument, that sort of red herring, impresses his supporters, just like the red herring that he brought up as to why he would not debate the matter with me on television. That was also a red herring to talk about pensions when pensions are still a matter of passionate interest in Gibraltar, but the question of the Speaker, after it is over and done with will no longer be of interest until another Speaker has to be appointed. If the motion really infringes the Constitution, then all that is required is an amendment and the Chief Minister himself could have moved a simple amendment saying that without prejudice to the powers vested by the Constitution to the Governor, it is desirable that one, two and three things be done, that is all that is required, because all that we are seeking here in the House

is not to circumvent or infringe the Constitution but to ensure that a spirit of full consultation and proper parliamentary procedure as between Government and Opposition on a matter that ought to be above party politics is followed. Another red herring on the part of the Chief Minister. Such a simple amendment and he is so good that I am sure that he must have found it difficult to resist amending a motion when his motions in the past used to be subjected to wholesale amendments. All that was required was a very simple amendment as I have indicated and that would have corrected the infringement that we had made.

MR SPEAKER:

No, with respect, the advice on this particular issue would have been that of the Speaker, and I would not have allowed a motion which was unconstitutional. The word 'essential' does not mean 'required' and if the word in the motion had read 'required' then perhaps I would have given it some thought. The motion however says 'essential'.

HON A J CANEPA:

What I meant by essential was not that it was an absolute requirement, essential really means desirable, vitally important that this should happen. Not that it is a constitutional requirement. Thank you, Mr Speaker. Of course it is a nonsense for the Chief Minister to say that he did not ask the Governor to start formally the process of appointing a new Speaker, he did that in November when he said that 'whilst not disputing that there may be other suitable persons, he was writing to His Excellency requesting that so and so be appointed as Speaker on the 9 November', and as I knew Sir that you desired to step down at the end of the year or shortly after, The conclusions that I reached when I received that letter was that the Governor would be making the appointment close to the end of the year, so that at the first meeting of this House in the new year the Chief Minister would bring the motion confirming the appointment of that person, as Speaker of the House. That is why I had to request that the matter be delayed. Again by the specious argument which the Chief Minister has used today he is showing the lack of regard that he has for the views of the Opposition. It is an unpleasant exercise that he has had to go through or a pleasant one as the case may be. Let us get it over and out of the way, let us go through the charade of a debate in the House. The Governor is either listening to the debate or will get a copy of the Hansard and consider the views of the Opposition carefully and then next week the Government's candidate will be formally appointed as Speaker. What a farse, Mr Speaker, of Parliamentary democracy. But I will say one thing that when we are back in Government we will not proceed as the Government is doing and as the Chief Minister has done, we will have full consultation as we understand it with whomsoever is in Opposition.

On a division 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 abstained:

The Hon E Thistlethwaite
The Hon B Traynor

The Motion was accordingly defeated.

BILLS

THE DEVELOPMENT AID (AMENDMENT) ORDINANCE, 1988

HON M A FEETHAM:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Development Aid 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, during last year's Finance Bill, the previous administration amended the Development Aid Ordinance so that it would only apply to housing projects. We considered at the time, from the Opposition benches, that the arguments made had some merit. We did however feel that we could not make a considered judgement without having all the facts before us. You will recall, Mr Speaker, that we therefore abstained because we were not completely convinced. On having taken up office, we have had a little time to give the matter further thought and Government has concluded that it should not be tied down on the incentives it is capable of incorporating in negotiations with prospective developers should this be in the public interest. We have therefore decided to widen the existing scope of Development Aid by re-introducing the previous criteria laid down in the Ordinance. The proposed amendment in this Bill produces the desired effect. 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 P C MONTEGRIFFO:

Mr Speaker, I understand the explanation the Honourable Minister has given and I understand what the Bill seeks to do, which is to reverse the position. From our part, the arguments that led the previous administration to repeal the Ordinance, except for the limited area in which they apply, are well known to the Opposition and will not repeat them. Suffice it to say that the concern was, the fact that Gibraltar provided an investment opportunity which was sufficiently attractive to bring in people without the need for enhanced privileges or enhanced tax benefits which would also be to the detriment of the public finances. We do not object to the re-introduction of such advantages if the Government, in its view, feels that it is necessary

to further enhance Gibraltar's position. However having said as much, Sir, rather than simply say yes to the Bill, I should be grateful if the Minister could indicate what type of areas, in broad lines, the Government would consider giving development aid for, rather than asking the House and the Opposition for a blank cheque. In other words could the Government say "what we would really like to extend development aid for would be for tourism projects, for projects relating to this thing or other". That would give us the opportunity of being able to assess better whether the special privileges which the Development Aid Ordinance would provide would be justified in the circumstances. We are always prepared to enhance Gibraltar's attractiveness and if the Minister can give us some broad indication of the type of areas the Government has in mind and which have induced the Government to believe that it is necessary to re-introduce, to the full extent, the provisions of the Ordinance. We would then be prepared to support it fully, otherwise we will abstain and then see how the Ordinance works in practice.

MR SPEAKER:

As there are no other contributors, I will call on the mover to reply.

HON M A FEETHAM:

First of all, Mr Speaker, that in approaching Gibraltar's economic development, the Government is obviously looking for economic growth in certain areas and which are quite well known to the Honourable Members opposite. The effect of what we are trying to do is just primarily to bring the criteria that was there before, but it does not necessarily follow that we will in fact be granting development aid to everyone. What we will be doing is looking at applications and take decisions based in their merits. There are times when it is in the public interest, in considering a particular development, to consider this type of incentive, because if you look at the overall package of the deal that may be produced, as indeed we are at the moment considering, the overall effect of that incentive, in the light of the package, will be a plus to Gibraltar and not a loss to the public. That in general terms is the broad approach that we are pursuing. The other thing, and this perhaps is what the previous administration failed to give enough importance to, is that in doing away completely with Development Aid certain areas which are attracting a certain amount of enquiries, such as light industries, and by not having this legislation the Government does not have the necessary flexibility in arriving at an acceptable arrangement in the setting up of these light industries.

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 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 Bill was read a second time.

HON M A FEETHAM:

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

This was agreed to.

THE BUSINESSES, TRADES AND PROFESSIONS (REGISTRATION) ORDINANCE, 1989

HON M A FEETHAM:

Sir, I have the honour to move that a Bill for an Ordinance to provide for the registration of businesses, trades, and professions 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 seeks to require all businesses which for the purpose of the Bill includes Trades, Professions and other gainful activities but excludes persons employed under a contract of service to be entered in the Register to be kept by the Director of Trade and Consumer Affairs. The proposed legislation arises out of a number of reasons Mr Speaker. It has been represented to the Government, by small traders and

businesses, that they are faced with unfair competition from persons who carry on business in Gibraltar without meeting their obligations. Members opposite are aware that there already exists the Business Names Registration Ordinance but the provisions of this Ordinance are inadequate for the purpose of having a complete Registry of Businesses, as registration is only required if the business is carried on using a Business Name. Under the existing Ordinance it is not compulsory for a Business Name to be given to any business concern. Furthermore under the Trade Licensing Ordinance, it is not possible to widen its restrictive scope beyond the specified businesses listed in Schedule 2. A clear example was that the House had to remove the Road Transport Contractors from the Schedule in accordance with the EEC requirement. It follows therefore, whilst there already exist records of all trade activities, insofar as businesses are concerned, the records available are only in respect of businesses specified in the Schedule. The proposed legislation, Mr Speaker, is not restrictive in the sense that it seeks to restrict or control any business activity, it is, Mr Speaker, also designed to make readily available to the Government information which will give it an overall picture of trends and developments in the various fields covered by the Bill and hence assisting it in monitoring its economic policy. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, we on this side of the House have what could be described as mixed feelings with regard to this Bill. Our basic position is that anything that can be done to curtail the black economy elements in Gibraltar, the unregulated business element of Gibraltar, which is a source of loss of revenue to the Government and to the people of Gibraltar should be stopped and therefore we would welcome therefore, in spirit, the main intention of the Bill if that is what the Government is seeking to do. What we are concerned about is the difficulty of implementing these provisions, because unless a very full public campaign is carried out in English, Spanish and Arabic, informing people of their need to register, half of Gibraltar could be technically committing a criminal offence because the definition of business is quite wide. An obvious example is a school teacher giving private lessons would, I think, have to register definitely, but he would be an informed professional. However just imagine any tradesman who undertakes part-time skilled work, plumbers, electricians etc.....

HON J L BALDACHINO:

They would be self employed.

HON P C MONTEGRIFFO:

Not only self employed. If I am employed with the Public Works Department and then I do jobs in the private sector, something which is common in Gibraltar, that really would be a trade or any gainful activity. Whereas we do not object to Registration, on the contrary, as far as I am concerned persons performing such jobs should declare them and be taxed. What we are in the Opposition are concerned about is the practicality of enforcing these provisions, not just enforcing but also getting the message across to people. Unless this is done what is going to happen with Moroccans, Portuguese and with Spaniards in Gibraltar is that they are not going to comply and the penalty for not complying is, of course, a criminal offence, it is a summary conviction in which there is a fine of £200. Another matter that I would like to bring up is the question of whether there has been formal consultation with the Trade Unions and if not, whether such a process of formal consultation would not be helpful not only in getting their consent to the Bill, which would be useful, but also in the effort to make sure that the message gets across and that people understand the nature of the requirements and that they have to register within three months of the law taking effect. That they would technically be committing a criminal offence if they did not register. We would like to see formal consultations taking place and a public information campaign on this Bill to ensure that people understand what the requirements are. We are making our own enquiries, Sir, as to the way various associations, etc feel about this matter and at this stage our intention is to abstain. At Committee Stage we will indicate more precisely what our position is going to be. That is all we have to say at this stage, Sir.

HON A J CANEPA:

I just have one specific point that I want to raise, Mr Speaker, because my Honourable colleague has dealt with the Bill in general terms. Whether the Attorney General could give some guidance to the House as to whether the definition of Businesses, including Trades, Professions, any gainful activity, does that cover the activity of Honourable Members of this House? Are we performing a gainful activity? I have this in mind because there may be two or three members of the House who have this as their sole means of income. In fact probably all the Members opposite and I think on this side of the House there are perhaps two or three of us who do not have any other business, who are not exercising any other profession but that of a Member of this House. It is a gainful activity. We get paid for it, it is reasonably active, sometimes more than others and perhaps we could have some guidance, otherwise we might become liable, legally for a fine of up to £200 which will make inroads into our remuneration.

MR SPEAKER:

And perhaps disqualify you as a Member of this House.

HON ATTORNEY-GENERAL:

To be on the safe side, I think Honourable Members ought to register.

HON P C MONTEGRIFFO:

Mr Speaker, if I could interrupt. There is provision in the Bill, of course, for certain classes of businesses to be exempted and I am not sure whether the Government has given some thought to that. There is a genuine concern which the Leader of the Opposition has expressed in a light-hearted fashion. Many people have serious doubts as to whether they should register or not.

HON CHIEF MINISTER:

Mr Speaker, we had not really thought that we would need to register Members of the Opposition on the basis that they were gainfully employed, but in the light of what has been said we might want to make an amendment to the Section dealing with offences, so that in certain situations instead of fining them, we can actually lock them up!

MR SPEAKER:

Any other contributors? I will then call on the mover to reply.

HON M A FEETHAM:

Mr Speaker, the Bill primarily, as I have already explained, aims at meeting representations which have been made to us by small businessmen and traders. That is really the thrust behind the Bill apart from the fact that it will also provide useful information to the Government and the Opposition. What we cannot do is to not proceed with the Bill because it may not be possible to ensure a 100% compliance with it. We will have to see what the results are.....

HON P C MONTEGRIFFO:

Will the Honourable Member give way. The point that I am trying to make is simply that by consulting formally with the Trade Unions and the Chamber of Commerce, perhaps more with the Trade Unions, because some of the people who may be technically within these provisions are the people who would be doing private jobs something very common in Gibraltar and these persons would be Trade Union members. The Unions could help, in perhaps organising registration on their behalf. I would not like to see, quite frankly, people committing a criminal offence. For example a member of the Public Works Department comes to my home after hours, to do an electrical job. Is he Registered? Am I in a sense committing a conspiracy to.....

MR SPEAKER:

No, no, you are speaking on the general principles.

HON P C MONTEGRIFFO:

I am making the point only that I think the Unions could be involved in that information programme, Sir.

HON M A FEETHAM:

Mr Speaker, all I can say to that is that we do not foresee a major problem in that area and if it does happen we will look at it. There is plenty of scope under the Regulations to deal with anything.

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 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 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 MEDICAL (GIBRALTAR HEALTH AUTHORITY)(AMENDMENT)
ORDINANCE, 1989

HON MISS M I MONTEGRIFFO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Medical (Gibraltar Health Authority) 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 MISS M I MONTEGRIFFO:

Sir, I have the honour to move that the Bill be now read a second time. Sir, this is in keeping with the spirit of the original Ordinance which gives the Authority the power to obtain overdraft facilities from a bank. We are only widening our option in case we would want to borrow money in order to plan long term expenditure, which we believe would be more effective and I am, Sir, therefore commending this 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 have one or two queries on this Bill. I will not say they are misgivings but we wonder whether this is the situation with United Kingdom Health Authorities. Can they issue bonds or debentures? We wonder if such bonds or debentures are issued, what would be the collateral? Will it be the Consolidated Fund? We also wonder whether it might not be a good requirement, to make the issue of such bonds or debentures legal, that they should be by resolution of the House.

HON A J CANEPA:

In addition to the points that my Honourable colleague has made, perhaps we could have some indication of who will be the person responsible for deciding such matters. My Hon Colleague, I think, has made the point about collateral. What about the question of the security for investors? In the case of Gibraltar Government debentures that is quite clearcut. What will be supporting the debentures issued by the Health Authority? If we could have an indication, some answers to those points we might not have any difficulty in actually supporting the Bill.

HON CHIEF MINISTER:

Mr Speaker, the power to enable the Health Authority to borrow does not create any liability for the Government beyond what is already in existence. That is to say that under the existing Ordinance, the Health Authority, as my colleague has said, has the right to obtain overdrafts from banks. We do not know whether Health Authorities in England can obtain overdrafts from banks. Whether they can or they cannot is irrelevant. As far as we are concerned we can see the logic of the Health Authority doing it.

HON A J CANEPA:

If the Honourable Member will give way, they have got power but to borrow temporarily.

HON CHIEF MINISTER:

Yes, that is what I am saying. The situation at the moment is that the Health Authority can go to a bank and obtain an overdraft but is not able to borrow, for example, money on a five year loan. We think that being able to borrow short and not being able to borrow medium term puts a constraint on the Health Authority because it clearly enables the Health Authority to borrow for recurrent spending but it does not enable the Health Authority to borrow for capital spending and this is contrary to the way we think that borrowing should be used. We believe that borrowing should be used for capital spending and not for recurrent expenditure. We therefore consider that it is in the interest of the Health Authority, if it is going to have a capital programme, as we are going to require it to have, and it produces the Estimates this year on what it proposes to spend, since we are looking to it maintaining its financial independence from the Government, notwithstanding the fact that we have had to bring the workforce back into the Government to protect their pensionability, the Health Authority is still responsible for managing its own resources and therefore it will have a programme which will involve the annual recurrent cost and the capital spending. We think it is a good idea that they should have the power to borrow to maintain that capital spending instead of coming to the Government for a subsidy for capital spending. Therefore the capital spending could be amortised over the life of the equipment or whatever that it is buying. This gives the power to the Authority to do that without creating any new liabilities for the Government. In fact this would not be backed by the Consolidated Fund, it would not be part of the Public Debt anymore than any overdrafts they may now have. The procedure would be that it is a question for the Minister, as Chairman of the Health Authority, to come to the rest of the Government and say "look this is what I want to do" and the requirements would be discussed with the rest of the Government. It is not a question of the Health Authority having a free hand because at the end of the day we are talking about money which is going to be, if anything, backed by the assets of the Health Authority. I imagine that when the Health Authority goes to the bank, whether for an overdraft or a five year loan, it will be on the basis that it would be acting as an independent institution which owns assets and which has the capacity to borrow and we believe that this would increase their own financial management. They would be able to plan their expenditure, raising their money and amortising it over its life, but it will not be part of the National Debt. It will not be guaranteed by the Government and this will be known when the money is raised and also to the investors who will lend to the Health Authority, they will know that they are lending to the Health Authority and not to the Government of Gibraltar.

HON A J CANEPA:

If the Honourable Member will give way. The other point that perhaps the Government ought to consider is whether authority to borrow should not be given by resolution of the House. If the Government, as part of its own development programme, wants to borrow let us say £50m over the next five years, it comes to the House for a resolution. Obviously the Health Authority is not going to be able to borrow, let us say, £10m to build a new hospital and offer Debentures in order to raise that money without the approval of the House, without the approval of the Government, but £10m is also a very considerable sum of money and I think some consideration should be given by the Government as to whether a resolution of the House is not warranted having regard to the size, the potential size of such borrowing. We are a little bit concerned, Mr Speaker, having regard to the last thing that the Chief Minister has said about how attractive it is going to be, on the contrary I do not think it is going to be very attractive for people to invest, to buy debentures, if there is not the kind of security that the Government is able to give on its debentures.

HON CHIEF MINISTER:

Fine, Mr Speaker, if they are not able to borrow, they are not able to borrow. What we are doing here is deciding to give the Authority the power to do it. There is a contradiction between saying, we ought to have a resolution of the House and at the same time saying, but the Authority is not in fact providing Government debentures. Precisely because the Authority is not providing Government debentures, we do not need a resolution of the House. Because it is not part of the National Debt and it is not part of the Consolidated Fund and it is not a charge on the Consolidated Fund, that is why we do not need it. If we then find that the Authority is not able to raise the money either from a bank or from bonds or whatever, then it will not be able to do it. What we are doing is giving them the opportunity to do it and then the market will decide whether they are interested in lending to the Health Authority or not. After all, banks lent £100m last year to people in Gibraltar other than the Government.

HON M K FEATHERSTONE:

If the Honourable Member will give way. That is still tantamount to saying that if the Health Authority borrows, without Government security, as collateral, they will, if they fall into difficulties, eventually come back to Government for a bigger subvention to pay off their overdraft or what have you.

HON CHIEF MINISTER:

That may well be the case and if that happened the political responsibility will be carried by the Government of the day, Mr Speaker, like everything else. In practice it

may happen. However we have been asked a specific question by the Honourable Member. "Does this Ordinance create an addition to the National Debt and will these issues be charges on the Consolidated Fund?". The answer is no, it does not. That is the answer. Whether the fact that it does not, means that the Authority will not be able to raise money when the time comes for it to exercise the power, is something that will have to be tested in the market place. Until it is tested we cannot be sure. Members may be right or they may be wrong. We do not know that. All that we are doing is giving them the power to do it. Once they have the power we will see whether in fact they are able to raise money on the sums that they require. On the question of the sum, the Minister will have to convince the rest of us that it is a reasonable risk. If the Minister for Medical Services were to come tomorrow and say that she wanted to borrow £200m to create a Harley Street type hospital, she would have a very hard job convincing the rest of us.

HON P C MONTEGRIFFO:

One other point, if I may, Sir. If it is not intended that the House will have power, by resolution, to sanction the borrowing, how else will we effectively get to know of it? Will there be when the borrowing is effected a statement saying that the Health Authority had borrowed such a sum of money? How will it be treated simply as a commercial matter which will not be given a public airing?

HON CHIEF MINISTER:

No Mr Speaker, we are giving the policy a public airing now. We are certainly not going to accept that if the Health Authority wants to borrow £50,000 tomorrow there has to be a debate on whether that should be allowed. What the Ordinance is seeking to do is to go beyond the existing powers, where the Health Authority can currently raise money from a bank by way of an overdraft to meet recurrent annual expenditure without the authority of the House and without a debate and without it being a charge on the Consolidated Fund and without anything else. Now it seemed to us that it was more sensible for the Authority to come to the Government for money for recurrent spending and for the Authority to have the authority to borrow money to buy equipment or things like that by obtaining a loan from a bank just like any other organisations and companies can. We are looking, for example, at something that GBC has been saying for a very long time that they should have the right to borrow, which apparently at the moment it cannot do. It is something that we are looking at and we can see the logic of doing things like that. To answer the fundamental question, the answer is no this is not, as far as the Government is concerned, part of the Government's own borrowing and this is not something where any borrowing created here automatically is guaranteed by the Government or is automatically a charge on the Consolidated Fund. De facto it would be in the same sense that if tomorrow the Health Authority orders equipment

and was unable to pay the bill then they would come to us to pay the bill but it does not mean that somebody else can say to the Government, you ordered the equipment. No it is the Health Authority that has ordered the equipment. There is a legal distinction, because the Health Authority was constituted as a body, stopped being a Government department and became the Gibraltar Health Authority with certain powers to decide on how to spend and how to borrow. We consider that this is a necessary extension of that economical autonomy which is already there in the Ordinance. We do not know whether it operates like that in UK or not, but we can see the logic of doing it here.

HON P C MONTEGRIFFO:

Mr Speaker, when the Hon Minister replies could she confirm that whatever is borrowed by the Gibraltar Health Authority and the Chief Minister has said that it will not automatically be guaranteed by the Government, but will the Government undertake that if in the event of a guarantee being given by the Government to a lender it will then be brought to this House.....

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, it is required by the Public Finance (Control and Audit) Ordinance that any guarantee given by the Government has to be subject to a resolution of the House.

HON LT COL E M BRITTO:

Mr Speaker, I just wanted to raise the point arising out of the distinction made by the Chief Minister, the legal distinction, between the Government borrowing and the Health Authority borrowing, that if and when the time comes for debentures to be issued that publicity will be given to the fact that these are Health Authority Debentures and not Government Debentures. In order that people will not in any way be under the misconception that they are buying Debentures that have the full guarantee of Government instead of purely the technical one. Secondly I would be interested in a clarification as well of what assets the Chief Minister envisages the Health Authority using as collateral.

MR SPEAKER:

Are there any other contributors to the debate. I will then call on the Minister to reply.

HON MISS M I MONTEGRIFFO:

Mr Speaker, everything has been explained already and the Opposition have been given the required explanations on the general principles of the Bill.

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 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 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 PUBLIC FINANCE (CONTROL AND AUDIT) (AMENDMENT)
ORDINANCE, 1988

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Public Finance (Control and Audit) 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. This is a very short Bill, Mr Speaker, the explanation is provided at the footnote of the Bill. The intention is quite simply to give more flexibility than the present Section 23 of the Public Finance (Control and Audit) Ordinance whereby when a Special Fund is wound up the proceeds can only go to the Consolidated Fund and it is proposed to take powers so that the proceeds can go into the Improvement and Development Fund or the

Investment Fund or the Consolidated Fund whichever might be deemed appropriate at the time. I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, are the funds into which the balance can be put, any money or assets remaining, are they limited to the three that the Honourable the Financial and Development Secretary has mentioned, in other words, the Consolidated Fund, the Improvement and Development Fund or the Investment Fund. Could it include, for instance, any fund created under the Social Insurance Ordinance? I am thinking of a situation where if, in the restructuring of the Social Security Scheme, any money were to remain in the present Social Insurance Fund when it is wound up, whether those monies could either be transferred into the new Social Insurance Fund or transferred into the Fund which the Government has created to meet commitments under the Supplementary Benefits Scheme or allied benefits. I do not want to go into any more detail, but if that is what the Government has in mind, to have that flexibility, we are more inclined to support the Bill. Mr Speaker, there is an alternative, of course, the money could go into the Consolidated Fund thereby increasing the Consolidated Fund and the Government can then from the Consolidated Fund transfer money into the Special Fund that I have referred to. Perhaps if we could have an indication of the Government's policy?

HON CHIEF MINISTER:

Certainly, Mr Speaker, I can confirm that my understanding of what the new provision would be, would enable us to do what the Honourable Member said, that is to say, it would give us a flexibility at any point in time to determine to move from one Fund to another Fund, as long as it was a Special Fund defined as such under the Public Finance (Control and Audit) Ordinance. This would include for example a new Social Assistance Fund which had been set up by notice in the Gazette. I am not entirely sure whether that is the case or whether it has to be a Fund covered by Statute, but if it were to be that its limited to a Fund covered by Statute then it would be possible to do the second option that the Leader of the Opposition has said, Augment the Consolidated Fund first and then vote to put the money into such a Fund subsequently.

MR SPEAKER:

Any other contributors? Does the Honourable mover wish to reply?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, not at the moment. There may be one or two points which may arise at the Committee Stage, Mr Speaker.

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 (1986-87) ORDINANCE, 1989

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, 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 FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time and I do not propose to make a speech on the general principles of this Bill which I think are fairly obvious.

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) ORDINANCE, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money for 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 the comments which I made in connection with the previous Bill apply equally to this one, as far as the general principles are concerned.

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.

IMPORTS AND EXPORTS (AMENDMENT) ORDINANCE, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Imports and Exports Ordinance, 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 and I think that one or two words are perhaps required to explain the purpose of this Bill. Sir, Section 73 of the Imports and Exports Ordinance, as is presently drafted, allows the Governor to declare, by order, the premises from which a range of goods may be sold free of duty and the range of goods is spelt out in detail in the Ordinance. This has the effect of making it relatively easy to amend the list of Duty Free Shops which sell duty free goods while retaining the rather cumbersome process of having to enact amending legislation in the House in order to vary the range of duty free goods, which is more susceptible to change. What the Bill before the House seeks to do is to make it easier to effect changes by putting the range of goods on the same footing as the list of shops, ie both can now be amended by Notice in the

Gazette and at the same time power to effect those changes has been transferred to the Financial and Development Secretary, 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, will the form of the Order granted by the Financial and Development be the same as that previously granted by the Governor.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker it will be a straight forward Order there will be no change.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

The House recessed at 6.55 pm until Thursday the 2nd February 1989 at 11.00 am.

THURSDAY THE 2ND FEBRUARY, 1989

The House resumed at 11.00 am.

PRESENT:

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

GOVERNMENT:

The Hon J L Baldachino - Minister for Housing
The Hon J C Perez - Minister for Government Services
The Hon R Mor - Minister for Labour and Social Security
The Hon J L Moss - Minister for Education, Culture and Youth
Affairs

OPPOSITION:

The Hon A J Canepa - Leader of the Opposition

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

ABSENT:

The Hon J Bossano - Chief Minister
The Hon J E Pilcher - Minister for GSL and Tourism
The Hon M A Feetham - Minister for Trade and Industry
The Hon Miss M I Montegriffo - Minister for Medical Services
and Sport
The Hon E Thistlethwaite QC - Attorney-General
The Hon B Traynor - Financial and Development Secretary
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

RECESS

HON J C PEREZ:

Sir, I request that the House be recessed until this afternoon at 3.15 pm.

This was agreed to.

The House recessed at 11.10 am.

The House recessed at 3.25 pm.

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

MR SPEAKER:

Gentlemen, I would remind the House that we are now at Private Members' Motions and I believe that there is a motion, notice of which the Hon and Learned Mr Montegriffo has given notice of.

PRIVATE MEMBERS' MOTIONS

HON P C MONTEGRIFFO:

Mr Speaker, I beg to move that: "This House whilst recognising the need for friendly neighbourly relations with Spain and cooperation to the mutual benefit of both sides:-

1. Notes with concern the special privileges sought by the Chief Minister, at the frontier in respect of the proposed building components factory at La Linea;
2. Calls on the Government to give an undertaking that no final agreement on the establishment of the factory will take place until the question of all delays and queues at the frontier for both commercial and personal traffic is satisfactorily dealt with and resolved;
3. Considers that the Government's initiative on the building components factory constitutes a complete reversal of previous GSLP policy regarding the dangers of economic cooperation with Spain and the need for an independent and self-sufficient economy; and
4. Urges that no such agreement should be finalised until it is fully demonstrated through local public debate that the proposed factory in Spain cannot better be established here in Gibraltar's interest".

Mr Speaker, this motion starts with the reiteration of the acknowledgement from this side of the House that friendly relations with Spain and cooperation to the benefit of both sides is a good thing, an aspect of our relations with Spain which nobody would quarrel with but what we are questioning in this motion, this afternoon, is the Government's judgement and the manner in which that entirely acceptable principle, that of mutual cooperation for the benefit of both sides, has in fact been undertaken. Our contribution as well, is in no way a reflection of the commercial sense or otherwise, as far as the private interest in the venture is concerned. We are looking at this from Gibraltar's angle, the fact that from Gibraltar's point of view there are both economic and political implications to the type of initiative that is proposed and that at the end of the day we cannot just look at matters in terms of pounds and pence but rather on the general impact which such an initiative would have on Gibraltar generally. I propose, Mr Speaker, to go through each of the paragraphs and deal with them in turn. The first paragraph seeks to get this House to note with concern the special privileges that the Chief Minister is reported to be seeking at the frontier in respect of the proposed building components factory. Press reports over GBC and in both Panorama and the Chronicle have throughout stressed the apparent need for a special channel, a special access across the frontier to make this venture viable. There is a recognition or so it would seem, that one of the major problems is the question of traffic flow and that unless

the traffic flow across that frontier is ameliorated for the purposes of this factory, then the factory will be thwarted and its potential lessened. The whole idea of a special channel, although ostensibly still working on the same conditions or permission, as any other channel, is I think totally repugnant to the people of Gibraltar. It is repugnant because we have been saying for years that what we want at the frontier with Spain is the normal treatment that any other neighbour would expect to receive from another neighbour. We want normal neighbourly relations, no special privileges, no special concessions but normal relations. In fact, the seeking of a special privilege for this factory is totally against the line that Gibraltar has been taking in the past. The airport agreement, Sir, you will recall, contained provisions which provided for special immigration facilities for traffic landing in Gibraltar and going on to Spain and one of the big arguments, and rightly so, at the time of the airport agreement was "we cannot have this because we are giving special immigration rights to people coming in by plane". However, if you are driving in in a car you have to go through the customs barrier but if you are coming by plane you are not and some of us thought that this had implications over the question of sovereignty. In any event, the important thing is that we have one regime at the frontier, one that applies to everybody and to seek special privileges for the factory goes totally against that stand that Gibraltar has always sought to maintain. In fact, what it is, Sir, is almost an acquiescence, an acceptance of a Spanish restriction because it is a known fact that today there are delays at the frontier and there are times when it is worse than others. In fact, you have the Deputy Governor himself having to be taken out of the queue and taken through a special channel because the queues were so bad that he nearly missed his flight. If the Government were to seek a special channel for the factory, is it not acquiescing to a form of restriction that Gibraltar is still suffering. I think, in principle, it is quite misconceived and dangerous that Gibraltar should seek that special channel on that fundamental ground and that we are accepting that there is a problem with normal traffic and so please give me a special channel. That must be wrong, Sir, since it will be seen as acquiescence of the Spanish position. The whole question of queues, Sir, is dealt with in my second paragraph where I am calling upon the Government to address the matter on the basis that all queues at the frontier have to be dealt with. Let us talk about cooperation but cooperation on the basis of a flow of traffic which will be easy and flexible for everybody not just for one particular venture. That call is based on the concept of equality of treatment for EEC nationals, for all of us, and for any person wanting to drive or walk across the frontier. It is also based on the whole question of reciprocity which underpins the idea of mutual benefit. The clear position that Gibraltar has always stated and which I have mentioned already is that we want a normal relationship but because of our background we are not now

going to start being imaginative in giving special frontier treatment to our neighbour that has always tried to swallow us. If anything, what we are prepared to do is give that neighbour and expect that neighbour to give to us the normal International Rules that apply elsewhere, it other frontiers. The question of the frontier queues was, in fact, acknowledged as a problem by Sir Geoffrey Howe and Senor Ordonez himself at their meeting of December, 1988, when as part of the Airport Declaration, and although apparently a separate Declaration was part of the same agreement they undertook to urgently deal with the question of the queues and to resolve that problem. We all know what has happened which is, frankly, very little and we all suspect that although the declaration is supposed to be quite separate, the attempt to solve the queue problem and the Airport Agreement and, indeed, the ferry matter, are linked. The point is that this remains an on-going problem, an on-going area of dispute and difficulty with the Spaniards and that our thrust should therefore be as I say in my second paragraph, an attempt to resolve the matter for everybody. I have already highlighted and I will tend to do so throughout the course of my contribution, the terrible dangers of seeking a special privilege for one part of frontier traffic because we will then really find ourselves submitting or giving in to short term expediency because it is commercially attractive, potentially, and we are willing to forego the principle of normal traffic flow for everybody at the frontier. Sir, this matter is particularly worrying because I think there is no doubt and the whole of Gibraltar recognises this inside although we often do not articulate this reality, that Spain is using the frontier as a choke on Gibraltar. There is no doubt that the frontier is still being used by Spain as a choke on Gibraltar's economic engine and that it is open to Spain to open or close that choke more or less depending on how they feel things are developing. It should be a matter of top priority, and the Chamber of Commerce and various other parties have called for on a number of occasions, to get that frontier solved. Mr Speaker, what we should be saying, and I think we have said it to Sir Geoffrey, is how can you ask us to implement an Airport Agreement, how can you now ask us to be imaginative about living in Europe, if the very basic normal frontier traffic across the Spanish frontier is still used by Spain very much as a way of telling us off when something happens that they do not like or as a way of controlling the Gibraltar economy, etc. There is no doubt that many people do not come to Gibraltar, many residents from the Coast, because they are fed up of waiting an hour and a half or two hours in the queue. The matter arises because, in a sense, if the Government feels that it is in a position to give the Spaniards an alternative of, "this is a factory which will provide employment", we do not seem to have received anything in return for that type of gesture of goodwill which the initiative would seem to involve. The Chief Minister has argued that the days when we had to bargain, where we give you something and you give us something, should be gone and I think he said that that was an old philosophy and that cooperation should be based

rather on less prejudiced attitudes and more open and frank exchanges. Sir, with respect, I do not agree with that. I do not think we have seen from Spain, in the last two to three years, that degree of unilateral goodwill from their part which would justify Gibraltar taking that sort of step. Let us be frank, and the Chief Minister himself was at the forefront in arguing this not so long ago, Spain only opened the frontier because EEC accession meant they would have to do so and because we came to an Agreement called the Brussels Agreement which all parties thought would be an acceptable way for opening the frontier without Britain or Spain losing face but the reality was you had so-called democracy in Spain since 1975, after Franco's death, and Spain opened the frontier because there was pressure from their EEC accession. Spain has never, in fact, shown any other type of unilateral goodwill towards us. They will block our moves for voting rights in the EEC; they will block the visit of the then Chief Minister and then Leader of the Opposition to Strasbourg so that we do not even see the President of the European Parliament; they will block our schoolchildren when they go to Spain and want to hoist the Gibraltar flag and there is an international dispute to that effect. They will not allow the Chief Minister to appear on a Spanish television programme to give the Gibraltar point of view. Now here we are setting up a factory to help unemployment in La Linea without it having been suggested, at the very least as far as we are aware, and which will, among other things, require good access across that frontier, that once and for all there should be some normality at the Customs post. Let us try to have a normal flow. Wouldn't that have been a sensible way to deal with the matter? Wouldn't Gibraltar's position have been quite strong by saying "we will take an initiative but we want it on the basis of a normal customs regime". The attitude of the Government might be that as far as La Linea and Senor Pagan are concerned, that he is not competent to deal with the question of frontier queues and that therefore it is not a matter which could be put to Senor Pagan directly. Well, it is true that Senor Pagan is not the competent authority but neither is he the competent authority to decide if there should be a special channel for the building components factory. In fact, Senor Pagan - and it was reported in the press - visited Madrid specifically to seek, or so it was reported, a special channel agreed to. Obviously, at the end of the day, one will have to talk to those people who are competent to take that decision but it is an insult - and I said this on television, I think it is an insult to everybody who has to queue at that frontier, for both commercial and domestic reasons, for the Government of Gibraltar to want a special arrangement and it has to be at least a special arrangement, there must be something special about it, at the frontier. You have people in Gibraltar who do work in Spain, people who sell insurance, people who are Estate Agents, people who have to buy building components in Spain and they go in a car and they place an order and I know from first hand experience from people that tell me they have to wait an hour and a half, so why should those people who are also

earning their daily living, by having that cooperation with Spain which is natural, why should they not have their case fought for by the Government and I am sure the Government is sympathetic and wants to argue their case, but why should they seek a special channel for some other venture altogether? I think it is a blow in the face for them and something that they do not deserve and the Government should not be seen to be doing so. The whole question of the initiative, in fact, on the building components factory constitutes, in our view - and this forms the third paragraph of my motion, Sir - a complete reversal of what was seen, in any event, as GSLP policy on the dangers of the economic cooperation and on the need for an independent and self-sufficient economy. The word 'osmosis' that became so common in Gibraltar three or four years ago, the concept of this, it was argued, that the Brussels Agreement putting aside the question of sovereignty had another implicit danger and that danger was - this was the analysis of Hon Members on the other side of the House - the danger was that through the method of economic cooperation at Campo level, at the level of regional cooperation, that this was a way that Spain would infiltrate in influence and would therefore, to some extent, make redundant the whole argument politically and slowly make Gibraltar so dependent and vulnerable on the hinterland so as to weaken our ability to decide for ourselves what we wanted. That was, in essence, what people were being told by the then Opposition was the problem. I think, by and large, there was a recognition in Gibraltar, certainly from this side of the House, that there had to be care as to the extent to which Spain was allowed to come into Gibraltar. In certain respects it was difficult to control and if you had enormous building contracting firms that had resources that Gibraltar firms could not have, and because of our joint membership of the EEC, they could come in. The banks would also come in but there was a clear understanding that through instruments and vehicles like the Trade Licensing system in force in Gibraltar we would try to limit the damage which we might otherwise have to suffer. In fact, the whole problem of osmosis, I think, was raised by the then Leader of the Opposition in the debate on the Brussels Agreement itself - this is 11th December, 1984, and I am quoting from Hansard - the then Leader of the Opposition talking about Brussels and this is a fair lengthy quote but I think it is important to place it in context, said of Brussels: "that it carries within it the logic of the Common Market and the logic of the Spanish position for the last twenty years, that you are talking about economic development of the Campo Area. Certainly this is how it is clearly understood on the other side, there is no question about that. The people who were interviewed after the Agreement, the people who have come out on programmes on Spanish television, the political leaders on the other side, are clear that what is envisaged in the Brussels Agreement is the development of the area - not the development of Gibraltar - they are talking about a sort of development corporation for the area, possibly financed jointly, they are talking about a Regional Authority in which there will be participation from seven municipalities - six

on the other side and one on this side. So they are talking about a situation where whilst putting on one side the question of sovereignty and saying: 'we have now agreed that we are going to talk about that but that is for the moment on ice, let us get on with the practical job of behaving as if' - we are not talking about two nation states co-operating with each other, the Spanish nation state and the Gibraltarian nation state, we are not talking about that, we are talking about the development of a particular area of the Andalucian region using the resources of that area". And then he says: "The basic problem about regional economic cooperation stems from the fact that you are cooperating with a neighbour that insists that the territory belongs to them". The proposal that appears now to have been put to Spain, Sir, is very much, as I see it, the same type of situation which the Hon Member was drawing attention to as so dramatic a danger not so long ago and we accepted the danger. We actually accept that it is a danger, that Gibraltar must be cognizant of keeping Gibraltar Gibraltarian economically as much as possible. But what we cannot do, surely, is positively go out of our way to actually invite Spanish participation. We must limit the extent to which Spanish participation comes into Gibraltar to the extent that it is of mutual benefit to both sides but what we should not do is say: "We are going to go out of our way to have a joint components factory, or today have a joint venture with CEPESA, to have a joint venture with the Gibreair company Gardella and probably to have an International Airport jointly financed with Spain as well". Is that the same politician talking today as he was then? I do not think so, Sir, and I believe that the people do not have sufficiently good memories to realise that in fact we are witnessing a reversal of policy. A reversal of policy which we do not feel is a right reversal because Gonzalez in Spain may have said "I do not want to be in NATO" but he may have got into office and said "I think it is a good thing now and I am willing to go to the public and say 'Look, I have changed my view for legitimate reasons', and I am willing to put this to the people and if you back me you back me and if not I go", that is legitimate. We do not accept that the taking of this type of initiative without Gibraltar solving some of the other problems like the queue, is, in fact, the way that the matter should be proceeded with. Let us face it, when we talked about cooperation in Brussels or any other type of cooperation, what we really meant as Gibraltarians was - let us keep this thing going with the Spaniards for as long as possible holding back as much as possible, cosmetically doing as much as possible, and only cooperating when really we think we are getting the best deal possible. And that has to be something to which we have to give plenty of time to because until the Spaniards show their goodwill to a much greater extent than they have done so far, I am not happy about linking ourselves to a greater extent with them. In fact, in the petition that a number of young people brought to this House through the then Leader of the Opposition on Brussels, the petition in the second paragraph actually said 'we submit that to give preferential treatment to Spanish nationals by the advance implementation of EEC

rights would be a negation of the sentiment expressed above and undermines the rights of Gibraltarians in Gibraltar and its future sovereignty'. The whole concept of preferential treatment which, in that case was just a simple ten months advance of what everybody else in Europe was going to have, nothing else and the whole concept, at the time, was completely abhorrent to people, at least to the petitioners. But here we are talking not of giving ten months advance implementation, we are talking about a special channel for a very particular venture. It also, Sir, goes against the whole idea of self-sufficiency. I once asked: "Well, what does self-sufficiency mean in the context of an economically uniting Europe?" Does self-sufficiency mean that we are going to be able to do everything from Gibraltar? Is that what it was supposed to mean? That, clearly, was a complete nonsense. Come 1992 self-sufficiency will not mean anything like that. There is no such thing as self-sufficiency in those terms. However the whole idea of self-sufficiency, as I understood at the time, was that we should boost our economy up, make it independent, make it self-sufficient so that at the end of the day there was a constitutional purpose to this, at the end of the day we could actually show face to the Spaniards, we could actually stand up to the Spaniards and say: "Gibraltar wants this for itself and not have to be afraid of the repercussions that Gibraltar might face if Spain then put on restrictions", etc. That was the philosophy "let us get ourselves so strong in a self-sufficient way that we do not have to fear Spain". But here we are now going with them into a joint venture on a building components factory where for ten years this is going to be the mainstay of ingredients for the major building programme the Government has, we are talking about CEPOXY oil, we are talking about a whole element of economic integration and where does it leave us with independence for self-sufficiency? What my final paragraph urges, Sir, is that no such agreement should be entered into, that no such initiative on the components factory should be taken until there is a full public debate in Gibraltar on whether or not it can better be established here. The Chronicle reported Mr Bossano as saying that there were areas in Gibraltar where the components factory could be set up more cheaply, ie the Dockyard, but that Government preferred La Linea to show cooperation and also because in the long run it would have more future with a larger market in La Linea. From the Chief Minister's own words it appears that, at least in the short to medium term commercially, it can be set up in Gibraltar more cheaply. Is it that we do not need the jobs? Well, we have known about the PSA withdrawal and where the Unions are talking about a loss of about 600 jobs for some time now - and it is their figures not mine. We know about the withdrawal now of all or most of the Military Battalion which will also have some impact on civilian jobs and we are talking about several hundred jobs here. Is this the time to be generous with employment? Is this the time to be going to Spain and saying "Here you have fifty jobs and in return we do not want anything, all we want is a special channel for the factory". Is it not this the time to say: "Well, hold on we might

have more land coming from the military, we are certainly going to have more manpower release, we are going to have those vital resources that Gibraltar needs to get off the ground economically". We may want to go to Spain in the future if Gibraltar does achieve that growth that we all hope for, but now does not appear to be the time and it is not as though, Sir, that has been sprung on us now by Sir Geoffrey or by the World Service on Sunday morning. The PSA withdrawal, which is a more important reduction economically than the Military Battalion withdrawal, has been known for some time in Gibraltar. I do not see why we should find ourselves in a situation of being able to be generous when there may be people out of jobs in Gibraltar. The question of vulnerability, Sir, I also want to address briefly in that the Chief Minister in an interview in Europa Sur commenting on the problem of being vulnerable or otherwise, in particular in relation to the building components industry, said that the arguments used by the Leader of the Opposition and myself on being vulnerable were absurd because we were already totally dependent on Spain in terms of the fact that most of the construction firms were Spanish and that therefore if we were so dependent already what was the difficulty of having a building components factory. I think that was the reasoning. Sir, the point is that surely we are dependent to a certain extent and vulnerable to a certain extent but we are not going to go out of our way to make ourselves more vulnerable. We are going to go out of our way to make ourselves less vulnerable. Politically what we are going to do is we are going to try as well to give the right message to Spain all the time, we are going to tell them: 'Yes, we are prepared to come to a commercial arrangement with you but once you normalise situations with us, you normalise the ferry, you normalise the frontier'. There is a political vulnerability of perception, the way people see it and this is vitally important. The Spaniards are delighted with the venture, the British are delighted with the venture and yet there was a time when Mr Bossano used to say that anything the Spaniards thought was good for Gibraltar must be bad for us. But here not only is the Spanish Government and the British Government in favour but even Senor Fraga who, in fact, was against the Brussels Agreement because he said that the British had got everything and they had got nothing has said in Algeciras "I am all for it, it is fantastic", he is now a friend of Gibraltar, the man who in the 1960's was calling us "people who were selling peanuts to the British soldiers", this chap who is one of the few remaining politicians in Spain belonging to the Franco regime and who says that this is a good initiative. We should start thinking if we have friends like that then what sort of enemies does Gibraltar need. Sir, I hope that I have been able to demonstrate that essentially what we are concerned about is that we should not in Gibraltar be taking unilateral steps of this nature, towards Spain, when we politically have matters to resolve with them like the frontier queues and where economically we have a situation of unemployment arising from the PSA and military reductions which should be addressed through public debate here first. I hope that the Government

in their contributions will deal with the points on the merits of arguments, rather than on the basis of unreasoned rhetoric. I think the matter is important because, ultimately, the way Gibraltar survives will depend on the economic link that we are going to have with Spain and there is concern on this side of the House and, I think, in town generally, that more and more, and although we have investors from further afield, we are cementing an economic relationship with Spain through CEPOXY Limited, through Gardella, through all sorts of arrangements with the Spaniards and that, in fact, Gibraltar could do without, without having got anything in return. Sir, I commend the motion to the House.

Mr Speaker proposed the question in the terms of the motion as moved by the Hon P C Montegriffo.

HON M A. FEETHAM:

Mr Speaker, before the motion was brought to the House, Gibraltar was subjected to a number of press statements made by the Hon Member opposite and, in fact, gave an interview on GBC making known his immediate reaction to the Government's initiative and if I may just take up one of the points which he has raised today in the House and which reflects the contradiction that the Hon Member constantly goes into. Today he says that the unofficial restrictions which take place from time to time at the frontier are a kind of a choke on Gibraltar which the Spaniards can turn on and off as they see fit and that therefore we ought to be careful about what we are doing and yet in the interview with GBC with Clive Golt he said, referring to the initiative on the building components factory: "I should say this that we feel quite strongly that it is highly probable that this factory will never see the light of day. I have said before that my own assessment is that this is just another move in Mr Bossano's diplomatic effort to demonstrate to Sir Geoffrey, prior to the Anglo/Spanish talks early in February, that he is keen to show that he wants to get on with Spain but, in fact, the September deadline that is imposed makes it so difficult for Spain to deliver that it seems unlikely that the factory is going to come into operation". Clive Golt then went on and said: "So what is wrong with that?" and Mr Montegriffo then said: "That is frankly a farce and it is not calling a spade a spade and it is not straight talking quite apart from the fact that if this was the case it will introduce an element of dishonesty in relations with our neighbour which I frankly feel our neighbours do not deserve". So what he is saying is on the one hand that they use a choke and on the other hand that the initiative that we are initiating is being dishonest with our neighbours. Get it right, what is it that you want Mr Montegriffo? The other point that he laboured on for some time, before I concentrate on the motion, Mr Speaker, he made a point about this so-called privilege request that my colleague the Chief Minister is supposed to have requested in connection with the components crossing the frontier and which, of course, he has picked

up from the press because as far as we are concerned, and I think, we have made it quite clear that what we are looking for in our own analysis of the economic development that can take place in the area and where we can participate, is on the basis that Gibraltar's position can be exploited to create the potential and the economic growth that would mean for the people of Gibraltar a high standard of living comparable to the rest of Europe. And that potential should not be, if it is possible, not limited to the economic growth of Gibraltar but take into account the potential and the economic growth that will take place in the surrounding areas of Gibraltar because that is what European Community policies are about and that is what economic development, in the region, has to be looked at, against that sort of background. Gibraltar's position, therefore, in being able to provide services which it has always provided and continues to provide worldwide, can be used to the benefit of the region. What we were saying was that one of the strategies in pursuing that policy, is the creation of an industrial belt in marketing Gibraltar that can come into play in the package that we can sell, in developing an industrial belt, and that it is necessary, as an integral part of that package, to have a new cross-over point with normal customs facilities at the frontier and it cannot be on the basis as the frontier, at the moment, is organised. That is the point we were making. We were not saying a privileged cross-over point for the building components factory, we are talking about a much more comprehensive and, if I may say so, a much more visionary outlook with regards to the economic development of the region in the future. Now having listened to Mr Montegriffo today, quite frankly, I will not take the Hon Member seriously and I do not think a lot of people are going to take him seriously, because I get the impression, having listened to him on a number of occasions, that he considers that politics, as far as he is concerned as a Member of the AACR, only started ten months ago, the moment he was elected to the House and that for what has happened in the past he bears no responsibility and that his party bears no responsibility for the actions of the past. Today he has given another clear impression with all sorts of contradictions and, quite frankly, he ought to think before he says things because they are bound to bounce back in his face. Mr Speaker, how can he reconcile the position taken by the AACR, his party, at the time of Brussels with the position that he is demanding of the Government today? That is what I am asking Mr Montegriffo. How can he reconcile...

HON P C MONTEGRIFFO:

Mr Speaker.....

MR SPEAKER:

No, you will have a right to reply in due course.

HON M A FEETHAM:

How can he reconcile that position with that of the AACR, when at the time of Brussels there was a demonstration against it, public meetings were held against it and yet the AACR rejected the motion in the House to go and consult the people. Now he wants us, simply on the basis of the possibility of setting up a building components factory in Spain, that has no political implications or conditions on sovereignty or otherwise, to practically hold a referendum in Gibraltar, a public debate in Gibraltar. I do not know whether the Hon Member wishes to be taken seriously but certainly not on the basis of that blatant contradiction of policy. The position is also vastly different to the position taken by the AACR, because the Hon Member is aware that today we have the support of the Chamber of Commerce and the Trade Union Movement and that we are able to demonstrate that this initiative is to the benefit of Gibraltar. Mr Speaker, with regard to the building components factory - we have no spare space here for the factory neither will I accept that this increases our dependence on Spain. The Hon Member has already said that the majority of materials come from Spain and that the majority of building contractors are Spanish and, of course, he is quite right, this happened with the AACR Government in office and our dependency on Spain for the construction industry was developed and encouraged by the AACR, that is a fact. The factory that the Danish investors wish to set up does not make us in any way more dependent on Spain and I want to make clear, Mr Speaker, the position of the Government, the policy of the Government so that we understand it once and for all. The Government will give political support to any private sector initiative which we identify as being in Gibraltar's interest or there is clear evidence that it will be mutually beneficial. Whilst this proposal, Mr Speaker, is purely a GSLP alternative, it needs to be spelt out that they are the proposals which we defended during the election campaign against accusations, particularly from the Hon Mr Montegriffo, in a number of debates in public, when it had been predicted that the GSLP administration would virtually lead to the closure of the frontier because we were anti-Spanish and we did not want cooperation with Spain and that this was not possible unless one was committed to the Brussels process, Mr Speaker. His predictions on the confrontation with Britain and the confrontation with Spain, that the GSLP would produce, were completely off target. And his prediction today, that we are placing Gibraltar at risk, is equally off target. They were, of course, Mr Speaker, political gimmicks, during the election campaign and they are political gimmicks today, even though today incidentally, he is saying diametrically the opposite of what he said during the election campaign. Mr Speaker, we defended the policy of the party for cooperation with Spain, outside Brussels, during the election campaign and we made an immediate announcement on the 25th March, at the first Press Conference held by my colleague the Chief Minister. Whilst we are glad that the initiative

has been welcomed by both London and Madrid and, as far as we are concerned, it is fundamentally a matter for the Government of Gibraltar to develop, because it is a matter within the province of the Government of Gibraltar and has nothing to do with Gibraltar's constitutional position, vis-a-vis Britain, or Gibraltar's future decolonisation or Gibraltar's sovereignty or any other related elements that have been mentioned in the context of the Brussels process. Because in the case of the building components factory, Mr Speaker, it will assist to speed up the construction of Gibraltar's economic development and is based only on that, on the commercial and economic consideration which the Government has given to the building components factory, that we are supporting it. While it is cheaper to build a factory in Gibraltar, Mr Speaker, it can only be done here cheaper by using existing buildings which would then not be available for other uses. However, the reality of the situation is that if we locate the factory in Gibraltar on new land the cost would be more expensive than locating the factory in Spain on new land. If we use an existing building in Gibraltar as compared with an existing building in Spain, it would be more expensive in Gibraltar than in Spain. It is only when we use a building in Gibraltar and provide the building free that it becomes cheaper in Gibraltar. So I am afraid, Mr Speaker, that the Hon Member opposite has reacted without knowing the facts, simply on hearsay and what he has heard in the press. No doubt, Mr Speaker, when he becomes a little bit more experienced he will stop doing that. There are, of course, further commercial details which we are not prepared to make public. These have been shown to us, on a commercial basis to demonstrate its viability, and as the Hon Member will recall the AACR argued quite rightly that it could not disclose the commercial prices of A & P Appledore for GSL as it would prejudice the commercial operation. The factory, however, let us make it quite clear, will have to compete with everyone else like any other building enterprise, building components or otherwise, it is purely a commercial consideration. The Opposition is quoted as saying that if Government came to the House for funds for this project that they would vote against it, well and good, Mr Speaker, they are entitled to do that. But the Hon Member should have waited for this to happen and then made his case because in pursuing economic policies the Government wishes to put labour and land to efficient use, since land is the prime asset of Gibraltar, and land has to be developed in the best interest of Gibraltar. We said so during the election campaign, we put it in our manifesto and we shall not deviate from that policy since it is central to our economic thinking, Mr Speaker. The building components factory and any other industry will be judged by Government within this criteria, of what is the best way of using land and labour in Gibraltar. How can anyone possibly argue against that, Mr Speaker? If the Opposition wants Gibraltar to succeed then I would suggest, Mr Speaker, that they would do well to judge the initiatives being taken by the Government by the results it obtains and then and

only then will they be able to pass judgement by seeing whether it is proving to be in Gibraltar's benefit or not. I can only assume that it is because they know that it is going to be successful and that therefore they know that their predictions of economic disaster and confrontation are going to be proved wrong, that they are using this feeble attempt to discredit the proposal even before it has got off the ground. I think I will just round up by saying that the Government is maintaining open the option of making land available in Gibraltar, should it find that the alternative site being looked at by the Danish investors in the Campo Area, in the timescale that the Government would like to see the factory in operation so that it can assist in the construction industry developing at a faster rate than it is possible relying entirely on traditional building methods. Therefore the Government, in principle, is committed to giving political support to the venture on the basis that it will assist Gibraltar's economy taking into account Gibraltar's best interest. If that is not enough to satisfy the Opposition, we are confident that it is more than enough to satisfy the people of Gibraltar who will see when the results come through that the strategy has been the correct one and that Gibraltar benefits from such a strategy, Mr Speaker.

HON G MASCARENHAS:

Mr Speaker, for a Government that won a general election barely ten months ago in such a spectacular fashion, it could be said that the obtaining of that result was because their powers of persuasion were considerably greater than our own. The Government, and in particular the Chief Minister, must think that those powers of persuasion are so great that he can go on television and tell the people of Gibraltar that he should obtain special privileges at the frontier for the speedy transfer of goods for the so-called factory and expect the people of Gibraltar to say 'Amen'. I must say, Mr Speaker, that in general terms we do not oppose the setting up of a components factory. What we do question the mechanics of the way that the Chief Minister is setting about it. The Government want the factory in La Linea to function with no bureaucratic delays for its goods but the Government does not seem to be concerned with the traders, the established trade or, as Mr Montegriffo mentioned earlier, the backbone of the economy of Gibraltar and which certainly have a lot to play in the economy of Gibraltar and they are suffering the delays which affect their business just as much as the general public has had to suffer the frustrations of being stuck in frontier queues every now and again. Mr Speaker, these are the things that the Government should address themselves to when Mr Bossano visits the other side. The rubbish problem is a case in point, it could be resolved very quickly but, of course, that was an AACR initiative and it seems that the Government will have nothing to do with anything which the AACR thought of before. The reclamation that the Government is undertaking at Westside, surely a site could

be found there to build a factory. I do not know the measurements of the proposed factory but, surely, there must be enough land there that could be made available. Gibraltarians could find jobs there, those that require a job, if not, Spaniards are quite welcome to come and work in Gibraltar but pay PAYE here and pay social insurance here whilst if the factory is set up on the other side we are not going to reap any of those benefits. Whatever benefits we are going to obtain the Minister has just not answered except, of course, that we are going to get possibly cheaper components for the building programme of the Government. Mr Feetham referred to contradictions. I will not go into this because Mr Montegriffo can defend himself when he exercises his right of reply. What I will say, on the Brussels Agreement, is that on the day we thought it was right and today's Government think that they were right and that we were wrong. What we are telling them today, is that they are doing a complete reversal of what they thought was wrong but now is right. Mr Speaker, Mr Montegriffo was not a Member of the last Government but I certainly was, and I can tell the Hon Chief Minister and the Members of the Government that their cooperation today with Spain goes far beyond what any AACR Government would have contemplated today. Thank you, Mr Speaker.

HON K B ANTHONY:

Mr Speaker, I welcome the chance to add a few comments to the arguments put forward by my Learned colleague. He spoke, first of all, of the necessity for cooperation and friendship with the people in the Campo Area and I believe fervently in friendship with everyone. In our community we must face the fact that we are linked in many ways with our friends across the border and I fully accept this. We are linked through friendship, some Gibraltarians are linked through marriage, we have the knowledge and use of a common language and I think that everybody in this House will agree that the man in the street in Spain is just as pleasant a person as the man in the street in Gibraltar. The proposed components factory, Mr Speaker, that is to be set up will help appreciably in easing unemployment in La Linea and one must accept that argument, although I cannot help remembering that their economic situation was not of our doing since it was caused by the action of their own Government in their unsuccessful attempt to strangle our economy. I believe in the old adage 'Charity begins at home' and I will return to this theme a little later in my contribution. The Chief Minister, Mr Speaker, is on record as having said that access for these goods both from Gibraltar into Spain and vice versa, the finished articles, he wants to be given the privilege of a special channel that would take these articles out of the normal queue and the Hon Mr Feetham has just said that it is necessary to have a new cross-over point that he says is not privileged. Mr Speaker, I say it is privileged, as long as there is a queue to the ordinary man, woman and child crossing over that frontier as well as for the people taking

ordinary goods into Spain and bringing them back because if you have a special channel it is privileged. Mr Speaker, every day there are queues at one time or another to get into Spain or to come into Gibraltar and if you decide to go to Spain by car you have to go into the queue at the loop. When you go into that queue you do not know how long you are going to be there, it could be ten minutes, it could be two hours and once you are in the queue you cannot get out until you get to the front of the queue since there is no escape route. As a result you get short tempers, children get fractious, cars sometimes break down and all too often it is because of the insistence of the Spanish authorities that local motorists have little bits of paper that they say are required by law, although we know that some of them are not required by international law, we still have to have them. We still have, on occasions, to produce them and this can add up to two hours aggravation. Yet we are told that nothing can be done to ease the queue for the ordinary motorist. Señor Pagan himself has said that this is an area for discussion at a different level. At what level, Mr Speaker, I would like to ask? Is the Mayor admitting that he is powerless to ease a lot of the ordinary motorist and wishes to wash his hands off the matter rather like Pontius Pilate? Yet this is the man who has been asked by the Hon Chief Minister to provide a special channel for this Joint Venture Company because, presumably, in the Chief Minister's opinion he is in a position to provide this channel and I would have thought that if he could provide such a channel then he could equally influence the easing of the queues at the frontier since I do not believe that he is as powerless as he says. Up to now, Mr Speaker, I have been referring, in the main, to those people who go to Spain for pleasure, those who want to take a ride through the countryside, go for a meal, do some shopping, and possibly to visit family or friends. But how about those Gibraltarians who have to cross the frontier by car?

MR SPEAKER:

With respect, I think we have given you some latitude. We are not debating the restrictions at the frontier. You can refer to them, most certainly, vis-a-vis the terms of the motion but let us not make a debate of that.

HON K B ANTHONY:

No, Mr Speaker, I am referring to it because I think it is a very important point because whilst queues exist and as long as a special channel is being sought for these goods, I feel there is.....

MR SPEAKER:

Fair enough but we must not belabour the point more than we have to.

HON K B ANTHONY:

Yes, Mr Speaker. Those who live in Spain have their working day extended every day by having to queue to come into Gibraltar in the mornings and to go back at night. I would suggest, Mr Speaker, that the Government give an undertaking to this House that unless and until these frontier delays are brought to an end, he should not come to any final agreement with Señor Pagan over this proposed factory. They are getting something of importance from us if this factory goes ahead and the least we can expect is something in return, particularly, on the frontier obstructions caused by this latest nation descended in from the brotherhood of Europe. This is not to say, Mr Speaker, that I agree with the setting up of the factory in La Linea. For a long time the Chief Minister has used this threat of osmosis, the risk of the weakening of our identity in relation to Spain, as one of his reasons for the development of an independent and self-sufficient economy. Now this components factory is in the pipeline we have another in-word 'symbiosis'. Symbiosis in the figurative sense means the cooperation of persons living together. As there is no chance at all of our two communities living together in an integrated society, I can only assume that symbiosis means in this case the cooperation of our Chief Minister and the Mayor of La Linea, Señor Pagan. Mr Speaker, no matter how glib tongued the Chief Minister may be in defending his decision to set up this company, the fact is there for all to see. This is a change of policy. Osmosis and symbiosis are the two opposite ends of a seesaw and the balance has changed drastically from last year to this. I see great dangers ahead in putting forward this factory as a concrete example of cooperation between our two communities. The word 'cooperation' means the working together to the same end. But I know and everybody in this House knows that the same end of a loyal and patriotic Gibraltarian is not the same end of a loyal and patriotic Spaniard. The ends are miles apart. The Hon Chief Minister may simply say that this factory, being outside the Brussels Agreement, is an economic means in itself but I fear that Señor Pagan may not see it quite so clearcut. He may well see it as being the first step to what is in the hearts of the majority of Spaniards, the eventual integration of Gibraltar into Spain. That is the political problem, that I think, that this factory could lead to. There is also, Mr Speaker, an economic risk as I see it. Suppose, for whatever reason, that some time in the future difficulties were set up to interrupt the flow of these building components into Gibraltar, then without the components our housing development programme would also be set back and this could happen, Mr Speaker, we all know that this could happen. These are risks that the Chief Minister may well gloss over and feel confident that will never happen but many people besides myself are questioning the change in Government policy and the shift from an independent self-sufficient economic policy to a policy that does incorporate a dependence upon our neighbours. This brings me, Mr Speaker, to my final point

in my contribution. I cannot share the Chief Minister's enthusiasm and support for this factory being set up in La Linea when he is on record, whether it is true or not, that it could be cheaper to set it up in Gibraltar. According to the press reports he gave the reason that he wished to show cooperation with La Linea because in the long run it would be more beneficial to La Linea and I ask the question "why is the Chief Minister so concerned about La Linea?" If the factory would be cheaper here, logic and economic sense says it should be built here. Imagine such a factory here on the Rock. Firstly, it would offer a potential fifty jobs to Gibraltarians and perhaps there are fifty people already in jobs in Gibraltar, but perhaps they are unhappy in their jobs and would welcome the chance to work in a new components factory. I do not know but it is a possibility. Even if there were not enough local people to take up the fifty jobs, I am sure that many unemployed Spaniards would be quite willing to commute every day from the Campo Area to work in our factory, to make up the shortfall. They might be late for work occasionally because of the frontier queues but that would not be our fault. I am only concerned in this debate, Mr Speaker, with the proposed components factory although there are supposed to be two other Joint Venture Companies in the pipeline. Why should La Linea benefit from all this economic bounty when it could well be the case that having this factory here would benefit us immensely, fifty jobs - and I am quoting the figures that were published - £400m turnover in ten years, that is a lot of money. I am going to mention very briefly, of course, the announcement of the reduction of the resident battalion and the shortfall of jobs with PSA moving out. There will be people unemployed in the future and what better time to start thinking of these people and setting up the factory here, rather than worrying about setting up the factory in La Linea to help ease their unemployment problems. Mr Speaker, I feel that the Hon Chief Minister should convince the people of Gibraltar that this economic boost for La Linea is good for our community. Let him prove to the people of Gibraltar that although it might be cheaper to set it up in La Linea, in the long run it might be better for us, financially speaking, than have it over there. Let us see proof from the Chief Minister that this so-called symbiosis is not letting the Spanish toe in the front door of our local economy. Thank you, Mr Speaker.

HON A J CANEPA:

Mr Speaker, two Members of the Opposition, one after the other, have followed Mr Feetham in the debate and I do not mind getting up and doing so myself as it appears that there is no other contribution from the other side, notably, from the Chief Minister who, after all, is the one that made the headlines in the local media.

HON J C PEREZ:

Mr Speaker, if the Hon Member will give way. I did inform the Hon Member before we came in that the Hon the Chief Minister would intervene if he thought necessary.

HON A J CANEPA:

No, my information was that he was not going to.

HON J C PEREZ:

I did inform him of this in the Lobby, before coming into the House.

HON A J CANEPA:

My understanding was that he was not going to speak unless he was actually drawn to do so. I hope to be able to succeed in the wellknown bullfighting term which can be roughly translated as 'drawing him out into the middle', otherwise we would only be favoured with the benefit of a type written speech from the Hon Mr Feetham which, no doubt, he will now circulate to the media. Mr Speaker, prior to and even at the height of Franco's campaign against Gibraltar, it was probably true to say that the attitude of Gibraltarians towards our Spanish neighbours was based entirely on a desire for friendly relations. Politics aside, we have always liked them as a people, we have developed family ties with them over the years and therefore we have wanted to live peaceably side by side. In today's difficult and complex world when there is such a need for cooperation against common dangers such as terrorism, social evils such as drug trafficking, few in Gibraltar would quarrel with the view that cooperation with our neighbours in the Campo Area to mutual benefit is a good thing, at least in principle. The House itself, I would submit, should reflect these attitudes and so we in the Opposition would support, in principle, efforts which are made by the Government to implement measures with the Campo Area that would give effect to those principles. Just over a year ago, particularly because there had been many instances of lengthy delays at the land frontier during the course of 1987, an Agreement was concluded by the Secretary of State with Senor Ordonez about the need to improve matters at the frontier and this Agreement was not part of the Airport Agreement, it was signed at the same time but it was recognised as being quite separate and not conditional on the Airport Agreement at all. Now fourteen months later nothing has been done by Spain and from time to time delays, even at the apparent whim of a particular official, are the order of the day. Delays which cause serious disruption not just at the frontier but all the way back to traffic in the heart of Gibraltar. Whilst we do not hear reports of similar delays at the commercial gate for lorries and other commercial

vehicles, nevertheless everyone who uses that access has to take his normal turn in the queue without anyone having special privileges. Mr Feetham has told us that the Government is not asking for a privilege in respect of the cross-over point at the frontier which they are requesting for the building components factory. I would like to quote briefly from the report in the Gibraltar Chronicle of the 11th January this year which quotes the Chief Minister, at a Press Conference, as saying "that for access across the frontier he wanted the flow from Gibraltar and its Port into Spain to the factory and vice versa, to be given the advantage of a special channel that would take it out of the normal queue albeit preserving the existing legal requirements". Now what interpretation can one put on the phrase "the advantage of a special channel that would take it out of the normal queue" if that is not a privilege. Then how else do we describe the privilege if not in that fashion? The request for such a special channel is wrong in principle. It is detrimental to other commercial users and it shows a disregard for other people using the land frontier. The Chief Minister should insist on the implementation of that agreement about delays without any further delay and regardless of the views of this House and the people of Gibraltar about the Airport Agreement and its consequential non-implementation. He has had an opportunity to do this earlier this week when he met the Secretary of State and perhaps he might be in a position to tell us something about that. For many years, Mr Speaker, both in the controversy surrounding the Brussels Agreement and subsequently when Señor Moran coined and applied the word 'osmosis' to his interpretation of what would flow therefrom and the dangers of the Brussels Agreement leading to economic integration, the Chief Minister has often spoken and acted virtually as if Spain did not exist. He had turned his back on Spain and we could all live and go about our business cocooned and shut away as if we were living on an island without a landmass north of us. But on becoming Chief Minister, he started shortly afterwards, a few weeks afterwards, to hint at the possibility of the building of the factory in La Linea with Gibraltar apparently going out of its way to do more than normal neighbourly and friendly cooperation would demand, including investment from Gibraltar business interests and possibly even the Government itself or, to put it another way, the taxpayer itself. Now I ask, Mr Speaker, how does it all fit in with his concept of an independent and a self-sufficient economy? How does it fit in with the interpretation, as we have heard my colleague quoting from Hansard in his contribution from the interpretation which Mr Bossano had of the Brussels Agreement and the development of the Campo Area as recorded in Hansard of December, 1984? What is the Chief Minister now up to? I think it is no wonder that Sir Geoffrey Howe says that the Chief Minister is working alongside Brussels. What would the Chief Minister do to ensure that the Spanish authorities do not set up obstacles before the importation of building components into Gibraltar? What would happen then to the Government's plans for low cost

housing? But that is not all, he is also quoted in the same issue of the Chronicle as saying - and I think my Hon colleague, Mr Montegriffo, referred to that - "that for the building components factory there were areas in Gibraltar where the factory could be set up more cheaply, for instance, the Dockyard". Is it not better, therefore, to go ahead and have full control over the matter, to create jobs for residents here in Gibraltar, if not all of them were to be filled then the rest could be taken up by the Spaniards and, as my colleagues who have taken part in this debate have said previously, they would be paying taxes in Gibraltar for the benefit of Government revenues. In any case, now that we know that there is the definite prospect of the loss of several hundred jobs in the economy of Gibraltar as a result of the reduction in the resident battalion and as a result of the winding up of DOE/PSA, this should become a prime requirement for the Government to create such jobs for our own people in the first place, who are going to be made redundant. There is, to my mind, no logic in the Government saying 'no' to the disposal of rubbish in Spain because we can be held to ransom by the Spanish authorities and not apply the same considerations to the movement of materials, the finished products to and from the La Linea factory. Mr Speaker, what is happening to the Chief Minister? Is his judgement failing him? Is he working too hard? Is the stress of office beginning to tell together with the jet lag from so many trips all over the world during the last nine months? He should really reflect on what the Government is up to. This is not a popular move at all and even his own supporters will tell him that. He should really think again, take a holiday, relax before reaching a final conclusion on that matter, after all, Mr Speaker, there are all of 8,127 votes at stake - we will give him his own, no doubt he will vote for himself next time - those votes are all in danger. The Government should really reconsider their policy of Joint Venture Companies with Spanish interests. Mr Feetham has spoken about support from the Chamber, what support from the Chamber does the Government have? Support on the setting up of this factory? Can he quote chapter and verse because I have been looking through past issues of the local press and I cannot find a statement from the Chamber of Commerce that they support the Government on this venture. Is it that the Chamber supports the Government generally on the setting up of Joint Venture Companies? I do not think so, I think they have made it clear that they support the setting up of Joint Venture Companies provided they are not in competition with established firms in Gibraltar, in the private sector. Or is it that the Chamber supports the Government generally, is that what he means? Perhaps I would invite any Member opposite to clarify the matter. But, Mr Speaker, the Government really ought to rethink. People are confused about the motives of the Government in creating these Joint Venture Companies, in particular the one we have been reading about this morning in the press, a Joint Venture Company with CEPASA. Where is it all taking us? Where will it end? Is it going to end, Mr Speaker, I wonder, in a Joint Venture Company between the GSLP Government and the Government of the Kingdom of Spain to be known as 'Osmosis SA'?

HON CHIEF MINISTER:

I am not sure that it is the Hon Member that has drawn me out or my Hon colleagues that have urged me to come out, Mr Speaker. Clearly, the Leader of the Opposition is very concerned to make sure that we win the next election because his major worry seems to be that what we are doing is not popular, not popular at all, not even with our own supporters. That is to say, the fact that we now have, according to the last opinion poll, 11% more supporters than we had when we won the election is still not enough to keep him satisfied, he wants us to have even more supporters. Obviously it will only be a matter of time before they all cross the floor, homesick, Mr Speaker, and then we can have 'Osmosis SA' in the House of Assembly and we do not need to go to the Kingdom of Spain to have it. The policy of the Government of Gibraltar is the policy that the GSLP defended in the election campaign. The Members opposite, independent of any explanations that are given to them, keep on saying what they think is going to get them back the votes they lost and that is their only concern. They do not really care whether Gibraltar is weaker or stronger or more prosperous or less prosperous, it is the weakness and the prosperity of the AACR which is the only thing that bothers Members opposite and we have had examples of that during questions in the House when the Hon Member kept on admitting that he had been given the explanations on the Spanish pensions but said that there was a limit to how patriotic he could be without risking his ever getting back on this side of the House and occupying this seat. The fact that that was said in the House did not stop them coming out immediately afterwards with a release saying that they were not satisfied with any of the answers and that the people were still all very confused and all very worried. Well, it is clear that the people that have something to do with the Hon Mr Canepa and with the AACR are all very confused and all very worried and well they might be because there is very little that is going to be left of the organisation of Members opposite unless they really, I think, wake up to the fact, Mr Speaker, that they are failing to make any impact on people because they are failing to demonstrate their capacity to handle the situation where the Government is introducing policies and when they jump the gun, they jump the gun because they feel that in order to demonstrate that they are not nine-tenths dead they have to show that they are alive by reacting to things without bothering first to find out whether the reports in the press are consistent with the facts. Of course, we could be facing, I imagine, for the next four years consistent motions in this House and when the mover of the motion stands up, like the Hon Mr Montegriffo did today, he says he is moving the motion on the assumption that certain things that have been said are correct. Well, I do not think that this is the way to go about it. I do not know whether he thinks we have now had the local public debate, which he thinks we need, but the position of the Government of Gibraltar is a very simple one. We are pursuing a policy which will

generate economic growth, as I have already told Hon Members opposite in answers to questions, consistent with the targets laid down by the Government and we can see that there are major advantages in combining the assets of Gibraltar, the skills that Gibraltar has - like the skill the Hon Member has as a lawyer - with the skills that Gibraltar does not have and which people in the Campo have and which we can only use in Gibraltar by bringing them over. I cannot, for the life of me, understand why Hon Members opposite seem to think that it would be better for the people in the queue to have even more people in that queue. Either they want the lorries that bring the building components to make the queue longer or else they want the factory here and they want the workers that are coming to the factory to make the queue longer. What we are trying to do is, in fact, to keep congestion across the frontier to the minimum and since we are talking about a situation where there would be an industrial belt on the other side which would benefit the business community in Gibraltar and benefit the professional people in Gibraltar, the accountants and the bankers and so forth because they would be able to provide the expertise on this side to firms that would have the production facilities on the other side, and the building components is simply one example of what it might be, there is nothing magical about the building components, it is something that is ready to move and it makes sense, if it can be shown to be commercially viable on the other side, to have it on the other side. The Leader of the Opposition comes up and says "why is it we are not doing it here if it is cheaper?" He has already been told of the economics of it. My colleague Mr Feetham explained to him that it was only cheaper if we could provide a building here at no cost. If you had to pay for the building here and to pay for the building on the other side it was cheaper there. If you had to build the building here and you had to build the building on the other side, it was cheaper there. Of course, if you get a building that is already there unused and for which there is no use and therefore one which has not got an opportunity cost, then it is cheaper to have it here with a free building than to have it on the other side with a building that has to be constructed. Mr Speaker, he was given that explanation and having been given the explanation he then stood up and said he wanted an explanation. Well, it shows that it is a waste of time, and it is a waste of time giving him explanations, because they are not interested in the explanation, Mr Speaker, they are interested in the political impact and in whether they are going to get votes in 1992 as a result of the noises that they are making in 1988 and 1989. Obviously the people of Gibraltar are going to judge the success or failures on which we are embarked by the results and not by anything the Opposition may say in motions in the House. Although I am grateful to the Hon Member opposite for his concern that I should not be losing my popularity, I do not really think that the popularity of the Government or the popularity of his policies are going to be dented by anything that the Hon Member says that is worrying people or anything he says to make them worry which

is, I think, what it is really all about. I think he is not going to succeed in worrying people, I think the people of Gibraltar having had a bellyful of AACR inactivity for as long as they have had, accept that we are not going to be infallible in the decisions that we take and that not every decision that we take is going to be 100% right, there are occasions when we will make mistakes but accept that if you have got a Government that is dynamic and is taking decisions, that is coming forward with new ideas all the time, then occasionally it will get some of them wrong and at the end of the day they will judge us by how often we got them wrong and whether as a whole, by and large, the majority were right and have proved to be to Gibraltar's benefit. I however feel that Hon Members opposite really show that either they do not know what they are talking about half the time or they do not care whether what they are talking about makes sense or not as long as they feel it is gaining them political popularity. To talk about the importance of creating fifty jobs here, when they know that when they left Government, according to the figures that they produced, there was a situation where there were 7,000 foreigners working in Gibraltar and that the entire population of Gibraltar in employment is 7,000 and there were 14,000 registered insured workers when they left office and that the growth in the importation of labour happened under them because they believe, as they have confirmed here, that the way to run the economy was to have masses of foreign workers here paying taxes and those masses of foreign workers here paying taxes would create a bigger tax base. A policy which I told them, from the opposite side, many times was a mistaken policy (a) because what do you do with your tax base when the workers go and there is a drop in employment, and (b) because it is, in fact, a false economy as I have explained to them already, Mr Speaker, during the debate on the Budget and I thought they had understood the explanation, at least they seemed to be nodding their heads at the time that they did but of course I forgot that for sixteen years, when they were on this side, they used to nod their heads all the time and then say 'no' when the time came to vote. So perhaps they have not lost the habit when they were pushed over there by the people of Gibraltar. I explained to them that as far as we are concerned, we consider an important ingredient of measuring our success economically not by the number of people we employ but by the wealth that we produce per employed worker. I went into this in the Budget in very simple terms so that they could understand it. I said if you have got a situation where you have got £100 of output and 100 workers and your output goes up from £100 to £110 and your workers go up from 100 to 111 you are not 10% better off which is what you would think if you look at the output at all, you are 1% less well off because you have now got 11 more people producing 10% more in total which means each worker is producing less as a result of the increase than they were doing before the increase. Therefore we think an important measure of the economic success, which is not one that we have invented, it is wellknown and well used as the

general measure of efficiency in all economies in the world, is to measure output per employed person. And it is particularly important in Gibraltar's case otherwise you could get nonsensical figures of the efficiency of the economy of, if you have a situation where you say: 'If we are only going to measure the output of the economy by the people who reside in Gibraltar', it means that on that measure, if we are providing big houses and they all reside in Spain, since they do not show up as part of the resident population, it looks as if we are wealthier because there are less people living here and we are still producing £120m a year in GMP. However, if you build houses and they all come back we are all poorer because now the £120m has got to be divided over more people. That is nonsense. You divide the output amongst the producers not amongst the residents. By that measure, which is a measure the Government used to use in the past, if you build lots of flats a lot of people retire to Gibraltar, again, it looks as if we are less well off because per capita income, which were the statistics generally published by the previous administration, would move up and down erratically according to the number of residents in Gibraltar, independent of the number of producers.

HON A J CANEPA:

Mr Speaker, the Chief Minister is not speaking to the motion.

HON CHIEF MINISTER:

Yes, I am explaining to Hon Members opposite, Mr Speaker, who clearly do not seem to understand. They asked for explanations and then they cannot follow them and they do not even know if it has something to do with the motion. Of course, I am explaining to Hon Members the economic logic of putting the factory over there which they cannot understand. What do I do? Do I sit down and not answer him or do I let him draw me out and try and explain the position to him and then the Hon Member stands up and asks you whether it has anything to do with the motion. The logic, Mr Speaker, is therefore that when we are looking at the wealth of Gibraltar, which we are going to be measuring from now on, the measurement that we shall be using is a measurement that gives importance not to more people being employed but to less people being employed in the economy of Gibraltar and to more being produced by each one and as I explained during the Budget debate when I told Hon Members opposite, it is on record in Hansard, that the Government's policy would be to look to an improvement in the utilisation of labour and utilising labour more efficiently means that when you look at the growth over the next year, in looking at a 12% increase we would not expect the workforce to increase by 12%, we would expect that the workforce would increase by less than 12% so that the average output per person employed would be higher. Therefore it is consistent with that policy that we should want to locate in the neighbourhood those

facilities which need not be located here and which will benefit the economy here from lower production costs and which will, in fact, contribute to the increase of our GMP without at the same time increasing our workforce. That is the fundamental logic of the economic analysis behind the strategy and it has nothing to do with joint ventures which is a separate issue altogether because even if the factory is 100% owned by the Danes, the logic of locating it in Spain is still the same. The nature of the ownership has nothing to do with the geographical location. The geographical location is the economic analysis explained to this House by me at Budget time which we are giving effect to and which we also explained during the course of the election campaign when Members opposite were saying that we wanted nothing to do with Spain because we wanted nothing to do with the Brussels Agreement and that it was not possible to have co-operation with Spain outside the Brussels Agreement. The Hon Member may say that Sir Geoffrey Howe has said that I am now in parallel with the Brussels Agreement but they were saying it was not possible to be in parallel with the Brussels Agreement. They were saying you had to be in it.

HON A J CANEPA:

We did not say that, we said alongside.

HON CHIEF MINISTER:

Well, alongside. Then alongside, but I can assure the Hon Member alongside and not converging, and if you have got two things moving alongside and not converging they have to be in parallel.

HON A J CANEPA:

Mr Speaker, if the Hon Member will give way. He may be an expert in economics but I know a little bit about mathematics and two lines can be parallel and they can be miles apart, they can be parallel and be close to each other, alongside means close to.

HON CHIEF MINISTER:

Then I am glad that he accepts that I am not close to the Brussels Agreement and I am grateful for his support on that subject, Mr Speaker, and therefore he is right, we are not, in fact, going along with the Brussels Agreement because we did not agree with it then and we do not agree with it now but we have demonstrated that their analysis was wrong and my colleague has already explained that. It is not that we are saying anything we did not say, it is that we are not doing what they predicted we would do and they keep on telling us that we are doing a U-turn not because we have

changed what we said we would do but because we are not fulfilling their predictions of the future - their prediction of doom, their prediction of confrontation, their prediction of a closed frontier, a hostile Britain, a hostile Spain - all those things that they said we would do, that we had no economic plan, that it was a myth, that why didn't I publish it? Then when I started publishing it they said "it is pie in the sky, it won't work". When we make it work they say "you are doing a U-turn" because it is working. That is the problem that they have and it is a problem, Mr Speaker, which I regret, for their sakes, they will either have to learn to live with or the House of Assembly will learn to have to put up with because it is quite obvious to me that whenever they think they can jump on some bandwagon or other, they are going to make the attempt. They have not put one single coherent reason why it is that they think there is something that we are doing which will hang Gibraltar. In fact, they don't even seem to have reached agreement on their side as to whether they want the factory or not because one Member said he didn't mind the factory being there, in the Spanish area, and another Member said that he did. They are not even in agreement, as a party, on whether they think it is a good thing collectively or a bad thing but they clearly think that anything that we do is a bad thing by definition and I am afraid that on that basis they are never going to be able to persuade us to change our course of action. If and when they demonstrate to us that we are about to make a mistake and that by their bringing that to our notice they can prevent us making a mistake which will damage Gibraltar, we will be grateful for their having acted in the public interest and having prevented us from making such a mistake and we will change course because there is nothing wrong with being warned that you are about to make a mistake and taking that warning into account. Therefore when that happens, I will begin to believe what the Leader of the Opposition says about his worries about me becoming unpopular.

MR SPEAKER:

I will then call on the Mover to reply.

HON P C MONTEGRIFFO:

Mr Speaker, at least in a small respect the motion has been a success by having drawn out the Chief Minister who, clearly, had previously planned not to make any contribution at all. So we must have made sufficient impact or drawn sufficient matters to the House's attention to have justified his honoured intervention. I do not expect to take much time with Mr Feetham's contribution in my reply because I do not think Mr Feetham has said anything of very much consequence relating directly to the motion. I think he failed to address completely what the motion is really saying. He skirted a number of issues, did not address the problem of queues,

nothing about the jobs that were being lost in Gibraltar and I do not think there is very much for me, frankly, to say to Mr Feetham. The Chief Minister has started off by saying that it is clear to him that the only interest we have in this House is to gain votes and we do not care about the welfare of Gibraltar. Well, that type of accusation, I think, is an accusation that no politician in this House should be making against a politician from whatever side. I have often said that it is not a question of just hurting me personally in that it puts one's integrity at stake it is that I do not think, as Gibraltarians, that that type of comment either convinces the people out there, which it is obviously designed to do, because it is not designed to impress us, it does not do any good for Gibraltar and I do not intend to say more but dismiss it in that way, Sir. The whole irrelevance of the polls of popularity of the economic plan as elaborated in the Budget, does not address the real issues we are talking about today. Mr Bossano says that there is economic sense in setting the factory up in Spain. Well, there may or there may not be but what he has not addressed the other implications. What about the political implications? What about the reply he tried to give on the question of queues? That was absurd, Mr Speaker, what I am trying to do, I think, was to facilitate traffic. Some things are black and some things are white and however good somebody is in talking publicly, and the Chief Minister is very good, nobody can turn something upside down completely. Clearly it is also acquiescing to a form of Spanish restriction if we take note of the fact that it takes time to go through the frontier and we say, by the way 'We will do this but we have to have a special gate'. We are agreeing, we are acquiescing to that Spanish restriction. As a matter of principle it is totally objectionable. This is the type of thing we should never even be considering in Gibraltar. Of course there may be economic sense, and I do not accept that, but economic sense is always secondary to matters of principle in Gibraltar. How often have people got up in this House well before my time and said "I am prepared to have that frontier closed again and we go back to tightening our belts because we want to protect our homeland and we want to have matters of fundamental importance, like a normal frontier, respect for Gibraltar as a separate state with certain rights in international law". We want that type of thing respected, we are not just interested in commercial short-term gain. What has happened to that concern? Mr Bossano also makes the point that here we are as an Opposition reacting without all the full facts and that we should know all the full facts before we say anything. Well, first, Mr Speaker, what we reacted to is what he said or, at least, what was reported and if people are misreporting on fundamental matters then they have a duty to come out and say 'By the way, I do not say I want a special channel, I want a normal channel'. We can only find out through the free press which, thank God, we enjoy in Gibraltar and which informs not just us but the people as a whole, but thank God that at least we bring motions because today I have learnt ten times more than I

knew about the factory than I did an hour or two ago and had it not been for this motion, which Hon Members feel is mistimed, we would not have known a lot. The reason we do not have the facts is that this Government, with all its open policy, with all its open Government, still does not tell people what is going on. How did we know about CEPESA-OXY? How are we going to get to know about the Joint Venture Companies that have been set up at GSL? Well, not in this House because the Minister is on record as saying "I am not going to tell people in the House what ventures GSL enters into because that is a matter of commercial judgement".

MR SPEAKER:

With respect, the Minister has not said that. The Minister has said that he is not prepared to give details for the actual management of the company.

HON P C MONTEGRIFFO:

Well, on television in any event, Sir, I think, he went possibly further.

MR SPEAKER:

You said this as a matter of reply and I have got the right to put it right.

HON P C MONTEGRIFFO:

Sir, I am grateful for that but I think it is clear in the public's perception that the Government stand on the type of information it will give on the GSL companies is very limited and Mr Feetham said as much on television. There has been no addressing of the problem of the several hundred jobs that will be lost in Gibraltar when the PSA withdraws and the Military Garrison is reduced. This is not a question of using the same labour Gibraltar has, there may be unemployment in Gibraltar as a result of these job losses. Has the Government dealt at all with that aspect of the matter? Not at all. What we have had, Sir, is essentially a very defensive reply from the Government. I think that to a large extent, my feeling as I wind up tonight, is one of worry because I think what we are saying is well understood in Gibraltar and I am convinced that the Members opposite sympathise with the sentiment because we are all pulling, in that respect, in the same direction, we all want to make sure Gibraltar's rights as a State are respected. They certainly are not able to see their way to understanding that there are political dangers in seeking special arrangements for this factory other than on normal terms. It is clear that the Government is not going to be persuaded and I simply hope that the motion has served to bring to the public's attention the concern

felt by us in the direction, we feel, Gibraltar is moving into and although the motion may be defeated this afternoon, I implore on the Government to seriously consider not going ahead with that factory unless the matters that I have raised in the motion are first addressed. Thank you, Mr Speaker.

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

The Hon 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 motion was accordingly defeated.

RESIGNATION OF MR SPEAKER

MR SPEAKER:

Gentlemen, as you must all be aware, I wrote to His Excellency the Governor on Monday 30th January, 1989, resigning as Speaker of this House effective from such time as I adjourn this present sitting. We are soon coming to the moment when this is to happen and I would like to say a few words to you all. When I first took my Oath of Allegiance and sat on this very chair I did so with some apprehension and a strange mixture of pride excitement and challenge. Today, nearly twenty years after, I bid my farewell to you all with a mixed feeling of satisfaction and sadness. Satisfaction because I have been allowed to serve my community and this House for so long during such an important period of Gibraltar's history and to have been able to contribute to the evolution of Gibraltar's legislative process. Sadness because I now end what for me has been a way of life for so long. However, I felt that it was time for me to call it a day and to dedicate the rest of my active life to my chosen profession, my other interests and, more particularly,

to my family, particularly so when I have got grandchildren now. To those who will in the future hold this office, I would like to say that the most important factor to remember is that the Speaker is the servant of the House, not its master and that the authority which the House vests on him is its own authority which he exercises in accordance with the interests and the wishes of the House. That the Speaker has a particular duty to protect the rights of minorities but in the exercise of his impartiality, he must not lose sight of the rights of the majority and that he is not expected to impose the rules rigidly on every occasion and much depends on the circumstances of the moment and the mood of the House. To you Chief Minister, to you Leader of the Opposition and to you all Members from Maurice Featherstone the father of the House and the only Member who has served through the whole of my Speakership, to you Joe Moss the youngest Member now serving, I bid my farewells and thank each and every one of you as, indeed, I thank all past Members for the great help, assistance and cooperation you have at all times given me and without which I could not have carried out my responsibilities. My deepest appreciation to all members of my staff who have at all times served me with such dedication, enthusiasm and loyalty. A special thanks must most certainly go to you, John Sanchez, who has also been with me since my very first day as Speaker. My sadness also lies in that Paul Garbarino, with whom I worked so closely for seventeen years, is not today with us. My greatest thanks and fondest memories must go to him. In conclusion, Chief Minister, Leader of the Opposition, Members, may I wish our House and you all every success and prosperity. As Members of our Legislature always remember that whatever the political differences, whatever the strength of your convictions, the dignity of the House must be paramount and must always be allowed to prevail. So goodbye to you all and thank you again for all your cooperation.

HON CHIEF MINISTER:

Mr Speaker, you always have been careful in issuing your rebuke in this House. I must say this is the first time that I have been here since 1972 when you have not tried to clear the Gallery. I think, Mr Speaker, that it is difficult to find words to describe the kind of relationship that has been built in this House between the Members that have known you for a very long time and yourself and I think it is a relationship which you have been able to produce by the way that you have always acted in accordance with what you believed to be the correct rulings. Even when those rulings were unpalatable from an Opposition point of view, and I have experienced that for sixteen years. I do not think there was ever an occasion when it crossed my mind that you were doing anything other than deciding that the matter had got to a stage where no further progress was going to be achievable by continuing with the debate. I think it is an important part of the role of the Speaker to contain the work of the House within the boundaries of reasonableness

in that as long as new arguments are being put forward which can further the analysis of whatever is being debated, that is fair enough, but that when all that is happening is that the same arguments are being repeated ad infinitum then clearly nothing useful is being done and moreso from the point of view of enlightening the public. I believe that this is particularly important now that the meetings of the House are broadcast and I must say, I think you will agree, that the fears that were being expressed at one time that the broadcasting of the House would lead to an unnecessary lengthy increase in the speeches has, in fact, not happened. It did not happen before and I do not think it is happening now. I think Members are performing on the basis of what they think requires to be said irrespective of the fact that they have got a wider audience listening to them. I think it will be difficult, Mr Speaker, to forget the period of years that you spent in this House and the way, in a way, you have changed the behaviour of those Members that have worked with you so long, particularly I think the Leader of the Opposition and myself, both of whom joined the House in 1972 and have had a situation where your own interpretation of procedure in the House has tended to shape both our own pattern of work and it is clear that it is continuing now that the roles have been reversed. It is also, I think, an important element in the work we do together as a Parliament that in acting within the Branch of the CPA you have always related our Parliamentary relationship with other members, and particularly with members within our own Region, on the basis that it is the work of the Parliament of Gibraltar that needs to be reflected and not, in fact, the work of the Government or the disagreement of the Opposition with the way the Government is doing its work. I am sure that those values and that leadership that you have given the House for so many years will continue into the future with your successor.

HON A J CANEPA:

Mr Speaker, although it is a sad day for all of us in having to bid you farewell, I think it is also a great day in many respects. It is a great day because we have seen evidence here this afternoon, not least from the Public Gallery whom I have never in all my years in the House heard clapping so enthusiastically and, naturally, allowed by the Speaker to do so, how could you do otherwise, but it was so genuine and so warm and I think, Mr Speaker, it is evidence of the high regard and the esteem in which you are held by all in Gibraltar. All of us in the Opposition wish to associate ourselves with the words of the Chief Minister, we do not often have an opportunity to do so, in a few minutes we will be disagreeing with him and therefore when we do agree we do so wholeheartedly. After Maurice Featherstone both the Chief Minister and myself, as he has remarked, are the Members who have served longest in the House during the many years you have been Speaker. We have been on both sides of the House and I can say therefore with some measure of authority,

that throughout you have been equally fair and totally impartial as far as successive Governments and Oppositions are concerned. I would like to think that we are today speaking not just for those who are here but on behalf, as well, of those others who have served the House during the last two decades and who I know share the high regard that we have for you and admire the manner in which you have performed your duties and in which you have enhanced the office and the functions of the Speaker. You have set such a high standard that your successors, and I speak in plural, will find it very difficult to emulate that standard. At any rate, they have an ideal to aim for and your advice to them which goes into the record today will also serve as valuable guidance over the years well into the future. In thanking you, Sir, and in wishing you a long and happy retirement, I would like to say a word about Lady Vasquez. In the first place, we are glad to see that she is now enjoying good health and I would like to add that the public - and this is why I want to say a word about Lady Vasquez - I think, the public in Gibraltar, Sir, just does not realise the burden that the wives of public figures, such as yourself, have to bear in support, the constant whirl of public and social duties is not always fun as many appear to think but, in fact, it involves considerable sacrifices for both and, very particularly because, after all, we choose to be here, but very particularly for the wife. In this respect, Sir, I am sure all Members will agree that Lady Vasquez has won also our affection by the way that she has been by your side and by the support that she has given you. I am sure that your task would have been so much more difficult otherwise. To you both, therefore, Mr Speaker, go our gratitude and our best wishes for the future.

MR SPEAKER:

Thank you all very much indeed.

ANNOUNCEMENT OF NEXT SPEAKER

HON ATTORNEY-GENERAL:

Mr Speaker, by and instrument under his hand dated the 2nd February, 1989, His Excellency the Governor has appointed Robert John Peliza OBE, Speaker of the Gibraltar House of Assembly.

HON A J CANEPA:

Mr Speaker, a week ago this House debated my motion on the appointment of the Speaker and, as I expected, there has been very little regard for what we in the Opposition had to say on the matter. The appointment of Major Peliza, as Speaker, is now being proceeded with and in the circumstances I really regret that there is really no point in our being here for what we regard as a farce of the motion from the Government confirming his appointment.

SUSPENSION OF STANDING ORDERS

HON CHIEF MINISTER:

Mr Speaker, I am going to move under Standing Order 60 in order to suspend Standing Order 19(1) to enable me to move the motion for the appointment of the new Speaker without having given the required notice and if the House so agrees, which I am sure that it will, we proceed with that and I think if there are few other things that I can stick into the same Standing Order we might as well get on with the job of a whole spate of Government legislation in the next ten minutes.

Mr Speaker then put the question which was resolved in the affirmative and Standing Order 19(1) was accordingly suspended.

The following Hon Members were absent from the Chamber:

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

APPOINTMENT OF NEW SPEAKER

HON CHIEF MINISTER:

Mr Speaker, I beg to move: "That the appointment of Major Robert John Peliza OBE, as Speaker of the House of Assembly be confirmed". I do not propose to speak to the motion, Mr Speaker.

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

The following Hon Members were absent from the Chamber:

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

MR SPEAKER:

May I congratulate my successor on his appointment and I wish him every success and as I have already informed him, I will most certainly be, at all times, more than willing to be of help to him and available to him should he need my services.

ADJOURNMENT

HON CHIEF MINISTER:

I beg to move that the House do now adjourn until Wednesday the 22nd February, 1989.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Wednesday the 22nd February, 1989.

The adjournment of the House to Wednesday the 22nd February, 1989, at 10.30am was taken at 5.30pm on Thursday the 2nd February, 1989.

WEDNESDAY THE 22ND FEBRUARY, 1989

The House resumed at 10.40 am.

PRESENT:

Mr Speaker(In the Chair)
(The Hon Major R J Peliza OBE, ED)

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.

OATH OF ALLEGIANCE OF MR SPEAKER

Mr Speaker took the Oath of Allegiance.

ADDRESS BY MR SPEAKER

MR SPEAKER:

Hon Members, this occasion makes the day most memorable in my life and I can think of no greater honour than being the Speaker of this august House of Assembly. Especially so, because I have been entrusted by the democratic choice with the authority to preside over your deliberations. At the same time, as I see it, the Speaker is the custodian of what the House of Assembly means to the people; the bastion of democracy in our community and the fortress of their sovereignty. When the Chief Minister asked to propose me for this high office he said: "Bob I would like to propose you as Speaker because I know you will not be the Speaker of the GSLP or the Speaker of the AACR, I know you will be the Speaker of the House of Assembly". In this spirit I accepted the appointment knowing that neither the Chief Minister, nor the Leader of the Opposition, nor indeed any other Hon Member and, least of all myself, would want the affairs of this House to be conducted other than with scrupulous impartiality. I am not a new tenant for the first time in this House and I am quite familiar with the Mayor's Chair I am sitting on since in deference to the abolished City Council, to which I was elected in 1945, I brought it to this Chamber in 1969 to ensure it continued to give active service in the constitutional development towards the final aim of all the elected Members of this House and the vast majority of the Gibraltarians, that is to say, self-determination. Having served as Chief Minister, Leader of the Opposition and as an ordinary Member in the Opposition benches, I know very well the frustration felt when unduly restrained by the rules of procedure. Thus, I will do my best to use my good influence to reduce it to a minimum so that red tape, as it were, does not unwarrantably interfere with the freedom of expression of Members. Since I was not expected to be present in the House when Sir Alfred Vasquez retired, I was unable on that occasion to join all Hon Members, at the time, in paying tribute to his magnificent contribution towards the enhancement of this House of Assembly during his twenty years of service and although I hastened at the time to write him my words of appreciation and praise, I would now like it recorded in this House that I fully associate myself with the very merited exaltations expressed at the time by Hon Members on both sides of the House. May I end by saying that I will do my best so that Hon Members and the people of Gibraltar do not find me wanting.

HON CHIEF MINISTER:

Mr Speaker, the House has taken a decision on this matter and it is my wish and the wish of the Government that we should now really concentrate on getting on with the job and therefore I do not want to raise any further controversies about the decision. The Government has got no doubt at all in its mind that you will conduct the office that you hold with the same commitment and integrity as you have conducted

every other single thing that you have taken on in your life, for as long as I have known you. I am sure that any worries that others might have about whether the job that is done by you will in any way inhibit the function of the House will soon be dispelled. At a personal level, let me say, how happy I am to have you once more in the House of Assembly and doing once more a useful job for Gibraltar which I know is the thing that you cherish most.

SUSPENSION OF STANDING ORDERS

HON J E PILCHER:

Mr Speaker, I wish to move the suspension of Standing Order 7(3) to enable me to lay on the table the Tourist Survey Report, 1987.

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

DOCUMENTS LAID

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

The Tourist Survey Report, 1987.

Ordered to lie.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Development Aid (Amendment) Bill, 1988; the Businesses Trades and Professions (Registration) Bill, 1989; the Medical (Gibraltar Health Authority) (Amendment) Bill, 1989; the Public Finance (Control and Audit) (Amendment) Bill, 1988; the Supplementary Appropriation (1986/87) Bill, 1989; the Supplementary Appropriation (1988/89) Bill, 1989; and the Imports and Exports (Amendment) Bill, 1989.

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

THE DEVELOPMENT AID (AMENDMENT) BILL, 1988

Clause 1

HON ATTORNEY-GENERAL:

Mr Chairman, could I seek leave to amend the date to read "1989" rather than "1988" in clause 1.

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

Clause 2

HON P C MONTEGRIFFO:

Mr Chairman, as in the case when the First and Second Readings of this Bill were taken, we will be abstaining on this Clause.

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 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

Clause 2 stood part of the Bill.

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

THE BUSINESSES TRADES AND PROFESSIONS (REGISTRATION) BILL, 1989

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

Clause 3

HON P C MONTEGRIFFO:

Mr Chairman, again, as in the case of the First and Second Readings, we have no objection to any steps being taken to curb the black economy and to control such illicit and illegal activities but we have carefully considered the provisions

of this Bill and have come to the conclusion that the anxiety we expressed regarding the fact that we feel it to be unworkable and unenforceable, are so overriding as to make this a bad piece of legislation. It also raises other matters like whether in fact from a Constitutional point of view people should have to register, but really, at the end of the day, this is less important than the practicality of the fact that this Bill, we feel, will be unworkable. It is going to give rise to a lot of difficulty and although there is provision for exemption, we have no idea, at this stage, what categories are going to be exempted. We therefore propose, Sir, to abstain on the Bill. As I say, we made our view on the black economy quite clear but we think this is a bad piece of legislation and a bad way of dealing with the problem.

HON M A FEETHAM:

Mr Chairman, just to remind the House. The purpose of the Bill was initiated because of representations made to the Government by small businesses and traders who felt that they were being unfairly competed against and we have wanted to do something which was compatible with European Community Law. The whole purpose of this is to protect small businesses.

On a vote being taken on Clause 3 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

Clause 3 stood part of the Bill.

Clauses 4 to 7 were agreed to and stood part of the Bill.

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

THE MEDICAL (GIBRALTAR HEALTH AUTHORITY) (AMENDMENT) BILL,
 1989

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

Clause 2

HON M K FEATHERSTONE:

Mr Chairman, I beg to move an amendment to Clause 2. At the end of Clause 2(5) the words "by resolution of the House of Assembly" should be added. We feel that in a matter of such importance as the raising of funds by bonds or debentures, this should have the blessing of the House of Assembly and that the Health Authority should not be able to just go it alone and I therefore propose this amendment.

Mr Speaker proposed the question in the terms of the Hon M K Featherstone's amendment.

HON CHIEF MINISTER:

Mr Chairman, as I already explained in the First and Second Readings of the Bill, this is not acceptable to the Government. Let me say just in passing, since this is, I think, the instance that we have, that the Hon Member opposite will no doubt recall what the Government said during the last sixteen years that whenever an amendment was produced instantaneously across the floor of the House, that the Government could not give serious consideration to amendments unless they were given prior notice of it. In this particular occasion let me say that the reasons why we cannot accept that it should be "by resolution of the House" is the reasons that were given previously in relation to what we are seeking to do here. What we are doing is giving an extension to the Health Authority to enable it to borrow beyond the borrowing powers which the Health Authority already has under the Bill which the Hon Member brought to the House himself. If he feels so strongly why did he bring a Bill to the House giving the Health Authority the power to raise money by overdrafts and why did he not suggest, in the initial Bill, that it should be by resolution of the House? He never did when he was in Government, Mr Chairman, why is he asking us to do so now? Mr Chairman, the situation is that if we are going to have a resolution of the House in order to raise money by the Health Authority, then we might as well not have the Health Authority having the power to raise money at all. The Government has already got the power to raise money, the Government has got a borrowing ceiling of £50m and what we are trying to do is that, in moving towards a Health Authority that is more autonomous and self-sufficient and which was the whole purpose of the creation of the Health Authority which the Hon Member opposite initiated and this is part of the process started by him, we want the Health Authority, in fact, to start looking as from this year, at

financing itself its capital investment and therefore having on its recurrent expenditure the cost of servicing that investment. We think that that is better than the system we have at present although probably given the timescale that we are working to at the moment, it may not be possible to reflect such a change for the 1989/90 financial year. At this stage when we are looking at the Estimates we may well have to be financing the capital spending of the Authority this year from the Improvement and Development Fund. But it is our view that that is better than by the Authority and, frankly, having a resolution of the House of Assembly every time the Health Authority wants to borrow money does not seem to do anything to improve the situation for the Health Authority or for anybody else. Nobody is going to be forced to lend to the Health Authority if they do not want to, the offer will be open for public subscription and if people want to invest in those debentures they will and if they do not they will not.

HON M K FEATHERSTONE:

Sir, it appears that there is a fundamental difference of opinion between the Hon Chief Minister and ourselves. The whole question of the Health Authority being able to borrow by way of overdraft was on a temporary basis to fulfil their commitments and obligations on a day-to-day basis in the running of the Health Authority. The need of an overdraft could be simply to ameliorate cash flow problems and they would normally only be given by the banks, etc on a short-term basis unless there was sufficient collateral to make it on a long-term basis. However, the question of raising bonds or debentures is a long-term process, a process in which the whole basis of the borrowing is completely different to that of raising by way of an overdraft. We have no objection to the Health Authority running up a small overdraft as is necessary for them to do in their day-to-day working but we do feel that the House of Assembly should have the authority to say whether they can raise debentures to the tune of, say, £5m or £10m. This is something which is of considerable import and we do wish that it would be accepted. If it cannot be accepted, Sir, then we will have to abstain on the Bill.

HON A J CANEPA:

Sir, on the point that the Chief Minister made about giving notice of amendments, it is our intention that whenever a substantial amendment is moved to a Bill we will give the Government sufficient notice of that amendment in order that they are able to study the implications of it. In this case this is a very simple straightforward amendment, reference to which was made during the Second Reading of the Bill, we brought the matter up during the Second Reading of the Bill and it is only because there has been no response from the Government to the points that we made during the Second

Reading of the Bill that we have moved the amendment ourselves. I do not think the amendment has got any legal implications that require prior thought by the Government and that is why there was no need to give prior notice of this amendment. But as a general rule, if ever we do move substantial amendments to legislation, we would want to give the Government and particularly the Attorney-General, an opportunity to study those implications.

HON CHIEF MINISTER:

I am grateful for that, Mr Chairman. I think that that will make it easier for the Government to take account of the views of the Opposition and, if it is possible to accommodate them, then the Government is quite happy to do that. Anything that improves the legislation and does not defeat the object of the exercise we will look at.

MR SPEAKER:

Does any other Member wish to speak on the amendment?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I was, of course, involved with the preparation of the main legislation on the Health Authority Bill which was introduced into the House some twelve months ago and I was concerned then at the possibility of the Gibraltar Health Authority, an organisation which will still be in receipt of public funds by way of a Government subvention or, I might say, taxpayers money by one means or another, and therefore some of the provisions in the main Bill, sections 13 to 15, from memory, were devised on my advice. I have therefore some reservations myself about the proposal that the Health Authority should be allowed to borrow. I think there is a fundamental principle of public finance here, to borrow without any form of central Government scrutiny. However, I have expressed my reservations to the Chief Minister on this and I do not think it would be proper for me to elaborate further at this stage.

Mr Speaker then put the question and on a vote being taken on Clause 2 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 and Clause 2 stood part of the Bill.

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

THE PUBLIC FINANCE (CONTROL AND AUDIT) (AMENDMENT) BILL,
 1989

Clause 1

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move that the figures "1988" in Clause 1 of the Bill be deleted and substituted by the figures "1989".

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

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

New Clauses 3 and 4

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, immediately after Clause 2, I would like to move the insertion of new Clauses 3 and 4. Hon Members have, I think, been given copies of this. I am quite happy to read it out, Mr Chairman, if you so wish.

MR SPEAKER:

There is no need.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The purpose of the proposed new Clause 3, Mr Chairman, is that without the further amendment of the Public Finance (Control and Audit) Ordinance as represented by the words in brackets "(not being a fund constituted under a written

law)", the purpose of the main amendment which is in the draft Bill would be modified or defeated inasmuch as only a number of special funds excluding those funds which have been established by written law would be covered by the amendment. It is purely a technical matter, Mr Chairman, it means that no special fund such as GSL, for example, which has been established by an Ordinance and other funds, would fall within the ambit of this particular Ordinance. That is the purpose of that particular Clause 3 in the further amendment I have circulated. The proposed Clause 4 which refers to section 6 of the Public Finance (Control and Audit) Ordinance is, again, a technical matter. Indeed, I am moving this amendment on the advice of my Learned Friend the Attorney-General. The sums payable by the Government as an employer are, of course, normally speaking, a charge on the Consolidated Fund. That is to say, they do not have to be appropriated in the House but it was felt that it was better for us to say so explicitly in the terms of this amendment rather than leave it as a presumption which might subsequently be tested by law. That applies, of course, to any sums payable by the Government as an employer, whether it is social security contributions or, indeed, in respect of the transfer value of the pension rights of former public officers. Obviously the pension rights of former public officers are a charge on the Consolidated Fund at present, hence it is logical for the transfer value of any officer who is moving from Government service to, shall we say, a Joint Venture Company to be so covered.

Mr Speaker put the question which was resolved in the affirmative and new Clauses 3 and 4 were agreed to and stood part of the Bill.

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

THE SUPPLEMENTARY APPROPRIATION (1986/87) BILL, 1989

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 SUPPLEMENTARY APPROPRIATION (1988/89) BILL, 1989

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

Schedule

HON A J CANEPA:

On the Schedule, Part II, Sir, Improvement and Development Fund, the Government is seeking to appropriate a further £1m for land reclamation. Could we have an indication from the Government of how much of the £1m, that has already been voted, has been spent and having regard to the fact that we are now near the end of February and that there is only one month to go of the current financial year, do they really think that another £1m is required for land reclamation? Is the money going to be spent before the end of March?

HON M A FEETHAM:

Mr Chairman, the £1m previously allocated has already been spent and this extra £1m will be spent by the end of the financial year.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I have an amendment to suggest to Part I of the Schedule. I beg to move that Part I of the Schedule be amended by deleting the figures "£16,100" where they appear against Head 25 - Treasury, and also the figures "£47,900" where they appear as the total and to substitute therefor the figures "£24,700" and "£56,500" respectively. I will explain that, Mr Chairman, if I may. As Hon Members are no doubt aware the Government recently made a donation to the Mental Welfare Society to assist them in purchasing a bus for the use of their patients. Because it was not clear just when the bus would be bought, funds have not been appropriated earlier and the donation was therefore initially met from funds still unspent in the vote but which were nevertheless earmarked for something else. It is accordingly proposed that the funds should be appropriated at this meeting of the House.

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

HON A J CANEPA:

I think it is a case, Mr Chairman, of actually entering into the Schedule a new item, Item 51 - Grants-in-aid. That is the way that it appears in the details that I have been given.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, but not in the actual Bill, Mr Chairman. In the Schedule, of course, one would enter a new item, I quite agree with the Hon Leader of the Opposition, it would be Grants-in-aid, subhead 51 and the approved estimate would be £23,100 and now required £8,600 if my arithmetic is correct, which will subscribe to the amount in the Bill. But it does require an amendment to the Schedule and to Clause 1.

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

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

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

THE IMPORTS AND EXPORTS (AMENDMENT) BILL, 1989

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

Clause 2

HON ATTORNEY-GENERAL:

Mr Chairman, in Clause 2 to move one short amendment in the new subsection (1), to read "The Financial and Development Secretary may 'by' order" and not "be order". It is obviously a printing error.

Mr Speaker put the question which was resolved in the affirmative and Clause 2, as amended, was agreed to and stood part of the Bill.

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Development Aid (Amendment) Bill, 1989, with amendments; the Businesses Trades and Professions (Registration) Bill, 1989; the Medical (Gibraltar Health Authority) (Amendment) Bill, 1989; the Public Finance (Control and Audit) (Amendment) Bill, 1989, with amendments; the Supplementary Appropriation (1986/87) Bill, 1989; the Supplementary Appropriation (1988/89) Bill, 1989, with amendments; and the Imports and Exports (Amendment) Bill, 1989, 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 then put the question and on a vote being taken on the Public Finance (Control and Audit) (Amendment) Bill, 1989; the Supplementary Appropriation (1986/87) Bill, 1989; the Supplementary Appropriation (1988/89) Bill, 1989; and the Imports and Exports (Amendment) Bill, 1989, the question was resolved in the affirmative.

On a vote being taken on the Development Aid (Amendment) Bill, 1989; the Businesses Trades and Professions (Registration) Bill, 1989; and the Medical (Gibraltar Health Authority) (Amendment) Bill, 1989, 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

The Bills were read a third time and passed.

PRIVATE MEMBERS' MOTIONS

HON A J CANEPA:

Sir, I have the honour to move in the terms of the motion standing in my name, that:

"This House:

- (1) deeply regrets the decision of Her Majesty's Government to reduce the presence of military and civilian personnel in Gibraltar, including those in the employment of the PSA/DOE;
- (2) urges that in the consultations that are to follow between the British Government and the Gibraltar Government a compensatory package of economic assistance should be agreed upon; and

- (3) urges that any lands and buildings that may be released should be transferred to the Gibraltar Government at no cost".

Sir, during the course of the last seven years, which is a relatively short period of time in the present decade, the eighties, Gibraltar and its people have been thrust into the forefront of important and critical military and/or terrorist activity on three dramatic occasions. In the first place in 1982, during the Falklands conflict and on that occasion we saw how the people of Gibraltar rallied to Britain's course and we recall how the Dockyard workers, in spite of the fact that the previous November the closure of the Dockyard had been announced, how they rallied and how they worked round the clock to convert the Uganda into a hospital ship. We also recall how Gibraltar was used effectively as a giant replenishment ship cum aircraft carrier. At North Front we saw Hercules transport aircraft landing round the clock arriving from the United Kingdom on their way to replenish the advanced base at Ascension Island. In fact, one wonders whether that base at Ascension Island could have effectively been replenished efficiently if Gibraltar had not been the stop-over point for aircraft leaving the United Kingdom. We also remember how the advance unit of the Royal Naval Task Force, in fact, left Gibraltar on their way down to the South Atlantic, as they had been engaged in the vicinity during March, 1982, on a Spring Train Naval Exercise. We took great pride in being part of the British team which was and is our team and we lived and shared the successes of the fleet in the South Atlantic and grieved over the loss of HMS Coventry, HMS Sheffield and the other naval units which were lost during that action. We in Gibraltar were part of the fact that we were the great arsenal of freedom, of democracy and of the struggle to affirm the rights of peoples even smaller than ourselves to live under the flag of their choice. We rejoiced at the victory and at the return of our ships, particularly those that were limping back home and which required temporary repairs in Gibraltar, such as HMS Plymouth. We also remember how we learned after the conflict that there had been an interception by Spanish Security Forces of an Argentinian Special Unit which was intending to strike at Gibraltar, so Gibraltar could well have been the target of retaliation on the part of the Argentinians. Four years later in 1986, we recall the bombing of Libya by United States aircraft with the acquiescence of the British Government and flying from the United Kingdom over Gibraltar into the Mediterranean on their way to bomb installations in Libya and I recall, Sir, how amused many of us were by Spanish assertions of the fact that those aircraft were overflying British airspace. There was no doubt on that occasion that it was British airspace that was being flown over and not Spanish airspace. I do not think the Spaniards have ever been so affirmative in their recognition of British sovereignty over the Rock and over its airspace and, on that occasion, if it had entered into the mind of Colonel Gaddafi to strike back at a British target, we were the nearest British territory to Libya.

We were caught in the forefront of this conflict and we were also prepared to take it, if we had to, again in defence of the Western Allegiance. Then a couple of years later, in March last year, Gibraltar was brought face to face with the reality of terrorist activity, IRA terrorist activity aimed at Britain but which would have hit Gibraltar directly and the irony of it all, Sir, is that that attack by the IRA was aimed at the Resident Battalion which will shortly be leaving Gibraltar and therefore we could say that if it is terrorist activity aimed at the Battalion or the successors of that Battalion, the Battalion that has now replaced the Royal Anglians, who were the target of that attack and it is their successors which are the subject of the withdrawal and the reduction in troops which is contemplated as a result of the announcement made at the end of January. Again, as on previous occasions, there was not so much as a bleat of complaint from the people of Gibraltar at the fact that Gibraltar and the Gibraltarians were being and had been dragged into a conflict that was not of our making. We have consistently shown our solidarity with Britain shoulder to shoulder and that has been our response to that particular incident and it has been a response that has come from our menfolk, from our womenfolk and from our children. That is the way that it can be summed up, shoulder to shoulder with Britain. Now less than a year later, on the 29th January, very unexpectedly for all, other than apparently for Hon Gentlemen opposite who we subsequently learned were in the know, we heard on a Sunday morning over the World Service of the BBC that the Resident Battalion was to be removed together naturally with the families of those involved. We were actually, Sir, supposed to learn about that on the Monday from a written answer to a Parliamentary Question which had been previously planted in the House of Commons just as they did, in fact, with the closure of the Dockyard. That is the way that the British Government imparts such information, by getting a backbench Member of Parliament to plant a question and then it is answered by a written answer to that Parliamentary Question. That is the manner in which such news, which can have a very considerable effect at the receiving end, as was with the closure of the Dockyard, and now with the planned military reductions. But as we all know there was a leakage in the press and in the media and they beat Parliament to it, they beat Parliament to a release that was also intended and planned to coincide with the visit of the Secretary of State, Sir Geoffrey Howe, to Gibraltar. And whilst I cannot help saying that the failure of the Gibraltar Government to inform our people is regrettable, I think that what is even more regrettable has been their low key reaction to this announcement. They are deliberately playing the whole thing down and pretending that it does not really matter because if Britain says that it is OK, if Britain says that Spain will not attack Gibraltar, then there is nothing really to worry about. Well, Sir, here we have an instance where the Chief Minister is straining to swallow the biblical camel because that is what the removal of a Battalion amounts to, compared to the removal of one sentry which I would describe as

a gnat, and he strained at swallowing that and let him not come back to me saying anything about what I would consider to be that rubbish of symbolism to explain the difference. Now coming hand in hand with news of the withdrawal of the Battalion has been the news of the likely loss of up to 600 jobs in the PSA/DOE, as a result of the closure or of the restructuring of PSA/DOE. Sir, no authoritative figure has been given about the adverse impact to the economy that these two measures which taken together, is likely to have. I would, however, say that between the military cuts and the restructuring or closure of PSA/DOE, the loss of jobs is likely to be hardly less than 800. The negative impact on the economy is therefore likely to be greater than that of the Dockyard closure because whilst the number of jobs lost is roughly the same, of the same order, in the case of the Dockyard closure many of these were being replaced or most made up by the jobs being created in the commercial yard. We also now have to take into account the loss of expenditure by the Battalion and their families in the shops, in restaurants, to the taxi trade, all this taken together is more than in the case of the Dockyard. The Government may be in a position to give us some information about the adverse impact to the economy, given the recent new model of the economy which is now being put together and which may have been completed by now for all I know, and which was commissioned when we were in office. I would like to ask the Chief Minister whether he does have any information about what the likely effect is going to be and I would invite him to comment on this, but I doubt whether the loss will be much less than 8% of the gross domestic product. Equally regrettable, Sir, has been the reaction from the United Kingdom press and by Members of Parliament. There has been no sympathy for Gibraltar, not even from the British Gibraltar Group. The role of the British Gibraltar Group, as seen by their Chairman, appears to be not to represent our views and aspirations to the Foreign and Commonwealth Office but to do the complete opposite and to tell us what the views of the Foreign and Commonwealth Office are, to tell us what their policies are, and to attempt to convince us to fall in line, to fall into step. This is the complete opposite, it is the complete to what Sir Albert McQuarrie would have done had he been Chairman of the British Gibraltar Group and I cannot help but commenting that with friends like these in the British Gibraltar Group, we certainly do not need enemies. No wonder that the Spanish Government was delighted with the news and has gone along with Sir Geoffrey Howe to try to ensure that the Gibraltarians do not overreact. Sir, and in this context, I would stress that it is becoming terribly important to make contact with and to win over Members of Parliament to our cause and that attendance at the Labour Party Conference, whilst a good thing, is not good enough on its own. Hon Members opposite, who attend Labour Party Conferences, I know have to struggle there to try to convince, to try and win over left-wing Labour Members of Parliament who have it in for us by virtue of the fact that they regard us as Colonials and that Colonies should be a thing of the past and that Gibraltar, many of them may

think, should be wound up and handed over to Spain, particularly with a Socialist Government in Spain. Now rather than struggle trying to convince those people like Frank Hooley Kevin McNamara and others, whom we have seen in Gibraltar and know what their attitude is, I would commend that we work on other people who do not have such prejudices a priori against Gibraltar and whom we could lobby and win over to our cause. We should also work on younger Members of Parliament so that those who are re-elected will continue to support Gibraltar for many years to come. I understand, Sir, that there has been an offer made recently by the United Kingdom Branch of the Commonwealth Parliamentary Association to send a delegation over to Gibraltar and we should respond quickly and affirmatively and also ask them, as I said previously, to send us a young delegation of Members of Parliament with whom we can renew contact, whom we can lobby for support for our cause. There is a danger of losing the battle for the minds and for the hearts of UK public opinion if we just sit tight, and we from the Opposition, will be willing to support the Government and form part of any delegation which could be sent, and I put this as a thought to the Government, to the House of Commons to try to update them with our aspirations and to try to lobby support for our cause. A weak Gibraltar lobby or no lobby at all will leave us totally exposed if any real attempt were ever to be made to sell Gibraltar down the river Thames. This new cutback is unlike the closure of the Dockyard because no offer of financial or economic assistance has been made because I think that the view that has probably been taken in those United Kingdom Government circles is that with hardly any unemployment in Gibraltar, we are already too well off. Clearly they do not have regard for the fact that personal taxation in Gibraltar is already considerably higher than in the United Kingdom, that we have got serious social problems, notably housing, education, poor school buildings and that we have to improve and update our medical facilities. That is why I think that it is important that the Government, if they have not done so already, and I hope that they did during the visit of Sir Geoffrey Howe, it is important that they should put in an early marker for such economic assistance. It is also necessary to ensure that no payment should be exacted for any lands and buildings that may be released by the Ministry of Defence as a result of troop withdrawals. The 1983 Lands Memorandum requires that payment should be made in accordance with paragraph 23, it says, and I quote: "The Gibraltar Government will make single lump sum payments to the Ministry of Defence for all surplus defence buildings under sixty years of age which are of continuing value to them". There is then laid down a formula for meeting such lump sum payments. But not only the buildings, sub-paragraph 4 then goes on to lay down that: "buildings will include pipelines and services and installations and structures on the seabed or foreshore built or installed by the Ministry of Defence at their own expense". The provisions in the 1983 Lands Memorandum are fine, they are OK, in respect of buildings that may be handed over from time to time in the normal course of events, on a piecemeal basis let us say,

and therefore in such a normal situation payment could be made by the Gibraltar Government and such payment could be taken in our stride. However, the provisions of the 1983 Lands Memorandum do not meet the abnormal situation which is created if there is a massive withdrawal of troops, if there is a shutdown of PSA/DOE installations and many buildings and a great deal of land is handed over to the Gibraltar Government. I think that the Ministry of Defence should not expect the Gibraltar Government to pay, having regard to the adverse effect on the economy which such withdrawals are going to have, and would in our view be adding insult to injury and therefore I think that the Gibraltar Government should also in the consultations that are to follow address themselves to re-negotiating the provisions of the 1983 Lands Memorandum which are seen to be out-of-date and totally inadequate to meet this new situation. Sir, we are moving this motion in the hope that the Government can support it and even if they do not appear, so far, to have regretted the military reduction as much as we do, the motion is designed and it is intended to be of assistance to them in the course of the consultations which are to follow on the extent of the cuts. I therefore 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, I will be answering on behalf of the Government, to explain the Government's position which in fact has already been explained publicly before the meeting of the House. The Government of Gibraltar fully accepts the explanation given by the British Government that the reduction in the Battalion strength is something to be considered purely for military and economic reasons and not as a method of selling Gibraltar down the river or down the Thames. We regret the decision, perhaps we do not regret it as deeply as Hon Members opposite because I think we started noticing the disappearing of the Empire some time ago but nevertheless I think the relationship between the Forces and the people of Gibraltar goes back a long way and, of course, when something that is part of one's life or one's institution changes, it is a matter for regret but it is not that the people of Gibraltar are being abandoned by the British Government to be handed over to Spain. If we believed the opposite, then it would not just be a question of having a debate in this House about the issue, it would be a question of tackling the matter head on because the position of the Government of Gibraltar was very clear because we do not subscribe to the Brussels Process precisely because we do not consider that Gibraltar's future is a matter for discussion with our neighbours. We therefore do not consider this to be a decision taken by Her Majesty's Government which concerns Gibraltar's future relationship with UK or makes us any less British or more

Spanish. The decision therefore has got to be looked at in the context of its economic implications and I believe the correct leadership, is the leadership that we are giving as a Government and that we would hope Members opposite would give as well, but that is a matter for them to decide what kind of leadership they want to give in the circumstances but it is not to undermine people's confidence, but rather to reassure people that in fact the future is in the hands of the Gibraltarian people and nobody else. The decision announced in Parliament and pre-empted by the press is to conduct a review over the next three years culminating in Spring 1991 and as part of that process, the British Government is committed to looking at the role of the Gibraltar Regiment and the extent to which the Gibraltar Regiment will take over from the job the Battalion does in Gibraltar. That is to say, the job that it is considered that still needs doing. We consider that Her Majesty's Government in carrying out its responsibility for the defence of Gibraltar has to take the decision as to whether it requires to have a Battalion here or two Battalions or no Battalions and we do not think that it is an indication that they are failing to provide for our defence by the fact that they should change the nature of the military presence in either one direction or another. The position therefore is that our involvement in this exercise is to see to what extent it has a negative impact on Gibraltar's economy, the employment of people and the generation of income. The preliminary assessment that we have made, which is of course something that is very superficial, because we do not have very much, in terms of hard facts, to go along with, but assuming the disappearance of the Battalion and assuming nothing took its place, that is to say, assuming that there was no increase in the Gibraltar Regiment and assuming there was no release of land and assuming that there was no new economic activity, the preliminary calculation is that the loss to the GNP would be of the order of £8m and the loss to Government revenue is of the order of £2m. It would represent for us, if nothing else happened, it would mean that in 1991 the Government of Gibraltar instead of breaking even would have a £2m deficit and that is the extent to which we have quantified the effect based on the information available to us, as to the numbers employed and the numbers that will cease to be employed. Obviously a lot more work needs to be done and we need to be in a position to know exactly what is going to be kept and what is not going to be kept before we are able to do a more effective exercise. The Input/Output Study, as I think I mentioned in previous debates, Mr Speaker, was in fact completed late last year and I have now been given the draft by the team that was doing it and we have had to send it back again because we are not happy that it reflects accurately what we consider to be the relationships between the different elements of the economy and this is, of course, very important because of the multiplier effect and if the effects on the economy are not accurate then the thing, as a prediction, is useless because if the model tells you, for example, that if the banking sector grows by 50% then Government revenue will grow by 10% and we know that the

banking sector has grown and we know that Government revenue has not grown, then we have got a way of testing the prediction that was made in 1987 about what would happen in 1988. This is in fact something that puts us in a position, before we decide that we can use the model, to tell us what is happening in the economy, of testing what the study predicted was going to happen in 1988, against what actually happened in 1988. We are sending that information back to Dr Fletcher so that he puts it into the computer again because the results of the model that we have seen so far, my own view and the view of my advisers in the Statistics Office and of the Administrative Secretary who has got a lot of experience of working in the original model in 1978, are that it seems to be exaggerated and that therefore the effects upwards would appear to be much greater than what we are experiencing and obviously the same thing works in the opposite direction, that is to say, if you have got a multiplier that exaggerates the benefits of more banks then it obviously exaggerates the negative impact of less banks and what is true of banks is true of soldiers or anything else that is bringing money into the economy. The figure that I have got of £8m lost to the economy and £2m lost to Government revenue is, as I say, one that may change completely in the light of more accurate forecasting variables and when we get to know exactly what the British Government is thinking in terms of the remaining role for the Army and how that role is going to be taken care of, whether it is by a combination of soldiers from UK and expanding the Gibraltar Regiment or exclusively by the Gibraltar Regiment and whether the impact of the economy is the same if we have got more Gibraltar Regiment and less UK soldiers or vice versa and at present we do not know that. The position regarding PSA has nothing to do with the decision on the Battalion in 1991, it is connected to the decision taken by the UK Government, to unlink PSA from the Service Departments in UK. We do not know whether this is going to be done in Gibraltar as well. What I can tell the House is that the view that I put to Sir Geoffrey, when he was here, was that it was unworkable in Gibraltar. The basis of unlinking will be that PSA would have to compete with private sector companies in UK, to be able to act as the agent for the Ministry of Defence and, in fact, for each of the three Services. So it would mean that the Navy, the Army and the Air Force will be able to either contract direct, use PSA to dish out contracts or use somebody else instead of PSA to dish out the said contracts. The amount of money that is spent by the three Services will not change, what will change is the role of PSA as an intermediate. It is a matter of judgement but, in my view, PSA will have difficulties in surviving in the United Kingdom, in that competitive climate with the Services being able to take away its fundamental function, because PSA itself does not generate any work. PSA manages the work for the Ministry of Defence and the work for other Government Departments in the UK. Whether PSA can continue to exist in Gibraltar, if it ceases to exist in UK, is doubtful, in UK it is being

converted to an Agency status in the course of the next twelve months, but it may well be that the view that I have put to Sir Geoffrey Howe and which he agreed to take back and pass on to his colleagues will, in fact, prove to be accurate and, on investigation, they will indeed come to the conclusion that PSA in Gibraltar cannot do what they want PSA to do in UK because in Gibraltar there is another agency that can compete for that work with PSA. Either PSA does it or else the Services have to go direct to contractors. The situation therefore, as far as PSA is concerned, is that the level of direct employment in PSA today is higher in relation to the level of the Armed Forces in Gibraltar, than it is anywhere else in the world and that is, again, due to the fact that the contracting industry in Gibraltar is not as geared to doing the work as they are in UK and, of course, the volume of work in Gibraltar is relatively small and consequently where there are small contracts it is not worth mobilising to come in and do a job and then the next tender might not be given to that firm, so the contracting situation in Gibraltar is one that PSA has, for a number of years, been doing more by direct labour than, say, in Britain, Germany, Cyprus or anywhere else, where the bulk of the work is being given out to private contractors. In fact, 600 jobs cannot be lost in PSA because 600 jobs do not exist in PSA. PSA has got something like 350 industrial workers and, perhaps, 50 or 70 non-industrials so there is no way that more jobs can be lost than exist already. Let me say that during the term of office of the AACR, PSA actually declined from employing 850 industrials to employing 350 industrials so they have actually lost 500 jobs in the last ten years by natural wastage, by redundancies, as the estate of the Ministry of Defence diminishes with transfers of property to the Government, as has been happening in the last ten years, and it is logical that the people employed to maintain those estates should also diminish. Because if the College of Further Education was previously the Gibraltar Technical College, then the maintenance of the Gibraltar Technical college was previously done by PSA but the moment the Navy relinquished the building then PSA relinquished its maintenance task and passed it over to the Government of Gibraltar. This is also the situation with the giving up of the Naval Dockyard where the land and buildings which had been the responsibility of the PSA passed to GSL. However good or bad a shape they were in they nevertheless created employment for people and once the work was gone the employment disappeared with the work. Now the Government believes that the trend we have been experiencing over the last ten or fifteen years of declining defence expenditure will continue and the Government's Economic Programme is based on this premise. We believe that the whole trend in the world is, in fact, for cutbacks in defence spending and that it is a desirable situation to live in a world which is at peace rather than at war or on the verge of war. So we cannot be in favour of military spending but we are, of course, concerned that people should not be left high and dry because of a sudden change. We do not, however, think that this is

a sudden change because between now and 1991 we believe we have sufficient time for all those affected to be fully consulted and for the Government of Gibraltar, in consultation with the British Government, to make sure that we are able to protect Gibraltar's economy from any negative impact. The position at the moment is that we calculate that defence spending in Gibraltar accounts for about 25% of our GNP, having been 65% at one stage, and that with every passing year that percentage will get smaller, and that in the not too distant future it will be a not very significant part of our economy. Certainly in terms of numbers employed and in terms of revenue yield to the Government from direct taxation on the incomes of those employed, there are already bigger sectors than the Ministry of Defence in Gibraltar and certainly bigger sectors than the PSA. The situation as regards the Lands Memorandum of 1983 is that we agree with only part of what the Hon Member has said. The Hon Member opposite has said that the Lands Memorandum is outdated and that therefore should not be used to determine the basis upon which lands and buildings are relinquished by the Ministry of Defence on special occasions like the withdrawal of the Battalion. We do not agree with that entirely because, as far as we are concerned, it should not be on special occasions only, it should be all the time. The view of the Government of Gibraltar is that we do not accept what the Hon Member accepted in 1983, and to give the House an example, when we came in in April last year we found that the previous administration had agreed to pay £73,000 for the empty Guard House at Four Corners, empty after the removal of the Guard and which he did not want removed, now we are certainly not going to pay for Lathbury Barracks if the MOD no longer require it, like they were prepared to pay for the Guard Room. Fortunately, we were in time to stop the payment of the £73,000 and we told the MOD that either they would let us have the Guard Room for nothing or they could keep the Guard Room. They have, however, been kind enough to lend us the Guard Room and we have been using it since April, 1988, without having to pay rent. We therefore, in fact, disagreed with the policy of the previous administration of paying, not because the Guard was removed, not because the Battalion is going to be removed, not because they closed the Naval Dockyard, but because of the right to our land which is a concept which, I think, the Hon Member opposite has come across at some time or other in his political career. I am therefore, Mr Speaker, moving some amendments to the motion which I hope Members opposite will be able to accept and which reflect our own views and takes on board theirs and the Government will therefore be voting in favour of the amendments and also in favour of the amended motion. I am now circulating the proposed amendments, Mr Speaker, which amend paragraphs (2) and (3) of the motion, leaving paragraph (1) as it is. What I am, in fact, proposing is that the motion be amended in paragraph (2) by the removal of the words "agreed upon" in the last line and the substitution of the word "proposed". I do not think we can support at this stage here, that the British Government should

have to agree to something which we have not even yet proposed without ourselves knowing what, if anything, we are going to propose and without even knowing what is the nature of the compensatory package that we need, if we need one, because we do not yet know what needs compensating but, certainly, it is a good idea to make such a proposal to the British Government when the time comes, if it is considered necessary, when we have the full facts before us. We hope they will agree to what we are proposing because it is a matter to be negotiated as and when the occasion arises and we do not anticipate that that will be happening before 1990. We will certainly expect that most of 1989 will be spent in looking at different versions of what might or what might not happen in 1991 and, clearly, different versions will have different economic consequences so we cannot say: "this is what needs compensating" until the final decision has been taken on what is going to take place. I am also proposing the deletion of all the words in paragraph (3), in the light of the explanation that I have given because, in fact, as far as we are concerned, paragraph (3) reflects an acceptance of the 1983 Lands Memorandum and seeks to say "on this occasion an exception should be made and on this occasion no payment should be made". As I have already explained we are not prepared to make any payment anyway on any occasion. So I am proposing that paragraph (3) should read: "Declares that any lands and buildings that are not required for defence purposes should automatically devolve to the Crown in its right of the Government of Gibraltar". Let me say that that is a view that has been consistently put to us since we took office by the Director of Crown Lands parting from the premise that constitutionally, when there is a change in occupation of the building from it being occupied by the Ministry of Defence to it being occupied by the Government of Gibraltar, the fundamental ownership has not changed because, in fact, public land in Gibraltar is Crown Land and when the MOD pass it over to the Government of Gibraltar it does not stop being Crown Land, it continues to be Crown Land and it is the view put to us by the Director of Crown Lands and which we support 100% politically, that to change the utilisation from a military to a civilian use does not require a sale or a change of ownership because the ownership continues to be held by the Crown and it is either the Crown, through Her Majesty's Government in the Government of Gibraltar, or the Crown, through Her Majesty's Government in UK and the Minister for Defence. There is a question mark on the subject of MOD freeholds and that is an area where further thought needs to be given because there are very few of them. We are not sure how they came about originally, that the bulk of the land is, in fact, held as Crown leaseholds and the fundamental ownership continues to be with the Crown and even where, for example, the Governments puts out any land or buildings for development, the policy of the Government is that we do not, in fact, grant any freeholds. None of the developments being encouraged by the Government in the private sector involve the granting of freeholds. They are all long leaseholds of 150 years following the precedent already created and we have felt that once there are a number of developments

with 150 year leases others must necessarily continue to enjoy the same length otherwise anybody developing with a shorter lease would be at a competitive disadvantage to those that have been granted before. The thinking of the Government is that if the MOD no longer requires a piece of land for defence, then automatically it belongs to the Crown and the people of Gibraltar and then the Government of Gibraltar has to decide how best to use that land and whether it should be for private development and, if so, on the basis of a long lease so that fundamental ownership remains with the people and the Crown. Mr Speaker, the proposed amendments to the motion of the Hon Member opposite are, in fact, in reflection of this philosophy which I hope they will be able to accept because, if anything, it goes further than what he is suggesting. I commend the amendments to the House, Mr Speaker.

Mr Speaker proposed the question in the terms of the amendments proposed by the Hon the Chief Minister.

HON A J CANEPA:

Mr Speaker, we do not have much difficulty in accepting these amendments. It could have been that in drafting the motion, in the second paragraph, the original draft or another draft it could have said "should be proposed". I should, however, say in all fairness that I had in mind, I wanted to try and bring a little bit of moral pressure to bear on the British Government. This is why I had the idea of "agreed upon" so that they would be forthcoming in agreeing with the Gibraltar Government the package which I would naturally expect the Gibraltar Government to propose. That was my intention, Mr Speaker. With regard to paragraph (3) there is no difficulty, it is an all-embracing paragraph (3), as it has been amended and which covers the point quite adequately that we had in mind. There are, however, two matters in this respect that I want to dispose of now and, therefore, when I exercise my right to reply, I will not have to deal with paragraph (3). The two matters are, first of all, the question of the Guard Room. Yes, we were prepared to pay for the Guard Room because for many years since the frontier opened we had serious difficulties because of lack of space and difficulties in providing facilities for the Customs, for the Police and for the Tourist Office. They all had problems and acquiring that land with those buildings was a possible way of meeting the situation. So from a physical point of view to have the land on which the Guard Room stands and those buildings handed over to the Gibraltar Government helped us in meeting the problems which the open frontier had created. We had a continuing use of those buildings by any of these three departments and that is why under the provisions of the Lands Memorandum we were prepared to pay £73,000 which is an example of the day-to-day arrangements that may arise when a specific tract of land or building is handed over. But in the same way as in the case of the Dockyard, we did not pay a penny towards the land or the buildings there. We think that the reduction of a Battalion, and if Lathbury Barracks is a case

in point, that cannot be met by the 1983 Lands Memorandum and you have a new situation. I have my doubts as to whether Lathbury Barracks is going to be handed over by the British Government, South Barracks perhaps, but Lathbury Barracks we shall see. I do not think that it will materialise. The other point is about land that is not required for defence purposes automatically devolving to the Crown in its right of the Government of Gibraltar. Let me inform the Hon the Chief Minister that this is not something which the present Director of Crown Lands has thought of. This concept was thought of and developed by the Attorney-General's predecessor, David Hull. It was with that concept that he did battle on the 1983 Lands Memorandum and he saw the position in that light because he was from New Zealand and therefore he could take the view that the Crown is the Crown. You cannot say the Crown/Ministry of Defence, the Crown/other UK Departments and the Crown/Gibraltar Government. They are not separate Crowns. There is one Crown and therefore the whole thrust of his negotiations was that buildings and land now held by the Crown through the Ministry of Defence should be handed over because they would still continue to be Crown property and should be handed over automatically to the Government of Gibraltar. It is still the Crown by virtue of the Gibraltar Government so I am afraid that the concept is pre-1983 and is not something recent. Mr Speaker, with those comments we can now vote in favour of the amendments and if we do so now it will be better from the point of view of the continuation of the debate and return to the substantive motion.

MR SPEAKER:

Does any other Hon Member wish to speak?

HON CHIEF MINISTER:

I think, Mr Speaker, the only point I want to take up is the one that the Hon Member has just mentioned on explanation. It seems to me that he has very ably contradicted himself because if the philosophy that I have told him, we support fully politically, was there before we came in and was there before 1983, then he still has to explain why the Crown was prepared to pay the Crown £73,000 for its Guard Room if it was the same Crown that had the Guard Room before and the same Crown that was going to have the Guard Room afterwards. Our position is that we have been using it, that is, the Crown has been using the Guard Room that the other Crown had to keep its other Crown employees in other coloured uniforms from the Crown employees that had first the khaki uniforms and we have saved £73,000. The Hon Member's willingness to pay the MOD and which they were quite happy to receive and no doubt if we came along and said: "We are going to give you £73,000", they would no doubt take it. We however said to them "we need it" and they have been kind enough to let us use it without charging us for it and if they wanted

that kind of money we would look at the position, like we do every time we have to spend a penny and decide whether the offices in question could be better and more inexpensively accommodated in portacabins and we would let the first Crown keep its Guard House.

HON M K FEATHERSTONE:

Mr Speaker, if the Hon Chief Minister will give way. The Lands Memorandum that was actually agreed in 1983 was a great improvement on the previous Lands Memorandum and this is a continuing process. In the 1983 Lands Memorandum, reclaimed land was treated as natural land and would not have to be paid for. Previously we had to pay for reclaimed land and we accepted that we would have preferred that any buildings should be handed over free of charge but the Ministry of Defence stuck in their horns and stated that this was as far as they could go and we accepted this as a reasonable compromise because we were not paying for the Dockyard. In the next Lands Memorandum that comes up and which I hope the Hon Chief Minister will negotiate quite shortly, we hope that the stage will be taken further and eventually all land will be handed over free of charge. I thank the Hon Member for giving way.

HON CHIEF MINISTER:

We have, in fact, Mr Speaker, since taking office, put forward the concept that I have explained today and which apparently has been there for a very long time, on the basis of that it is the MOD that has to make a case to us as to why they should be allowed to keep anything. Rather than us making a case to them why they should give us something and I do not know what they are going to do with their horns on this one but so far we have obviously been more able bullfighters than others in the past.

Mr Speaker then put the question in the terms of the Hon the Chief Minister's amendments to the Hon A J Canepa's motion which was resolved in the affirmative and the motion was accordingly amended.

HON LT-COL E M BRITTO:

Sir, there are two salient points in my mind on what the Honourable the Chief Minister has contributed towards the substantive motion. Firstly to reduce the whole question of the reduction in the level of the forces to one of pure economics and secondly to place firmly on the lap of the British Government and Ministry of Defence the future of the defence of Gibraltar and the implications of the strengthening or otherwise of the Gibraltar Regiment. On the question of the Gibraltar Regiment, I will return to later in much more detail, but on the question of reducing the whole thing to an economic level, I think that the Honourable the Chief Minister must be losing touch with the grass-roots of Gibraltarians and Gibraltar, if he thinks that there is not genuine concern amongst the people regarding the removal of the British forces from Gibraltar. I am glad that the Government has supported the first paragraph of the motion as it stood because it embodies, I think, the feelings of Gibraltarians, in deeply regretting the fact, that we are shortly to see such a drastic reduction in British forces. But perhaps the Government has been misled by the lack of public reaction when the news was announced. I think this is possibly due to shock more than anything else. Perhaps they had compared it to the outcry that there was when the frontier guard was removed. But privately, let me assure the Chief Minister, people are expressing serious doubts and fears about what they see as the inevitable, leading on from a sequence of events which included some time back the rundown of the Royal Air Force personnel, the closure of the Dockyard, the removal of the frontier guard and the troop withdrawal just announced. The question being asked in private as much as in public is what next? Nevertheless we are assured by the Chief Minister today, as indeed we were by Sir Geoffrey Howe on GBC television, that there were no political implications in the withdrawal of British troops, and that these were indeed natural now that Spain is no longer seen as a military threat to Gibraltar. Sir Geoffrey also talked in fairly vague terms about the reinforcing or strengthening of the Gibraltar Regiment, but he deliberately dodged the questions on the defence of Gibraltar, except to say in very general terms that the Gibraltar Regiment would play a significant part. I can understand Sir Geoffrey's deliberate vagueness because undoubtedly he is well briefed and he knows full well, as any thinking Gibraltarian will realise, that the defence of Gibraltar will be considerably weakened by the removal of the Resident Battalion. Similarly, Sir Geoffrey knows equally well, although I am not so sure that the Chief Minister realises it, that the reinforcing of the Gibraltar Regiment in the time scale being envisaged is going to be if not impossible, an extremely difficult task. I will just illustrate that with one simple question, with one simple figure; there are less than one hundred school leavers a year, if one forgets people going on to further education, and with the figures that I envisage being

needed, and which I would not for obvious reasons want to go into at this stage, in strengthening the Gibraltar Regiment to meet the tasks seen for it to replace the Resident Battalion. It would be impossible to meet this demand in manpower purely from youngsters leaving school. Similarly, it would be equally impossible to recruit, except but a few, from the redundant personnel that would become available from PSA/DOE and other associated services. I see doubt on the other side of the House. It is not just a question of suitability, but a question of age and recruiting obviously starts at a fairly young age. The Chief Minister is quoted as having said, in trying to reduce the importance of the reduction of British Forces, that he saw this as one part of the British army being replaced by another part of the British army. I must say that it gives me a little bit of pleasure to be able to return the compliment and to say to the Chief Minister something that he does not find great difficulty in saying and that is, that on this occasion it is he who does not know what he is talking about. I say this because much to my personal regret, the Gibraltar Regiment is not part of the British army, and that is where the crux of the problem is going to lie, in what lies ahead, and where I urge the Government to realise that they have a fairly vital role to play in the months ahead by not sitting on the sidelines and waiting for MOD and British Government to produce a final answer, but to play a significant part in the consultation and in the process of dialogue that has been announced and in influencing the British Government along lines that it would like to see taken.

HON CHIEF MINISTER:

Can I just correct the Honourable Member opposite. Let me say to him that in fact the discussions already taking place for an increased participation in the role that may be required in 1991 by the Gibraltar Regiment is on the basis that the Gibraltar Regiment will be part of the British army.

HON LT-COL E M BRITTO:

If that is indeed the final outcome, Mr Speaker, it will be glad news indeed to all members of the Gibraltar Regiment and indeed to Gibraltar as a whole, because I hasten to add that unless it happens in that way, and that is the final outcome, I see great difficulties in achieving what is trying to be envisaged. Maybe the Chief Minister will allow me to expound a bit on this, for the record, and possibly for his own views at any given stage. Let me stress, at this point, that although I served in the Gibraltar Regiment, as a conscript way back in 1961, I also served in the other ranks right up to the rank of sergeant before I was commissioned and I became an Officer and today I purposely wear the Gibraltar Regiment tie to establish the connection in what I am saying. I would like to stress that I stand here without any brief from

the Regiment, I stand here without carrying any message from them or what they want, I stand here as a representative of the people, and speaking in general terms. The Regiment, as the Chief Minister knows, is purely a Territorial Army or a volunteer unit but despite the fact that it is not part of the British army, it has achieved excellent standards in the past and has been judged well above equivalent units in the Territorial Army and British Army. It has a dedicated and professional permanent regular cadre, it has an enthusiastic and efficient volunteer element and that I have no doubt, that today, it is fully capable of carrying out the role for which it is trained, just as I know that it was, four years ago, when I left command of it and I stress that I have very great pride in having commanded it. Having said that, I will stress to the Chief Minister that in its present form and unless drastic changes are made, the regiment will not be able to take over from the Resident Battalion in 1991. Some of the circumstances have been mentioned previously but I will highlight just three. In the circumstances of an IRA bomb, as we had recently at Inces Hall, the Regiment would not be capable of responding, in the circumstances of direct bombing attacks from a country like Libya, as to anybody who went round Gibraltar at the time and saw for himself what troops were deployed on the ground would have guessed that the threat was imminent, the Regiment, today, would not be able to react for any appreciable length of time and similarly in a situation of civil unrest, where military assistance was required to the Police, the Regiment, in its present form, would not be capable of reacting. The question of why not is diverse but it hinges on two things, one in the number of regulars that it has and two in the difficulties of recruiting due to its conditions of service and here is where I would stress to the Government, their almost obligation or the need, for their direct influence in the consultations with the British Government in the years ahead because when parity came to Gibraltar or when the situation changed, the one glaring example, where it did not happen was with the conditions of service of the Gibraltar Regiment. This is because it remained outside the British Army and if this continues, the Regiment will be unable to recruit the people that it needs to increase to the strength that it is being envisaged. There is also a need for a dramatic increase in the proportion of regulars to volunteers and finally there is a need to remove the inferiority complex that the Regiment has of being second rate to the Regular Army. Because come 1991, from the indications that we have so far, it could well be that the Army in Gibraltar will be the Gibraltar Regiment and one can envisage a situation where the Regiment will be the major unit and there will be smaller elements of the British Army working under it or with it, and under the present conditions of service of members of the Gibraltar Regiment, the situation that would then arise would be that two soldiers of equivalent rank and doing the same job and having equivalent

responsibility would have different rates of pay and different conditions of service. I am sure that the Government will appreciate that this is not only undesirable but will also be uncondusive to recruiting and to maintaining the people who are already there. So I urge the Government most strongly to act, as if it were a Union, on behalf of the Regiment in the forthcoming negotiations with the British Government and to make sure that the only answer that will provide the solution will be the indication that the Chief Minister gave earlier, of integrating the Gibraltar Regiment into the British Army. That, let me assure the Chief Minister, is the best solution and, in fact, the only solution.

I will not go into detail on the other paragraphs of the motion except to stress once again the importance of the number of jobs that are likely to be lost in the exercise and to stress that unlike the closure of the Dockyard, there is, at present, no equivalent new entity opening that will provide the number of necessary jobs. Similarly, to highlight the point that in the expected evolution of Real Estate and bricks and mortar, that we also confidently seem to expect the MOD to be handing over, when the Force levels are reduced, that the reduction is in proportion to the number of men that are removed from Gibraltar and not that the Services be allowed to keep a much higher proportion of the land than they actually need.

HON DR R G VALARINO:

Sir, the first part of the motion which reads: "This House deeply regrets the decision of Her Majesty's Government to reduce the presence of military and civilian personnel in Gibraltar, including those in the employment of PSA/DOE", can be sub-divided into three parts. Firstly, there is the loss of the military relationship with the UK and the reliance and safety that the Battalion amongst other Army personnel provided us with. Secondly, there is the loss of jobs as a direct result of the reduction in military personnel for the people of Gibraltar. Roughly about one-third of the PSA/DOE workforce is involved in servicing part of the military personnel that would be reduced and allied to these jobs and those associated with other units. The loss of jobs to Gibraltarians and the young people who would have eventually replaced them number roughly around five hundred. Thirdly, the loss to the economy of Gibraltar, both directly in the form of direct taxation and higher levels of spending of both the local population and military personnel, through the so-called invisible earnings of their wives, children and friends in shops, restaurants, garages, etc. The percentage of job losses if one is to take the numbers employed in the official sector as of October, 1987, is a relatively high one and similarly it is also a relatively high one of the total working population in the public and private sectors. I would be interested to know, from the Government, what

plans they have towards the re-employment and/or re-training of these people when the time comes. Obviously the final figure could well be lower since some posts could well have been abolished by the process of natural wastage, but a firm figure will remain and this would need dealing with. The reduction in the workforce in the official sector coupled with Government's freezing of employment in other sectors such as the closing of King's Bastion in two year's time and the rumours that the Government does not want to bear the expense of two extra engines for Waterport Power Station, makes one wonder what contractions the local workforce and the economy will suffer by 1991/92. I feel that we are entering an era when the training of young people is becoming very important and I would be grateful for full details of the £2 levy that employers are paying since August last year for each employee regarding the manner it is being spent. I am sad to see that the Government has not come out in a more positive way regretting the decision of Her Majesty's Government and whilst swallowing a bitter pill, reassuring the people of Gibraltar that present standards of living will be maintained. It is not enough to say that Her Majesty's Government is responsible for defence and foreign affairs since the proposed reduction in the military presence will affect us deeply. It is now even more important since it seems that public opinion in the UK is turning against the political wishes of the Gibraltarians and one reads of articles in newspapers and quotes from UK MP's that we would be better off with Spain in the long run. We seem to have lost our rapport and contacts with Westminster and other UK press and I earnestly hope that the situation will be reversed for the good of Gibraltar. The second and third parts of the motion deal with important parts that are conditioned on having to accept the decision by Her Majesty's Government. It is imperative that an economic package be sought between the Gibraltar Government and the UK Government on how to tide us over that hiatus that will appear in the economy once the military personnel leave the Rock for good. This package should be one of aid principally, but I would be interested in the Gibraltar Government's pursuance of this matter and whether they have done anything about it as yet. The idea of this package was put to Sir Geoffrey Howe by us but unless it is actively acted on, I am afraid that Gibraltar will also lose out on this one. The last part of the motion deals with buildings and lands left over by the military and surplus to their requirements. It is vitally important that these are handed over promptly and at no cost to the people of Gibraltar. It is certainly not our wish that the UK Government should have taken this type of action at this stage of time. There is no doubt that the 1983 Lands Memorandum is totally out-of-date and should be re-negotiated. Houses relinquished can be used to re-house a large section of Gibraltarians who need adequate housing and other areas may be developed to boost up the economy that will be leaking as a result of the adverse effect of the troops cuts. All in all, I earnestly hope that the Government will take on board everything that has been said here today and that it will support actively the amended motion. Thank you.

HON P C MONTEGRIFFO:

Mr Speaker, I just want to make a few comments following the Chief Minister's contribution. The Chief Minister started his contribution by saying that the Government's position had been explained publicly and implying, therefore, that the motion was redundant or unnecessary.....

HON CHIEF MINISTER:

Mr Speaker, if the Hon Member will give way. The Hon Member and any other Member of the Opposition can bring seven motions to the House at every session and the Government will patiently listen to a repetition of forty-nine arguments, that is their privilege in a democracy. They can bring as many motions as they wish and I would not be a Parliamentarian if in any way I was criticising them for bringing a motion, quite the contrary.

HON P C MONTEGRIFFO:

The Chief Minister does not yet have the power to stop us bringing motions and, of course, he has to listen to us. The point is that in his opening remarks, when he said that the Government's position had been made clear publicly, the implication, certainly as far as I understood it and I think the way it has been understood by many others, was that there was no need for the Government to further explain its position because it was totally repetitious of what people had heard before. The point that I would like to make is that the general impression both from the press and from other sectors of Gibraltar is that there has been a regrettably low profile reply or response to the cuts. I accept that leadership does not involve undermining confidence and scaring people unnecessarily about the implications that that particular move may or may not have. However, the Gibraltar Chronicle summed up the rather, not pathetic mood, but rather pathetic reaction of Gibraltar where it says "Gibraltar resigns itself to Army pull-out, Gibraltar has quietly resigned itself to the announcement yesterday". I think, Sir, that there has been a failure, and it is not the Government's, I am not going to be unfair, a failure of public opinion in Gibraltar in reacting and saying: "Well, fair enough, we may accept that certain cuts are inevitable for military reasons but there are implications that transcend the purely military matter and which should have been reacted to a little more aggressively". I would have liked the headlines in the Gibraltar Chronicle to have been "Gibraltar protests" or "Gibraltar deeply regrets" or words to that effect. The headline is, however, accurate and I would take exception with the Chief Minister in his assessment that the Government's handling of the public relations has been totally adequate. In fact, Mr Gomez himself, a Branch Officer of the TGWU, in an interview with Panorama claimed that the position of the Government as it then stood on the 6th February, might be seen to be weak and that he would have liked to have seen

a public stand on the matter. What Mr Gomez also said very clearly was that Sir Geoffrey Howe had perhaps taken a wrong impression, given what had been expected before he came over, and that the Gibraltarians had not been bothered about the cuts. That was entirely false and this had been pointed out to him. I think Sir Geoffrey came to Gibraltar, not to sell us the airport deal and not to just look at the reclamation, this is now clear, he came because he thought there was going to be very deep anxiety about the cuts. These things happen that way, it was not just fortuitous that the news came out that same day and I think that the fact that Sir Geoffrey was here and the cuts were announced were arranged to coincide to some extent, with his visit and the fact remains that Sir Geoffrey had a very easy ride. I think Sir Geoffrey felt that "well if this is the sort of resistance that the people of Gibraltar put up to a major cutting down of the presence militarily then many other things can happen much more easily". I am glad that in this motion, at least, the matter has been aired and I think it is not just a question of the Opposition having a right to bring a motion, I think that this motion has served a very useful purpose and the Government's amendment, which we have accepted, and therefore the agreement to the motion strengthens this and sends the right message to London. Fair enough we cannot stop troops leaving and we could not stop the Dockyard closing, but the fact is that we do not like it. We may be living in a world where defence expenditure is being reduced but we do not like the way it is being done, we do not like the state of uncertainty in which we find ourselves in and the question of the economic impact, I think, is something that is largely unquantified. We have heard all sorts of figures and the Chief Minister talked about the figure of 600 jobs in the PSA as being impossible because there are not so many jobs in PSA and again, we can only work on the information available. I am not siding with Mr Gomez in every single argument today, and he happens to be echoing all the points that the Opposition wish to make. Mr Gomez talked about 600 jobs in the PSA/DOE and about a further 400 jobs from the Battalion withdrawal and I would have thought that as a Branch Officer before a major interview with a News weekly he would have some indication of the type of losses in question. At this stage without knowing further what actual cuts are envisaged what seems clear is that, as far as the Unions are concerned, they see that there are several hundred jobs at stake. We pressed Sir Geoffrey to see the extent to which he could explain to us how those cuts would take place because I have no doubt that when a decision has been taken to move the Battalion out they have a fairly clear idea of what the implications are. These things are thought out in advance and Sir Geoffrey's evasiveness on it is I think only due to the fact that clearly he prefers to consult the Gibraltar Government before making statements of a general nature. It is not as though the impact is probably not known but rather that the way that it will be dealt with is a matter that he refers to, rightly so, deal with the Gibraltar Government initially. I however think, Sir, that we would do a disservice to Gibraltar if we try to wrongly minimise the important economic impact that this could have.

The Chief Minister has talked about the destabilising effect it could have on the Government's plans to balance the budget by 1991 and obviously the plans go over and against that cut in military expenditure which the Government always budgetted for or always counted on because that has always been part of the Government's thinking ever since they took office, that there would be a progressive cut and the Government was aware of this in some form or other. But we have been given to understand, from what the Chief Minister has said, that such cuts were being taken into account and that if the projection was going to be a balanced budget by 1991 and that now, possibly, we are not going to have a balanced budget by 1991 then the cuts actually announced must go further than the reductions which the Government had been prepared for and which had been indicated before.

HON CHIEF MINISTER:

No, Mr Speaker, I can explain that. As I have already explained although, obviously, the Member opposite has missed the point, I have said that the deficit in 1991 would be £2m and that it would be on the premise of - (a) that there would be no increase in the Gibraltar Regiment, which we know is being looked at; (b) that there would be no release of land and (c) that there would be no new jobs created and no other economic activity. Now, if (a), (b) and (c) were to happen, which the Government of Gibraltar is not planning should happen and is not expecting will happen, then we calculate that the effect will be minus £2m but only if those three things happen and, clearly, the plans of the Government for a balanced budget assume that those three things are not going to happen.

HON P C MONTEGRIFFO:

I am also reacting, Sir, to comments that the Chief Minister made on television and where the impression he gave was that part of the economic impact would be that it would set off course the previous plans the Government had. I remember quite distinctly the previous Government's plans on balancing the budget and therefore a very clear message was, according to the Chief Minister: "It is not another Dockyard but what it is is a blow which means that we will not be able to be on target according to the schedule that we have set ourselves". In fact, I said: "Well, frankly, this is one reason why that target - we are going to get an explanation be it next month or in a year's time after that or the next Budget - will have to be revised". That is the impression that I got but I understand what the Chief Minister has just explained. Sir, the final point that I want to make is that whereas appreciating the essentially military nature of the cuts ostensibly made purely for pragmatic reasons of UK defence cuts, there are, undoubtedly, political implications in the way that other parties view the situation and view the move. Sir Geoffrey understandably, of course, is keen

to underplay any political significance but I think we also have to understand that even though the intention may not be to make a political point and I do not think anybody is arguing that, there are political ramifications to which the people of Gibraltar should be alive to and which should be communicated to London as part of our general disagreement. Mr Gomez himself was also talking about this point which Mr Ordenez, although taking the line that he accepted that the cuts had a military element to them, said that it was a move in the right direction. Mr Gomez said that it was a move in the right direction, obviously not to help Gibraltar but rather that it was a move in the right direction because it tended to reinforce the Spanish vision of a demilitarised Gibraltar, a Gibraltar where the British element is ever decreasing and where that special relationship between Gibraltar and Britain is eroded. I think it is only proper that we, as elected Members, should express that sense of regret, that although we understand the reasons for the cuts there is that political dimension which must not be forgotten and in respect of which our anxiety should be voiced. My overriding feeling, however, Sir, is one of contentment of the fact that a motion on the matter is being passed unanimously and that the amendments, essentially, collect the sentiments and views of the Opposition when the motion was presented and I am glad that Gibraltar has spoken with one voice in the question of these cuts which none of us have liked at all. Thank you, Sir.

HON J C PEREZ:

Mr Speaker, I think it is fitting to remind the House, at this stage, that we have put amendments to the motion that the Opposition have voted in favour of these amendments and that we are all unanimous in the motion. Mr Speaker, they seem to have come here just for a fight and notwithstanding that we are going to agree unanimously, for the first time in this session of the House they are still continuing the fight. I would, however, like to take up some of the points made by the Hon Mr Montegriffo and advise him that if he has been confused by the statements made by Mr Gomez in the press, he should have a meeting with Mr Gomez to clear them up and not bore the House all afternoon with what Mr Gomez has said or the implications of what Mr Gomez might have said in the press.

HON P C MONTEGRIFFO:

Mr Speaker, if the Hon Member will give way. I have not said I have been confused at all and if the Hon Member had listened to what I had to say as opposed to having wasted a minute and not making any contribution to this debate but just have a go at insulting me, well, fair enough.

HON J C PEREZ:

There is no need to make another contribution to the debate.

HON A J CANEPA:

Sir, I will inform the Hon Member that we did not come to this House geared for a fight on this motion. We have come to the House geared for a fight on the motion that we are going to have this afternoon. This one we had very purposely and carefully drafted the motion with a view to carrying the Government with us and it is, of course, the function of the Opposition to bring motions of this type unless the Government think that they should be the ones to do so, which I doubt, because if the Chief Minister starts off by saying that everything that had to be said here has already been said or gives that impression, then I doubt whether the Government would want to bring many motions themselves. I cannot help wondering, Sir, and I cannot help saying that it is astonishing what power does to a man. The Chief Minister starts off by saying that the Government accepted the position of the UK Government and that the cuts are for military reasons. What a contrast with the view that he took a few years ago on the Dockyard closure. He took a conspicuously different attitude when the Dockyard was closed for defence reasons and which was part of the Defence Review. He campaigned against it, he held public meetings about it, that although it was for military reasons that, surely, there was an economic dimension and a human dimension to the matter which was going to affect Gibraltar seriously and therefore he felt that it was worth fighting the issue. Now his aggression has been lost, his campaigning spirit and crusading fervour has gone overboard and he has failed to address himself fully to the motion. He has just dealt with the matter in pure economic terms and which appears to be his failing as a Chief Minister. He has glossed over the human dimension of the problem, almost ignored it entirely, Mr Speaker. Of the political realities he has had nothing to say, not a word about the fact that we are losing the battle of British public opinion and the fact that we have no contact and no support from the House of Commons. He has had nothing to say about this. I have already said publicly that the Chief Minister and his Ministers need to spend more time in London lobbying support for Gibraltar and if they are not able to do that, well, let them tell the people of Gibraltar that they are too busy going to Hong Kong, Washington, Nice and what have you and that they have no time to spend in London looking after the political affairs of Gibraltar. If they cannot do this then we will do it for them and, in fact, we will probably do that whenever any of us are in London. We will probably take advantage of our presence there and make contact with the United Kingdom Members of Parliament because Hon Members opposite are, lamentably, failing to do this important work. Then, Mr Speaker, to say: "Look, do not worry", he says to the people: "The future is in the hands of the people of Gibraltar". And then he goes on to say: "The trend is for more cutbacks in defence spending, do not worry, it is only 25% down and it will be a not very significant part of the economy in a few year's time". I hope that he will not be there, Mr Speaker, for too long to tell the people of Gibraltar to use the same language

if the RAF were to be withdrawn from Gibraltar. He would say to them: "Do not worry, your future is in your hands, there is no significance in the RAF being withdrawn from Gibraltar". And then the Navy, if Gibraltar ceases to be a Naval Base and the Navy is withdrawn and everything that Gibraltar has been for nearly three centuries is lost, well, it does not matter, "do not worry about your future it is in your hands". This is the mistake that the Chief Minister is making. Of course, we are not going to budge from Gibraltar and, of course, we are going to resist any attempt to cut the ground from under our feet and to undermine our basic rights but the Hon Chief Minister is failing, he is misleading people, when he tells them that these things do not matter and that provided your future is in your hands and we have 25,000 supermen, well, forget about 40 million or 50 million people elsewhere and the Governments of whom are taking decisions that can rock you to your foundations. "That does not matter", he says. That is his failure, that he has an over-exaggerated sense of his importance and he is misleading people into thinking that there are certain things that we on our own can fight against when that is not the situation. The situation is serious and he is underplaying it for political reasons.

HON CHIEF MINISTER:

Can I just point out, Mr Speaker, that obviously.....

HON A J CANEPA:

I have not given way, I have finished my contribution.

HON CHIEF MINISTER:

I am not asking him to give way. I am just clarifying, Mr Speaker, that we are voting in favour of the motion, not in favour of the remarks he has just made.

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

The following Hon Members abstained:

The Hon E Thistlethwaite
The Hon B Traynor

The House recessed at 1.10 pm.

The House resumed at 3.25 pm.

HON P C MONTEGRIFFO:

Mr Speaker, I beg to move that:

"This House condemns the proposed Government interest in the Joint Venture with Cepsa and demands that the Government immediately withdraw from its participation in the venture".

Mr Speaker, prior to starting my contribution I wish to state, for the record, that I am a member of Chambers of the firm of lawyers that represent Shell Company of Gibraltar Ltd, one of the parties involved in this controversy and I thought that I should mention this. The motion that the Opposition is bringing today is intended to be and should be understood as one, effectively, of censure. It is a motion of censure which the Opposition feels that it is obliged to bring bearing in mind the history of this unhappy matter. By this action, which the Opposition hopes that the Government will be able to take and which is that the Government, essentially, withdraws from its participation in this venture which we think is bad for Gibraltar. It is a big mistake and even though the Government may vote against it today, we would still like to argue that it is even now, at this stage, possible for the Government to rethink its whole position in respect of this venture. The proposed venture, the way that it has become knowledge in Gibraltar has, I think I am fair in saying, caused a great deal of anxiety as to what Government is up to; how clean it is in explaining the different matters it is getting involved in, and how far Government intends to take the position and the concept of joint ventures generally. There is no doubt in our minds, Sir, that in this matter Government has got it quite wrong and I am not sure whose head is going to roll when matters go wrong and maybe Mr Pilcher is the man with the head on the block but I think that, frankly, there is obviously collective responsibility and it is a matter for the whole Government to shoulder. We have no doubt, as I say, that the whole idea of the venture is a total mistake, that there are going to be problems and that it is very much against Gibraltar's best interests to proceed in this way. By way of introduction, Sir, I want to remind the House of our stand on the Government's own position regarding how open or otherwise it chooses to be on the GSL Joint Ventures. The Government's position, as expressed by Mr Feetham in an interview on GBC and as reiterated by the Chief Minister in this House, is that the Government does not feel itself responsible or answerable for what it believes are commercial decisions taken by GSL and hence for commercial joint ventures that GSL enters into. This is open Government, this is what the people of Gibraltar were promised, they were promised full information but, of course, if it is done through GSL that is not Government, that is something else. Mr Feetham when questioned on television was asked: "Minister, is this open Government?" and he replied: "Well, it is as open as it can be" or words to that effect. The Chief Minister here, when questioned and pressed on the same point, apart from saying it was open Government once that they had taken political responsibility

for GSL, made it a point of saying: "I will be answerable politically, Oh yes, we are answerable politically for curing the problems of the past but not for the commercial decisions that GSL is now going to take in entering into joint ventures". Sir, the argument that when a GSL company invests in something that that is not Government is such a transparent, vague and clearly in a substance sense, dishonest argument, that it simply does not hold water. It is clear that if you have a 100% owned GSL entering into a venture that that is Government as far as the people of Gibraltar are concerned. Otherwise it makes a nonsense, a complete mockery of the whole concept of open Government. If every single time the Government wish to invest in something it simply says that it was a subsidiary and then that subsidiary invests in something and then they tell us that that is not Government because it is a subsidiary. Talk about lawyers twisting reality but these are politicians answerable to the people, twisting reality to a totally unacceptable extent. The first thing that we have to say here is that Government is responsible for every venture which its companies, especially those that it owns 100% and in the case of Oxy 50% through GSL do, otherwise we might as well pack up and the level of ethics, political ethics, that Mr Bossano mentioned recently on television which his new Government was going to aspire to and that they were going to introduce a new level of ethics in public life. Well, frankly, it is just going to go down the drain. I remember when Mr Pilcher was first elected into the Opposition in 1984, that he attended a meeting of the European Movement, the first meeting he attended at the John Mackintosh, I was already at that stage a Committee member of the Executive of the European Movement and I remember the Chairperson at that meeting advising Mr Pilcher that in that Committee we tried to do things in a non-political basis and tried to pull together. Mr Pilcher made, at that time, what I thought was a very valid and honest point by saying: "Cecilia, all these questions of wearing different hats is something which I do not understand because underneath the hats is the same head". Those words have stuck in my mind and have become increasingly more significant as events have evolved. Because under Mr Pilcher's hat, all the different hats, is the same head and the same head is the Deputy Leader and Minister of the Government responsible to the people. But again, as I say, that is another example of open Government, another example of this new wave of information, of keeping the public informed and which the people of Gibraltar so eagerly expected after March 1988. The actual companies in question, of course, are two - Oxy Limited an old company which goes back to May 1982, and in which GSL has now acquired 50% ownership together with Gibunco. Heading the list of Directors of this company is Mr Pilcher, described as a Government Minister, as well as Mr Hernandez from GSL. Cepsa-Oxy is a new company formed on the 6th January with Cepsa and Oxy Limited each having a 50% interest in the company. Now, in this company, Cepsa-Oxy, Mr Pilcher duly accompanied by his four or five Spanish co-Directors and six Gibraltarian counterparts, sit on the Board. He was appointed on the 17th January after previously having been appointed to Oxy on the 13th January. So from early

January, Mr Pilcher has been on the Board of these two companies and, of course, we immediately got to know of this because there was a Press Conference, there was a press release, Mr Speaker, I do not want to take this sarcasm too far because, of course, there was actually nothing. You had a Government Minister appointed to a Board of a company designed as joint venture with a Spanish State-controlled oil consortium and no information, no public announcement, nothing at all, is that open Government? The story, by way of an article in the Gibraltar Chronicle on the 2nd February, and which I thought was pretty dramatic news was titled "Joint Venture with Cepsa". Did we have any reaction from the Government? No, nothing at all. The Government was not interested, after all if people got the impression that it was a joint venture with Cepsa and you do not correct that impression, it is neither right nor wrong, it is just there. No clarification, nothing. What is happening here? Shell writes a letter on the 4th February to the Chronicle which seems to confirm the general principle that there is a joint venture and Government continues to remain quiet, nothing happens. I mean, I am not sure then what Government is doing. How far does open Government go? Open Government applies only when the Government wants to be open. On the 6th February the Panorama carries a major story on it. This is now four or five days after the story comes out, two or three weeks after Mr Pilcher is a Director and Panorama appears to want to approach Government and what Panorama says on that day is "Questioned about their interest in the Cepsa Joint Venture the Government does not want to know". The Government appears to forget that Ministers are not private individuals who can do what they like, they are public figures directly responsible and accountable to the Government and to the electorate. This is alarming, that a newspaper that in general terms is very often supportive of Government seeks a Government view of what is obviously a major item in public affairs at the time and the Government, I mean I am sure he is fair, I do not want to question Mr Garcia's professionalism, the Government's view is it does not want to know. Still nothing happens. I then give notice of a motion on the 8th February and I am sure that that in itself would not have provoked any response, but then I am invited to give an interview on GBC on that date and subsequently we at last have the much awaited explanation from the Government, and this was worth waiting for. This was really worth waiting for because I have a good deal of personal respect for Mr Pilcher but this interview, I think, represents one of the most evasive and incoherent explanations of Government's position on the matter that I have come across in the last nine months. The first point taken by the interviewer, quite rightly, was what was in everybody's mind. The second question after the question of scandalous at the beginning of the interview, was: "But Government has taken part in this and there has been too much silence Minister, where is your open Government?" and what Mr Pilcher said, and I am sorry if this does not read well but this is, in fact, verbatim: "Well, the reason is that there are aspects, first of all, that the Government involvement is through GSL which is 100%

Government owned company. The fact that it is a commercial venture has, I think, already been explained in the House of Assembly and which we feel that where there is a commercial involvement then it is not a question of the Government having to go out and inform every single day of the different joint ventures and the different commercial decisions made by those joint ventures. Now, the fact that the Government has participation through GSL means that before GSL or any other Ministry, or any other section takes the final decision on the way forward, then it consults the Government because it is responsible to the Government and the Government is responsible to the people". I would have thought that that last part is the best argument I could have adduced for saying that is the reason you come clean. That is the reason, if you believe that a Cepsa venture is good for Gibraltar, you come out saying in a Press Conference: "Gentlemen, I think it is a very good thing for Gibraltar, it is not just that the Japanese and Americans are coming, the Spaniards are coming in a joint venture, we are happy to have this sort of relationship and this is the reason why I am defending it". But Mr Pilcher's interviewer squeezed from him, with a sense of reluctance, which is worrying, but that is open Government. In fact, by the time Mr Pilcher gave that interview, which was on the 9th February, he had been effectively a Director of both companies for nearly a month and it is clear that nothing would have become known to the public had it not been for the media getting hold of the story and an issue raised. That is not acceptable, Sir, and it is not acceptable even if the Government had not promised open Government, for us to be getting into commercial ventures with a Spanish State-controlled company without people being informed. What mockery of a democracy are we going to be living in? It is a nonsense to say: "It is GSL". It is a nonsense to say: "It is a commercial decision". The Government itself says that it is giving importance to the economy, 90% of its activity is economic and commercial but these are political matters too. Matters that this House and the people have a right to know and I am frankly surprised that the Government should have pretended to have kept this presumably quiet for as long as it could without positively defending its position. Leadership, and if I understand the philosophy from the other side of the House, is taking a stand and positively defending what you say. But on this issue the Government has been more than just on the defensive, it has been backbending, reacting to the events and eventually forced to give an explanation that when it came was very inadequate. The Chief Minister has commented on one occasion, possibly on more, that I am often easily scandalised and maybe it is because I have standards of behaviour that some Members opposite find hard to relate to but I can say this much, Sir, that if I had been a Government Minister on the Board of a Joint Venture Company that was doing a venture with Cepsa, as from early January and I had not gone to the people to say: "By the way, this is what we are doing", I think that would have amounted to a scandal and I think I would have been failing in my duty to inform the people of important decisions affecting them. Especially so after the

2nd February when the news became public, the news broke publicly and to have had to drag the information from the Government is completely unacceptable. The Government's handling of the whole matter, in fact, is a history of complete ineptitude and incompetence. The way it has dealt with the public has been quite inadequate and they have totally mishandled the whole situation. The position it has taken with the trade licence application that Oxy Limited was seeking, where Oxy Limited published its intention to apply for a Trade Licence and the various objectors: Shell, Mobil and BP, turned up and at the eleventh hour and 59th minute, with all the parties waiting to go into the room, an indication is given that the application is to be postponed and as far as my information is concerned, no real reason given. Mr Speaker, this situation from a Government-backed venture. What is happening? Was the application going to be refused that day and Government had to lobby support from members in the Committee? Or is it that they are rethinking the matter and maybe I am hopeful, maybe the matter has been rethought, but certainly it is a history of incompetence and ineptitude. When eventually Mr Pilcher did give his interview he made a number of points which I think should be highlighted and which, apart from anything else, demonstrates, in our view, the fact that he has failed to appreciate the problems and the obstacles that the whole of Gibraltar, virtually, has been repeating in the course of the last few weeks. One of the arguments used by Mr Pilcher in a general sense was that this venture was good for Gibraltar and that the Government's philosophy is to participate in commercial expansion and that therefore it is pursuing the Government's job which is to make money for the people of Gibraltar. We know certainly from the people in the trade, from Shell, BP and Mobil and even, indeed, from the Unions that have consulted their employers, that their view is quite different. Their view is that there is a very serious danger to jobs, to the continued presence of Shell by this type of venture taking off. Now, of course, Mr Pilcher or Mr Bassadone might have all the expertise in the world and maybe they would say that Shell, Mobil and BP are only protecting their own little corner but these people are companies in Gibraltar with employees: established here for many years; experiencing a legitimate view; people in the trade and it is clear to me that the commercial aspects of this have simply not been looked at by the Government in sufficient depth. Shell, BP and Mobil are large companies who do not easily take a stand unless it is defensible and they have backing on it. They are major employers, especially in the case of Shell, and they do not take this stand unless there is a good reason to do so. The Unions themselves have been largely supportive of this anxiety. They have said: "We are not happy, what is going to happen to our employees? How is Cepsa-Oxy going to work? Does Gibraltar need this?" A second point that arose and which is perhaps the most important, is the question of the conflict of interest point which is a point that I think the Hon Minister has, frankly, failed to understand or at least address properly. The point quite simply, for the record of course, is that how can you

have a Minister sitting as the Chairman of the Board of Directors of a company doing oil business if he is also involved in formulating the policy which regulates the whole industry? Because you are going to take a decision with your colleagues that you will know today and before anybody else gets to know of it tomorrow. You already know, Cepsa-Oxy already knows, and you cannot be wearing different hats, Mr Pilcher, you said that and I think that you had a legitimate reason for saying that.

MR SPEAKER:

Please speak to the Chair.

HON P C MONTEGRIFFO:

What you cannot now do is pretend that certain things are commercial and certain things are political. In fact, I think that Mr Pilcher, Sir, betrays his lack of conviction in that argument, in his answer precisely to that point, put to him by Clive Golt, when he asked: "But you have conflicting interests because you know what is going on, dictate policy and then compete with private enterprise. Is that fair for the Government to do?" Mr Pilcher's reply was: "No, Clive, I do not think there are conflicting interests because you see, it has to be understood that there is a difference between the commercial and the political. Now, the conflicting interest does not come into it because when I sit, and I disagree with what Mr Montegriffo said yesterday, when I sit on the Board of Oxy or I sit on the Board of Cepsa-Oxy or on any other Board, I am there representing the shareholders which are the Government of Gibraltar. And the Government of Gibraltar, their shareholders are the people of Gibraltar so when I sit on the Board, I represent the people of Gibraltar and therefore my main interest is to protect the people of Gibraltar, so my role is two-fold, if you like. One is to try commercially to make money, not for myself and let me add that nobody gets remunerated for the Chairmanship or Directorship of any joint ventures. My mission is to make money for the people of Gibraltar, but at the same time over and above that, it is to protect the interests of Gibraltar as a whole". Again, Mr Speaker, if there was any type of argument I could adduce for showing that precisely the commercial and the political are inextricably linked it is precisely this. Mr Pilcher sits on the Board representing the people of Gibraltar. How can a commercial decision taken therefore not be political? I think that what is happening to the Hon Member is that he knows that sometimes when black is black, there are no way out of arguments. There are no way out of arguments when it is clear that you cannot hold two things at the same time and say that it is not the same person holding them and try to pretend that there is not a problem. The interview also dealt with the question of competition and one point that has not come out too much is Gibraltar's own continued competitiveness as a bunkering centre vis-a-vis the position

in Algeciras and Ceuta, Sir, whereby if Cepsa controls Algeciras and Ceuta and has a very dominant position in Algeciras, if Cepsa are going to be in Gibraltar then, clearly let us not give any prizes as to where ships, if Cepsa has anything to do with it, are going to be directed. I do not think Cepsa out of the goodness of its heart is going to make money for the Gibraltar Government and send more ships to Gibraltar than it is sending to Algeciras or to Ceuta. The reason Gibraltar has been able to become competitive in bunkering is because it has offered a different service, a difference price level to the competition, our immediate competition in Algeciras and in Ceuta. One of the arguments that the Government may adduce is that "a lot of our oil comes from Cepsa anyway", and I think it is clear from the statements made by the industry that last year, for example, about a third of our oil came from Cepsa therefore the vast majority did not come from Cepsa, so this idea that somehow we are getting it from the same source is not true. Cepsa is one source but the majority comes from another source. Sir, with that type of background and with the Government's, frankly, mishandling of the whole situation, it is hardly likely that there has been a fairly strong or rather, a very strong public and popular backlash against this whole venture. If there is one matter in the nine months of Government, even over and above the joint venture with the factory in La Linea, I think it is the Cepsa-Oxy Venture which has actually had the effect of people stopping and saying: "Hold on, how far can I give the GSLP the benefit of the doubt?" "How far can I agree with them that this is no longer a problem?" I think the confidence in the Government, on this issue, has actually been put to the test in a serious way and just look at people's reactions. The industry, as I have said, are totally against it; the Unions are extremely worried; the Chamber of Commerce - and I am quoting from an article in Panorama on the 20th February - where Mr Seruya said: "I would like to add that in the particular case of the oil companies the views of the Chamber and of the Trade Unions coincide, since Government's attempt to enter the oil business will affect not only the oil companies but it will also affect the employees of those companies who have been pretty well treated in the past and who are now afraid that their salaries, their wages and jobs may be endangered by the Government's policy and it is really very sad to think that the Government should be doing anything like this". The press has also been against it in large measure. You just have to look at the people writing to the press, people commenting on the press and there is also another contributor in Panorama who says - this is Roving Eye - which I think is interesting: "Everybody has earned the GSLP's respect except for the Cepsa alliance, whoever I listen to says it is something we could well do without. In my judgement, if it is worth anything, many who were delighted with the thoughts of Joe, now feel a little disheartened or discontented with the issue". I think that is an accurate reflection of what people feel and rightly so. We know, and you know, that there are other representations being made by interested bodies and nobody is saying "what a marvellous

idea this is, what initiative and what drive the Government has had, what a brainchild it has had to come up with this". In fact, I challenge the Government to say who is in favour. I challenge the Government to come up with one representative body or one body of any weight of opinion, in Gibraltar, who has expressed the view that this is a good thing for Gibraltar, the best thing for Gibraltar. This is a case, Sir, of the Government being totally unresponsive to what people are saying. The Chief Minister during the last meeting of the House, in answer to a question on when the Economic Council would be set up, said that the Economic Council would act as a springboard so that there could be a feedback on Government's policies in the economy and the Government could judge how people felt through the Union and the Chamber. Mr Speaker, what is the point of a Council when the people who are going to be involved, the Chamber, the Unions, representative bodies, are all telling the Government now, without a Council: "This is bad, we do not want it". And the Government is saying: "Notwithstanding whatever you say I am still going ahead". If we are going to have a Council that is a facade then it is simply a cosmetic exercise and let us scrap the Council. But the fact remains that the whole of Gibraltar is saying 'no' to this and the Government seems hell bent, I think, out of a misplaced sense of pride or inability to recognise that we are all human and therefore sometimes we make an error of judgement and to say: "I am prepared to rethink this, I am prepared to take on board other people's views". This joint venture is not so dramatic for Gibraltar, it is not going to save us, it is not going to save Gibraltar. Now, the next element, Sir, that arises is the whole question of the political implications of the joint venture. It is one thing to have competition from Spain or from anywhere else and Gibraltar may regret or may not regret that. By and large, as Gibraltarians, I think that we are not afraid of competition but we are concerned because being a small place where we do not have the resources of a large country, with large companies, our ability to stop the wave of economic absorption is difficult. But one thing is that reality, the fact that we may be living in a competitive world especially in the EEC and another thing is for Government to be actively encouraging, through a Government venture, the incorporation into Gibraltar of a State-controlled Spanish firm. One of the arguments the Government may use is that "Well, by 1992 firms like Cepsa may come into Gibraltar automatically, we cannot stop them and therefore let us try and get into the act now and let us get 50% as opposed to giving them free rain in four year's time". Well, Sir, if that argument is going to be used right across the board, we might as well now plug into Sevillana and let us also have a joint venture with Iberia. The point is that surely what we are talking about is that 1992 may not happen in 1992 because if the history of the Economic Community is anything to go by, it may happen in 1995, 1996 or 1997. It may take time for all these liberalised measures to get through and we may have time to work things out. Secondly, Sir, the private sector may be able to have a venture with Cepsa and the Government may or may not want

to encourage that but for the Government itself to take the initiative now in advance of 1992 is wrong and bad for Gibraltar. What has happened to osmosis? What has happened to all the dangers of economic integration? Our role should be, Sir, totally the contrary, not to be getting with Cepsa into a joint venture but in fact trying to curb that type of competition as best as possible and Hon Members opposite have indeed argued this in their days in Opposition by saying that we needed either protective measures from the EEC and if those, sadly, are not possible now, then at least we can be intelligent enough to set up a series of administrative measures. Mr Seruya also mentioned this recently and which will help to protect Gibraltar on a practical level from wholesale incursion by Spanish firms. That is what we should be looking at. Let us start by protecting what we have at present, through the Trade Licensing system, through such other administrative measures as may be possible, and it may be a difficult battle, rather than simply getting into a joint venture which nobody in Gibraltar wants. Interestingly enough, recent reports in the Spanish press have talked about this motion and the extreme Opposition party in Spain are going to table a motion in which they object vehemently to much of the activity that Mr Bossano is conducting in a quasi foreign affairs scenario and, as far as I can tell, they are objecting to virtually everything except, as far as I can see, the proposed factory in La Linea and the joint venture with Cepsa. If that is anything to go by I imagine that that is the only thing that the extreme right wing in Spain is happy with. That perhaps should make us think how much that is good for us but certainly I would not have thought that if this was good for Gibraltar and bad for Spain, the Opposition party would have tried to chastise the Chief Minister for that initiative as well. Sir, in conclusion, I think people are asking: "Well, what next?" And what next in two aspects. One, what next in the context of what else is brewing, is that an Iberia Joint Venture? Is that the way out of the Airport Agreement, to have a Joint Venture with Iberia? We bring them in and therefore who is interested in the Airport Agreement if Iberia flies under a joint venture? Is that the type of thinking of the Government? Is there going to be a Sevillana Joint Venture? Because after all, if Cepsa is going to provide fuel to the Government and Government runs the Generating Station, then it is going to buy the fuel from Cepsa and what is the difficulty of buying from Cepsa and not plugging into Sevillana? The second point is the question of public disclosure and public information. We may still have another Cepsa venture occurring right now without anybody knowing about it. What has happened with open Government? What has happened to the promise of people participating in decisions? Of being told where we are going? I have said this already, this is a complete mockery. Come clean and defend yourselves if you think that it is a good policy but let us not find out from the press and then wait two weeks for Government to come out with a defensive and evasive statement. Sir, I think the Government believes that rethinking something and coming to a different decision is a sign of weakness which somehow shows a flaw

in the original reasoning and therefore to change their mind is a weakness and any sign of weakness is to be avoided. Here we have a set of seven men and one lady who are infallible, who in nine months have taken decisions that should not be questioned because their vision is so clear and our ability to criticise is so inadequate. Mr Speaker, anybody with strength of character, a Government with strength of character, recognises human frailty, recognises that judgement sometimes means that you get it wrong although most of the time one may think that it is getting it right. However if there was ever a case where the whole of Gibraltar, all interested parties, are saying: "Stop, this is it", it is on this issue, Mr Speaker, let them do what they will with the motion today, throw it out, amend it, butcher it, whatever they like but for the sake of Gibraltar, for the sake of the workers, for the sake of the companies, for the sake of people who have expressed their anxieties, rethink this one. Gibraltar does not need this venture with Cepsa. I am not convinced that the Government is convinced either and if Mr Pilcher's own reflection on television is anything to go by, if he is not convinced, if in his heart he is not convinced, then it cannot be right. Mr Speaker, you can tell when something is not right and I am asking the Government for the sake of Gibraltar to rethink this one, to pull out of this venture and to respond to the real anxieties and fears that have been expressed. Thank you, Sir.

Mr Speaker proposed the question in the terms of the motion as moved by the Hon P C Montegriffo.

HON J E PILCHER:

Mr Speaker, I will be the only contributor subject to the Chief Minister wanting to round up at a later stage. I suggest that in order for us not to have a repetition of what occurred earlier this morning when the Chief Minister was replying to the motion and then there was repetition by all speakers on the other side and perhaps it would be better for the continuity of the motion for Members on the other side to make their contributions before I speak on behalf of the Government. That is if they have something new to add, obviously.

MR SPEAKER:

That is up to the Leader of the Opposition.

HON A J CANEPA:

Mr Speaker, two points. First of all, Members on this side this morning were not repeating themselves. Some of them covered completely new and completely different territories, for instance, Colonel Britto covered a point which I did not even touch upon and I only touched, very lightly, on the questions which my Hon colleague, Dr Valarino, then

enlarged upon. We were very careful because we had the thing planned beforehand. What the Hon Member is asking for this afternoon is that we should all speak and then he should get up and reply, that is not a debate. That is not what debating is about. If no other Member of the Government wants to participate other than him, well and good, but I do not think that three or four of us should stand and one after the other go through our prepared said piece and then he gets up and answers on behalf of the Government. That is not a debate, that is not my concept of what a debate should be and it is not how I think matters should be conducted. We are dealing with a matter here this afternoon which touches on the Minister for Trade and Industry because trade is involved, does he not have anything to say? We also have a matter here which concerns the overall management of the economy for which the Chief Minister is responsible and only Mr Pilcher is going to reply because he is the Minister for GSL? Well, if that is what the Government is going to do, shame I say to them, let them do whatever they want.

HON J E PILCHER:

Mr Speaker, that was not my intention when I made the statement. My intention was because of what had happened this morning, and I do not want to go over this again because, obviously, the person responsible for this matter is me and I will not be able to answer points made by other contributors. Mr Speaker, what we could do is what I think used to happen when the AACR was on this side of the House and where we got Members standing up and not saying anything until eventually the situation was one where eventually the person who was supposed to speak would then make his contribution after we had lost a lot of time in the House. But be that as it may, I am quite happy to take the motion at this stage and, obviously, if there are any other points then the Minister for Trade and Industry or whoever else on this side of the House, can reply. I think that that will be the Chief Minister because, at the end of the day, he is the person responsible overall for the economy. Mr Speaker, Mr Montegriffo started off by saying that he had been very impressed by me in 1984 when he started his political career and he seemed to say that that statement of mine had stuck in his mind and he seemed to be sounding a bit as if I was his guiding light. His contribution today has been very incoherent and, let me say, although he prides himself in being a lawyer, now he also prides himself in being a psychologist as well because he now knows, by the look in my eyes and by how I expressed myself on television, whether or not I am honest in what I am saying. His contribution has also been incoherent because he has kept shifting from one position to another and then to another. I think his main attack, at least the way I saw it sitting on this side, has been basically geared towards the question of open Government. He kept on returning, every two or three minutes, to the position of open Government and I think if I was able to detach myself from my position and look at his speech,

I think the whole thrust of his speech has been on the fact that the open Government which we were promising has not happened. He has been coming back and forth towards the open Government every three or four minutes. At one stage, particularly at the end of his speech he was saying about the political problems related to the Spanish entities. Previous to that he had also spoken on the directors of Cepsa-Oxy and, I think, his words were "sitting with his Spanish co-directors" as if there was anything wrong in sitting with Spanish co-directors. Again, his gearing was one of, and perhaps he is a psychologist after all, trying to get the passion of Gibraltar vis-a-vis Spain/Spanish/ Spaniard into the argument and I think the lesser part of his contribution has been based on what I thought was going to be his major contribution, on the operation and how that could affect Gibraltar. I think these have been the three main elements, although, as I say, he kept shifting and changing from one argument to the other and as a result it has been difficult for me to try and keep up with his arguments. Basically, I think, the motion in front of us today, and I will tackle all the elements that Mr Montegriffo has expounded, is related to what his perception, and the perception of the Opposition has been, not only in this House but on previous Houses, and that is on their perception of the public unpopular backlash of what they feel is what the public in Gibraltar feel. I think it is a bit of a chicken and egg situation and what comes first? Does the worry of the people of Gibraltar come first or is the motion that is then brought to the House by, normally, the Hon Mr Montegriffo on the back of a trickle of worry and which he suddenly builds up into a major worry for the people of Gibraltar. I am talking about the public, I am not talking about the trade, which I will discuss in a moment. I think that is something which I always question myself and there is to be another motion on the adjournment and which also reflects what I am referring to. What comes first? The worry and then the motion or is it as a result of the worry or is it a trickle of worry and then the worry comes after the Opposition have presented a motion and blown it up out of all proportion? Let me take one point at a time. I am afraid that my contribution will be a bit disjuncted since I will have to go backwards and forwards to points that the Hon Member has made. Let me tackle the question of open Government first. I think there are various elements of an open Government. The Hon Mr Montegriffo referred to the interview given by the Hon Minister for Trade and Industry, Mr Feetham, and to certain comments made by the Hon Chief Minister and I feel that he understands the policy we have explained in the House and publicly but he does not want to accept that policy. So he keeps coming back to it in order to try and create this impression that we do not have open Government. The policy that we have expounded in this House before and which I stated in the interview with Mr Golt of GBC and which the Hon Member has left out altogether when he quoted from it and also when he read from an article in Panorama and it is very simple and, I think, has been explained on various occasions by the Government. The policy is that the Government

of Gibraltar believes that it can play a part in the commercial environment of Gibraltar through a system of joint ventures. Having got to that basic policy decision, and I know that not everybody accepts that policy decision, I think it was on a television debate in which the Hon Mr Feetham was present together with a representative of the Chamber of Commerce, but I may be wrong, the Chamber representative felt that the Government of Gibraltar was there to provide a service and the private sector were there to make the money and pay through taxes, but we do not agree with that policy and we have said so publicly. Whether the Hon Mr Montegriffo or whether the whole of the Opposition or whether other entities do not agree, that is the policy of the Government. A policy which we expounded before the elections and which we are now applying and we will continue to apply during the next four years. Once this term is over we will then be told by the people of Gibraltar whether the policy works or does not work and whether they feel we are doing a good job or not. Because it still escapes Mr Montegriffo that there is a Government and an Opposition and not a Committee system like he would like to see and therefore it is Government policy that is implemented. There are three elements to those joint ventures and we have explained them ad nauseam. We have had the situation of joint ventures where none existed; we have joint ventures in partnership with the private sector, and there are a few of those, and there is no problem. As an example of this there is Rent-a-skip or Rent-a-van which is a company that GSL has bought into, like Oxy to which, I think, the Hon Mr Montegriffo was referring to and there is no problem because it is the Government participating in an existing venture. There has been no problem, nobody has said 'unfair competition', nobody has said anything at all because we have an input in a commercial way with that company. The third aspect of it is in the elements where we feel that there is expansion. I can give the Hon Member one example of that, the Gibraltar Electrical Services Limited and which at the start there were certain misgivings in the trade which were saying that the market is well satisfied by the existing electrical contractors. We said that it was not that is was an expansive market, where we had a lot of Spanish contractors coming in and that the market was big enough for all of us and we have been proved right. In fact, today we are negotiating with other elements of the private sector, to expand the market and to liaise with one another, so there is no problem. I think the Cepsa-Oxy Joint Venture comes into this third element, which is the expansion market, but I will go into the operation of that in a moment. I am now going over what I consider to be the policy of the Government. The Chief Minister has already said publicly that any entity in Gibraltar or outside Gibraltar can approach the Government in order to create a joint venture. We have said that and I think we have been saying this since April. So everybody in Gibraltar knows the policy and to say "Why didn't you approach Shell in order to do a joint venture?" The answer, I think, has already been given. The Hon Mr Montegriffo did

not say that but that has also been mooted about. The answer, Mr Speaker, is that we are subject to anybody coming to us to propose a joint venture with the Government, that is the policy of the Government. Let us go back, for a moment, to two elements. One is the open Government syndrome which the Hon Mr Montegriffo keeps referring to and the other one is the conflict of interests. The Hon Mr Montegriffo did not, although it has stuck in his mind, really understand what it is that I said when I said "You can change your hat but your head is the same" because there is no conflict between what I said in 1984 and what I am saying today. What I said on television recently is that at the end of the day I am a Government Minister responsible to the people of Gibraltar who voted me in and if I am sitting on a Board that has a commercial interest and the interest of the people of Gibraltar should come into conflict with that commercial interest, at the end of the day, I will vote for the interests of the people of Gibraltar and my vote which, by the way, is the casting vote on all Government joint ventures because the Government in all its joint ventures has a controlling vote and a controlling element. I will make my decision based on what is best for the people of Gibraltar and this is where, I think, there is a difference between a purely commercial entity, ie if I was Chairman of a purely commercial business my role would be a business interest only. However, the role of a Chairman, who is also a Government Minister, is to look at the commercial interest of his business in relation to what is best for the people who have voted him in and there is no conflict of interests because at the end of the day the decision has to be what is best for the people of Gibraltar. So there is no conflict of interest however much the Hon Member wanted the people to believe that there is because there is not and when I use my casting vote in commercial joint ventures, it is done on behalf of the people of Gibraltar. It will be used not only to protect their interests but to make money for them as well. You went through all the dates.....

MR SPEAKER:

Please speak to the Chair.

HON J E PILCHER:

I am sorry, Mr Speaker. Mr Speaker, the Hon Mr Montegriffo went through the dates, went through everything, but what he failed to understand was that the Government was not ready to go public on the Cepsa Joint Venture because we had not taken any decision on the Cepsa Joint Venture other than linking up with Cepsa on what we thought could be a good joint venture. No decision had however been taken at that stage of what we were going to do or what we were not going to do. The first Board meeting only agreed the Shareholders' Agreement that gave the Government the controlling share and where Cepsa-Oxy became the trading arm of Cepsa in Gibraltar. I think there was not anything for the people

of Gibraltar to be told because we had not decided to do anything. But, of course, at that stage, because Gibraltar is a small place and the people get to hear about things, you have comments in the press, you have comments on television and then you get a backlash. What we would have liked to have done is as we have done with other joint ventures, we take the system through to where we have discussions and negotiations with affected parties not only outside Gibraltar but also within Gibraltar and then at the end, when we have total agreement and know what we are going to do, we go public. Mr Speaker, I could go public now on various matters and then have to come back next week and tell the people of Gibraltar: "I am sorry but when I gave a statement a week ago I did not tell you that there was not a final agreement and therefore this has now changed and this is the way we are going to do it now". Then the following week when something else changes, I come back again, by then they would think I was totally inefficient because I would be giving them information which had not been either agreed with the Board or agreed with the Government. When we talk about open Government, I think Mr Montegriffo who is a new Member of the House and I suppose we have to put up with him saying things like that, but for a person like myself who has sat over there and although I know that we cannot use the same argument time and time again, but for four years we did not get any information when money was being pumped into GSL and we did not even know why. It is really outright cheek - and I will not use the word that Mr Montegriffo used of "dishonesty" - it is outright cheek because today the Government of Gibraltar, when the time comes, will tell the people of Gibraltar everything that we are doing and when we are doing it. We will however choose the time and the people of Gibraltar will respect us for that. The time will not be when Mr Montegriffo or anybody else decides to put a motion in the House because somebody's vested interest is being affected. I assure Mr Montegriffo that before the Government takes a decision on every single joint venture entity, every single interested party approached. That is open Government. Open Government is not taking any decision that will affect the people without first consulting every single interested organisation and when you go public you go public and you are then able to tell the people of Gibraltar all that you are doing and all what you have done and then it is up to them to judge you. Let us look at the element of the Spanish side of the operation, Mr Speaker. Mr Montegriffo highlighted the fact that it was a Spanish company and whether that means that the Gibraltar Government should not do joint ventures with Spanish entities. I do not know whether it is because it is the Government because there are many companies in Gibraltar that have Spanish co-directors. He has just to walk around Gibraltar and see all the Spanish companies, it is not something that is new. It may be new in the mentality that the Government of Gibraltar should not link up commercially with a Spanish company. But having decided that that is what we are going to do, then whether it is a Spanish company or not a Spanish company is immaterial, because I assure Mr Montegriffo and

the people of Gibraltar that a Government like ours who does not want osmosis, who does not want the Brussels Agreement, who does not want cheap electricity, who does not want cheap water, will protect the interests of the people of Gibraltar in any venture. Because that is precisely the role of the Government Minister in that joint venture, to make sure that none of its joint ventures, and that is why it keeps its casting vote, that on matters of policy the casting vote is exercised by the Government to protect the people of Gibraltar. Therefore whether it is a Spanish company, like in this case, or a British company, like in the case of British Airports Services Limited, or any other company the same casting vote is exercised, because the Government wants to guarantee that it is protecting the people that voted it into the House. Why would we say politically - and I am referring to the Cepsa deal now - that we do not want to get cheap electricity from Spain and then make sure that we destroy Shell in the process so that Cepsa get a monopoly and then they can dictate to us, it does not make sense. It might make sense in the mind of Mr Montegriffo but in any true-thinking person, the public, that will not stick, because they know us, they know the Government, and they know we will not do anything to play to the tune of osmosis. So that to me is another red herring and whether it is a Spanish company, an English company, a Dutch company or whatever, the Government always keeps the casting vote. I think I have covered the two points - open Government and the Spanish element. I think we have now come to the question of the operation. I think this is, again, an element which the Hon Mr Montegriffo tries to push but I think he does not want to accept what the Government has already told him. What the Government has told him is quite easy and there is no question of the hiding joint ventures, Gibraltar is far too small to hide anything and nobody wants to hide them. We will make the decision when we want to go public on the joint ventures because when we do so we will be able to answer every single question. If on the 1st January or the 8th January or whenever I had gone public and said: "I am going to do a joint venture with Cepsa-Oxy" there would have been one hundred questions from the press and one hundred questions from the people of Gibraltar which I could not have answered because we were not yet ready to describe the operation and most important we had not discussed it with the people that mattered. Of course, something leaked in the press and they got hold of it and there is nothing wrong with that because that is the role of the press. We ended up with a situation of us having to try and answer questions which we really had not discussed with the people that it mattered. The policy of the Government is not to hide things, Mr Speaker, the policy of the Government is not to hide the joint ventures. The policy of the Government is, in fact, to advise the people of Gibraltar when we feel that the joint ventures are ready but what we will not do and which, I think, is what Mr Montegriffo would like us to do, is to be here in the House answering every single question on the day-to-day operations of the commercial companies. That is, I think, what the Chief

Minister meant when he said that we are not answerable in the House for GSL Joint Ventures or Joint Ventures that are 100% Government-owned. These are subsidiaries of those companies and I think that what was meant was that we will not be discussing anything related to those joint ventures but, of course, at the end of the day we will tell the people what that joint venture is making for the people of Gibraltar. That is what we will do. We would spend hours, we would spend weeks or months answering every single question about the operation of every single one of the joint ventures. That, I think, is the policy which has been explained. We are answerable here in the House for 100% Government-owned companies like we are answerable for GSL, we table the Accounts, we have to answer every single thing and we will, which is much more than the AACR ever did in the four years that I was sitting over there, we will answer every single question. When that company buys into a subsidiary then all we have to do at the end of the year is show the consolidated profit of that company so that then the people of Gibraltar will know how much money we are making or not making. We are prepared to do that but not answer for the day-to-day operations of those companies. That is what the Government said. The Hon Member can twist and turn every way that he likes but that is the reality. As far as the operations are concerned, I think this is the key and this is why I was saying before that we were not ready to make public statements on the operations because we were not yet ready to operate. Since the news broke we have had umpteen meetings with all the people that the Hon Mr Montegriffo has mentioned: the Chamber of Commerce, the Shipping Agents, in fact they came to see me; the Unions and Shell themselves and it is not a question of telling the Government to immediately withdraw from its participation in the venture, we will not withdraw from our participation in the venture because the venture is there and we have not done anything with it yet. We will see how far we can proceed with the venture in conjunction and in liaison with the trade, because we honestly believe that there is expansion in petroleum and petroleum products. I can tell the Hon Member for free that if he is so worried, he should not be, because I have had meetings with Shell over the last couple of days and we believe we can work together for the common good of Gibraltar. I suppose he can stand up and continue to tell people that we are going to stifle Shell and run them out of business. But we feel and we have been discussing matters with Shell, that we can work together. Now which is it? Is now Mr Montegriffo going to continue to say that we are out to stifle Shell when we are not? We have told Shell that we are not going to do that, we have told the Unions that we are not out to make sure that there are redundancies within the trade, why should we want to do that? So every single element that Mr Montegriffo has pointed out on the fears of the trade and the anxieties of people, are being tackled on a day-to-day basis by me and when I am ready I will then take that back to Council of Ministers which are my shareholders and we will decide how far we can go, what we will do and when we

have decided that, then we will make it public but not before. I cannot make anything public at this stage, and I assure Mr Montegriffo, for all the nodding of his head, that I will get the cooperation of Shell because it is in both our interests and I will reassure the Union that there is not anything to be afraid of and that at the end of the day we will prove that it is an expansive market which can take another operator provided we can protect three things that are basic: our self-sufficiency; the situation of the fuel tanks in Gibraltar that we do not want to put in jeopardy, and people's jobs and that is my role and that is what I am doing. So nobody has to be anxious because if they are anxious all they have to do is knock on my door and I will explain things to alleviate their anxiousness. That is what the Hon Mr Montegriffo could have done. He could have knocked at my door and asked me what was happening and I would have told him: "Well, nothing is happening, this is what we are doing but since no decision has been taken as yet, there is nothing to be worried about at this stage". He preferred to table a motion asking us to withdraw from something which had not even started and to go public and go to GBC and give the interview and then stir up everybody's fears. Every time something happens which is not understood, because part of the problem that I think we are suffering is that we are doing so many things that before we are able to complete something you get rumours galore, and then people add coal to the fire so that you have anxiety being created when there is no reason for anxiety. It does not really matter because I can assure Mr Montegriffo and Members opposite that we take our role of protecting the people of Gibraltar very seriously and we will not do anything that upsets any single entity. We will however not protect monopolies, we will not protect vested interests but we will protect Gibraltar. That is our role. Having said all that and having explained that we are now in negotiation with Shell, with the Trade Union Movement, with the Chamber of Commerce, I had a two and a half hour session with them and I understand their position and I understand their fears. I have spoken to Shell and I understand Shell's position, I have talked to the Shipping Agents and I understand the Shipping Agents' position, I have held a meeting with the Union and I understand their problems. I also meet the general public and I know the fears of the public. So I put all that into the melting pot and I assure Mr Montegriffo that what comes out at the other end will be something that is acceptable to all parties within reason. What Mr Montegriffo is afraid of, what the Opposition is afraid of, is something which they think will happen or that they wished would happen because I think if they could prove that we are pushing Cepsa in to push Shell out and to put Gibraltar in jeopardy then the people of Gibraltar would kick us out tomorrow. I think that is what the Hon Mr Montegriffo wants the rest of the people of Gibraltar to believe, that at every single stage we are doing something which is contrary to what we said, contrary to what we are doing, contrary to everything that we have said and that is not true, Mr Speaker. The situation is one that we take our responsibilities seriously. We believe in open Government

when the time comes. We do not believe in discussing joint ventures in the press because then I think Mr Montegriffo would be the first one, Mr Speaker, to argue that then the role of the House of Assembly is being undermined and this is why after the 8th February when he tabled his motion and although I had a lot to say I honestly - and he can believe me or not believe me - respected the position of the House and I did not make any comments other than what I thought was a necessary in an interview on television. Had I not done that it would have been assumed that everything that Mr Montegriffo had said was true. But apart from that, I have made no other comments in the knowledge that I was going to come here to the House of Assembly and discuss it here. Mr Speaker, whether or not we are right in the final decision that we take on Oxy and Cepsa-Oxy, and let us not forget that Cepsa-Oxy is a venture that is 50% Oxy/50% Cepsa but that the trading arm in Gibraltar, the only company that has asked for Trading Licences is Oxy and that is 50%/50% Gibraltar entities, GSL and Ginunco, but that is by the way. When we take a final decision of how Oxy and Cepsa are going to operate in Gibraltar then at that stage we will let the public know and then we will be judged over the performance of that company and what we do for that company like the AACR were judged when they signed the Brussels Agreement and the people kicked them out two years later. We will also be kicked out if the people feel that we are doing something which is not in the best interests of Gibraltar. It will be the people who make up their own minds up but not because the Hon Mr Montegriffo says so. I think the people of Gibraltar know that, the people of Gibraltar are mature enough not to believe what is, at the end of it all, the little lunacies of Mr Montegriffo, the scaremongering, yes I think that is a word that would certainly be applicable.....

MR SPEAKER:

I think perhaps you should withdraw it because I do not think that that is parliamentary language.

HON J E PILCHER:

If you feel that I should, Mr Speaker, I will be more than happy to do so and if Mr Montegriffo has taken offence I apologise. I did not mean it as an offence. What I meant was that it is a situation where I think publicly the people are certainly afraid not because they feel there is something untoward but because the Opposition, which are supposedly an important body within the House of Assembly, keep telling them that there is something untoward. Mr Speaker, I am looking through my notes just to make sure that I have not left anything out. The ownership of Cepsa, yes, because the Hon Mr Montegriffo kept referring to a state-owned company, Cepsa is not a State-owned company, Repsol is a State-owned company.

HON P C MONTEGRIFFO:

State-controlled.

HON J E PILCHER:

No, it is not State-controlled, it has got private sector interests and it is not controlled by the State at all. It is Repsol who is State-owned. Cepsa is a totally private company and it has got no State control whatsoever. Let me tell the Hon Member, Mr Speaker, that it is not true to say that the fact that Cepsa is a Spanish entity or a Spanish company necessarily prohibits them bringing the ships to Gibraltar to bunker them here because it might make a very safe commercial sense to do that because the Port of Gibraltar has got fees which are well below the fees of Algeciras and to drive the point home because that appears not to sound true, let me say to the Hon Mr Montegriffo, through the Chair obviously, that if he goes to GSL at this very moment and looks into GSL he will see a Cepsa ship in No.1 Dock, which has not gone to Cadiz but which has come to Gibrepair. Why? Because the rates there happen to be cheaper or because we are doing better workmanship at that stage. A purely commercial decision, Mr Speaker, not one to do with politics because it is in the commercial world and I think what I have discovered certainly over the last couple of months is that in the commercial world politics means very little. In the commercial world what matters is where can you get a better profit at any one stage and Cepsa will move their ships to Gibraltar, to Algeciras, to Ceuta or to Timbuktu if there is a better profit to be made and that is the expansion that we are trying to create. But, of course, as I have said we have not taken any final decision and the decision will be taken in conjunction with Shell, the Unions, the Shipping Agents, the Chamber of Commerce and anyone else who may be involved and when a final decision is taken of how we are going to operate we will let the public know. But until such time we cannot be judged because we have not decided what we are going to do and I think this motion, Mr Speaker, should be withdrawn by the Opposition because at this stage what they are asking us to do is something which we have not even started doing, Mr Speaker. Thank you.

HON G MASCARENHAS:

Mr Speaker, after having listened to Joe Pilcher, I am a bit confused as to who is the psychologist, Mr Joe Pilcher or Mr Peter Montegriffo. Quite frankly, I am certainly not a psychologist but I can say that even if I was a psychologist I have not been convinced in the slightest by the contribution of the Hon Joe Pilcher. I do not think he has convinced himself. His contribution, as usual, has been a forceful speech but, frankly, I do not think he is convinced of the arguments himself. We, on this side of the House, do not generally support the principle of the joint venture companies. However, on the question of the political worry

that we seem to have created, according to Mr Pilcher, and that by Mr Montegriffo going on television a mountain was made out of a molehill. Well, Mr Speaker, perhaps it is because being on that side of the House for four years we learnt a lot from the last Opposition and perhaps this is the quickest way for the present Opposition to get back into Government perhaps with a bigger landslide than the present Government. Mr Speaker, the Hon Mr Pilcher I think is kidding himself on the question of open Government. I do not know whether he has become infested with power that he does not see what is going on around him, that the complaints of people is that there is no open Government and that this is what they had promised and they are not delivering this. Perhaps, Mr Speaker, I must be living in a cocoon world but I am sure that I am not, I walk the streets more often than I used to and this is the feeling that one gets, including from many of the GSLP supporters. He mentioned controlling shares. In what world does the Hon Member live that I do not live in when people like Cepsa provide a little appetizer by giving you one little ship which is in No.1 Dock. Doesn't he realise that Cepsa are doing that as an appetizer in order to go into business? Doesn't he realise that the moment that the rest of the Dockyards in Spain start with a little foot on Cepsa's head that Cepsa will say goodbye to Gibraltar and that they cannot afford that? This is big business. Cepsa might not be one of the seven sisters as the big oil companies are called but they are certainly a very large company by Gibraltar standards. So I would give him a word of warning not to be too naive and to be wary of big companies like Cepsa because they are in the habit of putting politicians in their pockets here in Gibraltar and anywhere else in the world. The lobby officers in Washington that the Hon Chief Minister must know about, that all these firms have are very useful.

HON J E PILCHER:

Mr Speaker, if the Hon Member will give way. I just do not want there to be any allusions to the pockets.

HON G MASCARENHAS:

Sir, I did not mean it in that way. They do it very subtly and I am not accusing the Hon Member, I quite assure the Chair. Mr Speaker, but I think that they are ignoring the political implications of the deal, without going into the merits of the actual technicalities, I think, that the principle of the Gibraltar Government going into business with a major Spanish company such as Cepsa, notwithstanding the problems that that might create with Shell, Mobil or BP, is what we, on this side of the House, are arguing and what people in the street are saying, it is the principle of it. I cannot imagine GB Airways going into partnership with Iberia, I think that would be commercial suicide for them but yet the Government of Gibraltar can go into partnership with Cepsa, it is ludicrous. There are the possible

consequences to the sector that is here already and well established over many years that have provided very good employment. There have never been many complaints from the employees, particularly Shell, who have a large workforce and who I understand have always been very good employers. We are talking about the human feelings. The Government is missing the point completely for the sake of economic planning and perhaps eventually they think this might create a lot of profits but they are missing the main point and this is the political angle. Many of their supporters and I can assure Hon Members, I have friends who support the GSLP Government and I can assure them that they are making a very big mistake and I ask them sincerely for their own sakes to reconsider.

HON M K FEATHERSTONE:

Mr Speaker, I will be very brief. The Hon Mr Pilcher has said he will choose the time when he makes public joint venture companies and what have you. But the question of Cepsa burst like a nova on the night sky and lit up the sky far more than all the rest of the stars put together. This was a matter of considerable public concern and we are not as busy as the Government with their Council of Ministers every other day or every day, as I believe they have, we get around the streets and we meet the people and there was considerable worry and considerable concern over the question that GSL had gone into a partnership with the Spanish company Cepsa. If this has been done by Mr Pilcher, as Chairman of GSL, he has done it with the consent of his master, the Hon Joe Bossano, and therefore with the consent of the Government. Now, Sir, osmosis is something which the Government says they set their face against. Osmosis is a gentle procedure of a liquid passing through a membrane and setting up a slight pressure. But in this question of Cepsa we have not got osmosis, we have got a forcepump which is driving Gibraltar or some element of Gibraltar into the hands of Spain. We already have the company to be set up in La Linea and common verbiage around town is the Hon Mr Joe Bossano pro-Spanish or is he a very deep customer indeed. I do not believe the rumour that there is a joint venture company to be set up with the Banco Coca of Madrid for the Bank of Gibraltar. I do not think that is true but perhaps we will be informed of it if it does come about. Sir, open Government is something that the Government has professed will be their stand and in this instance they have lacked terrifically behind their promise of open Government. This is something which the public does not forgive them for. They have said that they hope to get 90% right and perhaps 10% wrong. Well, their joint venture with Cepsa is in the 10% that is wrong, they still have time for them to pull out and the sooner they do so the better.

HON LT-COL E M BRITTO:

Mr Speaker, equally my contribution will be short but I think a point has to be made that has not been expounded enough in what has come before. One small point at the beginning and that is that the more I hear speakers on the Government side the more convinced I am that there is an obsession with figures and an obsession with balancing the books which seems to override what one would normally term commonsense and arguments, in this case, commercial arguments. Having said that, I would like to consider in more detail the threat to the Port of Gibraltar that the joint venture and the possible development of the joint venture with Cepsa can pose. The Hon Mr Pilcher has talked in vague terms about it and we know that some 900 ships a year call at Gibraltar for bunkering and what he did not stress, although he said that - and he is correct in saying - the dues in Gibraltar Port are cheaper than Algeciras, what he did not stress is that this in itself does not bring ships to Gibraltar. That the overriding factor is the cost of bunkering and it is such a competitive market that ships actually contact Algeciras and Gibraltar on the day or a day before they are due to arrive to check the up-to-date price and then make a last minute decision to which Port they are going to go. The situation which is so finely balanced that at the moment - and the Minister may correct me and I do not think my figures are wrong - the consortium of petrol companies working from Gibraltar - Shell, BP and Texaco - are currently providing in the region of 750,000 tons per year whereas the Algeciras figure is very keenly balanced on 770,000 tons, there is hardly anything in it. On the other hand, Ceuta today is down to under 300,000 tons a year. Ceuta, which used to have a much bigger share than the others. Ceuta where Ibarola, one of the biggest Spanish companies, used to have a very large percentage is now on the point either of closing down or has closed down already. It has closed down because of competition from the Spanish mainland companies amongst which is Cepsa, based in Algeciras. As a result of this fierce competition on one of their own Spanish companies, which they have forced to close down, to monopolise bunkering from Algeciras and the situation is not difficult to see because it is developing into one where the bunkering will depend either on Gibraltar or Algeciras with Ceuta disappearing into something negligible. Therefore the danger of having the bunkering situation influenced or to allow it even to develop into a stage where it can be controlled directly or indirectly by Cepsa, through the joint venture company, becomes even more dangerous. I do not have any doubt in my mind that over the next three or four years we shall see Cep-Oxy, if it does develop and starts trading, showing a small profit by courtesy of Cepsa, because this was in their interest and there is no doubt in my mind that Cepsa will be in a position to influence prices, with respect to the casting vote of the Hon Mr Pilcher, in such a way that the calling of ships at one or the other Ports can be influenced in favour of Algeciras.

HON J E PILCHER:

If the Hon Member will give way. I did explain a moment ago in my contribution that all these factors are being taken into account. I am more than aware of the facts and figures that the Hon Member is stating.

HON LT-COL E M BRITTO:

I am glad for that, Mr Speaker, because this is precisely the point I want to stress, that it is such a vital point that it must be taken into account because if it is allowed to carry on to its logical conclusion. It would be a reasonable thing to withdraw from the venture so that this does not happen but the Minister is saying that the Government intends to go ahead, so although they are taking these factors into account they apparently do not consider them important enough for them to withdraw. What I am stressing is that it is important that Cepsa does not get into a position where they can influence the prices, because there is no doubt in my mind that if they do shipping will eventually end up in its great majority in the Port of Algeciras at the cost of Gibraltar. We have one further factor in the equation which has not been mentioned this afternoon at all and that is that we have 1992 round the corner by which date Cepsa will be in a position to set up in Gibraltar on its own account without needing a joint venture company anyway and if we allow Cepsa to come in now, if we back it with the Gibraltar Government, if we give them all the facilities, what is considered to be "unfair competition" by Shell and the other companies in Gibraltar, if we encourage them to set up and to build themselves up into a position of strength so that Shell may even possibly withdraw from the market, we will have a situation in 1992 where Shell and the other international oil companies will withdraw and Cepsa will be controlling Gibraltar and Algeciras and, as somebody has said today, no guesses as to where shipping will be going when that situation arises. Thank you, Mr Speaker.

HON A J CANEPA:

Sir, the Hon Mr Pilcher and no Member of the Government ought to be very surprised that we should bring a motion to the House on this matter at the first opportunity. We gave notice of this motion on the 8th February, two weeks ago. It should not surprise him that in a situation where the matter is of such great public interest that the Opposition should bring such a matter to the House. We are not in the situation where if we do not like what is happening in the political arena, we have another arm or we have another arrow in our quiver that can bring to a halt what we do not like how it is developing. If something is developing in a certain way and we do not like it we do not have another way of stopping it. And we are not doing anything different to what Hon Members used to do here during their period in Opposition

except that they were able to go much further because if they saw moves afoot being made by the Government or being made by any business interest in Gibraltar which they did not like, which affected the vital interest of the members, let us say, of the TWGU or any other union, they could have industrial action taken against the interest of that business venture and the thing would collapse. Their electricity was cut off; their mail was blacked and what have you. We are not able to do that, we only have a political weapon and the political weapon is here in the House and therefore it should not surprise them one iota that we use the House in order to air these matters. It should not even surprise them that more of us speak than what they do, again it is probably the kind of thing that also used to happen with the possible exception, like in the old days, I think that more than one Minister used to reply from Government benches because over a period of time that was the way that things developed, two or three Ministers used to take part in a debate. In any case, it has been a very useful exercise because even though he has not convinced us, Mr Pilcher has already, in some respects, by our having given him the opportunity here in the House to this motion, has given much more information certainly than has been given to the public in the last two and a half weeks or so. So from that point of view that is a good thing. He appeared on television, apart from that the press, Panorama and the Chronicle, got nothing on the matter and therefore it is not surprising that there were articles that appeared in the press. These newspapers were surprised that they asked questions and they did not get answers and it really was just not good enough to say: "Well, we are not able to give the answers because the thing is not operating". That is not a satisfactory answer and he knows that only too well. Let me tell the Hon Member also that we do not bring any motions to this House in order to defend business interests because, I think, that for the first time and probably to a greater extent than ever before, there is somebody leading the Opposition today and I myself as a Member of the Opposition, are in the unique situation of having to take no account whatsoever, to a much greater extent, I would say than any other previous Member of the Opposition. I do not have to take into account the views of my employers because I have none and therefore I do not have to defend their interests or worry about my taking a line or a position that is going to bring me into conflict with my employer, my employees or my members. I have none, I have no business or professional partners to think about nor do I run a business. I do not even have to register my profession as a school teacher under the legislation that the House has passed today because I am not practising my profession as a teacher. Therefore, when we take a decision to bring a matter to the House, we are guided, and I more than anybody else, by what is in the ultimate interest of the people of Gibraltar. I am answerable to my conscience, apart from my wife, the only joint venture that I have is my conscience and really I am answerable ultimately to the electorate. So far I have been returned at five elections,

the day that the electorate think that they no longer need Adolfo Canepa to represent them here in the House, well, thank you very much, I shall have to think what I do with the rest of my life and while I was here it was worthwhile. That is the attitude that I take, it could not be clearer. So there are no ulterior motives, other than political, for bringing a motion here, none whatsoever, I can assure the Hon Member. It was very interesting to hear him repeat once again the Government's policy on joint venture companies. "Of course", he told us "anybody coming to propose a joint venture company is free to do so and we will consider it". But what he has not told us is what about when the Government approaches people and say: "Here mate, you had better think in terms of forming a joint venture company with us or else", that he has not told us. What the Government's policy is when it happens the other way round, when they approach people and say: "Look, what about it, there are profits to be made out of this business, what about a joint venture company" or does it only work one way. Are the people given any choice and does the Government, in fact, give them any choice? Or are we going to end up with another joint venture company, perhaps, Rent-a-tug with Mr Feetham as a director of that joint venture company?

HON M A FEETHAM:

I can assure the Hon Leader of the Opposition that that will not happen.

HON A J CANEPA:

Sir, that is also quite relieving. But really the Hon Member has to accept that notice of this motion was given in a situation in which there was and had continued to be until today, a great lack of information and in spite of all the meetings that he says he has had recently and I do not know whether the meetings have been held because he took the initiative for those meetings or because people were up in arms and the workers at Shell went along to their Branch Officer and said to the Branch Officer: "Look here, who do the TGWU defend the membership or do you defend the Government?" And in that situation the Branch Officer had to go running to one of the Hon Members opposite - they do not need to run, they have access to No.6, like the TUC of old used to have when Labour were in office in No.10 and they used to love to be shown in photographs in the media going into No.10, these days they do not get past the barrier, of course - so why have the meetings been held? Insofar as Shell are concerned, were Shell told before? No. Before the company was registered that it was going to be registered? Of course not. It was when the whole thing blew up in the face of the Hon Member opposite that he had to call them along. And insofar as the Chamber of Commerce is concerned, the meetings do not appear to have convinced them. We have Mr Seruya, in spite of the fact that in the last paragraph

of the interview he is very conciliatory, we have Mr Seruya in the Panorama of two days ago making it clear that they are against this joint venture. In fact, the only joint venture that they seem to favour is the famous Reclamation Company. It remains to be seen what attitude the Chamber will adopt tonight. Whether there will be anybody from the floor because I hear that people who are against joint ventures instead of going to the floor to the meetings and fighting the matter out there, prefer to resign from the Chamber, which is a very shortsighted policy, they should go along and kick up a fuss really if they want their interests to be defended by the Chamber in the manner that they ought to be defended. If they do not agree, well, it is no use resigning. But we had a situation on the 6th February in which Panorama did report, a newspaper that has been, if anything, taking a pro-GSLP line at least during the nine, ten or eleven months or whatever of honeymoon of the new Government, and for the first time or only the second time have actually been probing the Government and disagreeing quite strongly with what the Government was doing and what the Government was doing was denying them the right as professional journalists of doing a job. They asked questions about the Government's interest in the joint venture company and it was reported that the Government did not want to know and Mr Pilcher cannot say: "The Government did not want to know because we did not know how it was going to operate". The story had broken as a result of investigations by the press and not by the Government releasing the information in any shape or form. And he has summed up the Government's whole approach to the matter because the impression that I think we, on this side of the House, and anybody that follows politics closely has is that had it not been for that investigative bit of reporting, the Government would have been shy of coming out with the information and if the story had not broken the matter would have gone much further, they would have had their operation ready and perhaps it remains to be seen without the extent of consultation that has been forced upon them. Of course, the revelation caused widespread consternation in town and not just to the workers who are likely to be affected or a commercial interest which is likely to be at the receiving end of what they perceive to be, for them, a clear conflict of interests resulting from such Government involvement. It also worried ordinary members of the public who are neither workers affected nor in business, who wonder and are surprised, and Cepsa may be a private company but Cepsa is a giant in Spain and it is a giant in Spain that is associated with the Government of Spain because the Government is able to control it in some form. Like Real Madrid is the establishment, Cepsa is the political establishment, it is a fact of life. That is the perception that people in Gibraltar have of the company.

HON J E PILCHER:

Barcelona.

HON A J CANEPA:

Barcelona are alright because they are more pro-Gibraltar, the Catalans are more pro-Gibraltar. We have heard a great deal this afternoon which I think has also been very useful and I hope what has been said on bunkering has given the Hon Mr Feetham some food for thought. My experience, particularly during the last four or five years when I was involved in an informal think-tank, every indication was that Shell were making very real efforts to be competitive. In 1982 or 1983 they were not competitive, since then we have also seen how Shell's previous domination of the market has been diluted and through the emergence of other companies and has brought welcome competition. There has been welcome competition without the need for Cepsa-Oxy to get in on the act. Now because the Hon Member opposite has, as yet not decided how they are going to operate, it is only natural that there should be concern as to how far the intervention of the new joint venture company, in dealing in petroleum and petroleum related products, is going to affect the market. It is natural that there should be anxiety on the part of all concerned. The Government does not seem to have any regard for the fact that a Government Minister is going to be a director of a company that is going to be competing with other well established companies in Gibraltar. Mr Pilcher, we have heard, takes the view that he is there representing the electorate and that is all. I think, Mr Speaker, that this must be viewed in a wider not just political sense. Clearly there is a conflict of interest because the Minister, as a Member of the Government, is able to formulate and implement policies with his colleagues that are going to affect the competitors of this joint venture company. It is not so much when he is meeting with the directors of the joint venture company, it is the overall role, the overall power that he has as a Minister to enact legislation, to implement policies, to take decisions that affect competitors of this particular joint venture company. The other thing, of course, that has to be borne in mind is that some of the oil companies already established in Gibraltar, Shell in particular, have over the years, and moreso of late, been investing a great deal of money to be able to compete by improving their storage capacity to be able to attract business away from Algeciras and Ceuta. I think it would be the acme of irony if Cepsa were to get that business back for themselves by operating in Gibraltar, by operating with the advantage that a joint venture company with Gibraltar Government involvement represents. In any case, Sir, apart from the aspects of unfair competition which the whole venture is fraught with, there is the wider political matter and I consider that the Government is being foolish to get involved in this. If companies that have been established in Gibraltar for many years, such as Gibunco, want to enter

into joint ventures with Spanish companies, that is a matter for them, they should be free to do so and it is a matter for their own commercial judgement. They are and should remain free to do so particularly in the EEC context but that the Gibraltar Government should be involved is quite another matter altogether because it also has serious political implications and what puzzles the public is that here we have again the spectacle of a party that when in the Opposition did not want to know about matters Spanish, now going out of their way, Brussels or no Brussels, to involve themselves with Spanish business interests for economic reasons of their own, losing all sight of the wider political dimensions of the whole thing. Let us suppose for one moment - it is a scenario which I think Mr Pilcher has already said it is not going to happen - but what goes through the mind of the public is let us suppose for one moment that Cepsa-Oxy succeeded over a period of time in ousting Shell and other petrol companies from what is a vitally important commercial sector in Gibraltar. And the question that people ask themselves is: "Would that not leave us totally exposed, totally at the mercy of a Spanish source of supply on a matter which is so vital to our economy as a supplier of petroleum, oil and so on?" "Of course it will not happen", they say but the matter cannot be seen in isolation because there are also reports in the Panorama that Spain is abandoning its policy of confrontation. We hear an official Spanish delegate for the Campo Area is to be named sometime in the future to facilitate the integration, including the installation of Gibraltar companies and industries in Spain, according to press reports in El Pais and Senor Ordenez is quoted as having a plan "seemed to increase Gibraltar's dependence on Spain, favourable treatment for the Gibraltarians that will make it increasingly difficult to defend a separate Gibraltar because differences will not be there to be seen". This is the background which has also to be kept in mind in judging this particular joint venture and in analysing the reaction of ordinary members of the public and the perception that they have of the whole thing. There is a danger if we are not careful, any Government of Gibraltar that is in power, there is a danger of falling into a trap set by the Spanish Foreign Office. Ministers are not private individuals, they have to keep that in mind. They cannot do as they like, they are directly responsible to the people at all stages and they cannot gamble with the political future and security of the people for the sake of pursuing objectives which are purely economic, for the sake of pursuing policies of their own which, there may be no serious political dangers in certain sectors, but in this particular sector it is seen as having political dangers. That is why, Sir, we call on the Government to withdraw from this foolish venture.

MR SPEAKER:

We will now recess for twenty minutes.

The House recessed at 5.10 pm.

The House resumed at 5.35 pm.

MR SPEAKER:

Does any other Member wish to speak?

HON CHIEF MINISTER:

Mr Speaker, I am just going to deal with some points that the Leader of the Opposition raised which have not been raised by the other Members and therefore have not been dealt with by my colleague. I think what other Members raised were basically a reflection of some of the arguments for or against the setting up of a joint venture with Cepsa which, as my colleague Mr Pilcher already stated, he is aware of the arguments and the extent to which the company will be involved in business will bear those arguments in mind and the arguments will be taken by him into consideration in determining what recommendation he makes as to what extent there should be any involvement or there should not be any involvement. But it seems to me that there were two aspects to the arguments put by the Leader of the Opposition which goes to the very root of Government policy and although I feel that I have really explained it on other occasions, as he has said since clearly they want to demonstrate to the people of Gibraltar that they are still alive and kicking, they are going to keep on raising the issues notwithstanding the fact that they get the explanations. The motion is, of course, one which has been described by the Mover as a censure motion and the Leader of the Opposition says that we may have been foolish in going into this area, all I can say is that if I had brought a censure motion to this House in the last sixteen years every time the AACR were being foolish I think I would have had a full-time job bringing censure motions and nothing else. In all the decisions that a Government has to take, and the Hon Member should know that better than me since he has been on this side for sixteen years, it is a matter of judgement and at the end of the day politicians are answerable for their errors of judgement and if they make any they pay the penalty when it comes to the polls and we are no different from any preceding Government in that respect. I know that the fact that the oil company is Spanish concerns some people but the Hon Member has qualified that concern at least from his side of the House as to the fact that it is a company in which two stages removed there is a Government interest that worries them because he has said that if the joint venture had been Gibunco-Cepsa instead of Cepsa-Oxy then Gibunco should be free to do it and they should be allowed to go ahead. Presumably all the risks of growth of Cepsa in the market at the expense of everybody else and of a monopoly situation cannot be lesser if there is no Government interest than if there is a Government interest because it must follow rationally that in looking at an investment the Government must ultimately be conscious of any risk that may arise from

that investment to the Government itself, to the people and to the economy of Gibraltar whereas presumably a purely private owned operation would not have to be concerned about these repercussions. So I do not see why it is that he thinks it is more dangerous for Gibraltar if there is a Government interest than if there is not a Government interest. I cannot for the life of me see that other than the other argument, which is the one that I think I must make clear we will refute and which is that there is something incompatible between the Government being the Government and the Government being an investor in commercial enterprises. Let me say that probably a lot of businessmen would agree with the Hon Member but we do not, because we do not think that there is a conflict of interest, because I do not know what it is that the Government of Gibraltar supposedly does to control oil companies or any other company for that matter. Certainly I can tell the Hon Member in case he does not know it that when Giboil was set up Shell was, in fact, concerned at the competition from Giboil and one of their concerns was the fact that the owners of Giboil were closely linked with the governing party because it was the General Secretary of the governing party that was the Managing Director of Giboil and they were wary that there might be conflicts of interests, at the time, which were of course unfounded, but there was very little the Government could do because to my knowledge the Government did not give any privileges to Giboil other than to give them a licence to trade and their success or otherwise in competition with Shell depended on their ability to obtain the necessary fuel and manpower and tugs and whatever to do the job and, in fact, I do not know whether they are still in operation but it may well be that they have not been able to compete successfully. There are two other operators involved in the business, who are not Gibraltar companies, and who have come in from outside and who have applied for licences to operate and the view of the Government is that although Shell is, in fact, very successful in bunkering in the Port there is no harm in more competition coming into the business and providing an alternative. That is, however, a totally independent issue from the Government's own thinking on its investment policies and on its investment policies. We do not accept that the Government's role is purely to run the public service and do nothing else. We are, in fact, very seriously concerned, as the Hon Mr Britto said, about the balancing of the books because regrettably the books are unbalanced. If we had a situation where the Government coffers were overflowing with money then we would not be concerned about where the future lies but, as I explained during the election campaign and since the election campaign, the thinking of the Government - and I remember saying this at the time in a political broadcast during the election campaign, Mr Speaker, was that the straightjacket in which the then AACR Government was caught and which we did not want to be caught in, was that they were under pressure on the one hand not to raise the cost of the public services either directly or indirectly and responding politically to that pressure and they were under

pressure on the other hand to improve them. So you have got a situation where people, as consumers, looked at the Government to provide improving services over the years but as producers they resist being asked to pay more for those improvements and if the Government has only got taxation as a source and the provision of services as an expenditure, and it is spending £78m a year and has a salaries and wages bill of £42m a year, then it is caught in a situation out of which there is no escape. In looking towards a future solvency for the Government we thought, well the only sensible thing to do is that the Government must create a fresh source of income by participating in the expansion of the economy of Gibraltar and, in fact, because of the involvement of the Government itself in participating in the economy of Gibraltar, we expect the rate of growth of the economy to be bigger than if we were not participating. So if we look at the economy and we say: "Without the Government itself getting involved in investment and getting involved in the creation of new economic activities, the economy will grow by X" then logically if the Government gets involved - and we are not talking about taking away business from somebody else but increasing the total volume of business in the economy, then the results should be X+1. So we are projecting a rate of growth of 12% per annum which we will not be able to deliver if we actually did what some business people think we should do and what the Opposition appear to think that we should do which is not get involved in business ventures. We would not be able to achieve that 12% of growth by simply sitting back and letting the economy perform by itself. We went to an election saying that that was not the right thing to do. We have rejected the view of the Hon Mr Montegriffo that the economy just needed fine tuning. We will be judged not by our failure to do what we said we would do but whether having done what we said we would do we make it work or we do not make it work because that is the essence of being elected on an election manifesto, you then go in and you try and deliver what you said you were going to deliver and then people will judge you by whether you do it or you do not, not by whether you have changed your mind a year after being in Government or a week after being in Government. It is obvious, and again I do not need to give any lessons on this to the Hon Member opposite who has been sixteen years in Government, that every time - and I have explained this, again, also in the House of Assembly, Mr Speaker - every time you even consider the possibility of doing something within a matter of minutes somebody is already telling somebody else in the strictest confidence and on a vow of death, that nobody must know and, of course, the more qualifications they add to the thing not being passed, the more that it will guarantee that it will pass like wild fire throughout Gibraltar except that every time somebody tells it to somebody else, under vows of secrecy, they add a little bit more to make it a little bit more exciting. He knows that as well as I do, I did not realise it was so bad until after we got in but he must know that better than anybody else because he must have experienced it hundreds of times, I imagine, when somebody has stopped him in the street and

said: "Why are you doing this?" and he has had to turn round and say: "Well, I am not doing this, this is the first I hear of it". And then he can track it back to some chance remark he might have said to somebody and see the eventual end result of that being exaggerated. It is also true that there is an element in the psychology of Gibraltar and of our people which needs to be changed and that is that notwithstanding the fact that there was a desire for change which was clearly demonstrated in the election, and that he went along to an election campaign promoting the idea of the need for change, and notwithstanding the fact that we are constantly preaching that change and survival go together and that unless we are prepared to be more adventurous and show more initiative and accept changes in the ways that we have always been doing things, whether within the public sector or in the private sector, unless we do that we are not going to survive. We emphasise this all the time and what we find is what is to be expected, that everybody agrees with the change except the one that affects him and everybody says it is a wonderful idea to have change but not in my little corner of Gibraltar. So we want the changes everywhere else except to ourselves or our sphere. I think the difference is to what extent should we pursue policies that we believe to be the right policies and the good of Gibraltar or to what extent should we allow progress to be halted because of these reactions? And the answer is that it does not mean we are going to be right every time, I have already said that, and it does not mean we are never going to make any mistakes and I think we would need to be perfect, Mr Speaker, if we spent four years in Government without ever getting anything wrong or ever making a single mistake but it is a matter of judgement for which we have the responsibility and for which we are being paid and that is to take decisions and we will take those decisions. We will weigh the arguments that are put, whether the arguments are put here in the House and if the Opposition brings a motion to the House in order to condemn the Government and censure the Government, either they are doing it because they feel that that will gain them votes or they are doing it because they want to bring to the notice of the Government arguments that they feel may have escaped us and we are, in fact, grateful for any arguments that they bring to the House that they feel may have escaped us, even if they have not escaped us because perhaps some of them might not have been brought to us already although as a general rule I imagine that most of the people who have been to lobby them are the same ones that have been to lobby us already. Because notwithstanding the fact that we spend an awful lot of time in our offices we still get people queuing up to bring us their grievances, their problems, their discontent and everything else and we do see everybody. The situation is that in looking at this particular joint venture the Government will be taking into account, as my colleague has already said, the arguments that are put to him by different people who argue for some sort of limit on controls or changes or whatever and at the end of the day the Government will decide what it considers to be the best way forward on this and on anything else.

However, Mr Speaker, what must be made clear is that we are committed to a particular Economic Programme which involves investment in a range of economic activities which require certain fundamental things to be achieved because otherwise we will not achieve the rates of economic growth that we have set out to do which we will do, as I said in my New Year Message, if we are able to carry people with us and we are able to persuade them that this is the right thing to do. If we cannot do this then at the end of the day, in four year's time, the targets will have been missed but they will not have been missed by us and they will not have been missed because we have got cold feet and backed out. They will have been missed because we have been incapable of persuading other people of the logic and the rationale of what we are doing. I therefore have to say that we reject the criticism of the fundamental policy and I also reject as total nonsense any question that this is osmosis. In fact, I think when you use a pressure pump in the process you do it to create reverse osmosis which is what I think PSA is doing with their reverse osmosis plant. In fact, the osmosis is when it goes through the membrane in one direction and the reverse osmosis. It has been quite correctly identified by the Hon Mr Featherstone that this is what we are against and which is when you use the pressure pump to push it in the other direction. We are looking at it on the basis that we have a clearcut necessity to do something to cure the economic problems that we have inherited. In a previous motion in the House we were told in relation to the withdrawal of the Forces, that the British Government should be made aware of the needs we have for money for housing and for hospitals. We do have these needs but they are not all needs that have appeared in the last twelve months, we have them because they did not happen before April, 1988, and it is clear that we are not going to do them all between 1988 and 1992. However, we are going to do as many as we can and the more money that we can achieve the more that we will be able to do and the more that we will be able to do and the more that we will be able to achieve the happier the people will be with the performance of the Government because, at the end of the day, that is what they will judge us by, by what we are able to deliver, not by pie in the sky, not by models of things that never appear but by concrete, bricks and mortar. That is the commitment that we have, to produce a Gibraltar for the people of Gibraltar of which they can be proud and if we fail in the attempt it will not be for want of trying, hard work or commitment. We are not going to do all that just to hand it over to the Mancomunidad or the Junta de Andalucia or Madrid, the Hon Member can be assured of that and he can sleep tight.

MR SPEAKER:

If no other Hon Member wishes to speak I will call on the Mover to reply.

HON P C MONTEGRIFFO:

Mr Speaker, I must congratulate the Leader of the Opposition for drawing Mr Bossano out, against what was obviously his initial reaction and to that extent he is prepared to amend his previous judgement on whether he should speak or not. Quite frankly, he could have saved himself the bother because if I thought Mr Pilcher's contribution was weak and inadequate, I think, he at least attempted to deal with the issues that this motion raises. The Chief Minister, however, has not done so at all, we have had this whole rhetoric, all over again, about the people of Gibraltar, that they are going to make money, that the Mancomunidad is not going to take this away from us, I appreciate that there are a few people in the Gallery but not so many. I will deal with Mr Bossano's comments subsequently but both contributions from the Government side have been very inadequate and have failed to appreciate the points that we from the Opposition side have been trying to make. The first point I want to address arising from Mr Pilcher's contribution is the question of open Government. The way he has dealt with the matter is totally unacceptable. I do not think Mr Pilcher or the Government understand what we are talking about when we say open Government. He said open Government means consulting those people that have an interest in any particular matter. Mr Speaker, were all the companies, all the trust firms and all the company administration firms consulted when Government decided to increase the fees for a company's incorporation in Gibraltar? No, Mr Speaker, and as you well know and I well know they subsequently complained because there had been no consultation. Was that open Government? Has the Chamber of Commerce or anybody else been consulted before the Business Registration Ordinance was passed in the House today? I tell you they have not been. I spoke to Mr Seruya yesterday and he did not know a thing about this. Is that the type of open Government we are talking about? Were the Unions consulted? With regard to the Income Tax (Amendment) Bill that caused so much controversy, was the Chamber of Commerce advised of it before? No, and did it make any difference? No. At a later stage they tried to make a fuss but not before. Now this venture, Cepsa-Oxy, was set up early in January, was Shell, the Unions, Mobil or BP told about it before? Of course they were not. It is a mockery to talk about open Government meaning consulting people who may have an interest before they proceed. There has been nothing of the sort at all. In the four examples I have given things have happened and people have subsequently reacted, after the event, when things have come to light. Mr Pilcher has also made the point that the motion is premature because nothing has happened yet. Well, in fact, two points - the motion says "the proposed Government interest" so technically speaking the motion is correct in that it talks about the 'proposed' interest. In any event, Mr Pilcher is a director of a company in which Cepsa has 50%, if that is not already a joint venture I do not know what is. It may not be completely finalised as to how far the operations of that

company are going to go but to say that it has not been decided upon, in principle, is rubbish. In fact, for them to say, Mr Speaker, that they will not come out publicly with things until everything is finalised goes totally against their recent behaviour in other things. We have heard about the £300m airport, is that finalised? My God that is not finalised that is just flying in the air as well. We have heard about a tram service for Gibraltar, when they went to Nice, is that finalised? No, but they have come out publicly about the tram service. They have talked about a road all across the Upper Rock that the Japanese are going to build. Well, why did they not keep quiet until that is finalised? Mr Speaker, if the criteria was that no information is given publicly until the whole thing is sewn up, my God we have had castles in the sky that should already have had the foundations in the earth a long time ago but the fact remains that when the Government wants to have airports and it wants to have trams around Gibraltar even when at a very preliminary stage, way before anything like Cepsa-Oxy, it has no difficulty in coming out publicly and saying: "We are doing these marvellous things and we are pressing ahead". Mr Pilcher made the point that "what is so scandalous or what is so alarming about his being co-director with so many other Spanish directors in the company?" Well, it is, in my view, quite novel and therefore alarming for a Government Minister to be in venture with a Spanish company. It may not be remarkable nowadays in the commercial world for an individual or a company to have Spanish co-directors, but for a Government Minister to be in a Board with Spanish representatives and in a joint venture with a Spanish firm is novel and therefore requires public debate. It is not simply a normal matter, let us not kid ourselves and clearly is something totally different. Mr Pilcher, I think, tried to explain the position by saying: "This is just part and parcel of the general position on joint venture companies where we will come clean once everything has been finalised and once a decision is taken", but I think the Government has got its wires crossed, I am not sure if Mr Pilcher is right or Mr Feetham is right. Mr Feetham's line appears to be, that in any respect GSL companies are not something that the Government is answerable for and therefore not something that they have to come to the people whereas I think what Mr Pilcher said was that they will come to the people and explain fully once the thing is finalised. Well, the fact remains, as far as I am concerned, there is no real convincing reason why in something like Cepsa-Oxy they have not come to the people and explained their position before finalising matters. With regard to the point on conflict of interests this is totally misunderstood by the Government. I am not now sure, Sir, whether they understand the position but do not want to recognise that fact or whether quite genuinely they believe that there is no incompatibility. The Chief Minister has said that some businessmen would take the view that it is incompatible but they do not take that view. This is not just a question of investing in a company. It is a question of decision making where in the Board itself a Government Minister also has a say. People in the business,

the Shell Manager came out publicly, a major company in Gibraltar came out publicly saying: "This is a blatant conflict of interest". And he is not saying it only - I am prepared to accept his integrity - because of commercial protection of his own position. You cannot have a Government Minister on the one hand sitting in a commercial capacity in a competitive situation with other companies and also being involved in formulating policy. I am sorry, that is in clear conflict and I do not want to pass judgement on whether the point is either understood but neglected or the Government does not fathom that point. Mr Pilcher said: "I was voted to make money for the people" or words to that effect. Well, that is not what he was voted in for, he was voted in maybe to make Gibraltar more prosperous but making money is not the only criteria, it is how you make money. Are we going to ruin other elements of the economy? Are we going to have enormous political dangers creeping in, in your bid to make Gibraltar more prosperous? Is Cepsa-Oxy in any event so important to this whole equation that we cannot go ahead with other ventures that the Government may feel are also relevant without the Cepsa connection? The Minister also said that in any event people must not worry, Sir, because they know the GSLP and the GSLP can be trusted by them because they know that the GSLP will never want to have osmosis, will never want to sell Gibraltar to Spain and that they are here to protect the people of Gibraltar. Mr Speaker, I should hope so but that is hardly an element of comfort. If any Member of this House is here to do anything else, well then let us resign. I would accept as an assumption that you are here to protect the interests of the people of Gibraltar. The point is that in trying to protect that we conceive you have made an error of judgement in how you can best defend that position and you cannot do it because you are putting yourself in an impossible situation and you will come to regret that decision and the Government will be worse off for it at the end of the day. Mr Pilcher also said that I could have knocked at his door and he would have given me full explanations of the whole matter and that that could have been a way of dealing with the matter. Mr Speaker, again, he fails to understand one of the fundamental points we are making. It is not for me to know, I am not the only one who is interested, it is Mr Perez and Mr Smith in Varyl Begg and Humphries who need to know and if it were not for the press they would not know. I do not want to have a meeting behind closed doors with Mr Pilcher. We are talking about public debate and here we have a major situation where the Government's explanation has been dragged out, squeezed out reluctantly. Today we have had two inadequate contributions, the Chief Minister to save the day, has tried to put in his moral ways to see whether he can further the arguments on behalf of the Government but this is not the type of democracy that Gibraltar aspires to. There is then, of course, Mr Pilcher's final comment that it is the Opposition who should withdraw this motion. Well, I suppose really it brings a smile to our faces in that here you have a situation where you have a joint venture already incorporated, a Government

Minister on a Board with a Spanish company and what the Opposition is saying is that we are condemning this proposed venture and all we get out of it is "Nothing has happened yet so withdraw the motion". This is as far as you can go in insulting people's intelligence and, clearly, the motion is relevant today, thank God, because it appears that the Government is rethinking its position from the indications that we have had from Mr Pilcher in some disguised way, the Government is saying: "We have got the company but we are going to see how far the company is going to operate". So to some extent we have been able at least, at this presumably preliminary stage, to get the Government to rethink or curtail the activities of this company. To that extent it is to the good. What do they expect us to do bring a motion when they issue a Press Release saying: "It has all now been agreed, it is all tied up, now bring your motion". That would be a ridiculous situation. If anything we must bring a motion to try to exert, if not pressure, some form of rational argument to make them think the whole process. I will now turn to the Chief Minister's contribution. The Chief Minister purported to open the debate to the whole question of joint ventures and this debate is not about all the joint ventures, our position on joint ventures is well-known, and is that those that compete in the private sector with existing businesses we have reservations about and those that bring in a new element, like the Land Reclamation Company, we think are valid. This is a new and separate issue, the Cepsa issue. This is not a normal joint venture, this is not a joint venture with a Danish company or with a Gibraltar company. This is a joint venture with a Spanish company and this raises implications that cannot be glossed over simply by saying: "We want to make money for the people of Gibraltar". Let us make money for the people of Gibraltar by plugging into the Sevillana and then we will cut our electricity bills by a half or a third. Of course, we do not want to do that because apart from the economic consequences there are other important factors. When it comes to Spain a special sensitivity is required and a special way of dealing with the matter. The Chief Minister also seemed to argue that the two-stage detachment, Oxy and Cepsa-Oxy, somehow was the course of some comfort because the Government was not directly responsible. Well, I hope that I made it clear from my earlier argument that that view is a complete distortion of the truth. The reality is the Gibraltar Government influences events right through and the mere fact that the Minister has a casting vote in Cepsa-Oxy is an indication of Government control at that level at the very end of the day. What comfort do we derive from a number of intermingling companies? The Chief Minister also said that people have to understand that unless we change and have progress that Gibraltar cannot survive because Gibraltar needs the self-sufficient economy. Well, Mr Speaker, everybody is for progress and we support progress, in fact, who is going to say no to progress but this is all rhetoric that does not take into account the issue at stake. If, in fact, we want a self-sufficient economy the reason for that, as I have

understood it always, was a self-sufficient and independent economy not necessarily, Sir, as a means in itself or as an end in itself but because it would give us a sense of political independence in that if we could take decisions for ourselves from a position of strength. But what sort of economic independence do we have if we are linking up with Spain on a joint venture on a factory and on a joint venture with Cepsa? Have a joint venture with BP, have a joint venture with a French company but not with those very people whom you are trying to protect us against otherwise what you are doing is helping the whole process of dependence on Spain. Self-sufficiency and independence means ultimately having an economy that can withstand pressure from Spain if that ever comes again. The Chief Minister has completely ignored the whole question of democracy and open Government and maybe the reason why he ignores that is that it has been dealt with by Mr Pilcher. But it is a matter of serious concern, I would have expected him to have made some comment. My concluding remark, Sir, is that I think that the Government is going through a rethinking process. It appears to me that the extent to which this joint venture was going to be operating before, to some extent, is going to be curtailed or the matter is still in the air. For that I am grateful and I am not sure how far we are responsible for that but the fact that the Government is rethinking shows that this is not just a trickle of public opinion, this is not just a little leak which we are converting into a flood. It is an important difference of opinion that the vast majority of sectors in Gibraltar have with the Government on this issue and if we manage, at least, to mitigate the damage by not having this joint venture to the extent of the Government's original intention that would have been some success. Thank you, Sir.

Mr Speaker 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 following Hon Members abstained:

The Hon E Thistlethwaite
 The Hon B Traynor

The motion was accordingly defeated.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I beg to move that the House do now adjourn sine die.

Mr Speaker proposed the question and in so doing informed the House that the Hon M K Featherstone had given notice that he wished to raise, on the adjournment, matters relating to the question of the clamping of vehicles in an indiscriminate fashion and towing away thereof.

MR SPEAKER:

I will now call on Mr Featherstone 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 M K FEATHERSTONE:

Thank you Mr Speaker. Some four years or so ago when I was Minister for Public Works, I got my Department to design clamps to put on the wheels of motorcars, so that we could institute a procedure under which cars which were blatantly badly parked could be clamped and their drivers would have to pay a £25 fine to have the clamp removed. This system was implemented about three years ago and worked reasonably well for a good period of time. However in recent months the clamping of motor vehicles has been taken over by a Company set up with Government approval called Gibraltar Security Services Limited and they have been clamping and towing away motor vehicles. This has become a matter of considerable public worry and I have had quite a number of representations expressing concern at the manner in which the Company seems to be operating. It seems that the Company is more interested in raising revenue by clamping and towing away vehicles rather than confining itself to those vehicles that are really creating a traffic problem by being badly or inadequately parked. This is very noticeable in certain areas of Gibraltar and one of these areas is the Willis's Road and Moorish Castle area. It would seem that the imposition of clamps ceases at 9 o'clock at night and I would submit that it would be a sensible idea, especially in the Willis's Road area which is close to the hospital, if the clamping in this area could cease at 7 o'clock at night so that persons who wish to visit the hospital were able to leave their car parked within a reasonable distance of the hospital itself. At the moment, there are a series of areas in Gibraltar which are called blue zones, where you have the double yellow line with the blue line in the middle, and if you park in any of these areas you are liable to get clamped. The entire length of Willis's Road is practically a blue zone and it makes it extremely difficult for persons visiting the hospital to be able to park somewhere reasonably near the hospital without the risk of getting clamped. It seems that the Company undertaking the clamping is just waiting for the unwary driver to park his car and immediately clamps the car. So Sir, I would submit that the Government should inform this Company that they should take a little more care as to the amount of clamping that they do and that they should not clamp after seven o'clock at night and particularly in the area of Willis's and the Moorish Castle Estate they should be more tolerant. The Company should also be informed that whereas clamping is something which is a reasonable deterrent in normal circumstances, it should be used with a modicum of discretion and not as indiscriminately as it is at the moment. Thank you, Mr Speaker.

HON A J CANEPA:

Sir, I would like to highlight, in perhaps slightly more graphic fashion, the problem which my Honourable colleague, Mr Featherstone, has raised regarding the area around the hospital. Our objective in bringing the matter to the

House, this evening, is to ask the Honourable Mr Juan Carlos Perez, who I know does take an interest in this matter, once he has been made aware of the full extent of the problem, to discuss the matter with the Police or with those concerned with the view to try to find a reasonable solution to what is a difficult problem. I have lived most of my life up at Willis's Road. I know the area intimately, I also know the area of Moorish Castle very well, where my parents have always lived in that area. Moorish Castle Estate has a particularly difficult parking problem, probably a more aggravating parking problem than any other Estate in Gibraltar, perhaps even including the Varyl Begg Estate. I say that because whereas in the Varyl Begg Estate it is possible to go into the Estate by one entrance and exit through another, through a different place and there is also a very large adjoining area to the Varyl Begg Estate, whilst in Moorish Castle area that is not the case. At Moorish Castle the entry point is also the exit point and it is very aggravating for car owners to go in, drive around the Estate, making life difficult for themselves and all concerned, and then have to leave the Estate. It is a particularly difficult area and it needs a great deal of care and sensitivity. We come now to the hospital. Over the years, visiting the hospital has been a particularly hazardous operation for anyone having to use a car. I say anyone having to use a car, because sometimes if people live in town it is perhaps easier to walk up to the hospital. But if you live out of town and you might also have to bring elderly people to visit someone then you might use a motorcar, there is no other way of doing it. I have known over the years from living up there what difficulties are posed by people parking their cars at Willis's Road. Sometimes obstructing owners of garages and very often those that visit the hospital know that they are obstructing garage owners. What they do is they leave the car door open and the key in the ignition so that the car can be moved to allow access to the garages. It is a particularly difficult problem. I can tell the Honourable Member that where a patient is very seriously ill, and I have had personal experience of that, and you have to visit the hospital, not just during the normal visiting hours, you may have to visit the hospital throughout the day because you are being allowed to visit the hospital throughout the day because a relative might be very seriously ill, it becomes a particularly difficult problem to arrive there at midday, to arrive there in the early afternoon, to go and see a dear one who is very seriously ill and to have a problem with the car and not to have any choice but to use the car. We are also now in the middle of winter and it can be very wet in Gibraltar and if you want to visit a relative, it is no good saying that you just leave home a kilometre or two kilometres away and walk up there. That is not and cannot be the answer, when weather is particularly bad. I know a number of people in that area, garage owners, and I have been able to come to arrangements beforehand by phoning these friends of mine and saying "look, do you mind if I park

my car outside your garage, I will leave the key in the ignition if you need to move it". If you are able to do this fine, at least you could do that two or three months ago but not today, if one were to do that you would come back and find that your car has been clamped or towed away. I have also heard of instances, in that area, where people who may be visiting relatives late at night, perhaps having gone for a cup of coffee or a meal and finding their cars clamped. I think there are other areas in Gibraltar which are obviously suffering from the same problem of excessive clamping but in this area it is a particularly dramatic one, I think, because of the hospital and as such needs to be given very careful attention. Gibraltar has a well known serious parking problem and no Government is able to work miracles overnight. In the days when the Police were responsible for clamping and towing away the matter was treated in a much more low key fashion. I do not know why it is that Gibraltar Security Services Limited appear, of late, to have become I will use the word

"more aggressive" in clamping and in towing away vehicles. The matter is causing concern in various parts of town. We have had representations from a number of people and I would like to pass them on to the Honourable Minister for Government Services for him, as I say, to discuss the matter with Gibraltar Security Services Limited and see whether what is in itself obviously a legitimate function, which the Traffic Authorities must have recourse to, can be toned down considerably and whether the approach can be a more discretionary approach that does take into account the difficulties that ordinary members of the public experience.

MR SPEAKER:

I do not want to interfere, but I wonder if there is any other member who would like to speak.

HON K B ANTHONY:

Yes Sir. Only a short contribution. When the Traffic Wardens came on the streets I was a little wary, I think everybody in Gibraltar was wary, we know of their reputation in England. I have now seen them in action and I think they are extremely good, very efficient, they have released the Police for better purposes and in the majority of their work I would pat them on the back. But when you come to clamping and towing away you are dealing with a very immotive situation, particularly in Gibraltar, because it is a situation where people find that their cars have been clamped or towed away and they have got to pay £25 to get back what is, after all, their own property and people resent this. I certainly feel that I have no objection at all to clamping or towing away where a car is creating a hazard or is a problem, an obstacle, then by all means tow it away. I think everyone on this side will agree with that. But we are not talking about causing traffic problems, of a car that is creating a hazard,

we are talking about cars being clamped and being towed away simply because they are illegally parked. This is a problem because many people in Gibraltar are forced to park illegally from force majeure, there is nowhere else to go and as my Honourable colleague has said up the hospital where you have a problem, where you want to go and visit somebody, what are you supposed to do? Go up there, come down again into town, try and find a parking place. People will not always do that, they often cannot do this. So therefore they will from necessity gamble, and nowadays it is not a gamble, it is almost a certainty. When they come out, they are going to find the clamp on the car and in many cases find that it has been towed away. It is this draconian approach that I object to. It is a case of black or white, there is no grey, there are no inbetween shades, no discretion is applied. I saw for myself a rather ridiculous situation where in their efforts to tow away a car one night, in the Piazza not a hundred yards away from here, there were four members of the Gibraltar Security Services Limited, two policemen and a tow away truck trying to tow away one car that was parked, not creating a hazard or an obstruction, it was parked at the very end of a taxi rank and in their efforts to remove it they had created a traffic queue which went out of sight in both directions of Line Wall Road. I know because I stood there and watched for fifteen minutes. Now this was a draconian situation and I do not think it is a very good situation. My colleague also mentioned the days when the Police had the responsibility for clamping and towing away and as a motorist or many many years, I can tell the House that on many occasions when I had perhaps committed an offence by parking my car in the wrong place. I had a phone call from the Police saying, "your car is parked on the wrong place, will you please move it or otherwise it will be towed away" and I have gone down and moved it, but you do not get that nowadays. It is this lack of leeway that is being applied, there is no discretion any longer. If you are parked in the wrong place, you are towed away or you are clamped. I would not like to see a situation of us and them developing. Us being the motorist, them being the Wardens who have the power to clamp you and putting your car out of action. It is a paradox, Sir, it is a paradox often because when a car is clamped, because it is causing an obstruction, it is more of an obstruction because the owner then has to come down, go to the Police, pay his fine, get his car unclamped. The car is there for possibly half an hour longer than it should have been. It is a paradox. So what I would like to see Sir, is Gibraltar Security Services Limited to instruct their Wardens to start using a little bit of discretion, a little bit of commonsense. If a car is not causing an obstruction, if it is not causing a hazard, even though it is illegally parked, it is breaking the law, let them apply the spirit of the law, let them use a little bit of discretion, let us get back to a little bit of commonsense on the whole question of parking because as we all know, every motorist on the rock knows, the virtual

impossibility, at certain times of the day, of finding a place to park your car. Let us bring back commonsense on the question of parking. Thank you Sir.

HON J C PEREZ:

Mr Speaker, I think the three speakers have said that when the Police used to undertake this work that the situation was not as severe as it is today. Let me make it quite clear that the responsibility of undertaking this work is still a Police responsibility which it has contracted out to a Company, but that the Company works under the supervision of the Police and that anybody that feels that they are being indiscriminately clamped have the right of appeal to the Police and not to the Company. So ultimately the Police continue to have the responsibility for this. What has happened is, and the previous administration recognised it, that the Police claimed that they had insufficient people in the Force to be able to carry out this work properly and although the law was in the Statute Book, the enforcement of that law was not what the Commissioner of Police, at the time, would have liked it to be. Evidence of this is that the previous administration had already made arrangements for the employment, the direct employment, of Traffic Wardens and I believe the figure, for which even money had been included in the previous Budget, was fourteen Wardens. This administration thought that it would be better if the Police could contract the work and the Commissioner agreed that it would be better to do so. Although I am talking on this matter at the moment because of the responsibilities that I hold for traffic, in fact, I had cleared with the Honourable the Attorney General that he might be the one to answer, because at the end of the day, he answers for the Police in this House. Notwithstanding that there are matters of traffic, where I, as Chairman of the Traffic Commission, and the Commissioner of Police can meet regularly and discuss and this is certainly one of them. What I want to make clear is that the overriding responsibility of what areas are clamped and how the clamping and the towing away is done remains a Police responsibility and that the Company through its Wardens, who are by virtue of the amendment passed in this House, Police Officers at the time that they are operating in this sphere, come under the control of the Commissioner of Police. So it is not a question of the Company taking the decision to undertake more clamping or less clamping or more towing away because they are making it for a profit, like the Honourable Mr Featherstone suggested. It is just that the law, that lay in the Statute Book before, is now being applied to its fullest because the manpower is now there available and contracted by the Police. I take the spirit in which the Honourable the Leader of the Opposition has raised the issue. I believe that within the Ordinance, the Commissioner of Police has discretion to look at areas and particular difficulties and apply the law less rigidly than in other areas. If the Hon Member has more evidence

of the problems that he has already stated, in the hospital area, he should by all means send it to me and I will take it up with the Commissioner and with the Attorney General and let us see if we can do something about it. Certainly the long-term solution is in creating more parking areas and one of the areas which is being looked into very seriously is the hospital area and the Moorish Castle Estate and which are the areas that have been mentioned. If the Commissioner does have that discretion under the Ordinance I am sure that something can be done about it, but I thought that I ought to make it quite clear, Mr Speaker, that as Chairman of the Traffic Commission, I can only talk to the Commissioner about it, at the end of the day it is his judgement, his discretion and his responsibility as to how far or what discretion he uses in applying the law. The difference between what was happening before and what is happening today is that before, the Commissioner claimed he had insufficient personnel to apply the law effectively and now that he has contracted that work to the Gibraltar Security Services Limited he has more manpower. But he remains ultimately with the responsibility of law enforcement. I will certainly raise the matter with the Attorney General and the Commissioner of Police.

HON ATTORNEY GENERAL:

Mr Speaker, on behalf of the Commissioner of the Gibraltar Police Force, we have certainly entered into this contract with Gibraltar Security Services Limited to do this work for us, the work is clearly set out in the contract. I shall make sure that the Commissioner of Police is informed of what the Leader of the Opposition, the mover of this motion and the Honourable Mr Ken Anthony have said. As far as the Commissioner of Police can ameliorate the situation, if he considers that it should be ameliorated, he will do so. I shall make sure that the contributions of the Opposition in this debate are brought to the attention of the Commissioner.

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 6.45pm on Wednesday 22nd February, 1989.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

29TH MARCH, 1989

VOL. I

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Fifth Meeting of the First Session of the Sixth House of Assembly held in the House of Assembly Chamber on Wednesday 29th March, 1989, at 10.30 am.

PRESENT:

Mr Speaker (In the Chair)
(The Hon Major R J Peliza OBE, ED)

GOVERNMENT:

The Hon J Bossano - Chief Minister
The Hon J E Pilcher - Minister for GSL and Tourism
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 K W Harris - Acting 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

ABSENT:

The Hon J L Baldachino - (who was away from Gibraltar)

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

PRAYER

Mr Speaker recited the prayer.

OATH OF ALLEGIANCE OF NEW MEMBERS

The Hon K W Harris, Acting Attorney-General, took the Oath of Allegiance.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 24th January, 1989, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

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. 5 of 1988/89).
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No. 6 of 1988/89).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No. 7 of 1988/89).
- (4) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No. 3 of 1988/89).
- (5) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No. 4 of 1988/89).
- (6) Statement of Supplementary Estimates No. 4 of 1988/89).
- (7) Annual Report and Accounts of the Gibraltar Broadcasting Corporation 1987/88.

Ordered to lie.

HON A J CANEPA:

Mr Speaker, perhaps you will grant me the indulgence of my asking the House to note the fact, since we have tabled the Accounts of the Gibraltar Broadcasting Corporation, that apparently the proceedings of this meeting of the House are not being broadcast over GBC radio. It might be of interest if before the House resumes this meeting on the 11th, which is only the second part of a meeting which will then continue late in April, we might get answers from the Gibraltar Broadcasting Corporation as to why they are not broadcasting the proceedings, and I stress, of this meeting of the House. I think we are going to have to be consistent and if they do not broadcast the proceedings of the House today we may not want them to broadcast the proceedings of the House on the 11th when there will be Question Time and we may also not want them to broadcast the proceedings

of the House at the end of the month when we consider the Budget and, perhaps, GBC might have to explain to the public why they are not using the funds, and the staff, which have been voted by this House in order to broadcast the whole of the proceedings of the House.

HON CHIEF MINISTER:

Mr Speaker, certainly, as far as the Government is concerned, the position is that we have maintained the consistency in the views adopted by both sides of the House prior to the election that it was a matter for the House to determine what it wished to have broadcast since, in fact, this is an additional service to keep the people better informed and for which we are paying extra and therefore GBC was still entitled to deal in its news items with the things it wanted to highlight. Both sides of the House felt then and feel now that, in fact, it would be extremely difficult and not in GBC's own interest to introduce their own selectivity into the procedure without running foul of possible misunderstandings and possible fears that they were being influenced by political considerations in that selectivity. I think that was a consideration that the AACR in Government wished to avoid and it is a consideration that the GSLP Government wishes to avoid and at the end of the day whilst we are not in a position to order GBC to be here and to provide the coverage, certainly it is a commercial transaction, as far as we are concerned, for which we are paying and if they do not provide the service for which we are paying then we may decide that the service is not required.

HON A J CANEPA:

May I add, with your indulgence, Mr Speaker, that first of all, GBC do not appear to have had the courtesy of informing your office of the fact that they were not going to broadcast the proceedings of the House. I think, as a matter of courtesy, your office and Hon Members were entitled to have been informed beforehand that that was not the case. Let me also make it clear that it is the desire of Members on this side of the House that all the proceedings of the House be broadcast. It is not that we do not want them to broadcast Question Time on the 11th, that works to our disadvantage as Members of the Opposition, but we think that we ought to be absolutely consistent and it would seem that GBC want to decide what is of public interest themselves and what is not. Apparently the legislation before the House this morning is of no public interest and it could well be that Question Time on the 11th is of public interest but it could also well be that the Budget Session is of great public interest at the end of the month and, really, what they cannot do is to pick and choose. The view of Hon Members on this side is that they have got to broadcast

all the proceedings of the House and we do not agree with the interpretation that has been given on a previous occasion that that constitutes editing. Broadcasting all the proceedings of the House is not broadcasting a news item. GBC have a perfect right to edit news, this is not news, this is a service and they either take all of it or they do not. I think that GBC have been, to say the least, most discourteous to this House by not having informed us, at the beginning of the meeting, that they were not going to be broadcasting the proceedings.

MR SPEAKER:

If the House agrees I will communicate the views and feelings of the House to GBC.

SUSPENSION OF STANDING ORDERS

The Hon the Minister for GSL and Tourism moved the suspension of Standing Order 7(3) in order to change the Order of Business and consider Bills.

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

BILLS

FIRST AND SECOND READINGS

THE GIBRALTAR HERITAGE TRUST ORDINANCE, 1989

HON J E PILCHER:

Sir, I have the honour to move that a Bill for an Ordinance to establish the Gibraltar Heritage Trust 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 E PILCHER:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, in so doing I would like to give a short explanation of how we have arrived at this situation. Before I start doing so let me, first of all, say that this Bill in front of the House today has taken the last six to seven months to see the light of day after long discussions with both the Museum Committee, with the old Heritage Trust - if I can call them that at this stage -

and the Friends of Gibraltar Society in the United Kingdom. I think it is a question of looking at the history of the Gibraltar Heritage Trust particularly and looking at what it did once it was established. When we took up office early in April and started looking at things, one of the things which we looked at was the Heritage Trust. If the Hon Members who were here in the House, when Members opposite were in Government, will recall that at meeting after meeting I used to ask questions relating to the Heritage Trust and whether or not any land, buildings or site had been handed over to them and I kept this up for about a year. The answer always given was that there was some problem or other and that the MOD had not handed over the sites. In reality what happened was that the Gibraltar Heritage Trust, as it was conceived, never got off the ground and it became, I think, a situation where it was one other Committee which did not have either the power or did not have the land vested in it to actually be able to be more than just be a Committee. In looking at the Gibraltar Heritage Trust and after having meetings with members associated with the Trust I realised that there was, as far as I was concerned, a duplicity in the function of the Trust and the functions of the Museum Committee and that both of these Committees in one way or another were supposed to be looking after Gibraltar's heritage. Heritage be it in antiquities, buildings, etc and in some cases the Government sought advice from the Museum Committee and in other cases it was from the Heritage Trust. There seemed to be a duplicity in the system which, as I say, I thought would be better handled in the manner that we have in front of us today. There was also, Mr Speaker, the matter of the Government giving the Museum Committee a subvention and, I think, this subvention went a long way in helping the Museum but at the end of the day it did not provide the necessary finances for the things which the Museum Committee wanted to do like expanding the Museum, etc. It was the inadequacy of the - if I can call it that - existing Heritage Trust which sparked off the flame to do something about this. Let me, first of all, stress, Mr Speaker, that this inadequacy is not due in any way to the inefficiency or lack of motivation of any of the members of the Trust but I think it was - and I do not say this in any desultory fashion to the previous administration - but perhaps a lack of direction. It is no secret that we said at the time that we felt it was perhaps a bit of a screen that was being put in between what the Government had to do with their own land, buildings, etc and the criticism being levied, at the time, to such matters as the Old Command Education Centre, etc. We felt that perhaps the Heritage Trust had been created to provide a bit of a screen for areas where the Government did not really know what to do with buildings. As it happened, Mr Speaker, what was supposed to have happened or rather the activating of the Heritage Trust was, in fact, the handing over or the vesting of the land or buildings to the Heritage Trust. The Heritage Trust at that stage would then be activated

and would then follow a mechanism by which they would then manage the area, get it refurbished, etc. This never happened because of two things. One, obviously, there was not any land or building vested in the Trust and the second difficulty was the fact that the Trust had no resources whatsoever, it was made up of volunteers and part-timers who had all the motivation in the world but did not have the facility to act on a full-time basis and in these two areas are to be found the difficulties as far as I have been able to analyse the problem. Herein, Mr Speaker, is contained the main difference in the new Ordinance. If one looks at the new Ordinance which brings together the Museum Committee and the Heritage Trust, the main difference, Mr Speaker, in the two Ordinances, particularly if one compares the old - if I can call it that - Heritage Trust with the new Heritage Trust, the primordial difference which is, I think, a difference in policy is that the new Trust would not have the ability to own land, buildings, sites, etc. That is, I think, Mr Speaker, the main difference between the old Trust and the new Trust. We feel, Mr Speaker, as a Government, that any land that is surplus to MOD or any land which the Gibraltar Government owns should be retained by the Gibraltar Government and the role of the Trust, Mr Speaker, which is in Clause 4(1) and which states: "The Trust is established for the purposes of preserving Gibraltar's heritage". I think 'Gibraltar's heritage' is far more wider because it encompasses the Museum Committee as well. The second and equally important point is at Clause 4(2) which states: "The acquisition in any manner and retention of any investments the income whereof shall be applicable (subject to any trusts imposed by the donor or otherwise affecting the same) at the discretion of the Board for any particular purpose of the Trust or for its general purposes". What that implies, Mr Speaker, is that it is not only the role of the Trust to say to the Gibraltar Government: "You shall not do anything with this building", but to try and obtain the necessary investment in order to act positively and not negatively and I think that, Mr Speaker, in a nutshell is the major difference between the old Heritage Trust and the new Heritage Trust. What the new Trust would be there to do would be: to advise Government on all matters of Gibraltar's Heritage. The Bill, which I am sure Members opposite have read - provides all the powers under the old Museum Committee and all the powers under the Heritage Trust with the exception of holding of land, but I think it is a question, Mr Speaker, of the Heritage Trust being able to seek investment in order to play a positive role in the refurbishment or the protection of Gibraltar's heritage. If you turn to page 30, Mr Speaker, "The Board's General Functions", that gives an idea of the type of things which the Government would want the Trust to do in preserving Gibraltar's heritage: "(a) to promote and secure the preservation and enhancement of Gibraltar's heritage; (b) at the request of Government, to advise Government and, where appropriate the Secretary of State" - obviously in the case of any MOD land - "at an early stage and prior to any consents being granted, on any planning or other

proposals affecting any Listed building, structure, site or land; (c) to promote the public's enjoyment and advance their knowledge of Gibraltar's heritage; (d) to promote research into and publications on Gibraltar's heritage and on the history of Gibraltar including its social, cultural, economic and political evolution; (e) to assist the Government of Gibraltar in the formulation of policy in respect of these matters; (f) to undertake such other functions as are conferred on it by this Ordinance or by any other enactment". There is, Mr Speaker, one other difference, and I will go through the Bill in a moment, but to explain the two fundamental differences, one difference which I think is the primordial difference is the ability to own land. The other difference between this Heritage Trust Ordinance and the previous Heritage Trust Ordinance is found under "Interpretation - 'Gibraltar heritage' includes (b) areas of natural interest or beauty in Gibraltar along, where appropriate, with their animal and plant life". We thought, Mr Speaker, that when we talk about Gibraltar's heritage one must not forget that heritage is not only bricks and mortar, it is also land, trees, fauna and flora and we have added that. One other main innovation is the new Category 'B' which in the old Heritage Trust used to be Schedule I - Ancient Monuments, as they were called and which nobody can damper with. If you look at "Listed Buildings, Structures, Sites and Land" under Schedule 'A', this is a copy of the old "Listed Buildings, Ancient Monuments" which came under the Museum Committee. There is a new Category 'B' which has been added to the new Heritage Trust Ordinance and which is a category of buildings, structures, sites or land which the Heritage Trust recommends to the Government and once it had been scheduled under Category 'B' the Government would have to seek the advice of the Heritage Trust before anything is done with these buildings, sites, land etc. So it adds a new dimension where it is not only the ancient monuments that the Government is trying to protect but it is also trying to protect other areas which are, perhaps, of importance to Gibraltar although not necessarily ancient monuments which cannot be touched. In this way, I think, it shows the Heritage Trust and certainly the people of Gibraltar that the Government is itself embarked in also wanting to protect Gibraltar's heritage and I think the new Category 'B' would actually give once it would be scheduled if you look at page 47 under Clause 49: "No person who is beneficially interested in any Listed 'B' building, structure, site or land shall - (a) make to that building, structure, site or land any alterations, addition, or repair that affects its archaeological, architectural, artistic, historical or vernacular character; or (b) fell any tree on the land on which the Listed 'B' building or structure is situated - except in accordance with a permit in writing issued for that purpose by the Governor acting after consultation with the Board". That, Mr Speaker, is a new element which has been added to the new Heritage Trust Ordinance. Apart from that, Mr Speaker, I think the only

other innovation is the fact that the Museum Committee is now incorporated in the Heritage Trust and would not be called upon to actually manage the Museum. It is the Government's intention, Mr Speaker, to have the Museum managed by the Gibraltar Tourism Agency which has the resources to be able to do so. Mr Speaker, it is self-evident that the Museum Committee and the Gibraltar Heritage Trust have now been integrated into this one Ordinance and, as I say, there are no major changes other than those that I have already mentioned. I do not think I have left anything out but obviously when Members opposite have made their contribution if there are any points which I have not tackled, I will be more than happy to do so then. I think all that is left for me to say, Mr Speaker, because if you look at page 48 of the Bill in front of us, Clause 53 states: "The Gibraltar Heritage Trust Ordinance and the Gibraltar Museum and Antiquities Ordinance are repealed", is to thank every member of the Museum Committee and the old Gibraltar Heritage Trust, once this Bill becomes law, as I hope it will at the next session of the House of Assembly, for the help which they have given to Gibraltar in many ways. It is the intention, obviously, in bringing together those two Committees, to use many of the same people and if you look at the page on the Board's implementation it will be seen that it is by appointment of the Governor in consultation with the Chairman of the Museum and the previous Chairman of the Gibraltar Heritage Trust. So I think everything is well covered and we will find that a lot of the members that have through the years played a part in either of these two Committees will, in fact, have a role in the new Heritage Trust. Mr Speaker, if I have left anything out I will be more than happy to answer any questions from Hon Members opposite. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Sir, the Hon Mover of the Second Reading of this Bill has spoken in very skimpy terms, if I may use that word, about the genesis of the former Gibraltar Heritage Trust and on the legislation that we brought to the House at the time. I cannot agree that he has presented the matter in its correct historical perspective. He has spoken about the creation of the former Heritage Trust which is now being repealed by this legislation as having been part of what he termed a screen. Well, I do not agree with him. In fact, the Gibraltar Heritage Trust was the result of a process which had started with a conference in London which anti-dated the controversy over the Command Education Centre. The irony of it all, Sir, is that the Command Education Centre is today a reality, that it is a very handsome building, very much in character with Cornwall's Parade

adding lustre to Cornwall's Parade, very much in scale, it is no taller than the buildings around it. It is that particular development that seemed to draw the fangs of the Conservation Society who made a tremendous hoo-ha about it at the time, took the Government to the Supreme Court and since then many more buildings are going up in Gibraltar much uglier than that one, totally out of character and more are in the pipeline in places such as the South district where they are going to be totally out of character. There is now just one sole person carrying on a valiant campaign in the Chronicle, a sole voice crying in the wilderness and of the Gibraltar Conservation Society we do not hear so much as a squeak. They seem to have gone underground completely. So I would contest what the Hon Mr Pilcher has said about the history and the circumstances in which the Gibraltar Heritage Trust which is now being done away with was created. I would like the Hon Member when he exercises his right to reply, to inform the House in some more detail as to what degree of consultation there has been with the Friends of Gibraltar's Heritage, to what extent they are in agreement with the legislation before the House today and to what extent they may not be in agreement. Let me say that we support the much wider definition about what constitutes heritage. We think it is very much a step in the right direction to have included under Heritage, areas of natural interest on beauty in Gibraltar along where appropriate with their animal and plant life and I would commend to the Minister that he should show a similar interest for other legislation which requires to be brought to this House in order to protect Gibraltar's fauna and flora. The Attorney-General's Chambers has, I think, a draft which we had approved in Council of Ministers and it has only been held back because of pressure on the Attorney-General's Chambers and in the Government's Legislative Programme. Now that the Hon Mr Pilcher is showing his wider concern for heritage, wildlife and so on, I would commend to him that he should start asking questions about that legislation and we on this side of the House would welcome seeing the appropriate legislation being brought to the House because it is now overdue and was overdue in our time, let me add. I hope that very great care will be taken now that the Government is showing a commitment to protecting this aspect of Gibraltar's heritage, that a great deal of care will be taken with any land that may be transferred in future by the Ministry of Defence where there are unique features of Gibraltar's flora and fauna evident, where expert consultation with the Natural History Society will indicate to Hon Members opposite, and to the Minister in particular, which are the areas which particularly need to be conserved and to be declared as Nature Reserves because of their peculiar habitat which enables certain types of plants and, indeed, animal life including, for instance, the Barbary Partridge. I think a great deal of care has to be taken if the Ministry of Defence are going to hand over important sites that we should not just think that they are going to be handed over for the purpose of development and that they ought to be preserved and conserved. So I think great care should be exercised in

that respect. The Minister did not explain in any detail to what extent the provisions of the previous legislation and the powers and functions of the Gibraltar Heritage Trust that this legislation is seeking to repeal, to what extent they were inadequate. He just said "because of the inadequacy of the previous set-up" but he did not explain how in the short period of time, of slightly over a year since the creation of the Trust, what is it that has happened that has indicated that, in fact, it was inadequate? I would ask him to explain that in much more detail. He has indicated what the fundamental difference of approach is between what this legislation seeks to do and the previous legislation and that is the question of the acquisition of land, the ability which the Trust previously had to purchase land and which it is now going to lose. I think there is a danger, Sir, in concentrating too much one's thinking on Crown lands. The provisions of that particular section in the Ordinance were, we were lead to believe, based on the practice in the United Kingdom where the National Trust is able to purchase land but the National Trust in the United Kingdom is also able to purchase land which may be privately owned and land which is privately owned over a period of time can become part of a country's heritage. In the United Kingdom, obviously, the most clearcut example are these old historic buildings and mansions which have been owned for centuries by some of the wealthier families and rather than have them sold for private purposes it can be highly desirable that the National Trust should purchase them and keep them as part of Britain's heritage. Though we may not have yet reached a situation in Gibraltar where we have a parallel because there is not a great deal of privately owned land which has yet been regarded as being part of Gibraltar's heritage, it is a possibility that over a period of time that may well be the case and there might be privately owned buildings - and anything to do with heritage or town planning has got to be projected decades into the future - it could well be the case that what is today privately owned land and buildings therein could be regarded, over a period of time, as being an intrinsic part of our heritage and something that we want to preserve. Whereas the Gibraltar Government itself may not have powers to purchase such land and buildings, it might be a good thing for the Gibraltar Heritage Trust to do that and in their desire, conditioned to the thinking that it is always public land that we are dealing with, Hon Members opposite may not want the Gibraltar Heritage Trust to purchase such land in competition, let us say, with the Gibraltar Government because the Gibraltar Government may have plans regarding the use or the development of that land, our thinking should not be totally confined in that way and I think that there is a danger of being too restrictive. I would have thought that the provisions of the previous Ordinance covered the situation. We were very careful in that the Trust should not be in competition with the Gibraltar Government, that was not the situation that we wanted to see and, again, nothing has happened in the intervening period of eighteen

months or so that would indicate that that probability was at all likely. The only other point that I want to make, Sir, is that not only for these reasons but also for a more specific one that we are going to find it difficult to vote in favour of the Second Reading of this Bill. The legislation makes the Curator responsible and he will have to work to the Gibraltar Tourist Agency. Sir, we know very little about the Gibraltar Tourist Agency so we have difficulty about this particular legislation as we may also have later on with the Licensing and Fees Bill. The Bill to amend that Ordinance is also related to the Gibraltar Tourist Agency and since the Government has not yet made any statements in this House about the Gibraltar Tourist Agency and what we have been able to glean about it has been as a result of whatever has appeared in the press, which has been totally inadequate, and yet here we are being asked, as a Legislature, to enshrine in legislation provisions which have to do with the Gibraltar Tourist Agency. There is little information and little knowledge and we have to be cautious about our attitude to these matters and therefore we feel that we cannot go along with the Government in supporting the legislation if only for that reason alone. Perhaps the Hon Member will take note since the Committee Stage is not being taken today, when he exercises his right to reply, if he has got more information we might hear it. Otherwise I would ask him to carefully note the points that we are making and when we go into Committee perhaps, under the appropriate Clauses, he might let us have much more detail than what he has given us today.

MR SPEAKER:

Does any other Hon Member wish to speak? I will call on the Mover to reply.

HON J E PILCHER:

Sir, there have been various points raised by the Hon Leader of the Opposition. The first point he raised was that he wanted to know about the negotiations, if I can call them that, or the conversations I have had with the Friends of Gibraltar in UK about this Ordinance and whether they were happy or unhappy about the changes. Mr Speaker, let me say that I have spoken to the Friends of Gibraltar on three occasions. I expressly visited the UK in order to meet Sir Eldon Griffiths and Sam Alper about the Bill in front of us. I think we have a situation where the Bill in front of us meets the criteria set down by the Friends of Gibraltar in UK and I think to that extent they are happy that the Friends in UK can continue to exist with this new Ordinance. As far as the intention of the Government to protect the flora and fauna, it is the intention of Government to look at each particular instance of land which the MOD will, supposedly, at some stage release to the Gibraltar Government. When this happens the points that have been

raised by him on the flora and fauna will obviously be taken into account. I cannot, at this stage, give a clearcut undertaking because we do not know which areas we are talking about nor do we know anything related to development plans which the Government might have on any of those specific areas. But, certainly, it is the intention of Government to take into account things like flora and fauna and I will follow up what the Hon Member asked me to do by contacting the Attorney-General's Chambers and see the Bills which were in draft form prepared by the previous administration, I will take that on board. As far as the inadequacy of the old Trust, I think, I covered that although I do tend to agree with the Hon Member opposite that I did not go into it in any depth. The difficulty is that it is difficult to pinpoint where the inadequacy or inefficiency of the Trust stems from and as I have said, I have had various meetings with the Trust, with people associated with the Trust including the Friends of Gibraltar in UK and it is difficult to pinpoint where exactly where the inadequacy stemmed from. Personally, I think.....

HON A J CANEPA:

If the Hon Member will give way. Could it be the absence of the former very energetic Secretary? Sometimes inadequacies have to do with personalities. A particular individual may espouse a cause very energetically and it can make all the difference when he gives up the job and those who succeed him do not have the previous commitment which this particular individual could have had because, as it were, it was his baby.

HON J E PILCHER:

I am not for a moment going to say that that may not be the case, Mr Speaker, I do not know. Personally, although I do not think I was being skimpy at the time but I honestly feel that the problems related with the Trust were two-fold. One, that it was unable under its present system to be able to take on board land, buildings, etc because it was, perhaps it is a case of personalities, but it was a situation where the Trust is made up mainly of people who give part of their spare time in order to cater for that and do not have the necessary resources. I remember the report of the Northern Defences which the previous administration asked the Trust to prepare and that report, Mr Speaker, went round and round in circles within the Heritage Trust itself, a report prepared by one of the members of the Trust and, in fact, never went beyond that. I think the possibilities which the Trust had were one of two: have the Northern Defences vested on the Trust and then seek external management of them, or to make available the Northern Defences for development. In those two scenarios, Mr Speaker, there is no need to have the Heritage Trust with the ability to have the land or the Northern Defences vested in it because those

two solutions could have been very easily taken up by the Government. There is no need to have the Heritage Trust acquiring the Northern Defences. Surely, their role there would have been more to advise the Government on what to do with the Northern Defences than actually be landed with the problem of having the Northern Defences vested on them and not knowing what to do with them because their resources on manpower on the one hand and their financial resources on the other, was not there to meet that particular task, Mr Speaker. I think, personally, that is the inadequacy of the old Trust. But I do not rule out that it is not just that one element which created that inadequacy but that there are a series of elements and I do not discard the possibility that the loss of a full-time Secretary, who had run the Trust, could have been one of those elements, Mr Speaker. As regards the inability to own land, I do not agree with what the Hon Member opposite has said, in fact, this point was raised by the our friends in UK, by the Society, and the answer, I think, was given by himself, Mr Speaker, in that in Gibraltar 95% of the land is, in fact, owned by the Crown either in its guise as the Government of Gibraltar or by the MOD and I think the little percentage that is left over is mainly residential and in no way affects our heritage as we have looked at it in the Bill, Mr Speaker. There could be the possibility of the Trust owning or buying private land in the future or there could be the possibility of the Government buying the private land in the future if it felt that it needed it to be scheduled or otherwise, as Category 'A' or 'B' but I think, Mr Speaker, at this stage it is premature and if in the future it is found necessary then there is no difficulty in bringing an amendment to the House in order to make that possible. We however felt, at this stage, Mr Speaker, particularly since there is the forever balance between the MOD land and the Gibraltar Government that at this stage it was not necessary to have the Trust having the ability to own land and, in any case, we feel that we need to see the Trust operating to its full capacity and operating in a way that is attracting investment and being able to help the Government in maintaining that heritage before we are in any position to lumber - and I use the word advisedly - lumber the Trust with trying to take on board buildings or sites or anything without having the necessary resources or finance to do it. As regards the final point made by the Hon Member opposite, it is the intention of the Government to have the Tourism Agency running the Museum and in that, Mr Speaker, obviously the Curator would then have to come under the Tourism Agency although the Curator continues to be a public servant and would be working in conjunction with the Agency. The idea is for the Government to contract the management of the Museum to the Agency and that contract would obviously contain all the elements that the Gibraltar Government wants to safeguard and, in any case, having read the Ordinance, as I am sure he has, all the matters related to antiquities, etc, are the sole responsibility of the Government through the Trust and not the Agency. So I think it is safeguarded. The information

on the Agency, Mr Speaker, at the moment we are still in a position where, at the moment, we are undertaking interviews for people who want to join the Agency. As we said before, what will happen is that substantially the Agency will take over the role of the Tourist Office and there is not really any more information than what I have just given. Thank you, Mr Speaker.

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

The Hon J 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 K W Harris
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 J L Baldachino

The Bill was read a second time.

HON J E PILCHER:

Sir, I beg to give notice that the Committee Stage and Third Reading of the Bill be taken at the adjourned meeting of the House.

This was agreed to.

THE TRAFFIC (AMENDMENT) ORDINANCE, 1989

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 now read a second time. Mr Speaker, as the explanatory memorandum to the Bill clearly states, the law at present allows the Commissioner of Police to dispose of a vehicle detained for breach of the Regulations in force, after the vehicle has been detained for three months. The purpose of the Bill, really, is to bring that period down to a period of one month to avoid accumulation of vehicles which have been evident recently when the enforcement of the Bill has actually taken effect. It is more a housekeeping exercise than a matter of policy. I do not think I need to add anything else to it. I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Mr Speaker, we cannot support this Bill because it seems to me that the Commissioner of Police or some other public officer wishes to deal with this matter with inordinate haste. The first objection we have is with Clause 2, Section 92(J)(1) where the Commissioner can sell, destroy or otherwise dispose of a vehicle (other than an abandoned vehicle) which has been detained for not less than one month. Mr Speaker, you may have an instance in which a person's vehicle is impounded by the gentlemen who tow away vehicles and the owner of the vehicle is away on holiday for over a month and when he comes back he finds that his vehicle has not only been towed away but has been disposed of, sold or what have you, by the Commissioner of Police. He has no redress whatsoever in the matter. We feel this is far too short a time since it does not give a person a reasonable opportunity and we feel that this clause should be deleted completely. The second point is Section (J)(ii) and the definition of what is an abandoned vehicle. We have no great objection to a properly abandoned vehicle being destroyed after a period of one month but we wonder whether they will still be gazetted as has been hitherto in the past. As I say, I think this Bill should be looked at again and perhaps Section (J)(i) should be deleted.

MR SPEAKER:

Does any other Hon Member wish to speak? I will now ask the Mover to reply.

HON J C PEREZ:

Mr Speaker, it is incredible how a past Minister for Traffic should come to the House with the ridiculous statement that the Hon Member has made. When he was in office he must have known the procedure under which these things happen and that the Police checked the vehicles and then called at people's homes to contact the owners of the vehicles that were impounded. He should know then that the possibilities which he says can occur in fact cannot occur. In any case, Mr Speaker, the Ordinance is being amended by reducing the period from three months to one month and if the Hon Member recalls before the vehicles were gazetted and it is the intention to continue to gazette vehicles after one month so that there is a process of a couple of weeks whilst the vehicle is gazetted after the month. In a small community, and because the Police take care on matters of this nature, every effort is made to contact the owners concerned to try and see whether that vehicle is actually going to be disposed of or not and that happens continually. Mr Speaker, on the other matter that he mentioned, the question of abandoned vehicles, the definition of "abandoned vehicle" is the same one that was there before when the Hon Member was Minister. The majority of abandoned vehicles that are being dealt with is, believe it or not, foreign vehicles. It seems to be a great offence to abandon a registered vehicle in Spain and we are getting more and more people coming into Gibraltar and abandoning their vehicles here. The Police then have to go through a process of getting in touch with Interpol to see whether the vehicles are in any way recorded as stolen or anything else before we are able to dispose of them. What the Ordinance gives the Police is the ability to dispose of vehicles when there is no doubt in the Police's mind that the vehicle is abandoned or that the vehicle is up for disposal. I think like with all other pieces of legislation the discretion of the authorities that enforce that legislation is something which inevitably accompanies pieces of legislation and if pieces of legislation were to be applied strictly by the rules, it would be a straightjacket all through, it would be a very uncomfortable way to live and I think the Hon Member should realise that. Thank you, Mr Speaker.

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

The Hon J 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 K W Harris
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 J L Baldachino

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 the adjourned meeting of the House.

This was agreed to.

THE LICENSING AND FEES (AMENDMENT) ORDINANCE, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. As Hon Members are aware, a central feature of the Government's overall economic strategy has been, and is, the hiving off to private companies in joint ventures or on a wholly-owned basis certain functions hitherto performed by Government Departments. An example of this strategy is the Gibraltar Security Services Limited which now handles Gibrepair's security arrangements, Car Parks and also carries out certain traffic enforcement functions on behalf of Government. Hon Members may also be aware that as from the 1st April this year the administration of the Government's tourism services and of the Civilian Airport will similarly be transferred to private companies, ie the

Gibraltar Tourist Agency Limited and the Gibraltar Airport Services Limited respectively. At the same time, Mr Speaker, the opportunity is being taken in this Bill to increase the fees for various services carried out as indicated in Clause 3 of the Bill and to introduce further changes to the Schedule of Fees for Guides. The essential feature of the Bill is, however, to enable the Government to take powers, I should say, so that the fees which are at present under the Licensing and Fees Ordinance paid to the Treasury, in effect, may be paid to such other person, ie any of the joint venture companies or authorities set up by the Government on an arm's length basis who are to carry out the various functions which I have mentioned. Commending the Bill to the House I do not think I need to say any more, Mr Speaker.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, we will not be able to support this Bill, we will be voting against it. The background of the Bill, as explained by the Financial Secretary, makes it clear that it is part and parcel of the general Government strategy on joint ventures, for example, as regards GSL and now as regards the Gibraltar Tourist Agency Limited, not a joint venture but at least the hiving off of previous Government functions. Specifically on the Gibraltar Security Services Limited and Gibrepair Companies, we have voiced our dissatisfaction to the fact that there is not more public information given in this House on the activities and operations of those companies and, as far as the Tourist Agency is concerned, Sir, as the Leader of the Opposition explained, we have very little information on that and we therefore find it impossible to support a measure which is part and parcel of that general operation. Accordingly, Sir, we will be voting against the Bill.

MR SPEAKER:

Does any other Hon Member wish to speak? Does the Mover wish to reply?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, Sir, I do not wish to reply.

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 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 K W Harris
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 J L Baldachino

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 later today.

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1988/89) (NO. 2) ORDINANCE, 1989

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 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. As is the custom, Mr Speaker, I will not make any speech on the general principles of the Bill but merely commend it to the House.

MR SPEAKER:

Does any Hon Member wish to speak on the general principles and merits of the Bill?

There being no debate Mr Speaker 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 later today.

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 Licensing and Fees (Amendment) Bill, 1989, and the Supplementary Appropriation (1988/89) (No. 2) Bill, 1989.

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

THE LICENSING AND FEES (AMENDMENT) BILL, 1989

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

Clauses 2, 3 and 4

On a vote being taken on Clauses 2, 3 and 4 the following Hon Members voted in favour:

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 K W Harris
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 J L Baldachino

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

The Long Title

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

The Hon 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 K W Harris
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 J L Baldachino

The Long Title stood part of the Bill.

THE SUPPLEMENTARY APPROPRIATION (1988/89) (NO. 2) BILL, 1989

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

Schedule

Part I - Consolidated Fund

Head 12 - Housing

HON LT-COL E M BRITTO:

Mr Chairman, may we have some details on the heavier programme of work that has necessitated this extra expenditure?

HON J C PEREZ:

Mr Speaker, the increase required now is because when we came into office Housing Maintenance used to come directly under me and there were a lot of outstanding works which had been waiting for a very long time, roofs that need to be replaced going as far back as 1981 and the Government decided to give a large amount of this work on job price contracts to its own workforce to complete the works before the winter season. The result is that a much greater amount of work has been done than compared to previous years and that by the time that the winter season came we were able to make sure that complaints to the Department of leaking roofs had really gone down dramatically. Not only that but normally what used to happen when JPC's were given was that when the person finished the job allocated in a shorter period of time, under the previous administration he was sent home for the weeks that he had saved. We have utilised the weeks that he had saved and employed him further and therefore maintenance on Government housing has been much more intensive in the last year and that accounts for the extra expenditure now required.

HON LT-COL E M BRITTO:

I thank the Minister for the explanation but could he perhaps give me an indication whether he is speaking about specific areas or Government housing in general?

HON J C PEREZ:

I am speaking about Government housing in general but the specific area where there were a lot of complaints and a lot of people waiting for repairs has been in pre-war property. There really were a number of houses in very bad condition, particularly the replacement of roofs. That was one of the things that we tackled and if the Hon Member wants I can supply him with a list of those works that have been carried out.

HON LT-COL E M BRITTO:

I would welcome that, yes, Mr Chairman.

Head 12 - Housing was agreed to.

Head 13 - Income Tax Office was agreed to.

Head 14 - Judicial was agreed to.

Head 17 - Police

HON A J CANEPA:

Mr Chairman, is the provision of funds being sought this morning of £239,000 for overtime for the Police Force entirely the result of the IRA incident? In other words, if we had not had the IRA incident would the Police have been able to manage with previously voted funds of £168,000 or would the Government still have had to come to the House for some increased provision well short of £239,000, no doubt, but would there have been any requirement for the voting of funds over and above £168,000?

HON CHIEF MINISTER:

I understand, Mr Chairman, that the bulk of the increased overtime arises from two consequences of the IRA incident. One is the fact that the ceremonials now involve a much greater number of Police in a much wider exercise of checking beforehand, and the other is the requirement that the Police had to provide protection for witnesses and so forth during the period of the inquest. Those are the two major elements and neither of them would be there if the IRA incident had not existed. The reality of it is that the Police now feel and the Military now feel that once the incident took place the previous level of security was considered to be too lax and they now require that it should have been tightened up and although, in fact, the level of Changing of the Guard and so forth has been reduced, it is still much more expensive even with the reduced frequency than it was before with less Police cover.

HON LT-COL E M BRITTO:

Mr Chairman, under subhead 2, £600 to attend the Police World Olympics, is there any particular reason why this is coming as an administrative expense directly chargeable to the Police instead of, possibly, under the Head of Sport and a subvention from the sporting grant?

HON CHIEF MINISTER:

Well, Mr Chairman, it could obviously have been dealt with through that channel but we did not want to have a situation where it could be said that that was money available for sport generally and the Police would have to compete with other Associations for that money. This is money given specifically for their use and not in competition with other Associations whose grant has not been eroded in any way by it and we felt that if we put the £600 as Grants for Sporting Associations, then other Associations would have said legitimately: "Well, my argument for the £600 could be greater than the Police" and then that would not be the case.

HON LT-COL E M BRITTO:

I am not quite sure that I take the point that the Hon the Chief Minister is making. Why should it not be the case? Is there a commitment for the Police to attend the Police World Olympics? Are they not in competition with other sporting associations, why should they be treated differently?

HON CHIEF MINISTER:

I have just explained it but I will explain it again, Mr Chairman, since the Hon Member did not understand it the first time. We felt that if we put the £600 as Grants to Sporting Bodies instead of putting it specifically for this purpose, there is a global amount of money which is Grants to Sporting Bodies, if we had come here and said: "We want £600 supplementary appropriation to increase the Grant to Sporting Bodies that would not be the House approving £600 specifically for the Police to go to the Olympics, that would be the House approving £600 more for Sporting Bodies. And, of course, Sporting Bodies could have argued that instead of the £600 being used for the Police the £600 should be shared amongst all the Sporting Bodies. We felt, therefore, that we should ask the House to support the provision of these £600 for this specific purpose which is where we think it should go. That is the reason why we have done it this way and not the other way but it does not alter the amount of money that we are approving, we are approving £600.

HON LT-COL E M BRITTO:

Has the sporting grant been exhausted that was allocated in the last Budget, Mr Chairman?

HON CHIEF MINISTER:

Well, it is not relevant. In fact, if we had been prepared to use part of the money of the sporting grant then it would matter whether it was exhausted or not but since this is in addition to and separate from, it does not make any difference whether there is £600 there. I think the Hon Member would have been quite correct in asking that question if we had come here and said: "We now want to increase the sporting grant by £600". He could then ask: "Has it been exhausted?" but I have just explained to him that we are not doing that and why we are not doing it.

HON A J CANEPA:

Mr Chairman, Investigation Expenses - 'increased referral under escort of exhibits to the UK', is that linked to the IRA incident or is it separate investigation expenses which the Police normally carry out?

HON CHIEF MINISTER:

I do not have the details available but we can obtain them and let the Hon Member have them.

HON A J CANEPA:

Again, on the telephone service - 'increased use in the wake of the IRA incident'. Does that mean that in connection with the inquest, for instance, increased use of the telephone had to be made or is it that now, like the Hon the Chief Minister explained with regard to security, that because of the IRA incident there is an increased requirement for use of the telephone service generally by the Police Force?

HON J C PEREZ:

No, Mr Speaker, because of the inquest and leading from the IRA incident, as I have had it explained to me it is because there were more international trunk calls to the United Kingdom and more communication with the United Kingdom. That is what has increased substantially the telephone service.

Head 17 - Police was agreed to.

Head 27 - Contributions to Funded Services

HON K B ANTHONY:

Subhead 1, the increased requirement of £220,000 for the Electricity Undertaking, can we have an explanation for this please?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, the reason for that is a fall in revenue compared with forecasts. Clearly the change in the budgetary contribution can be either as a result of reduction in revenue or increase in expenditure leading to an increase in the budgetary contribution. In the case of the Electricity Undertaking, it is in fact less revenue than the forecast. In the case of Housing, as the Hon Member will probably have guessed, it is very much the reflection of the increased expenditure under Housing which is referred to at the beginning of the Schedule.

HON K B ANTHONY:

But is there any information why there is a reduction in the estimated revenue?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

An increase in the fuel cost adjustment, Mr Chairman.

HON CHIEF MINISTER:

That is right. The position is, Mr Chairman, that the formula which determines the adjustment for the cost of fuel, I think is one that has been there for a very long time and probably because of the fact that the fuel mix is not necessarily today what it was when the formula was devised and it is something that we are looking at and which may need changing, it means that effectively a change in the price of fuel can trigger off a drop in the charge for electricity which is, in fact, bigger than what we are actually paying because if we have got a situation where the engines were primarily in King's Bastion and now they are primarily in Waterport and the formula was done on the basis of the engines that we had at the time and it is in the law - it is quite a complicated formula and not an easy thing to understand how it works - but it is related to what the price of electricity was ten year's ago or fifteen year's ago and it moves up and down regularly as the price that we are charged for the fuel changes. In a situation where you get quite a big drop in the price of the fuel that you can pass on to the consumer and where a very large proportion of your total cost are fixed, effectively it means that every time the cost of electricity goes down through the fuel cost adjustment formula, the loss on the electricity account is magnified and therefore the need for this subsidy is increased and there is really nothing anybody can do about it because the law that exists that has been there for a very long time determines how the formula should operate and how the bills should be charged, at so much percentage of pence per units. In fact, it has been going on for quite a number of months during the last

twelve months. There has been, in stages, changes in the FCA and in fact it is now very, very low. The cost per unit now is barely over the original 6p a unit but the cost of generating electricity has not gone down proportionately.

HON K B ANTHONY:

I thank the Hon Chief Minister for that explanation.

Head 27 - Contribution to Funded Services was agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I have to apologise to the House for the fact that I must now move an amendment to the Schedule in Part I. It is purely an arithmetical error inasmuch as the total of £1,168,170 is not, in fact, the sum of the items shown in the Schedule and I was waiting to see if in fact any Hon Member had noticed it but obviously no Hon Member has. I am sure that is no reflection on the democratic process, Mr Chairman. It might be argued that this was a Treasury error in adding it up but I would like to think that this is a typographical error and there is some evidence to support that view in that the correct amount is shown in clause 2(1), Mr Chairman. So with those comments I beg to move that in Part I of the Schedule the total shown as "£1,168,170" be deleted and the figures "£1,168,100" be substituted therefor.

Mr Speaker put the question which was resolved in the affirmative and Part I of the Schedule was accordingly amended.

Part I - Consolidated Fund, as amended, was agreed to and stood part of the Bill.

Part II - Improvement and Development Fund

Head 104 - Miscellaneous Projects

HON A J CANEPA:

Sir, is this the same Police launch which had been ordered when we were in office and is it because of the passage of time that the cost has gone up or is it that whatever the AACR ordered was not good enough so a new one was ordered, a different one or is it the same Police launch that we are talking about?

HON CHIEF MINISTER:

Probably whatever the AACR ordered the GSLP has had to pay for.

HON M A FEETHAM:

An estimated cost.

HON A J CANEPA:

No, I do not think it was so much an estimated cost, I seem to recall that there was a quotation. This is the thing, it was a quoted price that we estimated. The matter did not go through Council of Ministers that easily. The figure that went into the 1988/89 Estimates must have been the quoted price.

HON CHIEF MINISTER:

I can say that it is certainly not an additional new launch and we have been told that that is the bill that has to be paid and, in fact, it has not been queried because the thing had already been ordered and we now have to pay the bill.

Head 104 - Miscellaneous Projects was agreed to.

Head 106 - Potable Water Service was agreed to.

Head 107 - Telephone Service was agreed to.

Head 110 - Crown Lands was agreed to.

Part II - Improvement and Development Fund was agreed to and stood part of the Bill.

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

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

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Licensing and Fees (Amendment) Bill, 1989, and the Supplementary Appropriation (1988/89) (No. 2) Bill, 1989, with amendment, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Mr Speaker then put the question and on a vote being taken on the Supplementary Appropriation (1988/89) (No. 2) Bill, 1989, the question was resolved in the affirmative.

On a vote being taken on the Licensing and Fees (Amendment) Bill, 1989, the following Hon Members voted in favour:

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 K W Harris
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 J L Baldachino

The Bills were read a third time and passed.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move that the House do now adjourn to Tuesday the 11th April, 1989, at 10.30 am.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Tuesday the 11th April, 1989, at 10.30 am.

The adjournment of the House to Tuesday the 11th April, 1989, was taken at 12.10 pm on Wednesday the 29th March, 1989.

The House resumed at 10.30 am.

PRESENT:

Mr Speaker (In the Chair)
(The Hon Major R J Peliza OBE, ED)

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.

MR SPEAKER:

Before proceeding with the Agenda, I would like to refer to the question of the broadcasting of the proceedings of the House of Assembly and the Gibraltar Broadcasting Corporation's decision not to broadcast the proceedings of the meeting of the 29th March, 1989. I wish to inform the House that I have held two meetings with the Chairman of the Gibraltar Broadcasting Corporation and it has been agreed that GBC will broadcast this meeting as well as the whole of the proceedings of the Budget Session to be held later on this month, with the exception of the Committee Stage of the Finance Bill and the Appropriation Bill, as has been the practice since the broadcasting of the proceedings was agreed. GBC would, however, broadcast the Committee Stage of any other Bills that might be discussed during the Budget. It has also been agreed to hold further meetings in order to establish clear and formal procedures for the broadcasting of the proceedings. I would also like to say that before reaching agreement on what I have just told the House, I obtained the Chief Minister's and the Leader of the Opposition's concurrence.

With regard to GBC's statement of the 29th March in their News Bulletin "that the only formal arrangements were for the broadcasting of Question Time", GBC have informed me that there could well have been a misunderstanding in their belief that the only formal arrangements were for the broadcasting of Question Time whilst the Permanent Select Committee of the House on Broadcasting had always referred to the broadcasting of the proceedings as a whole.

DOCUMENTS LAID

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

The Employment Survey Report - April, 1987.

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 12.45 pm.

The House resumed at 3.40 pm.

Answers to Questions continued.

The House recessed at 5.10 pm.

The House resumed at 5.30 pm.

Answers to Questions continued.

BILLS

FIRST AND SECOND READINGS

THE SPECIFIED OFFICES (SALARIES AND ALLOWANCES) (AMENDMENT) ORDINANCE, 1989

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 a first time.

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

SECOND READING

HON CHIEF MINISTER:

Sir, I have the honour to move that the Bill be now read a second time. I do not think I need to make a speech on this, this is an annual event. I think the only thing I would like to say, Mr Speaker, is that one thing we are considering is whether, in fact, it will be possible to legislate to link the salaries of the specified offices so that we do not have to bring amending legislation once a year. They are the only public officers that this needs to be done for and I think, frankly, it gives the wrong impression because people will remember that there was a Bill to raise their salaries and what is retained, I think, in the memory is that we seem to be constantly raising the salaries of the specified offices and I do not think that that is what we are doing. Their salaries go up once a year by the same percentage as others and I believe it is because they are constitutionally paid directly from the Consolidated Fund rather than from a Head of Expenditure voted by the House that we have to vote the money this way. But the Government is looking to see whether it is avoidable. I commend the Bill to the House, Sir.

MR SPEAKER:

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

HON A J CANEPA:

Just to say, Mr Speaker, that we support this measure.

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

The following Hon Member abstained:

The Hon E Thistlethwaite

The following Hon Member was absent from the Chamber:

The Hon B Traynor

HON CHIEF MINISTER:

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 GIBRALTAR SHIPREPAIR LIMITED (AMENDMENT) ORDINANCE, 1989

HON J E PILCHER:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Gibraltar Shiprepair Limited 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 E PILCHER:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, before I proceed to explain what we consider that the Bill actually does, I think it is appropriate to explain how we have, as a Government, been lead to the Bill now in front of us. I think we have to look at the situation that we were placed, in early in April of last year, when we took office and I took over the Chairmanship of GSL. Mr Speaker, early in 1987 there had been an incident where paint spray emissions had emanated from GSL and had sprayed vehicles, particularly of people working within the old DOE/PSA. Immediately upon taking office these individuals who had apparently been making representations virtually on a monthly basis to the old management, A & P Appledore, came to see us to say that they felt that we should be taking immediate action to resolve their claim. When I tried to find out the position of the company on this matter I found that like in every other area there was no documented evidence to prove that GSL had, in fact, been responsible for the incident in question and therefore I approached the members who had been claiming and I asked them to allow me time to look at this specific incident. Let me just say, for the record, that in the interim period

another incident happened where we actually sprayed vehicles - when I say 'we' I mean the present management of GSL - sprayed vehicles in the area and that particular incident and claim was arranged and agreed with the affected parties within three weeks of the incident. We logged it, we accepted the responsibility and, obviously, we paid up what we thought was the company's responsibility for having created damage. But in the interim period the persons who were claiming against GSL for the 1987 incident went to a lawyer and sought an injunction against the company to stop the company working. I think this was a very serious incident where because of a claim for damages we had, what we considered to be, a very important area of the economy put in jeopardy. For the record, it was the high-handed fashion in which A & P Appledore considered the claim of these individuals, ie they did not pay any attention to these individuals for a year that led to the problems and like everything else in life, Mr Speaker, when somebody sees that somebody is taking his commitments seriously then, obviously, these people felt that I should have considered that claim, particularly when we settled with the people that we had caused damage to. Mr Speaker, I think the matter raised a very important point and that was that an injunction against GSL for damage to property could be obtained and a situation where somebody who felt aggrieved, because we may have a situation where the company, as it could happen, does not accept liability and a situation where the individual or group of individuals could go to the Court, obtain an injunction against the company and actually close the company down because of damage to vehicles. The advice from the Attorney-General and, obviously, if the case arises the Attorney-General will explain that position, was that he felt that it was possible for a Court to grant an injunction against GSL because of the incident of spraying. As I say, since that case no other case has arisen but we felt, Mr Speaker, that we would be doing a disservice to Gibraltar and particularly to the employees of GSL, if we did not take protective action against what we felt was a situation whereby any individual, like in any area of Gibraltar, if he feels that damage has been done to his property has the right to go to Court and obtain damages. We however felt it was economically very important not to allow persons for what is, after all, a very minor incident and for which the company was prepared to pay for, to be able to close down GSL. Mr Speaker, after a lot of discussion on the matter we have produced the Bill which is now in front of the House and I think the Bill has three clauses. The first clause clearly is produced in such a way that accepts as provided for in subsections (2) and (3), the company cannot be taken to Court and in tort, ie the company cannot be closed down and has not got to pay damages to anybody at all except, obviously, for subsections (2) and (3). Subsection (2), Mr Speaker, I feel and I think the Government feels, creates the protection so that we do not have a situation where GSL feel that they can do whatever they like. So really clause 2 really says that when GSL

causes damage because of dust, grit, spray, paint, gas or similar substance, then the remedy open to anybody is the remedy of damages only, ie that if I feel my car has been sprayed by GSL I have the right to take GSL to Court and claim for damages but it does not give anybody the ability to close down GSL because the company happened to spray his car. We felt that that was imperative in a situation of the importance of the company to the economy of Gibraltar and, particularly, because of the amount of people that GSL employs and the obvious importance it has although not clearly shown as yet in the Input/Output Study, to the economy that the company could be closed down. In order to make it absolutely clear that GSL can act in a high-handed fashion, we have put in clause 3 which says: "Nothing in subsection (1) shall apply with respect to injury or other bodily harm caused to a person", ie, Mr Speaker, if anything that GSL is doing is causing damage to health in any way then there is no way that the company is not liable to an injunction or to any mechanism to close it down. So what this Bill produces, Mr Speaker, and I have heard through the media that it is a controversial Bill, I will obviously await to hear what the Opposition has to say, but the only thing that the Bill does, Mr Speaker, is that it protects Gibraltar and its economy, it protects the employees of GSL from people taking what I feel is not necessarily the proper way but trying to a point - and I know that it is acceptable in law - to blackmail GSL by saying: "You either pay up or we obtain an injunction and close you down". I feel that anybody has the right to take the company to court to prove that it was GSL that caused the damage and if that is the case then the court would award damages to the individual. But I think allowing an injunction to proceed against GSL would be causing Gibraltar and certainly its employees a disservice and the Government feels that we cannot leave that in the air. The advice that we have is that it could proceed and that the injunction would probably be quashed by the court but there is a possibility that it might not and I feel that if this possibility is there, Mr Speaker, then the Government is not protecting a very important area of its economy and certainly not protecting the nearly 800 workers employed in GSL. I commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, let me start by saying that from our side we obviously want to do everything possible but we have on occasions different views as to how that is best reflected, in real terms, to make GSL successful for the benefit of Gibraltar and for the people working there. But we have, in principle, some serious reservations about this Bill

and if I can just go over them in list form. The first one is a fundamental point that one of the attributes of the rule of law, as I understand it and as it is understood on this side of the House, is effectively equality under the law and equal treatment to all individuals, to all persons, to all companies, under one regime of law. Clearly, exceptions have to be made in certain circumstances but those exceptions should be as limited as possible. Where you have a situation of a company of a commercial nature, as GSL is now operating, then we think it is bad law, subject to more pragmatic arguments that sometimes tempers principles in a given a situation and we are going to have a major employer not subject to rules of law which other people in Gibraltar are. As a matter of principle, I think, the rule of law really should mean that one set of rules apply to as many people as possible. True, we are changing the law so technically GSL is not outside the law, of course, but we do not think it is a good law. The second point is a little more pragmatic. We are of the view that, in fact, the threat of an injunction often induces employers, companies, etc to take a little more care about the way they operate than would otherwise be the case. Certainly from my own practical experience I have found that simply threatening to issue proceedings and claim damages carries very little weight with a company intent on finishing a job quickly or intent on delivering goods or whatever. However, if you issue proceedings one has fourteen days to reply, twenty-one days for this and that and by the time it gets to court it is three years. The pressure of an injunction is very often what actually raises standards even, for example, in the building trade, if there was not a threat of an injunction against building sites I think safety would be lower and the nuisance caused to neighbours and the danger caused to neighbours would be lower. So there is a worry that by taking out the possibility of an injunction to stop a particular work, we are going to find a slippage in standards. I know the Minister will give all the assurances that he is obliged to give but I think as is humanly the case, that if that safeguard is not there then I feel that there is going to be a danger of a drop in standards at GSL. Thirdly, Sir, there is the conceptual point as well that the Government's position is that GSL is operating as a commercial entity with no special privileges and I think that we have to go one way or the other. Again, I am not sufficiently dogmatic to take an unpragmatic view of it but if there is a good case for GSL being exempted then for God's sake let us do so and let us forget about principles which only half a dozen people are going to worry about. But I think that it goes further than that in this case. If we are saying that we are not going to give information to the public, that in fact the Government is not answerable for GSL in its commercial side, then I do not see whether there is a good case, in fact, for Government positively legislating to give GSL these privileges. There is also the case, Sir, where you have joint venture companies operating from the yard and although

clearly the Bill only affects GSL, as a company, it is going to be difficult, I would have thought, for people who may be affected, to determine whether or not any particular dust or grit or whatever emanating from the area of the yard is dust or grit that comes from GSL or from some other company. We do not know whether these other companies will be the subject of an exemption in the future but using the Government's logic which we would be bound to accept if we are to be persuaded since GSL's survival and viability depends entirely on the joint venture companies that it has established. This is the Government's view. Then clearly what we should be arguing today is the extension of the exemption even to the GSL joint venture companies. As a matter of principle, I like concepts clearly and logically defined, either there is a reason for doing things or there is not and we defend it on the basis of the whole package or we do not but things that do not actually square, I think, again make bad law. The next point, Sir, is that we also feel that the law that is being introduced and which would stop people preventing GSL from doing work which is causing them a problem fails to recognise that the injunction is not an alternative to damages, I think the Minister said: "Well, people can still take us to court, they can get money as compensation and so therefore they have not got really anything to worry about because they can still be compensated in that way". My understanding is, and the Attorney-General will no doubt confirm this and that is that an injunction will only be granted when a court says "money is not a good remedy". So it is not as though it is an alternative to money, no court should ever say "instead of money I give you an injunction". It only says "because money is not good enough I give you the injunction". So we are really taking away a substantive right which cannot be compensated in another sense it is like a nuisance. Curiously enough there is no reference to noise in this Bill. I wonder whether a nuisance would be created through people working at three o'clock in the morning periodically and would therefore still allow an injunction to be brought. A nuisance is a type of case and, again, I would be the first to argue, Sir, if I am to be persuaded that an exemption is valid, that nuisance should be added because we have to know exactly what we are doing. But there are things which the law recognises money cannot compensate and I think that it has to be recognised that you have not got an alternative, in money when you use an injunction. It is when there is no other remedy that the court says "I stop it". That is very exceptional in the best of circumstances. This leads me, Mr Speaker, on to my final point which is why this law is really necessary at this stage. Mr Pilcher said that there had been an injunction against GSL. My understanding, Sir, is that there has only been a threat of an injunction. Threats of injunction are made every day in terms of anybody who has a problem would say "I threaten you with an injunction" but getting an injunction from the court is a more difficult thing. Lawyers would threaten with injunctions much more often if this were the case. But I

just wonder, Sir, if what we are talking about is two incidents where in Mr Pilcher's own words the problems were probably caused because of the attitude management took in not trying to be positive in resolving them and that, in fact, those problems were resolved when the new management structure was in place and whether or not we are creating an unnecessary exemption and an unnecessary controversy or debate by trying to use this now. Is there really a problem that justifies this exceptional move? I would have thought that if there were only two incidents that have been satisfactorily handled because of the new style of management and bearing in mind that the vast majority of cases damage caused to property can always be compensated in money, that you may be talking about something that really should not be an urgent priority in the Government's programme. Those are the points we wish to make at this stage. We are willing to be persuaded further but we just do not see that this is good law for the reasons that I have explained, Sir.

HON CHIEF MINISTER:

I think, Mr Speaker, the primary motive behind the law is concern that we should not be exposed to a situation and not be able to act to protect GSL. It is not that we have a specific problem at the moment that we are aware of, it is just that, quite frankly, the Government did not know that people could just get an injunction and close the business down until we were threatened with one and we asked whether it was possible and we were told it was possible. Then once the problem was resolved, essentially what the Government did was to say: "How do we prevent this happening again?" and this is the result. There is nothing more sinister to it than that, that is the basic thinking.

HON A J CANEPA:

I think, Mr Speaker, perhaps the Government have slightly overreacted to the need for this legislation. I would agree that if the yard were actually to be brought to a standstill by the result of an injunction being successful, we would have to think again. But that in the period that the yard has been operating there have been one or two instances which apparently are largely under control does not quite persuade us. It is an important part of the economy but so are other employers in the private sector who are just as important a part of the economy and we are not going to rush into protecting them in the same way because their workforce can be brought to a standstill. I wonder whether a way out might not be for the Government to delay the legislation, not going through with it and keeping it under wraps. Sometimes the House has passed legislation which has not been brought into force, I can recall an instance

where, in fact, legislation was never brought into force. When we legislated against Cinema clubs, the legislation went to the House and it was held in reserve. If we are going to have a repetition yes, if people are going to try to take advantage of Gibrepair willy-nilly at the drop of a hat and they are going to be successful in bringing the yard to a standstill then we would support the legislation but I detect that there may have been a slight overreaction. I can understand that the Government, particularly a new Government being told: "Look there is this injunction against what is regarded as a very sensitive part of the economy because of the history of GSL, in particular, feeling "Well, what can we do about it?" Nothing, the company is liable to an injunction and the only thing that you can do is to legislate to protect them. Anyone being in Government would react in that way and say: "We had better make sure that it does not happen". I think there is a great deal of strength in the arguments which my Hon colleague has brought to the House. We have understood a little bit better today, I think, than what we did immediately that the Bill was published what the desire behind the Hon Mr Pilcher is having regard to his presentation of the matter and our conclusion is that the timing of this is perhaps unnecessary and the Government should think carefully about the matter, certainly delay taking the Bill through all stages and consider whether they need it at all or if they need it, whether they should not keep it in reserve in case they are threatened in the future.

HON LT-COL E M BRITTO:

I would just like, Mr Speaker, to make a brief contribution to reiterate that my views coincide with those that have been expressed on this side of the House and to urge the Government to do precisely what the Leader of the Opposition has said and delay the implementation of possibly the Third Reading of the Bill until they have had time to consider whether, in fact, they have brought it in what is perhaps a premature reaction and on their own admission on the ignorance that an individual or a group of individuals could bring the company to a halt. But the point I wanted to stress in particular and which, I think, has possibly not been stressed so far, is the position of the courts and the difficulty that there is, as mentioned by the Hon and Learned Mr Montegriffo, the difficulty there is generally in obtaining an injunction and certainly an injunction of this nature in the courts and that it would need a very strong case for the court to grant an injunction that would close down the yard. I think, in a way, the Government is not underestimating that, certainly, by not doing justice to the duties, if you will excuse the pun, of the court and the way the court would act under the circumstances. I think they ought to take this into account and to certainly give a chance for things to develop and if a case should arise that such a law were to be necessary then maybe they should reconsider. But I do not think that what has happened so

far justifies a measure of exception like this. Because going on the principle of this the same thing could simply be said to apply to tourism, for example, being another pillar of the economy and that might at a later stage wish to pass similar legislation on tourism or something else in order to protect the economy.

MR SPEAKER:

If no other Hon Member wishes to speak I will call on the Mover to reply.

HON J E PILCHER:

Mr Speaker, I have heard what the Hon Members have said and I have taken particular note of the contribution of the Hon Mr Montegriffo. However, at the end of the day, there is always the risk element and I think this is the point that has been raised throughout our deliberations, if you like, of the Attorney-General and us and that at the end of the day, what the Hon Col Britto is saying is what we understood to be the case that there has to be a very strong case for the injunction to be allowed by the court. But, at the end of the day, although I have heard what the Hon Leader of the Opposition has said, once the incident has happened it is too late. It is not a question of having the law there and if an incident happens you then bring the law out because you cannot make the law retrospective.

HON A J CANEPA:

If the Hon Member will give way. Not in that particular case. You would not be able to apply it retrospectively in that particular case but then you could apply it, you could bring the law in and for the future you are guarded and it may have happened once, it would have happened once that the yard has been brought to a standstill, once but never again.

HON J E PILCHER:

I understand, Mr Speaker, the point that is being made by the Hon Member. I honestly feel that he does not understand the seriousness of the position that if you bring the yard to a halt for a few hours until we deliberate with the court and perhaps solve the matter, then I suppose we could put it down to experience and then come back to the House and say: "This is why we have done it". But if, as is indeed sometimes the case, once the yard has been closed down the matter might drag in the court, a closure of one or two or maybe even three days for GSL could be lethal because we have ships in the dock which have penalty clauses and if they do not come out on a specific date we have to pay

compensation. We also have a situation where a loss of confidence by the market on GSL after it has taken us a year to gain and build up that confidence, I think is a risk factor, Mr Speaker, that I as Chairman of GSL and as the Minister responsible for the company is too much of a risk for me to take, particularly, Mr Speaker, when in all fairness to the contribution of the Hon Mr Montegriffo, some of the points which he made are not, I think, pertinent. He was referring to the construction industry and safety and health, well these are not affected by this legislation. If we are doing something that is unsafe that is not affected by this legislation. If we are doing something that is causing danger to people's health, that is not affected by this legislation. So it is not that we are passing this legislation and noise, for example, is covered by the Public Health Ordinance and if somebody feels that we are not allowing them to sleep and wants to take out an injunction, well I do not think any court would uphold closing down a business because of that. Perhaps it could but the same would apply to the Generating Station and to the Incinerator. The problem that we have had is particularly related, Mr Speaker, to the feeling of people when they have their property damaged. We have got to think "What is the problem?" The problem is you could have a group of ten or twenty people whose property has been damaged and the company feels that we should not pay for some reason or other, a person could actually park his car outside GSL in the knowledge that if you leave it there for three months sooner or later somebody will spray it. So there could be situations where we would go to a court of law to explain why the remedy of damage should not be given to an individual. I honestly feel that to leave ourselves wide open to the risk, although that risk may be very, very remote. I honestly feel that the risk element of it is something which has made us bring this Bill to the House. Let me assure Members opposite that it is not something that we have done just by drafting it within five minutes, this has been discussed to and fro for the last three or four months ever since the incident happened and we have purposely waited for the incident to have been agreed upon so that the members of the public would not feel that we are bringing this to the House in the knowledge that this would then protect us against the situation that we had and which is the claim that I mentioned when I gave the history of this Bill. That has now been cleared and, as far as I am aware, I would certainly not dream of implementing this unless we had already arrived at an agreement with the individuals concerned. With regard to the other points raised by the Member opposite, I think as far as safety, health and all that is concerned well those are covered by other legislation and I assure the Hon Member opposite that as far as safety is concerned we have one of the most active safety departments anywhere in Gibraltar who are actively monitoring the safety of all our employees. As far as the joint ventures are concerned, Mr Speaker, the Hon Member opposite does not have to worry

because if the joint ventures get a job in their own right then it is not GSL that is liable. If Joinery and Building Services get a contract with the Government then that is not a GSL job, it is a JBS job. It is only those jobs that GSL is liable for that would be affected by this Ordinance.....

HON P C MONTEGRIFFO:

If the Hon Minister would give way. I accept that, there are only two points. One that it may be impossible for somebody affected by, say, spray if one of the joint venture companies is a Painting Company, then the spray whether the damage is caused by GSL in which case he cannot injunct or by the joint venture company in which case he can, that is point one. But the second point which is more important to me is that if it is important economically for GSL to have that exemption then if the joint venture companies are really what is going to put GSL on a proper viable footing then I think you should be arguing for the exemption across the board and that is the issue I would like debated, yes or no to everything but otherwise I am caught in an illogical proposition from the Government. Do you see the point?

HON J E PILCHER:

I think that the difference, as I think I have tried to explain, is that it is not the intention of Government to have a global effect of this law across the board, it is only for those elements where GSL is the main contractor and therefore it cannot be other than in shipbuilding because the other joint ventures work independently from GSL, ie its turnover does not go through the GSL books which is the main contractor. But the point that has been made has been taken into account and I think at this stage I would, I think, agree with my colleagues that we will not at this stage take the Committee Stage of this Bill through this meeting. Since we are meeting again shortly and since there is no incident in the pipeline, so to speak because this is not a Bill that we are bringing because there is any major incident, I think we will give a couple of the points that have been raised by Members opposite some thought and then we can come back to the House on the 28th, if Members agree, and at that stage we will amend anything that is necessary in the light of the comments which have been made. Mr Speaker, I feel that it is not a question of the attitude that the management takes because we have a situation, like we know across the board, in the realities of life that irrespective of the attitude which the management might be taking at any one stage, you could have somebody who is affected by something who feels, at the end of the day, that his problem - and we all know that - has to take priority above all the other problems in Gibraltar and I

feel the mechanism to obtain an injunction can be used, and the Attorney-General can correct me, by any individual and the risk element is such that unless I am convinced, and the Government is convinced, between now and the 28th April that there is no risk, then we will have no option but to proceed with this Bill and all I can say is that I hope that Hon Members opposite accept the reasons why we feel that the Bill should be proceeded with and can support us at this stage. I commend the Bill to the House, Mr Speaker.

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

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

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 B Traynor

The Bill was read a second time.

HON J E PILCHER:

Sir, I beg to give notice that the Committee Stage and Third Reading of the Bill be taken at the adjourned meeting on the 28th April, 1989.

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 Gibraltar Heritage Trust Bill, 1989; the Traffic (Amendment) Bill, 1989, and the Specified Offices (Salaries and Allowances) (Amendment) Bill, 1989.

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

THE GIBRALTAR HERITAGE TRUST BILL, 1989

Clauses 1 to 10 were agreed to and stood part of the Bill.

Clauses 11 to 20

HON ATTORNEY-GENERAL:

On page 34, Mr Chairman, between Clauses 15 and 16 you will see there is obviously a printing error which is headed "The Museum" and then Clauses 13, 14 and 15 are included. I move that the heading "The Museum" is deleted and everything below that up to where "The Museum" appears the second occasion, so that is to omit Clauses 13, 14 and 15.

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

Clauses 11 to 20 were agreed to and stood part of the Bill.

Clauses 21 to 52 were agreed to and stood part of the Bill.

Clause 53

HON ATTORNEY-GENERAL:

Mr Chairman, to amend Clause 53 immediately after the words "the Gibraltar Heritage Trust Ordinance" should be inserted the figures "1987".

Mr Speaker put the question which was resolved in the affirmative and Clause 53, as amended, was agreed to and stood part of the Bill.

Schedule 1

HON ATTORNEY-GENERAL:

Mr Chairman, I move to amend the heading of Schedule 1 which is entitled at the present time "Ancient Monuments". To delete that heading and substitute "Listed Buildings etc Category 'A'".

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

Schedule 2

HON ATTORNEY-GENERAL:

A similar amendment, Mr Chairman, to Schedule 2, to delete the words "Protected Buildings" and to substitute "Listed Buildings etc Category 'B'".

Mr Speaker put the question which was resolved in the affirmative and Schedule 2, as amended, was agreed to and stood part of the Bill.

Schedule 3 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, 1989

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 SPECIFIED OFFICES (SALARIES AND ALLOWANCES) (AMENDMENT) BILL, 1989

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

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

THIRD READING

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to report that the Gibraltar Heritage Trust Bill, 1989, with amendments; the Traffic (Amendment) Bill, 1989, and the Specified Offices (Salaries and Allowances) (Amendment) Bill, 1989, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

HON A J CANEPA:

Sir, perhaps I might indicate how we will be voting on the three Bills. The Traffic (Amendment) Bill, Mr Speaker, having regard to the manner in which the Mover of the Bill explained in exercising his right to reply that the Commissioner of Police - this particular Commissioner another one in years to come we shall wait and see - having regard to the manner in which the legislation was going to be applied, we feel that we can support the Bill. In respect of the Heritage Bill, Mr Speaker, we had reservations during the Second Reading having regard to the lack of information about the Gibraltar Tourist Agency, but having regard to the overall provisions of the Bill, even though it repeals the legislation that we brought in 1987, having regard to what the Bill sets out to do, in particular in widening the concept of Gibraltar's heritage and therefore affording greater protection, because of those reasons we feel that although we only abstained on the Second Reading we can support the Third Reading and, of course, we support the Specified Offices (Salaries and Allowances) (Amendment) Bill, 1989.

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

ADJOURNMENT

HON CHIEF MINISTER:

Sir, I have the honour to move that this House do now adjourn to Friday 28th April, at 10.30 am.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Friday 28th April, 1989, at 10.30 am.

The adjournment of the House to Friday the 28th April, 1989, was taken at 7.50 pm on Tuesday the 11th April, 1989.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

29TH MARCH, 1989

VOL. II - BUDGET

FRIDAY THE 28TH APRIL, 1989

The House resumed at 10.40 am.

PRESENT:

Mr Speaker (In the Chair)
(The Hon Major R J Peliza OBE, ED)

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

DOCUMENTS LAID

The Hon the Minister for Government Services moved the suspension of Standing Order 7(3) in order to lay on the table the following document:

The Air Traffic Survey, 1988.

Ordered to lie.

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

Draft Estimates of Revenue and Expenditure for 1989/90.

Ordered to lie.

SUSPENSION OF STANDING ORDER

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move the suspension of Standing Order No.28 in respect of the 1989/90 Appropriation Ordinance, 1989.

Mr Speaker put the question which was resolved in the affirmative and Standing Order No.28 was accordingly suspended.

BILLS

FIRST AND SECOND READINGS

THE APPROPRIATION (1989/90) ORDINANCE, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate an amount not exceeding £92,320,300 to the service of the year ending with the 31st day of March, 1990, be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. As the House is aware there is no Finance Bill on the occasion of this Budget and as on this occasion last year, Mr Speaker, the key note speech dealing with the Government's economic and financial policies will be presented by the Hon the Chief Minister. My own contribution, therefore, need be no more than very brief and I would simply like to express, in commending the Bill to the House, my sincere appreciation for the efforts of my staff in the Treasury, the Finance Officer and the Accountant-General and their staff for all the work they have put in the preparation of the Estimates of Revenue and Expenditure as, indeed, in assisting Ministers in the House in their consideration of the Estimates. I commend the Bill to the House, Sir.

HON CHIEF MINISTER:

Mr Speaker, as the Financial and Development Secretary has, in fact, made clear in moving the Bill, the position is, of course, that the Estimates of Expenditure in the Appropriation Bill, which contain quite a number of changes which I will explain in the course of my contribution, are a reflection of policies determined politically and therefore I think one of the changes that has already taken place and which was, in fact, initiated in our first Budget in 1988, is that we assume political responsibility for the Budget and for the direction that the economy has been given to a degree that was never the case in the past under the previous Government where the main responsibility for defending the Budget and defending the economic policies used to fall on the Financial and Development Secretary. We believe that it is our responsibility to defend it and therefore they are political decisions.

Let me say that in explaining where we are today after a year in office and how we propose to influence events over the next twelve months and indeed subsequent to that, I propose to deal, firstly, with an analysis of the situation in the areas where our policies have been able to progress and where they have not and the nature of the problems that we have had in the past twelve months and then go on to devote myself to explaining the changes that are reflected in the Estimates of Expenditure, and which will give the Opposition an indication of why they look so different from what they have done in the past, although it is our intention that they should look even more different in the future. That is to say, this is only the start of the transformation.

My speech today, Mr Speaker, is not about whether there are goodies or not goodies or baddies, it is about the state of the nation. I think the concept of goodies was invented, I believe by the Hon Mr Mascarenhas, two or three Budgets ago. I think he was the first one to coin the phrase when he kept promising the people that the goodies were just round the corner. I do not think that quite materialised, but when we were elected a year ago it was not goodies that we promised people and therefore people have no right to turn round to us and say: "Where are the goodies that you promised?" because we did not promise them. What we promised them was a tough road ahead but an exciting and a challenging one which would produce a lot of benefits for Gibraltar and we have embarked on that road.

I ended my contribution last year, Mr Speaker, by saying that we were making an honest exposition of the high standard and aims which we were laying down for others to judge us by. Now these standards are the performance that we see reflected in the final results for this year and the projections of the kind of money we propose to spend over the next twelve months and where we propose to spend it. The shift from recurrent spending to capital spending, which we announced last year we intended to make, we are making.

The House will recall that in fact what I said with regard to taxation was that we were hopeful that for the whole term of office there would be no increases in personal or corporate taxation, and therefore the fact that there is no Finance Bill should not have taken anybody by surprise because we announced it twelve months ago and we announced twelve months ago that unless something changed quite dramatically there would be no Finance Bill for four years. So we can tell Hon Members opposite that unless circumstances change in the next twelve months, there will not be a Finance Bill in twelve months time either because we do not think that we need to wait for April to make changes in the fiscal system. We said so a year ago, so in a way the kind of reactions that there have been before the Budget with people sort of queuing up to get their share of the goodies, which are not there, suggest that we have failed to get the message across twelve months ago. That is, either people did not understand what we said twelve months ago or they have forgotten that we said it because the kind of pre-Budget comments that there have been might have been appropriate if the AACR was in Government but certainly not if the GSLP is in Government, because we always accused the AACR of having an annual Budget Session which was a housekeeping exercise, when they decided whether there was any housekeeping money left over or not and if there was housekeeping money which was the deserving cause that was going to get it. Again, last year I said that we believed that the fiscal system had to be more flexible and that whether we were talking about duties or tariffs or charges, what we wanted was a framework legislated and the ability to alter rates by Regulation and so forth so that we did not need to come back and legislate every time we wanted to change the stamp duty or whatever. We have made some progress during the year on that. We are planning to make further progress after this House in that respect and we will be bringing legislation to the House to give us that flexibility which will enable us to respond better to changing circumstances without having to go through what is a relatively cumbersome process of changes in the basic legislation itself. We hope, in fact, to be able to do that fairly soon because it is our intention that those changes should come into effect in July so that the new system that we want to adopt should coincide with the taxation year rather than the fiscal year. We have been looking at a number of other possible areas so as to match other collection systems to the tax year, but it is not clear how fast we will be able to progress because to some extent it depends on the success we have and the speed with which we move on computerisation.

Going back to my opening remarks, Mr Speaker, I mentioned that I would be dividing my contribution into two parts. The first part is an explanation of how successful we have been in implementing the programme on which we were elected. Obviously, if we look back on the past twelve months, the moment we came in we faced serious problems. The two major areas being the commercial dockyard and the Spanish pensions

issue. On the commercial dockyard, as we mentioned previously and as was mentioned when the 1987 Accounts were brought to the House, the yard was losing, in the first four months of the year, an average of £1m a month and therefore that was a level of drain on the company's finances which would have led to its immediate closure had we not come in and taken corrective action. Members opposite know, of course, that in 1987, when they were in Government, the Board I believe in October/November 1987, actually advised the Government to put GSL into bankruptcy, into liquidation, and close the place down and sack everybody. It was a decision that the AACR administration overruled politically in October 1987 and obviously it was a decision that by overruling it then and introducing a programme of redundancies in February, they were effectively putting off taking a decision until after the election because when we came in and we inherited the yard the situation was that it was still heading for bankruptcy. It would have gone into bankruptcy unless it had been given a massive injection of funds or had we been able to start the restructuring exercise by doing first what we promised we would do first which was to get rid of Appledore. The position therefore was that we were able to terminate the contract. We considered retaining them in some capacity or other but we decided, at the end of the day, to take the risk and I think that was a risk that we took as a Government which was to take the risk of going it totally alone and in many respects I believe that it was really necessary to take the risk because the essence of the Government's strategy is based on what we defended in the election campaign as the two pillars of the economy, not the pillars of the AACR which used to come and go depending on what was seen to be doing better or worse.

The two pillars of the economy in Gibraltar are the land that we own and the people that we have. Those are the pillars, those are the resources and our whole wealth and standard of living depends on using those two natural resources efficiently. We have nothing else. So the decision to put a lot of responsibility onto people in the yard, to promote some people into jobs, perhaps before they were quite ready for it, to take on the challenge of marketing ourselves and dispensing with the supposed network that Appledore had in selling was a risky thing to do because I think if it had gone wrong then we would have been back to square one. I do not think we would have been worse than losing £1m a month but we would have been back to losing £1m a month. But, in fact, the response of the people there has been demonstrated, I think, by the level of activity in the yard and although we are still keeping the situation under review and I am not in a position yet to say that we are 100% in the clear and the Minister for GSL will be able to explain how we see the immediate future and the sort of timescale on which we expect to take decisions. The situation is that in terms of testing the capacity of our own people to handle the job in what is a very tough

market and without relying on outsiders, that has been tested.

On the other side the other problem that we faced on coming in was the horrendous weight of the Spanish pensions liability which, as we said during the course of the election campaign, could have been avoided but we are clearly in a position where what was possible before Spanish entry in 1986 was no longer possible once people had acquired rights. Although, in fact, even then some changes were possible to the legislation for those who had not yet started collecting their pension. It was a situation where having looked at it in conjunction with the United Kingdom Government, the United Kingdom Government felt that, at the end of the day, given that we had to find a permanent solution it did not make political sense to have possible aggravation by having one group of recipients who had started collecting before 1988, getting one level and another group of recipients who started collecting after 1988 getting another level. But, in fact, we could, even then at that stage, have introduced amending legislation for those who had not yet started making claims. What they could not do was to do it retrospectively for those who had already done it. Therefore the only way forward was to find a way of putting an upper limit on the liability and an upper limit on the length of time for which those payments would be continued and the Government's position in those negotiations was to say: "Well, we are not contributing anything, we fought an election on that, irrespective of the fact that the previous Government had they been elected, would have been prepared to put about £1m up. We are not prepared to put anything. We have been elected on a ticket that says we do not", and therefore since the British Government is meeting the full bill then it is the British Government that has got to say to us how much they are prepared to put and how we structure it and we will adapt our system so that our system reflects the degree to which Her Majesty's Government is prepared to finance this liability. Essentially that is what we finally finished up with after a very lengthy and cliff-hanging process, as Members will recall when we were on the point of stopping payment on more than one occasion. Something which from previous correspondence I notice seems to be a habit that they have, in London sometimes of wanting to keep everybody on edge, as it were, until the very last minute. I do not know whether they feel that that increases their bargaining position but certainly if that was their expectations in the past I think they have now given up any hopes that that will change the views of the Government of Gibraltar. We have, in fact, a commitment with Her Majesty's Government that the position of the Government of Gibraltar in relation to that agreement and in relation to the fact that they are meeting the costs of the continuing payment, are that the agreement has been done on the basis of the Fund as it was in 1988 and there will be no changes to that Fund, in benefits or in any other way, to alter the assets by creating either new liabilities or new income or otherwise, without their agreement because that could materially affect the final winding up. The four

years that we have got to determine how this is going to happen are clearly going to be needed. We are talking about a situation, as I think we have mentioned before in the House, Mr Speaker, where there are an estimated 90,000 individuals who have contributed to the Fund since it was created in 1954, all of whom unless one can establish where they are and what has happened to them, could potentially be, if you like, a creditor and therefore it will be a major exercise which will involve microfilming all these records. The records are just in paper files and we had a situation last year where there was a fire in the department which fortunately did not wipe out the 90,000 records otherwise I am not very sure what we would have done after that but they have to be microfilmed and they have to be computerised. We have started doing an exercise in computerising the records of the residents of Gibraltar and we hope that the information that we have flowing in from that will enable us to plan better the type of support that we give our own resident pensioners and as we have explained before, we have got a commitment with Her Majesty's Government, as indeed we are required to have by law, that nothing that we will do will be in conflict with EEC Law and that we will not be doing anything that discriminates on the grounds of nationality or residence and therefore, that is the commitment that we have got and as I have explained in more than one occasion to the Opposition, we have to be careful when we give explanations, that the explanations that we give are not distorted and consequently on being misreported open up the risk of people challenging some of the things that we want to do. So the position is that with the help of Mrs Lynda Chalker, as I said in my New Year Message, found a solution to the continued payment we now have before us a period of time in which we will be able to deliver a suitable alternative to the Social Insurance Fund which will not create the economic burden for Gibraltar that the existing Fund inherently does. I think part of the problem of the existing Fund really is that very little was done to consider the implications of the contribution conditions from 1954 until now.

I mentioned, in fact, Mr Speaker, during the course of the year that at the time in the summer, the progress that the Government was making in carrying out its electoral programme had two clouds on the horizon. One of them being the Spanish pensions and the other one being the necessity to carry out really a restructuring of Government Services which requires the involvement and the cooperation of people within the Service and, as everybody knows, there have been some difficulties in these areas, not as serious as the Spanish pensions. We are hopeful that they are on the way to being resolved following the recent meetings that we have had with the GGCA where lengthy and detailed explanations have been given once again. But it needs to be said and said clearly, there is no deviating from the path that we have set ourselves and no amount of opposition will make us deviate, people may succeed in preventing us from doing things, but if we are prevented from doing things, then

as far as we are concerned, we stand by the philosophy that we have defended in our election campaign. We stand by the mandate that the people have given us to carrying out those policies and if the policies are frustrated then at the end of the day the price will be paid by the whole community because the policies are intended to serve the whole community and there is no other way.

The fundamental, inescapable logic of our situation, Mr Speaker, which I repeat again and again, is that we cannot consume, collectively, more than we produce collectively, and that if we have one section consuming more than they produce, that can only happen at the expense of another section consuming less because at the end of the day the equation has to balance. There is no way out of that dilemma. It is a dilemma that is faced by everybody in the world, it is not unique to Gibraltar but it is just, of course, that Gibraltar had a cushion in the past and that cushion has gone and that cushion was that with a closed frontier the Gibraltar economy had income flows from ODA and from the Ministry of Defence which were virtually guaranteed. They were not subject to market forces and consequently irrespective and independent of what anybody did, there was no question of saying: "Well, if the price is not right the frigate will go somewhere else", there was nowhere else for the frigate to go. Today you cannot say that in the commercial dockyard. 1988 has been the first year in the history of Gibraltar when our shipyard has had to compete for every job it has done. The first time ever, because until November 1987 we were still getting subsidised RFA work. Now what you cannot do is say: "there are going to be 300 Gibraltarians in the yard who will live by that discipline, who will have to be responsive to market forces, which will have to satisfy customers". But where they are the customers, as taxpayers, well then it does not matter. Those who serve them do not have to produce satisfactory and efficient and cost-effective service. That is unacceptable, it is unacceptable to us because we argued a year ago and we argued during the election campaign and after the election campaign that we believe in leading by example, and since we are driving ourselves, all eight of us, very hard and working very long hours, we do not see why others should expect that the change is going to stop with the eight of us and that we are the only ones that are going to be affected by it in the whole of Gibraltar and the other 29,992 can still continue in the slow passive existence expecting things to happen by some miracle without having to produce the goods that they wish to consume. So, as I said at the beginning, there are no goodies, I am not Father Christmas, I am the Chief Minister of Gibraltar, Mr Speaker. The goodies are the goodies that the people produce for themselves. I do not have any money, the only money I have is the money we take out of people's pockets. It is their money, I would rather that they kept it in their pockets but what they cannot do is say: "Put more money back in my pocket and give me goodies for the basket as well". It is very important that we make people understand the realities of economic life, fundamentally important, and

at the same time as we paint this picture of realism we say "our confidence in our ability to produce a Gibraltar of which we can be enormously proud and which can become very prosperous, is unshaken by being in Government one year". We have not changed our minds at all. If anything, we have been strengthened in our conviction of what is possible by seeing how awful what we have got is. In a way we ought to be grateful, I think, to the AACR administration for being so incompetent because the enormity of their incompetence is what creates the possible margin for improvement. If they had left a relatively well-run administration our capacity to improve on it would have been minimal, but that is not the case. The problem, of course, is that we are talking about a situation where we are clearly trying to persuade people that when they all agreed collectively, as they did on 24th March with a very clear majority that there was a fundamental requirement for change in our society, that meant the change was change for everybody. The dilemma which again is understandable, there is nothing new about it, it has always been a feature of human nature, is that everybody agrees with the change for the neighbour and since everybody is somebody's neighbour then individually nobody agrees with the change. In moving forward in the direction that we want to move the biggest contribution to increased output and increased efficiency has necessarily got to be made by the Government of Gibraltar as an employer not only because we have to lead by example, as we have said, but because in fact we have the largest human resource. The Government of Gibraltar is not only the biggest single employer in Gibraltar, it is overwhelmingly the biggest employer of Gibraltarians. The bulk of the private sector does not use Gibraltarian labour, it uses immigrant labour, imported labour and the ability to use that labour more efficiently than is already being done is, in fact, not all that great other than by economies of scale which we believe is an advantage that the joint venture companies and the Government-owned companies have and will continue to have. We have seen, in particular, the devastating effect of competition in the construction industry over the last three years where major firms from Spain have been able to enlarge their market share to such a degree that they are today the dominant force in the construction industry. They were, in fact, in that development over the last three years, at that stage basically, eliminating UK firms because the UK firms arrived when the closed frontier was here and they eliminated the Gibraltarian firms and the Gibraltarian firms had been reduced by 1988 to little more than doing minor works and 'patch up' jobs. The company in which the Government has invested jointly with the shipyard, which started life in 1988 and which we believe will do very well, has a highly motivated and committed workforce, it has taken workers who would have been made redundant in GSL and we stopped the redundancies and retrained them for construction work, and it has taken workers who were formerly employed in the Public Works Department who have volunteered to move

to the company and, therefore, we have seen a start there of that maximising of our labour resources in order to produce competitive, profitable work, whereas in the past that was a province of our economy that was almost relinquished to outsiders without any hope of a local company being able to obtain a foothold there. The diversification within GSL, clearly, is an area where an important impact was being made, but it has to be complemented by the diversification of labour resources from the Government. In looking at the nature of the problem that the Government has, the statistical analysis that we have been able to do, with imperfect information - I am afraid that that is an area which I mentioned in last year's speech, Mr Speaker, where we have made virtually no progress at all, we still really rely on the methods of collection that existed when we came in and we still have the same situation that I used to criticise from the other side, where different departments produce different statistics for labour from social insurance records, from contracts of employment and from Employment Surveys which do not match. It has been going on for as long as I can remember when I sat on the Manpower Planning Committee in 1974, and it is still going on and we still do not have an answer for it. So therefore, in terms of looking at the picture that we have got and that we have had for the last three or four years, we cannot say "this is a 100% accurate statistical picture". All we can say is "this is a picture which is approximately accurate", because, in fact, what the picture shows half coincides with the analysis that I have been making of the nature of the problem that we are trying to cure and the statistics bear that out but I would not like to give the impression to the House that in bearing out the picture, Mr Speaker, if I am talking about a 5% discrepancy then it is a 5% discrepancy, no, it could be a 5%, it could be a 10%, it could be a 20% but that there is a discrepancy there is clear evidence of, and that discrepancy is in the resources absorbed by the Government in terms of its use of manpower, compared with the output of the economy in terms of its use of manpower, because that is clearly one important indicator of whether we are heading for trouble or not. If you have got a situation where you say: "Right, going back to 1981/82" and I think we really have to use 1981/82 as the baseline because 1981/82 was the period when we had the full effect of parity going through the economy. So the situation was that in terms of GNP per worker in Gibraltar, the big jump came in 1978/79 when we had the retrospective payments of pay and, in fact, our GNP rose in money terms by something like 40% in that year but, of course, it was not all the effect of one year, it was the effect of three or four years without pay rises and then, if Members will recall, there were staged increases which came in in 1980/81 and 1981/82. Since 1981/82 the position has been that output per person employed virtually stagnated until the opening of the frontier in 1985/86 when it went up quite sharply and then it stagnated again and there has been no change since then. So what you really have is a

situation where the baseline of wealth creation, of output per worker, has gone up on two steps: on step was parity and the other step was the frontier opening and it has just sort of coasted along in between. But, of course, if you then superimpose on that a Government wages and salaries bill and numbers employed, which grows steadily every year, it follows that if you are growing up every year in an economy that is not growing every year, then you can only be growing because you are taking an increasing share every year. That is the trend between 1981/82 and 1988/89, we have not been able to impact on it in the last twelve months, that programme trend was still happening last year. We had a situation where there were quite a number of new posts approved by the last administration in the pipeline which, in some cases, had already been advertised, people had already applied and people had already been selected and those continued in that pipeline which turned out to be much longer than we imagined pipelines could be. Because there were people coming out of the pipeline in September still, after we had been in office for six months and we were not as much in control then, of course, of the tap that controls the pipeline, as we are now. So now there is no pipeline and now what we are doing is looking at our manpower with a view to using it better because we think of it as a very precious commodity, Mr Speaker. Just as we are looking at our property and our assets in land with a view to making sure that just because it is public land it does not mean that it does not matter and that it can be wasted and this is the dichotomy that needs to be destroyed once and for all and I mentioned that and I emphasised that last year, Mr Speaker, in the Budget speech. I said last year that we had to get away from a concept that if you rent from the Government then because it is the Government, you pay a minimal rent and then you re-rent to somebody else but because now you are the recipient of the income then you can charge what you like. We have situations where there are people who rent from the Government and re-rent and there is nothing we can do about it until those contracts are re-negotiated. But when they are re-negotiated it will come to an end because if there is money to be made out of public assets it will be made for the public and not for anybody else. In looking at the structure of public administration in Gibraltar it is quite obvious to us now that we have finally managed to track down all the people we employ and who they are and what they are doing, which took a considerable part of the first year, we have not yet entirely tracked down what we own, that is still being pursued but we know more or less now all the people that there are in the Government Service and where they are. In looking, therefore, at the distribution of this manpower, it is quite obvious that the nature of the structure which we have got which is, in fact, a carbon copy of the United Kingdom Civil Service Structure but reduced, is the most inefficient way which we could go about the business because what you have is that when you have reduced the scales then you have a dis-economy of scales and you get to a stage when you cannot

have the small finger of an Executive Officer running a department. So you have a ratio of higher grades to lower grades which is far, far greater in the Government of Gibraltar than it is in the UK Departments or in UK. We are looking, particularly in that area, for re-deploying people because there are people with skills which is reflected in the money that they get paid and we consider that their skills are under-utilised where they are today. We are now in a better position than we were obviously a year ago because we have now got a fuller picture of the situation in Government and we will be embarking, over the next twelve months, in the implementation of the restructuring of the Service with clear areas that we want to shut down completely. Obviously, this is not reflected in the Estimates of Expenditure because we are providing for what is there today. In fact, the only area where Members will have noticed that there has been quite a lot of pruning, not to say surgery, has been in the Tourist Office where the Tourist Agency has now taken over the responsibility in a number of areas and what we are doing is, in fact, moving towards a situation where we can identify a task, we can identify an income generated by that task and we want it to be free-standing as far as possible. And what we are left with, as a Government, are the functions that really are the things that Governments have to do and we look forward to a situation where progressively, year after year, the Estimates will be getting smaller and there will be less money spent on recurrent expenditure. That is, in fact, what we set out to do immediately after we got voted in and therefore today what we are saying to the House is: "We have had limited success in that strategy but we are confident of the success of that strategy and we are confident that that is the right way in which to resolve the problems economically of turning Gibraltar around and making it self-sufficient". And therefore if I can pass to what I described as the second part of my contribution which was to specifically draw the attention of Members to the Estimates of Expenditure in the Appropriation Bill, I will show how we are reflecting this and the changes that have been taking place already and the changes that we hope will be taking place next year and the year after that. In looking at page 5 of the Estimates of Expenditure, Mr Speaker, we see that we have actually estimated the revised estimate for this year and that we finished up the year with a deficit of £1.9m. We had, in fact, last year budgeted for a deficit of £1.8m and I said during my contribution that we expected during the year to come up with quite a lot of supplementary funds but that we had set ourselves a target of not allowing the deficit to grow to more than £3m to £4m. We have, in fact, done better than we had hoped because we have kept it to £1.9m. The House will, of course, have noticed that the deficit for this year is programmed at £4.8m whereas a year ago we had said that, in fact, we were thinking that we might have a maximum deficit of £4m in year one and then a maximum deficit of £2m in year two and then zero aiming for a final figure at the end of four years of £4m in the Consolidated Fund Balance. The deficit that we are budgeting for this year is, in fact, £1.3m

because the £3½m that make up the £4.8m is the adjustment that we are making to the Consolidated Fund Balance in respect of arrears of revenue which were included in the previous reserves as if they were cash. So although, in fact, it does not alter the situation whether you say: "I have got £8m in reserve of which £3½m is money that people owe me" or "I have £4½m in reserve all of which is cash", does not alter the situation. Whether we describe it one way or we describe it another, we feel that to describe it in the second way is better because it gives a more genuine reflection of the reality. What is the use of having a reserve if the reserve consists of unpaid bills? Reserves are there because if you suddenly have a problem and you need to pay and your money is not coming in, then you need to pay with cash, you cannot pay with all the electricity bills, Mr Speaker. We argued that, of course, from the opposite side of the House when we were in Opposition and it was the situation until 1976, it was changed by the previous Government in 1976. When they came into office in 1972, Mr Speaker, the situation in 1972 was that the picture that they inherited was reserves made up of money, not of unpaid bills. When we came in for a number of years the practice had been to create these Funded Services with a way of consolidating the accounts of the Funded Services into the general revenue which, frankly, does not make people understand better what goes on. It makes it more obscure because the nonsensical method that had been adopted until now meant that because there was this Head called 'Reimbursements' and the reimbursements were the reflection of the expenditure in the Appropriation Bill, the reality shown in the Estimates until last year was one where the more money you lost on the utilities the more income you had. If we are trying to say to ourselves: "Right, we are keeping control of recurrent spending then obviously we want the figures of recurrent spending to be as realistic and as accurate as possible". Otherwise you have a situation where if you spend, for example, more money producing water, let us say we have a situation where we budgeted in the vote in Public Works £x thousands for fuel for the desalination plant and we find during the year that the cost of fuel goes up - I am using water because water does not have a fuel adjustment formula - so that fuel goes up in the PWD and therefore the expenditure of the Government goes up. That expenditure is then recovered from the Water Account and shows up as Government income as a reimbursement and then because reimbursing the expenditure has created a deficit in the water account, you then have new Government expenditure which is a Government subsidy. So that you have a situation where you spend the money on the fuel, you then go to yourself and you charge yourself for the extra cost, you then show as income the money you have paid yourself and then you give yourself a subsidy because you have not got any money in the first place to pay for it anyway. And that has been reflected in the past in situations where on page 5 you would have a figure shown as Contribution to Funded Services. Indeed, if Members look at page 5 today they will see that the revised figures for the Housing Fund and the Electricity Fund of £2m and £2.1m reflect that.

Members will recall, in fact, that that was shown particularly well in the last meeting when we brought a Supplementary Appropriation Bill and what did we have to do in the Supplementary Appropriation Bill? We came to the House and we said: "We have spent £300,000 more on Housing Maintenance", Members will remember that, but we had to vote the money twice. We voted the money once as Housing Maintenance in the Appropriation Bill and we then had to vote the money as an increased contribution to the Housing Fund because the Housing fund had then to increase its reimbursement to the Government by £300,000. So although the money was only spent once, it went round three times, once out, once back and then once out again. If we want to, as we do, look at the position of the Government in terms of the resources that it absorbs in the economy then, clearly, double accounting is not going to help us because, obviously, if we are accounting everything twice then we will finish up using more than a 100% of the economy in that way. So we felt that the right thing to do was to correct the situation. We are therefore this year eliminating the Funded Services and we are going back to the situation as it was in 1976 where the expenditure and the income from the utilities are just treated as normal Government income and Government expenditure. The figures shown therefore in the Funded Accounts at the back of the Estimates are being continued in the same format as before, not because this has got any legal standing anymore, but because we felt it would be useful for Members opposite to be able to draw comparisons from one year to the next and if they just disappeared then they would not be able to see how the utilities are going to be performing over the next twelve months. But, of course, those figures which were at the time I remember introduced by the Government in 1976, in an attempt to improve on what were then the notional accounts, which was what existed before that, still leave a lot to be desired in terms of what would be commercial accounts for utilities that are really trading concerns. The most important deficiency, of course, is the absence of a balance sheet. So there is no record of the assets and there is no depreciation and that is not a charge. Therefore, for example when we look at what it costs us to produce water, we do it on the basis that the desalination plant was a gift and as it was a gift it did not cost anything and therefore that is not a cost for producing water but, of course, it is a cost of producing water and we under-recording the true cost of producing water and if tomorrow we have to take a policy decision on whether to buy more desalination equipment or not, then the cost of buying the equipment and depreciating it must be put into the calculation in forward planning what is the most effective way of producing the water. Obviously I do not think I need to say that but Members opposite will have guessed that we would prefer to move the utilities into joint ventures. Therefore, we thought that it was better to integrate them totally into the Government accounts and as Members know, we are under discussion with a number of interested parties in a number

of the utilities. These discussions are still at too preliminary a stage to be able to say whether they are going to lead anywhere or not because at the end of the day the bottom line is that we only go into partnership if we are convinced of the commercial sense of doing it, if we are not convinced, it may mean that none of the ideas that have been put to us will be worth implementing. On that basis we are saying for the next twelve months that these are going to be Government Departments and will be run as Government Departments and there will be no change but it does not mean that if we are able to come up with a sufficiently attractive package before the financial year is over that we would have to wait until the end of the year. Obviously in looking at the situation it was better, from our point of view - my colleague tells me that he is confident that we are moving before the end of the year on Telephones, I am never confident about these things. But it is tidier obviously if we can do it when there is a start of a new financial year and then we say: "Right, we are wiping the slate clean, this is going to disappear and the new thing is coming in". In a way, as I think we announced previously, when we were looking at the joint venture with British Airport Authority for the management of the Air Terminal and at the 100% Government-owned Tourist Agency for the management of the tourist facilities, we programmed them to come in on the 1st April because as the House will recognise if we are ending the financial year we can then end the year on one basis and start again on another one. It is more complicated if we have gone halfway through the year with people being paid as Civil Servants and then we have to change them over and we have to make payments to a company where there could be complications if the money is voted in the House as personal emoluments because then it would have to come out of Other Charges being a payment on a contract. Obviously it is not impossible to do because at the end of the day we can always bring a Supplementary Appropriation Bill to the House and increase the money we voted under Other Charges in the knowledge that we are going to have money left over under Personal Emoluments. It is preferable if it can be done but, obviously since these things involve discussions with a number of parties including the people working in those departments and the unions which represent them, it is not possible to orchestrate these things to such a fine point that they are all going to come in on the 1st April.

Mr Speaker, the planned expenditure for the next twelve months, apart from this change of presentation which I have said, which really does not alter the basic state of the nation, is currently budgeted to bring about a deficit of £1.3m on recurrent spending. The £3.5m removing the unpaid bills is a one off exercise for this year. We are therefore looking at a situation on the basis of current estimates of reserves that we would now be projecting forward for the next two years possible deficits of £2m for 1991 and 1992. That would leave us at the end of 1992 with £½m in the Consolidated Fund and, of course, £½m cash in the Consolidated Fund is no different from the figure that I

gave the House last year when it was £4m in the Consolidated Fund including £3.5m of unpaid bills. So the target is still the same except that the target now is in cash and the £3.5m of unpaid bills is there and therefore what we are saying is, assuming that the level of arrears stays at the level of £3.5m which is the figure that we found when we came in and which is the figure which reflects the fact that bills tend to get paid a couple of months in arrears anyway, assuming that the figure stays around that level, we would expect to have cash in the kitty in two years time of £½m. Had we continued with the presentation as it was in last year's Estimates the figure shown would have been £4m but it would have included the £3.5m. Obviously if we are able to collect more and we reduce the arrears figure then we would expect that to be reflected in the amount of cash we have in reserve. Fundamentally the target has not changed but it will be shown differently. I think it is important to make the point because it is not that we are saying: "We are now £3.5m worse off than we were".

The Government's projection on the Improvement and Development Fund has changed dramatically. The House will recall that last year I said that we were moving from a spend of £4m, which was the figure of the previous administration, to £8m in our first year and then we intended to go up by £4m every year to £12m, £16m and £20m. We have actually spent over £9m in our first year and we consider that the requirements for infrastructure and the requirements for upgrading the equipment, the furniture, the computer systems that we as a Government need to have if we want our people to be more productive, I mentioned last year again that it was not enough to urge people to produce more, it was not enough to reorganise structures to produce more efficient procedures, you also have to give people the tools with which to work and if they are using Imperial pre-war typewriters then you cannot expect them to produce the same as if they are using electronic ones. So the Government is putting quite an amount of money in the Improvement and Development Fund for improving the infrastructure and improving the materials, the plant, the equipment, the office furniture that we use within the Government in order to improve the service that we give and that means that although we predicted last year that we would be going for £12m this year, instead we are going for £22.5m. I do not think there has ever been a year in Gibraltar's history when a sum anywhere near that has been allocated by a Government from its own resources without looking to UK for money, for developing the infrastructure and the basic tools of the trade with which we have to work in our community. That means that instead of a £56m Development Programme, which is what I predicted a year ago, we are now talking of a Development Programme of the order of £70m funded by us. I would remind the House that some years ago when the previous Government was looking to aid from UK they announced a £50m Development Programme and that was treated as a major exercise but, of course, it never materialised because it depended on the British Government providing the money and

the Government said 'No'. We are saying we will find the money. An important element of finding that money, obviously, is going to be the recycling of Government land and property. Of the £22m this year and of the £9m that we have just spent, about half of it has been absorbed by the reclamation works and the associated infrastructure that has to be put in. So we are talking about a situation where the reclamation plus the sewers in that area and the telephone ducting and the water supply and all the other things to make the land developable in the sense that we can agree a price with the developer and hand it to him and he can just move in and start building, all that package is going to be taking up about half of our investment programme in this year and has taken half in the year that we have just finished. It has therefore meant that we have taken the Development Programme as far as we could in the space of one year so as not to hamper the speed of reclamation and yet find money for other important things which are reflected in the Improvement and Development Fund and to which individual Members will be making reference and which we will have an opportunity to answer questions on during the Committee Stage.

I think the other area that I feel is important for me to highlight is the amount of money that we are putting, Mr Speaker, into the Social Assistance Fund which we created a year ago. The House will recall that we brought this in a Supplementary Appropriation Bill, we provided £1m and we have given an explanation already to Members opposite and therefore when the matter was, in fact, voted in the House there was no major debate because we all knew what we were doing and why we were doing it. The start of that process with that £1m, I believe I explained at the time that we were putting in money that was in excess of the expenditure that would be required in 1988/89, where we were providing money for certain payments which took place from the beginning of January onwards. But we knew that those payments would not go to the extent of requiring £1m and that we expected that when we finished the year some of that £1m would still be left in the Social Assistance Fund and would be invested by the Social Assistance Fund and start building up a reserve for the future because we know that we need to have a reserve for the future in order to be able to guarantee that the Government in 1993 will not be faced with a situation of having to provide a safety net for elderly people as a result of the winding up of the Social Insurance Fund and have to rely for that safety net entirely to say: "Well, let the problem be faced by whoever is there in 1993", in any case we expect it will be us so it makes it even worse but even if it was not us, we think that it would be wrong because it would actually lead to a situation where the reliability of the commitment might be one that may be impossible for a Government to fulfil and the people who would be at risk would be the pensioners. And since we have said that we are totally committed to protecting the pensioners and to guaranteeing their security in old age, like everything in life, the best way of demonstrating that commitment is to put our

money where our mouth is and that is what we are doing here and therefore we are putting £10m. Obviously £10m is going to be well in excess of the money that we are going to be spending in the next twelve months and that excess will go, together with the money left over from last year's £1m, to building up that reserve. We do not know to what extent we are going to need to bring down those reserves because we do not know what kind of problems we are going to be faced with in 1993 but we want to be reasonably confident that if we are erring, that we are erring on the side of caution and over-providing rather than finding ourselves short then. We would be looking, Mr Speaker, to a situation where by 1993 the Fund had reserves of the order of £20m and really to be able to guarantee a reasonably secure old age for our people and say "it does not really matter how bad the budget is performing, there is enough money there to generate an investment income, to be able to give every single person over 65 a modest income, independent of any contributions they may or not have made", we would need a reserve as high as £100m to be able to do that. We are not aiming to do that, we do not think we can generate enough income in the next five years to be able to do that and in any case we do not think that the risk is so high that in 1993 we are going to have a situation where the Government then would not be able to put a penny in and therefore it all has to be investment income. So what we are saying is that what we hope to have in 1993 is a situation where the annual payments from the Social Assistance Fund will be comfortably met from the investment income of the £20m and whatever the Government puts in from its annual budget.

Again, these are figures, Mr Speaker, that I am giving like I have given on others where I am not talking about what is going to happen in the next twelve months, I am talking about what is going to happen in 1993 and, therefore, I am putting this information in front of the House because I believe that the occasion of the annual budget should be an occasion when we do more than just say: "We are going to spend so much on petrol and so much on this and so much on the other", we must also give a long term perspective on what is the direction we are going and are we making provision, do we have forward planning to make sure that when the time comes the resources that are needed are going to be available to be tapped to provide a social programme and a level of assistance to people in need, which will be sufficient to ensure that there is no area of deprivation, as a consequence of the fundamental changes that we have to carry out to our Social Security system.

I think, Mr Speaker, really, that if we are talking about goodies then I would say it is a very good goody to put £10m in the Social Assistance Fund and to spend £22.5m in one year in the Improvement and Development Fund but, of course, it is not a goody that you can go and spend "en el Continente", that is the difference and that, I am afraid, is what perhaps some people were hoping to get and are not going to be getting. We believe that in the next twelve months we need to continue the process that we embarked upon and that we said we would introduce last year and where we have already made some provision and that we propose to make more provision, of relating the fiscal system to the needs of the economy. That is to say, we do not think it is a question simply of revaluing the existing tax. I remember from the other side of the House when I was told, I think it was in the 1977 Budget, that the Government was conducting an in-depth study of the tax structure and all that they did when they came back with the in-depth study of that tax structure was to take away the 37% of company tax and make it 40% or vice versa. My argument then was "This is not an in-depth study of the tax structure, this is just a cosmetic change which, at the end of the day, does not alter the fundamentals". We argued before and are arguing now, as the Government, that the fiscal system has to serve the needs of the economy as well as being a way of collecting revenue. The concept of the tax gatherer, going back a few centuries, as somebody that simply takes something away from you in order to fee the barons is not the concept that we have to have in this day and age. What we have to have is a system where we say: "There are things that people do in the economy of Gibraltar which produces benefits for the economy of Gibraltar and there are things that people do, either in the economy of Gibraltar or by not spending the money on the economy of Gibraltar, which is a negative factor economically". Therefore we should be planning a tax system that rewards, positively, the things that we want to encourage and discourages others. If I give an example, Mr Speaker, from the kind of debates that there have been about things like taxes on tobacco and taxes on spirits in other Parliaments, the argument has been put that even if you do not need the revenue you should tax those commodities in order to discourage their use. I am not saying we are going to be following that road because the reality of it is that those commodities in Gibraltar, we do not want to discourage the use of, because they are used by a lot of people who do not live here. And we want to encourage the use, because they take it away and are an important source of revenue for us, and that is a fact of life. But I am saying certainly in the pattern of spending, the Government feels that fiscal measures can be introduced to encourage certain types of spending.

And obviously in principle, that already exists in one particular area, and that is in the area of home ownership, where there is already, in the Income Tax Ordinance, an allowance for people who buy a home for the first time, for owner occupation. We have been looking at that and we are not happy with the way it is drafted and we are not happy with the level at which it is set and that is something that we are looking at with a view to changing between now and the beginning of the new tax year. So that we would be able to bring something in which, we think, will make home ownership much more attractive and would make the purchase of a home much more within the range: the purchasing power, of a wider cross-section of the community. It is going to be done, I think also in a way, we hope, we are trying to find the right vehicle and method to do it, but we hope also, in a way, of helping people who with the present legislation were I think left out, perhaps unintentionally, but the way the legislation was drafted they were not able to take advantage of what is already there, so we propose to do it. It is not something that I am in a position to spell out, in detail, Mr Speaker, because we were not able to bring it on this occasion to the House, because we have not got the wording yet right. And we are looking at the Tax Ordinance with a view to bringing an amendment which will enable us to make moves in this direction. The House will have the opportunity obviously to debate the matter when the Bill is ready, but we hope to have it ready before the end of June so that it can come into the new tax year.

The position, as far as the Government revenues are concerned, reflects a number of changes that have taken place during the course of the year, for obviously the amount collected in Income Tax continues to be the major single source of Government revenue and it cannot be divorced from the size of the wage bill. I mentioned either last year or during the course of the year that in global terms the Government's payroll was something of the order of £39½m. The House knows that last year, we provided £2½m for pay reviews and regradings and other claims, and we are providing again £2½m this year, and of course if you have got £40m, and you are, on average, giving increases of 6%, then you need a couple of million a year to do it. And it is not a bill that can continue to grow at that rate in a situation where the money that pays for that is primarily income tax. You have a situation where people outside say they want to pay less income tax and the numbers, outside, may decline, given the cuts that have already taken place in the UK departments over the last two years. What we have is a situation where the Government of Gibraltar

today represents a much larger proportion of the Public Sector than it ever did before, because the Government of Gibraltar itself has been growing in employment terms whilst the UK departments have been shrinking. It is not a sustainable position. We are not prepared to go into a situation of creating redundancies, so therefore what we have to do, and there is no other choice, is to overcomplement, overbear people on a supernumerary basis until they can be re-deployed. We are also committed to a situation where nobody is forced to move out of the Government Service and into a Government company. It is a matter of free choice, the jobs are advertised, people apply for them and if they are selected, they get it and if they are not selected, they are kept in the Government at their rate of pay, independent of the fact that we might think that there are more people than we need to do the job, the way we want to do it, but that commitment is one which we gave before we came in and we stand by it. This is why, Mr Speaker, I told the Civil Service Unions before the elections, that their jobs were not at risk, because the Government would not be sacking any of them. The encouraging side of the coin, of course, is that in the one area where we shifted into a commercial organisation, which is in the Tourist Office, we actually had four times as many applicants as jobs, so it means that although there may be some resistance to the concept, there are also sufficient volunteers, it appears, for the concept to work, and those who do not want to move can stay because there are more wanting to move at this stage than we can take in the companies that we have set up. But the situation is that, in this year's Budget and in the money we are providing in the Appropriation Bill for this year's salaries and wages review, we are doing it on existing complements. I think, as a whole, really all that we can say is that in terms of numbers, we probably employ the same on the 1st April, 1989, as we employed on the 1st April, 1988, and although it has taken a major effort to employ the same, it will be the first time that we have not grown, so in a way, it is like trying to turn round a very large bus and bringing it to a halt when it has been travelling in the same direction for forty years is a major exercise to apply the brakes. I think year one we have applied the brakes and now we are turning round and going in the direction that we want to go, with the bus. The House and Gibraltar and its people will see that reflected, Mr Speaker, next year, much more so than this one, where we will see a situation reflected from recurrent spending which will start to bring in the "switch" in recurrent spending which is fundamental to the strategy of the Government. The situation is that we could not sustain,

however much we can squeeze out of the existing structure, we could not sustain year after year expenditure in the Improvement and Development Fund, going up to £20m or £30m and still continue with recurrent expenditure going up to £90m or £100m. It is not possible to do both unless there was a sudden new source of income for the Government of Gibraltar or imports suddenly shot up enormously and we found import duty going through the roof, so on the basis of the trend which is that the revenue trends basically are no different from what they were in the last couple of years, when the previous Government was in power, nothing dramatically has changed in terms of revenue. We can see that using that revenue more efficiently means providing a better service for less money, and we are going to be seeing that happening within the next twelve months, much more so in a year's time and much more so in two year's time, because much of the initial preliminary work has been done already.

I mentioned last year that the Economic Council was not in a position to start functioning for the reasons that I explained then, that it was not possible to service the Council with accurate information if it was set up. The position has not improved in that quarter. I am afraid we are no nearer getting our statistics together, today, than we were twelve months ago when we came in. We are putting a fair amount of money in the Improvement and Development Fund for computerisation, this year, and we will have to see. We have already bought some equipment in the last couple of weeks which we were able to get at a good price and we will have to see whether in the course of the year, the introduction of that extra equipment will enable more statistics to be collected and computed more accurately. In the meantime, what is taking place is, that we have regular meetings with the Chamber of Commerce where, effectively, we review the policies and the performance on an ad hoc basis until we have got proper machinery set up. They asked us to do this given the fact that the Economic Council was something that was taking longer than we had hoped and we agreed to do this. The Gibraltar National Bank, Mr Speaker, as I have mentioned during the course of the year, has had to be shelved. The position is that we are not prepared to take on the starting of the Bank unless we have the necessary manpower resources ourselves at Ministerial level and within the Public Service to enable us to tackle it efficiently.

HON A J CANEPA:

A joint venture with the Opposition.

HON CHIEF MINISTER:

Well, yes, I suppose that is a possibility. But certainly we are stretched to the maximum and we cannot really take more on than we have got already and we have to see some of the things that we have already started in the last twelve months reaching a stage where we can say: "Right, we can now turn our attention to something else and this must be now left on its own and it has got enough momentum behind it to keep it going". The priority this year has to be the Employment and Training Board. I explained to the House before that we did not want to have a situation where school leavers continued unemployed until we had the necessary machinery and I am glad that we took this decision, in July, because frankly the necessary machinery, as we have discovered, is a very lengthy process for as long as the system that we have got is the one that was there when we came in because it takes so long to retrieve information, with masses of files piled all over the place and we have a situation where the Heads of Departments come to us and say: "Well, look, we have got all these files piled all over the place and it is impossible to get at the information that you want and give you the feedback that you are pushing us all the time to give you so what we need is filing cabinets". We then get them filing cabinets and they put all the files in the filing cabinets and then they come back and they say: "Now we need more offices because there is no room for the people because the offices are full of filing cabinets". There is a tendency to discover with each step why it is that the next step cannot take place and we have moved very, very slowly in a number of spheres, whatever people may say about change being too fast, as far as we are concerned, we were very conscious what we expected to be able to do in one year and we have not done it. That does not mean we are giving up, it means we are pushing harder and the Employment and Training Board which will require legislation is one of the areas that we want to give priority to and we have already got a draft Bill ready to bring to the House. It is not ready to go to the printers yet because, in fact, there are things in it that we are not entirely happy with because we are not scrapping the existing Employment Ordinance on the

basis of the draft that we have got. The Regulation of Wages Ordinance and the provisions on things like unfair dismissal and so on, will stay in the existing legislation. But basically, what we are looking at is a Board which will be created by the Ordinance which would absorb the role of the old Training Board under the Training Ordinance, under which we are collecting the levy. The new Board would be responsible fundamentally for manpower planning and consequently for manpower training the context of manpower planning. Again that Board, to be really efficient, would need to be supplied with accurate statistics.

I think we need to have a demographic picture of the labour force, with an age structure, so that if you are planning training, you are planning your training on the basis that when people come out of training is when other people with those skills are retiring and dropping out of the workforce and there is somebody coming in to replace them. That has never been done before, and therefore you find yourself that you are training carpenters, and what you need are painters or vice versa. We have that problem in GSL, there are people coming out of their apprenticeships with skills which the Yard does not need and at the same time the Yard needs other skills for which nobody has been trained. The Employment and Training Board and the new law, as we see it now, would also provide for the registration of contracts of employment which would be made a requirement for everybody, EEC nationals and non-EEC nationals. The position at the moment, as the House knows, is that the only people who have got written contracts of employment are non-EEC nationals, because they are required to produce the written contracts of employment in order to obtain a work permit. The House also knows that, in a couple of years' time a very large proportion of the people who now require work permits will no longer do so because the transition period for Portugal and Spain terminates. And therefore the limited degree of control over the labour market and the limited degree of information that we now have will disappear, because we will know how many Indian Nationals and how many Moroccans there are in Gibraltar but that is all we will know. The rest will not require any documentation to work in Gibraltar, other than a social insurance card, unless they happen to be already insured in another community system.

So we do not want, Mr Speaker, to fall into the trap that the previous Government fell with the Spanish pensions and then suddenly find themselves being told "well you cannot do this because you had to do it before the transition period was over, before Spain and Portugal joined". We are going to do it before. Then when we do it, nobody can say, we are doing this because a particular national group is affected because we are going to be doing it for everybody including Gibraltarians, so every person will be given a contract of employment and every employer will be required to

give a contract of employment to its employees. Today the law, in fact, requires that people should be given a statement of their terms of employment and the law recognises that there is an employment contract in place even if there is nothing in writing, otherwise Community nationals would not be able to sue for unfair dismissal, for example. We think it is in the interests of working people anyway to have a piece of paper that tells them what their rate of pay is, what their annual leave is, what their sick leave is, what their pension rights are, because then that is a legal document which they can enforce and it is easier to enforce if it is in writing than if it is a verbal agreement and there are conflicting versions of what the agreement is. The Employment and Training Board because it would be responsible for registering that information, would then have primary source of data, which it would control itself instead of having to depend on somebody else collecting it through the Employment Surveys or whatever and it would then be able to get a very clear picture of what the labour force is and then it would reflect that picture in its training role. We see then that the temporary measures that we have today where, with the cooperation of many employers in the private sector many of our youngsters are now working on contracts given by the Government and once the Board comes in because the contracts that they have been given by the Government are on the basis that the Government has given them a contract in anticipation of the existence of the Board, but once the Board existed then the Government would transfer the trainees to the Board and the money to the Board and the Board would employ its own staff. Obviously, since some of the things that the Board will be required to do are new, but others are things that are being done already by certain areas of Government, it means that the workload from those areas of Government will diminish and it means that in the restructuring exercise that the Government is carrying out, that will be reflected and therefore we will look to a situation where when the Board requires staff then it should be able to absorb some people who currently work for the Government but, again, as I have said in the beginning, nobody is going to be dragooned into working for the Board or working for anybody else. The situation will be that the terms would be sufficiently attractive, we hope, for the Board to obtain all the applicants that it requires and certainly sounding out possible individuals who are in the area of training and in the area of employment. So far the reaction that we have got suggests that it is not an unattractive proposition. The position, therefore, is that within the Estimates itself, the reflection at the moment of the cost of the Government training and the cost of the Labour Department and of the work being done on work contracts and on work permits and all that, we are projecting for a year. Obviously what I am saying to the House is, as in other areas of possible change, if we are able to get the legislation in and we are able to set the Board up and the Board is functioning in three months time, then we

will not be needing to spend all that money which is provided for in the Appropriation Bill, but we are providing for nothing happening in the next twelve months, in the expectation that something is going to happen in the next twelve months and that therefore it is another area where we say to ourselves, well we are going to be comfortably within our Budget because we have budgetted for twelve months and we hope that in two or three months time, by the summer, we hope to have the legislation in the House and the machinery being set up and the target would be that we would be able to have this ready and operational for the school leavers that come out in September this year. That would be our target, but again what we are doing in looking forward is, we have only just started this process, if we find that September comes and the Board is not ready, then I want to make it clear that the school leavers have still got guaranteed employment on Government contracts for a year because we are not going to bring the existing system to a halt until we have got something better in its place. We recognise that it is an imperfect system but it was the best way to tackle the problem quickly and that is what we have done. I will carry on this afternoon, Mr Speaker.

The House recessed at 12.30 pm.

The House resumed at 3.15 pm.

HON CHIEF MINISTER:

The position as I left it, Mr Speaker, when we broke up at lunch time was that I had got to explaining how the Government's programme on employment and training is intended to dovetail into the philosophy of relying on our own labour resources. The training, so far, has been concentrated on school leavers. We found that the training of the school leavers had been taken up to the extent that there really was very little left in terms of unemployed school leavers by February of this year. Therefore what we did in February, which has had quite a good response, was to offer the same terms to people over the age of 18. That is to say, to young adults, people between 18 and 25 and there are now a number of vocational cadets in the 18 to 25 range as well which has started, if you like, eating into the adult unemployment figure. Obviously, the Employment and Training Board will start off, hopefully, in the next six months with the mission of taking the system as it is. But the next logical step which I do not think we are going to be able to do very much about in the next financial year but which I think is worth mentioning, that the commitment of the Government is still there as it was a year ago during the elections and that is on encouraging more women to remain in employment. We looked at the different sources of labour in the economy. The thinking of the Government is that it is in Gibraltar's long term interest to be less dependent on imported labour. We have,

therefore, moved already on increasing the scholarships so that we send more people to UK although clearly that creates a bigger problem, not a smaller one, because now we have more graduates coming back and we do not really have a situation where there is a strategy for absorbing graduates. Members opposite will know that there is an agreement with the GGCA, which was done when they were in Government, which prevents the Government from employing graduates because people have to join the Service as Clerical Assistants and nobody is going to the UK and do a degree and come back and be a Clerical Assistant. Of course, we respect the agreement, it is there but it means that we are looking to the private sector really to provide employment opportunities for returning graduates and, of course, within the private sector once the joint ventures and the Government-owned companies get going, they will not have this impediment to recruitment. They will be able to recruit returning graduates and we are thinking in terms of a situation where, and I explained this to Sixth Formers this week when I went to talk to them, in looking at the nature of a commitment that people have to enter into when they go to study, there was a clear bias in the previous agreement in that the student was required, by the agreement, to come back and work for Government for three years but the Government was not required, by the agreement, to offer employment. A lot of them want to come back and I think there have been more cases in the last few years of people wanting to come back and not being able to than of people wanting to stay and being required by the Government to fulfil their agreement. To my knowledge, in fact, other than in teaching, very little has been done to make people actually come back and work for the Government of Gibraltar because of the difficulty of finding them employment. We ourselves were interested in getting returning law graduates to come and work for us but we are told that our competitors in the private sector offer such good wages that there is no way that we can get them to work for the Government. Perhaps Members of the Opposition can suggest how we can improve the situation. As a whole I would say that the important thing is that unless we are talking about people who are, I think, with a natural bent for a particular thing, I think that if Gibraltar produces a brilliant scientist in a particular speciality then as a people and as a community and as a Government we should provide the necessary support, financial and so forth, to make sure that that child can gain the full potential that he is able to wherever he goes in the world in the knowledge that we are going to lose him. But, by and large, that will be the exception to the rule and it would be the view of the Government that most young Gibraltarians who go abroad to study would prefer to come back home, that their families would like to have them here and that the Government would like to have them here. It makes sense. If we are investing in their education that we are able to give them the opportunity to use the skills and the knowledge that they have acquired for the benefit of the community, and to

progress Gibraltar's economic development. But it is an area that we are conscious of, what I am saying is that we do not have the answer. At the moment we have got to the stage of saying: "Alright, we will provide more money to send more people" and Members opposite will no doubt have noticed that, in fact, the amount of money going into scholarships has been increased but, obviously, the more people we send now the more people that we are going to get back in three years time and I think we have to plan for that situation three years from now. I have taken the opportunity of the meetings that I have had with the Bankers Association and others in urging them to look amongst their membership at the possible career opportunities that they could offer to returning graduates. I am hopeful that the response to my initial request has been a good one. I hope it will be translated into job opportunities for graduates. Therefore, the other element that I think we have got a clear commitment to do something about is the involvement of women in the workforce and obviously we have to start thinking of providing facilities for young children in that area and it is something that is not in this year's Estimates, it is not included in the Budget but it is something that we see as a natural extension to the work of the Employment and Training Board once we have tackled the school leavers and the adult re-training of the existing workforce. Then the next natural pool of labour in Gibraltar is, in fact, the relatively low level of economic activity amongst women by European standards. Although the level of economic activity has been on the increase every year, it is still low by European standards with a possible exception, I would say, of perhaps Spain, but certainly by Northern European standards we are low.

I think there are a number of other areas that I need to mention. The commitment of the Government that I mentioned in last year's Budget statement to promoting Gibraltar has been demonstrated in the last twelve months by the office that we opened in Washington and by the office that we have opened in Hong Kong. On present plans we are planning to open an office in Tokyo around September this year and that will be done to coincide with the IMP World Bank Meeting, which this year is being held in Washington and which I am hoping to attend. We are planning to launch a special supplement to 'Euro-Money' which is a publication with a very high reputation. They do a special issue to coincide with the World Bank IMP Meetings and they have a special edition of that special issue in Japanese and we will be carrying a supplement on Gibraltar in Japanese which will be launched at a reception in Washington and in Tokyo.

HON A J CANEPA:

Ensure that it is the right way up.

HON CHIEF MINISTER:

Well, I assume that even if it was the wrong way up, the people who are able to read it would turn it the right way up to read it and the effect would be the same and we are confident that it is an investment worth doing which will bring new customers to the professionals in the Financial Services Industry in Gibraltar, who clearly welcome the efforts that the Government is doing in this direction. We are doing this additionally, Mr Speaker, with an unchanged Budget, that is to say, the amount of money that we put in this year's Estimates for that promotional work is the same as we put last year, when we put the money in last year's Estimates we said that we were committed to this, it was a policy objective of the Government defended by us before the election and therefore, we put it as a priority as soon as we came in. We are absolutely convinced that marketing and selling Gibraltar is fundamental and that the investment that we want to bring and the wealth that we want to bring will not come in the volumes in which we want to bring it, other than by a conscious marketing effort. The marketing obviously is one where we use the points of sale, as it were, that the Bureau offices are, to carry information on everything, not just on financial services, but we carry material with all the Estate Agents in Gibraltar. We carry information about Yacht and Shipping Registration. We carry information about shiprepairing and Yacht and yacht repairing. We carry information about the hostels. So essentially, what we have is a point where a potential customer ought to be able to get information about any particular aspect that might interest him in Gibraltar, and essentially what we do in the offices is, that we put them in touch with the professionals in the Private Sector here and we do it obviously, on a non-biased way. So if they want to have a lawyer, we give them a list of lawyers, and if they want an accountant, we give them a list of all the accountants. Quite a lot of material that we put in the offices, in fact, are provided by private firms in Gibraltar who themselves produce quite professional booklets, on information about Gibraltar and the laws of Gibraltar and so forth which we are happy to carry. That is what is already happening in the two offices we have got. One of them in fact we have got an arrangement where there is no cost to the Government, and because we have been able to do that arrangement with the Hong Kong office, it means that we are able now to think of expanding without having to put more money in the Budget. This is really why, it is not that I have got any magic formula that enables me to spend the same money on more and more offices. It is just that as long as I am able to do it at a cheaper price, then I can spread the same amount of money further. The London Office, which was the Gibraltar Tourist Office of course, has seen some savings as Members will have noticed from the Estimates of Expenditure because we felt that it was too costly an operation, the way it was manned. The situation is that it had a Senior

Executive Officer, which is a fairly senior grade in the Government. There are only sixteen of them and one was in London and not only was he in London but, in fact, the Government provided him with a house and they provided him with overseas allowances which meant that it was quite an expensive package. The situation is that he has now returned to Gibraltar, that the post has been abolished and that the person is being redeployed into another SEO vacancy. Because the other members of the London Office had arrangements which they had entered into just before the election, people getting involved with mortgages and their expenses and so forth which we recognised could create personal problems, what we are doing is that we are retaining the present staffing level in London until the contracts that those officers have got expire. When that happens then the officers concerned will come back to Gibraltar as Civil Servants unless they prefer to leave the Civil Service and apply for employment in London on the basis that they are in London because they want to be and therefore they do not get overseas allowances because we are not sending them any more and then they would be employed by the Gibraltar Information Bureau and not by the Tourist Office. So eventually that cost will disappear from Personal Emoluments. But the reason why it is still there is because we felt it would be unfair to the people concerned to present them with changed circumstances when they had entered into commitments which meant personal expenses to them and we have agreed that they should be allowed to terminate those arrangements over the course of the next twelve months. But one would expect that the position that I am explaining will be reflected in the Budget in a year's time which will mean a saving in that particular area. The Bureau, therefore, will continue its work in the next twelve months on the basis of the same budget as it had last year.

We are also hoping this year to be hosting in Gibraltar a visit from UK Parliamentarians arranged through the CPA, of which Members opposite know, and I think after the Parliament's election for the European Parliament, we will probably think of bringing out our friends in the Gibraltar-in-Europe Representation Group, assuming they all get re-elected, which we hope they will, and in fact Lord Bethell has already been in touch with me about possible dates in October, and I think at that stage we should also examine whether we can start putting together a delegation of non-British Euro MPs, which we feel very strongly is an important part of the canvassing that we need to do, so that we do not rely entirely on British Members of Parliament, but we start putting our message across to other nationalities represented in the European Parliament. In the past, we have had in fact, a situation where there has been interest from Dutch Parliamentarians and I think Parliamentarians from the Republic of Ireland, in coming to Gibraltar, but it never came to anything. But I

remember having been approached myself when I was Leader of the Opposition, through Alf Lomas, about people who wanted to come and although I know that the previous Government agreed with us that they would look into it, it never actually materialised. We hope to be able to do something about it within this financial year. But it will probably be, as I say, towards the end of this year because we have to get the elections to the European Parliament out of the way and I think we need to see whether our own adopted Parliamentarians are all back in the European Parliament and then seek their advice as to who we invite.

The House will recall that during the course of the year we brought amendments to the Post Office Savings Bank Ordinance. In a way the necessity to move in that direction was because the Gibraltar National Bank was clearly taking longer than we were hoping for when we got elected and therefore we did not want to lose the opportunity of developing a medium, controlled and owned by the Government, for additional savings instruments. As the House knows, from the explanation I gave at the time, the changes in the Ordinance were cleared with the United Kingdom Government because the old Post Office Savings Bank Ordinance kept on having references to the Secretary of State. Clearly, it was a very antiquated thinking because you had this idea that you put an upper limit on how much money people could save and you could not change the rate of interest without the Secretary of State approving it. Well, you cannot run an efficient banking operation with interest rates changing the way they do nowadays when they tend to be much more volatile because they are market orientated than they were fifty years ago and every time the rate of interest changes you need to get the permission of the Secretary of State. By the time you got the permission of the Secretary of State it would have changed again so it cannot be done. The amendments to the Ordinance give us the flexibility that we were looking for and therefore we are hoping that we will be introducing, fairly shortly, new alternative and attractive investment media within the Post Office Savings Bank in addition to the normal accounts that we have got today and that this will produce both an alternative for savers in Gibraltar and, perhaps in the surrounding area, where they will feel they are putting their money in something that is 100% secure and cannot be at risk because it is of course owned by the Government and at the same time that the Government itself will be making a better return than it is today on the operation of the Post Office Savings Bank. But, of course, since we do not know to what extent the strategy will be successful, we have not made any provision in the Estimates of Expenditure for this. So that in fact, the income from the Post Office Savings Bank which is shown in the Appendix to the Appropriation Bill and in the Appendix to the Draft Estimates, and on the revenue side the estimated yield from the operation of a Savings Bank after meeting the expenses, is on the assumption that no change takes place. That is to say, that it continues

operating as it does now with ordinary accounts giving 5%, which is all it has and which, as we all know, has meant that the Bank has been stagnant for twenty years. To take just the situation in the banking sector last year, the banking sector as a whole grew by £600m and we did not even get one of those £600m into the Post Office Savings Bank on top of the money that we had there already. There has been some growth, I think the growth in 1987/88 was something of the order of 17%, in fact, but it is a very small growth from a very small base which has been stagnating for a very long time and in real terms, in fact, the bank represented a much larger proportion of Gibraltar's savings market twenty years ago than it does today because the money has been stagnating and the market has been getting bigger and bigger every year. So we are not assuming success of that programme. I am telling the House that if the programme is successful then we will see that in the final figures when we close the year.

One other area that I feel that I need to mention, Mr Speaker, is the question of the financial services and the need to regulate the financial services. We are not making specific provision for cost of supervision and so forth in the Budget. The position of the Government is that we feel that to a very large extent the resources to meet this should be provided from within the industry and not from the general body of taxpayers and at the moment we have got a draft prepared by the Financial Sector Adviser. A draft which has been under discussion by the Minister for Trade and Industry with representatives of the Financial Centre who themselves have come back with ideas for improving it and we are reasonably confident that with the input that we are getting from them and the help that we are getting from them, we should be able to have it on the Statute Book within a matter of months. We did not want to go ahead simply with what our own people have prepared and then find that it was not meeting the requirements of the professionals in the field, so it seemed logical even before we got to the stage of publishing a Bill, to take them into our confidence and get an input from them and this is happening. The situation, therefore, is that we expect this year to be moving in introducing the necessary legislation but we are not very sure yet what is going to be the shape of the regulatory mechanism but as far as we are concerned, our preferred option is that it will be something like the Financial Services Commission that they have in the Channel Islands which is not part of the Government and part of the Civil Service but is, of course, if you like, a public body that is free standing. We are at a very early stage of those discussions which my Minister for Trade and Industry is closely involved in and the matter is being progressed as quickly as it can be, taking into account the views of those who are involved in the industry on a day-to-day basis and who clearly are best equipped to give us advice and guidance on this matter and we are prepared to listen to their views because clearly they are not going to suggest anything

to us that is going to be bad for the industry since they make their living in it, so it is quite obvious that the logical thing is to listen to them. And rather than simply impose something, which is then unworkable, and certainly given the fact that we start off from the premise that we do not want it to cost us money. We start off from that, we do not want the new regulations, the new system to be one that costs the taxpayers of Gibraltar money. So given that it seems sensible that we should be primarily guided by the views of those in the industry and that is what we are seeking to do.

The growth therefore that we anticipate in the economy given the scenario that I have painted, Mr Speaker, is one where in the first instance much of that growth will continue to be generated by employment in the construction industry, as it has been until now. The situation therefore is that given the number of projects in the pipeline, given our own very substantial development programme, the situation is that we expect that the levels of employment in the construction industry are likely to be maintained. There was a dip, not so long ago, and I think it was because some of the more labour intensive parts of the projects like Casemates and Cornwall's Centre were coming to an end and the finishing did not require so much labour and therefore we had a situation where judging from the number of work permits in issue, as I have said to the House, we have got a rather confused picture still as to how big exactly a workforce we have got since we have got three different sets of figures: The insured working population; the working population according to Employment Surveys, and the working population according to the quotas of employment and the work permits in the industry. But the work permits in the industry started showing a drop around October/November which, perhaps, was an indication of some projects coming to a finishing point but there appears to have been a recovery since then in the early part of 1989 and with the Queensway Development now coming in and our own fairly substantial input into the capital works programmes from the Improvement and Development Fund, it would not be unreasonable to expect that the level of construction workers, which is around 1,000, is likely to be maintained and might even go up slightly. So that in terms of the contribution to economic growth, I think that will still be the case. I think it remains to be seen and it is an important test of confidence in the economy, to what extent the completed projects that we are going to be seeing this year, will develop into having tenants and generating economic activity and creating employment. In a way it is an important testing point that we are reaching now because until now much of the development has been based on confidence and now that confidence has got to be translated into reality. I believe that the indications are that perhaps the market is likely to be more in balance from now on and that what we have been through is a period when there was an increase in demand and no supply at all. And what would be a more normal market

situation is now developing where the supply of commercial property is catching up with a demand and that balance will be maintained and therefore the view of the Government would be that what we want to do now is, in fact, to continue adjusting the supply and demand side of the equation to keep that balancing situation. Members will recall that during the election campaign, in fact, we referred to this concept of a landbank as a way of stabilising land prices. So that we have a situation where the Government of Gibraltar, as the major land owner, creates land as we are doing and then provides land to developers, if they see that there is a demand for land or holds the stock of land in reserve, if they see that the demand for land drops. So that we do not go from a situation where there is a lot of speculation in land prices to a situation where there is surplus of land and people lose money because we do not think that is good for investor confidence. That somebody should buy something on the professional advice of a lawyer or accountant or whatever and then he finds that instead of making a profit he gets his fingers burned. That is not a good situation in terms of generating investor confidence, so we are looking to the next twelve months, in a way, at a situation where we ourselves, through our own input into the economy, will be stabilising prices in that area.

The other contribution, as I have already mentioned, is the contribution that the Government itself, as an employer, will be making in the re-deployment of its own workers and clearly that re-deployment of its own workers, especially to the extent that we are able to start making some sort of move towards physically moving people into the commercial dockyard area, will mean also on the property side that the Government may itself be able to make projects available and we are talking about a number of possibilities for joint venture developments where the developer would go into partnership with the Government and in doing the equation on the equity stakes a value would be put on the property that the Government is putting into the development and that would count as part of the value of the project of which we would then get a share of the profits as well as getting a return on our original investment. In a way the balancing between whether we do that or not, and in talking to developers we have kept our options open, is to say: "Well, how badly do we need the money?" because, frankly, if we need the money to service the I&D Fund then we sell. If we sell it means we do not carry part of the risk of the project but, of course, because we do not carry the risk we do not share the profit. I think if you have got a project where you are fairly confident that it is a winner, then it is better, if you like, to be paid at the end and then to be paid not just what the original land was worth but a share of the price of the finished building. Where we are confident that that is the best option that is the one that we prefer to go for but at this stage, as the Estimates clearly show, we are rather short of money at the moment and therefore money up front

is an important consideration because, of course, we are projecting an film deficit in the Improvement and Development Fund which is something that we will have to cure during the course of the year.

The final point I think I want to make is that in looking at the joint venture concept and in looking at the re-deployment of resources, one avenue that we have not yet explored, if you like, with a lot of vigour, we have just had sort of tentative feelers out, has been the possibility that we might be involved in partnership with the Property Services Agency. Members opposite will know that the situation is somewhat uncertain in PSA. The timetable for converting PSA from a part of DOE into an independent trading fund is being accelerated in UK. The target dates have been brought forward and therefore nobody seems to be quite sure what that means for PSA Gibraltar. Technically I suppose, just like there are branches of UK public companies there is no reason why there should not be a branch here of a UK Government Agency which is operating on a trading fund basis but it is not what the traditional role of PSA in Gibraltar is. The feeling is that it would be difficult given the size of our market in Gibraltar and given the limited competition that there is because there are not all that many alternatives to choose from, that the role that PSA provides the Services here cannot be provided any other way and I know that that is one consideration that there is. We ourselves as a Government are not wanting to move to precipitate any changes. As far as we are concerned, we are quite happy that PSA should stay as it is and employ the 350 people it employs. We certainly do not want them to stop employing them. But I think we have to have our own strategy ourselves, in case something happens which is not possible for us to do anything about and it is in relation to that that we have been looking at the possibility and, certainly it is something that we have discussed not just with the PSA Regional Director and with His Excellency the Governor but also something which we have discussed with the Shop Stewards and the Transport and General Workers Union that represents the workforce. We have looked at the situation where, as we go down the road ourselves, of specialist Government owned organisations, whether it might not be possible to join forces with them at some stage and produce a joint organisation servicing both the military and the civilian population. I am mentioning this because, as I said in the beginning of the speech, at this time of the year should be one that gives a broad picture of all the things in which we are involved whether they have an immediate impact on the Estimates or not. Clearly this has not had an immediate impact on the Estimates but if it happened in the next twelve months it will be reflected in changes in the composition of the Estimates. We would then have to see how the payments get made and how do the services that we give get charged. We have been looking at possible areas since we got in, basically but given that the process on our side of the fence has been slower, frankly, than we had hoped, we are hardly in a position to

make proposals to another organisation until we have got our own house in order and brought in the changes that we think are needed. And it is quite clear to me and it has been clear for many years, that in a way the size of the organisation maintained here to service military installations is a reflection of the attitude that they had about how reliable we were in giving an equivalent service and I have no doubt that what is the norm in most other military bases overseas, which is to rely on local contractors or to rely on local authorities, would have been the norm in Gibraltar had there been local contractors or local authorities who could produce the quality demanded by the military. Neither the Gibraltar Government services nor the bulk of the private sector contractors have met that kind of standard in the past and I do not think the military would be interested in having anybody else doing it for them because they are not prepared to sacrifice those standards. So, in a way, I think the business is there, it might be in everybody's interest if it was run by us but we are not yet, I think, sufficiently equipped organisationally to take that on. I think we have got, probably in terms of professional people, more than they have but it is quite obvious that the structures that we have got, the way our departments are organised, the examples I have given about antiquated equipment and lack of proper furnishing and files piled all over the floor, all of which is not news to Members opposite, I am sure they must remember what the offices were like when they left and they are still the same. That means that, first of all, people are not particularly highly motivated to work in that kind of environment. Certainly some of the offices in the Treasury Building are Dickensian and the only thing you can do with that building is put a bulldozer and knock it down. You can keep on putting coats of paint on it but it will not change the basic structural defects. The building is past its useful life. I think there are people and there are many of them who can be motivated but given the right tools. The expertise which they do have as well as the skills which, as I say, I am convinced is the case, Mr Speaker, because if this was not the case then Gibraltar is in serious trouble. If we did not have within the pool that is employed within the Gibraltar Government, the quality of people to tackle the necessities of Gibraltar to be able to service the UK departments, to be able to service outside customers, to be able to produce the services of Gibraltar. If we do not have them then, in fact, we are not going to make it because if we are convinced that we do have them and in a way we are testing it. By changing structures, by removing obstacles, by modernising, by streamlining, our argument is we were going to release the potential and the skills and the quality that exists amongst the biggest pool of Gibraltarian professional, of Gibraltarian administrators, of Gibraltarian workers. The pool that is employed in the Government departments. If we release those skills and the skills are not there then we are in trouble but we had better find out and I think that the challenge that

the Government has accepted and accepted on the 25th March, 1988, is the challenge that it accepted on behalf of the people who work in the Government and on behalf of the community as a whole. The Budget that I am presenting in the House today, the Estimates of Expenditure, the commitment on the Social Fund, the commitment on infrastructure, is an indication that we are meeting that challenge head on with determination, with commitment, with hard work and with confidence of success. Thank you, Mr Speaker.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, having examined and discussed these Estimates amongst us and having today heard the Chief Minister, I cannot help feeling that there is something that I, perhaps should describe as 'fishy' about these Estimates. They positively stink. We are not absolutely sure about the source of the bad smell because there may have been some sleight of hand used in hiding something somewhere. The decisions which have been taken by the Government to present these Estimates in the manner in which they have been presented make us believe that they do not reveal all that should be revealed. We are pretty certain, though, that the bad smell may well come from the Municipal Services and, perhaps, even from the joint venture companies. The Chief Minister has been very economical with the truth about the abolition of the Funded Services and their integration into the Government Accounts in his keynote speech and he has had nothing to say about what the Government hopes to derive from the joint venture companies, in particular by way of revenue. In his opening remarks he said that there had been quite a number of changes made to the Estimates which he would explain. Well, there are quite a number which he has not explained and about which I shall be asking a number of questions in the course of my intervention. The Chief Minister, again, today as he did last year, spoke about political responsibility for the presentation of these Estimates. I think the Chief Minister has got it wrong. We are today in 1989, not in 1979 and, in any case, by 1979 the position had also changed when we were in office. It was up to the late 1970's that the Financial and Development Secretary used to make what may be termed the 'keynote' speech, he would introduce the Appropriation Bill and the Finance Bill and then all Government Ministers would take their turn in contributing to the debate including the Chief Minister. However, by the end of the 1970's the position had changed, an agreement had been reached by both sides of the House as a result of the collapse, on at least two occasions, of the debate on the Appropriation Bill when all the big guns of the House were not able to take part in the debate and following

what happened then, there was agreement reached that the Appropriation Bill and in particular the Finance Bill, there would be a political input and the real keynote speech would be made by the Chief Minister. What is happening now which is different to the position of two years ago is that whereas up until two years ago the Financial and Development Secretary made a substantial contribution in the presentation of the Appropriation Bill and was then followed by the Chief Minister. The factual and technical side came from the Financial and Development Secretary and then the political input would come from the Chief Minister. That is what was happening up until two years ago, now the matter has changed and the Financial and Development Secretary has been totally emasculated and we no longer get what used to be a valuable review, in a way, because it set the context of the state of the nation of Gibraltar, in the context of the state of Europe or the state of the economies of the Western world. Now he is not even allowed to do that, such is the extent to which the Chief Minister exercises hegemony over and absolute dominion and control over the Government.

HON CHIEF MINISTER:

Over Gibraltar'

HON A J CANEPA:

Except for the Opposition, Mr Speaker, perhaps. And similarly with the right to reply, the Financial and Development Secretary in the past only exercised the right to reply during this present debate on technical matters, on matters of what might be termed "an accounting nature" and on which Ministers perhaps did not have the necessary expertise but, once again it was the Chief Minister who wound up the debate on behalf of the Government. And, of course, the decisions that went into the framing of the Estimates, into the production of a Finance Bill were Ministerial decisions, they were taken and determined by Ministers and the Financial and Development Secretary was just an adviser of the Government. All that we had, really, and the only difference now is one of presentation and emphasis rather than reality. I can assure the Hon Member that, certainly, from the 1979 or so onwards there was as much political responsibility for what was brought here, whether it was what the Hon Member would have liked to have seen or not is another matter, whether he wanted to call it an annual household exercise that is a matter for him, but what was brought here was completely and utterly the responsibility of Ministers. I agree with him that he is failing to get the message across and that even though the public has been told that during the next three Budgets, 1990, 1991 and 1992 if there is one before the General Election of 1992, which is a possibility because the Election could be in May or early June. The public is being told not to expect a Finance Bill over the next three years. Of course, changes can be made to the Income Tax Ordinance not just at this time of the year but at any time up to July provided that the House is in session and provided

that there is enough time for the changes to be effective in time for the new tax year. But he is failing to get the message across, Mr Speaker, because people do queue up whether it is for goodies or for badies. I do not know, but the conception that the ordinary man in the street has is that the Budget has to do with revenue raising measures not just in Gibraltar, it has to do in the United Kingdom as well, that is what the media report and that is the perception which the public has and it is only professional economists, like the Chief Minister, who see the Budget as something different. He has spoken about the report on the State of the Nation or, another way of putting it, the Budget is an instrument of economic policy unquestionably but this is not the perception that people have and therefore he does not have to blame us for it, he does not have to blame the TGWU necessarily, or the Society for the Handicapped or anybody else who is queuing up and he has got an uphill struggle to convince people and to remind them year after year that he had said the previous year that there was not going to be a Finance Bill. About the flexible tax system, incidentally on the Income Tax Ordinance, I am surprised that the Chief Minister who appeared to be so critical of the whole Income Tax structure when he was in Opposition, has given no indication today, other than what he mentioned about the incentive for home ownership, about his thoughts regarding the income tax structure. I do not know whether he is content, I now have doubts, quite frankly, Mr Speaker, whether he is content with the Income Tax structure. I cannot think that he is and I would have thought, therefore, having regard to his performance on this side of the House over so many years, that he would at least have been thinking of obtaining the same yield from income tax - £22m, £23m or whatever it is - in a manner which fitted in more with his political thinking and with his ideology and I am surprised, even if there is no Finance Bill, seeing that it is his first big Budget that he has not given any indication of his thinking and all that we know is, and I quote his words "he was considering incentives to encourage certain types of expenditure, for instance, incentives on home ownership" which we will naturally support. He really has me perplexed about this because I would have thought that this would be an area on which he would be giving his early attention. He might take the Income Tax Ordinance with him in his lengthy flights to the Orient or to the New World and perhaps think about it. As far as the flexible tax system which he is after whereby he is seeking the ability to change taxation by Regulation. Yes, it is going to be very convenient for the Government because changing legislation is cumbersome but amending legislation also means that you give the Opposition an opportunity to comment on those changes when they are brought to the House in the knowledge that the Government has the majority and will therefore get through whatever it wants to. I think that the oft repeated maxim "The Opposition can have their say but the Government will have its way" does not apply, Mr Speaker, as far as this

Chief Minister is concerned. His maxim seems to be "The Government will have its way and the Opposition does not even have a say". Changing taxation by Regulation can be a good thing and it is something which we used in the past at a time when the frontier opened, which was in February, and we could not wait until the Budget to take advantage of the fact. The Government has got powers to lower import duties by Regulation and we did so with a number of items. But, again, I think it is something that I am complaining of publicly, the process of making the Opposition redundant, he said that no one in Government is going to be made redundant, perhaps the Opposition is going to be made redundant and then, of course, democracy will suffer if that happens. But it does seem to be a pattern, Mr Speaker, of taking away the normal functions that this House is supposed to have, the legislative process, that is what a Legislature is for and it seems as if the moves already in the last year and for the future are for giving the House less and less work and less of an opportunity to contribute and to present an alternative point of view. The Chief Minister has said very little about GSL, I take it that the Hon Mr Pilcher will delve into the matter in much greater detail and my colleague, Mr Montegriffo, when he makes his contribution will deal with that. I would like Mr Pilcher, though, because the Chief Minister said that the matter is still under review, that the position as far as GSL is concerned is not yet in the clear, I would like Mr Pilcher to tell us what he did not tell us at Question Time, how much does GSL owe the Government. I think it is relevant in respect of these Estimates, and what is more important even than that, how much is it really losing and I mean by 'really losing' and not just very tentative figures out of the top of his head of '£100,000 that sort of thing', let him spell the matter out because it is vital that we should know now. The Chief Minister had quite a bit to say about the question of Spanish pensions. I am going to comment now on some of the points that he raised, I will probably come back to the matter in the context of what I will have to say later on about the Social Assistance Fund. He said this morning that what was possible before 1986, before Spanish accession, what could have been done to deal with the problem of Spanish pensions, was not possible once people had acquired rights. Let me make it abundantly and categorically clear, Mr Speaker, that we were certainly not told by the United Kingdom advisers that after Spanish accession nothing could be done because pensioners would have acquired rights. This is an area of controversy which we aired last year and as a result last summer I had to ask to be shown the correspondence of the period during which we were in office relevant to this matter and I went to the office of the Administrative Secretary in November last year and was provided with the relevant file which I examined very carefully. There is in that file a particularly important letter of November, 1984, well before Spanish accession, at the time we were dealing with the problem, which is the most relevant letter and which sets out the position

of Her Majesty's Government as conveyed to us. I could not get a photocopy but I was allowed to make very detailed notes of that letter. In the paragraph dealing with the options available to deal with the problems posed by the question of the Spanish pensions there were the following options:

- (a) that contributions should be increased by greater amounts;
- (b) that there should be some reduction in pension benefits or, at least, a standstill on them, they should remain frozen;
- (c) that the Government of Gibraltar should borrow funds to make a loan to the Social Insurance Fund to be repaid by higher contributions in later years; or
- (d) that the Government should make a budgetary contribution to the Social Insurance Fund.

Though they recognised that in the circumstances of 1984 such a budgetary contribution was extremely difficult. It was at the time still of the pedestrian opening and the reserves of the Government were extremely low. The only option, which I think is relevant and which is the one that the Hon Chief Minister has in mind, that modifications be made to the entitlement rule which while not discriminatory, could have the effect of reducing the size of benefit available to those with contribution records less than the maximum. This is the only area on which steps could realistically have been taken that would have had some effect on the problem of Spanish pensions. First of all, of course, the vast majority of Spanish pensioners except 700 or 800 are in receipt of reduced pensions, they have got deficient contribution records so they are not getting the maximum. But, of course, to have taken such a step would also have had an effect on those Gibraltar pensions who also are in receipt of pensions at reduced rates. Let me explain what the matter really is in this respect, Mr Speaker. The entitlement rule for the payment of reduced rates of pensions have always tended to be generous in Gibraltar in the sense that the proportion of the full pension that a pensioner has got has not been closely related to his record of contributions. For instance, someone with an average number of contributions over the period that he was in employment of, let us say, twenty-six which would entitle him to half, based on that number of contributions, an average of twenty-six should entitle a pensioner to half the maximum pension, that person probably has got a pension closer to two-thirds than to half. Someone with an average number of contributions of thirteen, which is a quarter - fifty-two weeks in the year - instead of getting one-quarter of the maximum pension is probably getting a pension closer to 40% or a half. And that was done because for very many years many Gibraltar pensioners, the earlier group of pensioners

because many people were outside the scheme or left the scheme once they had reached the level of £500 of income, many Gibraltarians had a deficient record and that is why we made it rather more generous because the alternative would be that they would be dependent on supplementary benefits. Some steps could have been taken to put that right. We could have lowered the rates laid down in the table so that with a contribution record of twenty-six average people only got a half, with thirteen they only got a quarter. But the impact that that would have had on the total bill, though significant in the sense that it would have lowered it, let us say, for the sake of a figure, instead of £250m the bill could have been reduced to £200m or to £180m but not less than that and, in any case whether the total bill was £250m, £180m or £170m it was still too big for Gibraltar and therefore we were not prepared to do it. We were not prepared to do it because we were not prepared to hit at the Gibraltar pensioner and we were not prepared to sacrifice in any way the integrity of the Social Insurance Scheme that we had developed over the years. We were not prepared to see a situation in which with a formula that we had adopted in 1976 which required us to increase pensions every year, we either did not increase the pensions at all for anybody or we continued to increase them for those who were entitled to the full pension but hold them at a standstill for those with a reduced rate of pension in order to get this strict equation right that you get what you have paid. You get a pension strictly based on your average number of contributions. We thought that the upheaval that there would have been in Gibraltar would have been too great, we know how pensioners who queue up in our Social Security Offices in the Department of Labour and Social Security are only too conscious of what the man behind them or in front of them in the queue is getting and Gibraltar is a small place, pensioners meet and talk about these matters and it is very difficult for them to understand and to accept the reality. We just were not prepared to do it and we consider that the three-year agreement that we went into was a very good agreement because it did not sacrifice a penny of taxpayers' money, it did not sacrifice a penny of contributors' weekly contributions, the £4½m was the notional figure contributed by the Spaniards and we were able to save and to maintain the integrity of the Social Insurance system, our Social Security system remained unchanged and we were able to continue every year to increase pensions. That is what the present Government has not been able to do. In the agreement that they have reached with the British Government, ostensibly it is a very good agreement because the British Government is footing the bill for the Spanish pensions but a price has had to be paid and the price that has had and is being paid is that we are having to dismantle our Social Insurance Scheme. The Fund is going to be wound up in four year's time, we are voting in the House at this meeting £10m creating a Social Assistance Fund and that is taxpayers'

money. Those £10m that are going into the Social Assistance Fund are taxpayers' money and that was what the Government of the day has done which we were not prepared to do and if the Hon Chief Minister is going to continue to harp back on the advice that we were given and which as I had pointed out the advice did not solve the problem, it would have ameliorated it somewhat by paying a political price in Gibraltar that we were not prepared to pay and which they are paying and which apparently they are going to be prepared to pay for the next four or five years during which pensioners are going to be complaining. I will be reverting, perhaps again to this matter later, Mr Speaker, in the context of the Social Assistance Fund. The Chief Minister once again spoke, as he did last year, about the imperfect information and statistics available to the Government. I would have thought, Mr Speaker, given the nature of the problem and given the attachment which the Chief Minister has to statistics, that he would have moved quicker in the last twelve months to try to do something to put the matter right. All he has told us is that there is provision in the Improvement and Development Fund for computerisation. He has not said a word about the Input/Output Study. We do not know whether it has been completed, whether it is still on-going, whether the Government have received it and, if so, what they are doing with it, not a word has he said about that. I would invite him to comment when he exercises his right to reply. Let me tell the Chief Minister that the position is deteriorating. We have received at the same time, with the papers for this meeting, the Employment Survey Report for last April. We used to take six months to produce a report, not a year. When every year we used to come to the House in April for the Budget session, Hon Members of the Opposition - most of them, except one, I think who used to sit here - used to have the Employment Survey Report for the previous October not the one that we have just received now and which is a year after. What has happened that the situation is deteriorating and the Government is not able to produce an Employment Survey Report in six months that it takes them a year? To us this information is important, the Employment Survey Report is one of the indications of economic activity. The Chief Minister said last year that in the first three months of 1988 there had been indications of the economy having picked and if you examine the figures for April, 1988, and October, 1987, in fact, there was a very slight drop in employment, something of the order of seventy jobs, 1270 as against 1340, that sort of figure, but it would be very interesting to know, Mr Speaker, what has been the level of employment in October and we have not got that information and the Chief Minister has said nothing about that in his contribution. So we are not clear from the point of view of these figures, he said that there are three sets of figures, well at least let us have the one set that we ought to have at the right time because it is a valuable

indication to us Members of the Opposition who do not have normally the access to the information that the Government has, it is a valuable indication to us of how things are going. It is one of the indicators of growth in the economy. The Chief Minister this morning has given an indication, he served notice of a desire on the part of the Government to move to the creation of joint venture companies for all the public utilities. We know already, because there has been an element of controversy about what the Government's plans are for the Telephone Service and now from the indications of the Chief Minister, the Electricity Undertaking and perhaps even the Potable Water Service, are also up for grabs. This is the face of socialism in Gibraltar in 1989, Mr Speaker. I think the policies of the Chief Minister are nearer to those of Mrs Margaret Thatcher than Neil Kinnock and I cannot help but say that if we were in Government and we were only thinking amongst ourselves about adopting any of these measures, let alone even hinting at implementing them, there would be a walk-out and people would be demonstrating outside this House of Assembly against us. Yet a Government that was elected, a Socialist Government adopting principles far to the right, policies far to the right and it is all accepted as perfectly in order in this Gibraltar 1989 of ours. A very strange change in the political line-up, Mr Speaker. The Chief Minister has once again today given indications about the difficulties that they are having in implementing their programme. All that he discovered when coming into Government, of course. It is not just Ministerial effort alone, the work that Ministers put in that determines the speed of change, the rate at which matters can be implemented. The speed of decision making in Government, by and large, is not particularly difficult. You can arrive at a decision, for instance, to set up a factory in five minutes or in five hours, for that matter, but it will take years, perhaps, to implement. Naturally I can see their frustration at the delays, somebody has got to be blamed. The interesting discovery, of course, is that it is a lack of information which is to blame, it is other problems, realities of the situations. When we were faced with the same problems what have we heard the Chief Minister say today, it is put down to 'incompetence', the 'incompetence of the AACR administration over the years'. There are certain realities which you only face, as Hon Members now know, when one is in Government and, of course, that is something that we had known all along and there is a very well-known Spanish saying in Gibraltar that I won't go into because these days I do not particularly like bull fighting. As to how matters are viewed from one side and the other, Sir, on the public utilities, having decided that the public utilities are no longer to be funded and are being integrated into the Government accounts, I have to ask the Chief Minister and perhaps when he exercises his right to reply he might let us have the answer if he knows it or otherwise the Financial Secretary might

perhaps give us the answer, if he is allowed to speak. Why is provision being made for interest on capital charges in the Fund at Appendices 'A', 'B', 'C' and 'D'? That is page 9.1 following in the Estimates.....

HON CHIEF MINISTER:

Mr Speaker, if the Hon Member will give way I will give him the answer. Does he want the answer now?

HON A J CANEPA:

No, Mr Speaker, I do not want to be interrupted, let him make a note and then perhaps he can give me the answer otherwise I am not in a position to make a note of the answer.

HON CHIEF MINISTER:

But then he will not be able to add anything further to what I reply. I am trying to be helpful, Mr Speaker.

HON A J CANEPA:

Mr Speaker, if interest is not going to be paid to Government, we think that such provision of interest, in fact, distorts the working of these services. Is it the intention of the Government in future to show the Funded Services as notional accounts reverting to the position as it was prior to 1986? Again in the past, the revenue was provided by the Funds reimbursing the expenditure, and this would be shown in the relevant expenditure Heads, in the running of the utilities. Why now continue to provide for annual repayments in the workings if these amounts are not going to be paid in future into revenue? Again I am making the same point as I have just made in the case of interest and the question that must be asked and, again, I want the Chief Minister to give us an indication whether we are going to see any notional accounts in the future.....

HON CHIEF MINISTER:

Mr Speaker, I can answer the Hon Member, he has read the accounts wrong. I wish he would have let me interrupt him and then he would not have carried on saying things that, frankly, shows he has not understood either the Accounts in front of him or the explanation I gave him. I told him in my presentation that there was no reimbursement and there were no capital charges and there was no interest payment, that the accounts had been produced at the back in exactly the same form as previously simply to assist him in making comparisons. If he looks back at the record of what I have said he will find that I specifically pointed

out the areas that he is asking a question about and I said the only reason why there were appendices showing the same as last year was so that they can compare one year with the next with the same format and not because it was happening this year. If it were happening this year it would show as Government revenue, obviously, and then the Accounts would not have been integrated. It would be a complete nonsense and a contradiction if we were doing what he is asking to have explained to him. No accountant would think of putting Accounts like that together. So the answer is that he has not understood the Accounts and he has not understood my information. We are not doing any of the things that he has asked.

HON A J CANEPA:

I think it is necessary, nevertheless, Mr Speaker, for it to be understood that whilst the Estimates as presented to us show a projected level of reserves for the end of the current year of £4.5m, if the position were the same as it was last year, if the decisions that have been taken to integrate the Services into Government accounts had not been taken, if the Municipal Services and Housing continued to be funded in the way that they have always been in the past, we have calculated - and I am not going to go through the whole figures but I have got them here in detail - we have calculated that the level of reserves would, in fact, be £7m.

HON CHIEF MINISTER:

£8m, Mr Speaker.

HON A J CANEPA:

Well, Mr Speaker, there are two errors which the Chief Minister should check on although they may not be errors and there may be a reason for it. Page 6.3 shows £2.6m for 1989/90 in respect of House Rents whereas Rents Receivable on page 9.4 shows £3.8m. There is also something else in the Telephone Service. Under Telephone Charges there is the figure of £3m which we think from page 9.3 should be £3.5m. That might account for the discrepancy?

HON CHIEF MINISTER:

I can give him the answer, Mr Speaker.

HON A J CANEPA:

If he has the answer readily I think it would be useful.

HON CHIEF MINISTER:

I think the first thing is, in fact, when we decided to restore the position as it used to be in 1976 the Treasury suggested initially putting the figure of Rents Receivable that the Hon Member has mentioned from the Appendix as the income from Government revenue but then that would have required that in the Head of Housing there should have been a payment of Rates and therefore there would have been, again, double accounting. That is to say, if the Hon Member looks at the Housing Head of Expenditure which is Head 10, he will find that there is 'Rates: Government Housing' which was £1.1m last year and which has now disappeared. Had we done what he is looking for then there would have been double accounting, there would have been an expenditure of £1.1m on Rates by Head 10 and an income of Government revenue of £1.1m because obviously the rates would be paid by the Housing Department to the Government. So what we have done is we have shown the Rates going through the Accounts only once and it is included in the income Head for Rates. In the past it would have been shown as the Rates going into the Housing Department with the Rents, the Rates coming out of the Housing Department as expenditure and then the Rates entering the Treasury as income and that is the explanation that I gave at the beginning that what we have removed is the distorting effect of counting the same money twice. So the difference of £1m between the £7m that he mentioned and the £8m that I mentioned is the £1m in Rates.

HON A J CANEPA:

So the reserves then would have stood at £8m and not £7m as we had calculated. So the position is even better because the point that I am driving at is this, Mr Speaker, that the reserves would present a healthier figure than is the case with just £4.5m which gives the impression that the Government has no room for manoeuvre. Of those £8m a proportion of that, £3m and something, is money owed to the Government and the Chief Minister said that they are projecting for 1992 £4m the level of reserves but in reality only £½m cash, £3.5m would be arrears owed to the Government.

HON CHIEF MINISTER:

No, no.

HON A J CANEPA:

That is what he said this morning, Mr Speaker.

HON CHIEF MINISTER:

No, Mr Speaker, I am afraid he has not understood. I did start off by telling him, Mr Speaker, that the £4.8m was not as bad as it looked. I have already said that and I told him that £3.5m was a one-off transaction to write off the bills and that if we had shown the Estimates the same as last year, this year there would be £8m. That is what I said when I opened my statement. I also said that last year when I projected a final level of reserves in 1992 of £4m I was saying £4m in 1992 of which £3.5m would have been arrears of revenue. Since we are now removing the £3.5m the target in 1992 will be £½m cash. So what I am making clear is that we are not retaining the original target of £4m, we are prepared to go down from the £4.5m that we have got there to £0.5m.

HON A J CANEPA:

That is what I was saying, Mr Speaker. I have understood that perfectly I can assure the Hon Member. We take the view that it is perfectly valid to have included in the reserves what the Government is owed by way of arrears in municipal accounts. The Chief Minister spoke about an emergency situation arising and the Government not having the cash readily available. It does not matter, the Government is credit worthy if it is owed £3.5m or £4m by way of arrears of Electricity, Water and so on and it is credit worthy because having regard to the annual income derived from these services, even if Government is owed one month of billing that one month of billing is probably in excess of £1m. I think that Electricity, Potable Water and Telephones must be running at over £1m a month now. So if there is a delay in billing, two months would amount to well over £2m and therefore that is cash that the Government can readily count on obtaining and, in any case, it is credit worthy because it is the same argument which Mr Pilcher was making at Question Time to justify the fact that GSI owes the Government money. GSI owes the Government money but GSI is owed by those people that it is trading with and in an emergency situation the Government might have liabilities with people who actually owe the Government, in any case, considerable amounts in arrears of Electricity, Water, Telephone, Rates and what have you. So it is perfectly valid to have these amounts included in the reserves and the picture is not being distorted at all because they are real assets that the Government has.

The level of reserves has also been affected by the decision taken by the Government to provide £10m for the Social Assistance Fund. The Government requires something in the order of £2.5m to meet its commitment by way of Family Allowances and Supplementary Benefits, I think they add up to about £2.5m. So it is providing £7.5m into the Fund for future commitments. The Chief Minister did not tell

us where that figure of £7.5m came from other than he did say that by 1993 they hoped to have something of the order of £20m in the Social Assistance Fund. I do not know whether the decision to put £7.5m aside this year is based on actuarial advice or arrived at from the top of their head as a prudent figure that they think should be put in now. One would have thought that if you want to build up to £20m by 1993 then there is flexibility, it could be £7.5m now or £5m now and £5m next year and £5m the year after and £5m in the fourth year, in 1993, or it could be a combination provided you end up with £20m but it is a very large provision to make now of £7.5m and it is a political decision, I take it, if it is not based on actuarial advice and therefore it could have been £5m or it could have been £6m and, if it was, then the level of the reserves, of course, would also have been higher than as presented in these Estimates. If the level of the reserves are lower I suppose that the pressure to cut income tax from those who are asking the Government to do so is also less but it is a fact that it is a decision that they have taken and at the same time as this money is being put into the Social Assistance Fund the Chief Minister has not given any indication in the House this morning if pensions are going to be frozen therefore till 1993, or until the Fund is built up to £20m or until the current Social Insurance Fund is wound up and in which case the Social Assistance Fund will come into play other than in meeting the recurrent commitments that it now has and that I have already mentioned the Chief Minister has not said anything. I should remind the Chief Minister that by January next year the purchasing power of pensions will be based on the level of inflation that we have at something of the order of 10% less than what it was in January, 1988. So this is an area which I think is of some concern because salaries and wages continue to be increased every year. The Chief Minister has expressed concern about having to look for £2.5m every year to meet this increase but they are real commitments because we have a commitment as a result of the implementation of the adoption of parity and yet the pensioners see wages and salaries going up and although the cost of living is under reasonable control ie inflation is of the order of 5%, these pensioners have been given no indication, even now with this considerable sum of money being put into the Social Assistance Fund, as to when they can hope to see some amelioration in their position. Mr Speaker, as far as the joint venture companies are concerned, there are a number of questions that arise. We do not see any provision being made in the Estimates for payment of rates or of rents by joint venture companies. For instance, the Gibraltar Tourist Agency, is it paying rates and rent? If they are fair enough but if they are not I think that that amounts to unfair competition, they have an inherent advantage which I think goes against all the principles of fair trading. No revenue is being shown as being derived from joint venture companies, maybe there is no revenue coming in yet but it would be interesting

to know when and how the Government expects to see the benefit from the creation and the activities of these joint venture companies.

With regard to commercial borrowing, Mr Speaker, we and the public at large, had not learned about the £20m which the Government had borrowed from NatWest until the information was gazetted on the 13th April. I think the 13th April was the day in which we received these Estimates but we did not get the Gazette on the same day, I think we got the Gazette after the weekend. Therefore things have been kept very much in the dark about this particular loan. I notice, Mr Speaker, I do not know whether new ground is also being broken by the GSLP in that there is provision of £20,000 for legal expenses and a management fee of £55,000. This is creating a precedent, I can never remember that being the case, I can never remember under the Consolidated Fund charges our making provision for items such as that and perhaps we could have an explanation. The public debt of Gibraltar will therefore, I take it, be going up to £45m and I take it that when the Estimates are approved the Approved Estimates in the relevant page will show the amendment under Public Debt of Gibraltar which at present is shown as £25m.

HON CHIEF MINISTER:

Does he want an explanation, Mr Speaker?

HON A J CANEPA:

Well, leave it until later, I am just making the point now and the Hon Member can reply later. I think it would have been a good thing if an indication had been given about the sizeable amount of commercial borrowing publicly. I would have imagined that it would have been something appropriate for the Government even prior to coming here to the House, to have made an announcement as to what they were doing and then it would have fitted into the context of this debate. We learned, after we had looked at the Estimates, about the source of the £2.5m, we saw that there was interest of £2.5m provided and the explanation came a few days later when we got the Gazette.

The restructuring of the Civil Service and the Government's plans generally for Government employment, it is only now, Mr Speaker, that the Chief Minister is beginning to spell out in some detail what they have in mind and what they intend to do. The problems, as he has explained, for Government employment and, indeed, for the serious financial implications that that has through the whole of Gibraltar, is not just, to my mind, the size of the Civil Service itself. The Government has a wages and salaries bill of £40m, it is going up by 5% or 6% every year and there is a need with, if anything, a diminishing tax base to be able to raise and to meet that expenditure. It is a problem

and the only thing is that I think that the Chief Minister when he was Leader of the Opposition and during the Election campaign, had an obligation to be much more forthcoming about that. He did not spell out what their plans were at the time and that is why people have been taken by surprise, most of all the Civil Service, whom he addressed at a meeting specially called for that purpose when he was Leader of the Opposition. The manifesto the GSLP is totally vague about this and I think what people should be asking themselves is what they are in for now because the warning is there. The Chief Minister this morning said: "I am moving forward". Government as an employer has got to be cost effective and efficient. The other large areas of Government employment like teachers which have grown over the years, the Nursing Profession, the Police Force, the Prison, the Customs, these are all Departments that have increased over the years for a variety of reasons, not to mention the Telephone, Electricity and so forth, they should all be asking the Chief Minister what has he got in store for them and let him spell it out in great detail because I do not think they know. Where I quarrel, therefore, with the Chief Minister is that I do not think he has a real mandate as to what he is proposing to do because he did not ask for a mandate to trim the size of the Civil Service from 600 to 200, he did not tell people "400 of you are going to be having to find employment in joint venture companies" and he did not tell them as he did not tell the people in the Electricity Undertaking that they can look to a joint venture for their future or the people in the Telephone Service, he did not tell them because he knows that had a he told them the likelihood is they would not have voted for him and therefore political honesty demands that you tell people the full facts, not a year after the event but prior to a General Election and this is my biggest quarrel with the Chief Minister and I think it is going to be the quarrel with virtually everyone who is affected by these decisions. This is the reality that we find today that only now is part of the truth beginning to emerge. On a more minor point, perhaps the Chief Minister could also tell us, it is matter which perhaps can come in Committee, why the Government has decided to do away with the overall provision that there was for a block sum for sick leave for industrials and has now decided to include it in the main wages provision in the relevant subheads, why? I would imagine that it will be much more difficult for Ministers to know what the situation is in this area of some concern if a global figure is not there. Because to get an indication of what the true position is it would be necessary to look through every item. Unless it is because Ministers being Socialists probably prefer not to know in any case.

I cannot help commenting, Mr Speaker, that no indication is given under revenue that the amount of revenue collected from car licences is going to be affected. I am glad to see that that is not the case and that the concern which the Government has had in the recent dispute to ensure that the income and the business of car dealers is not going to be affected at all. I wonder whether that is because of the relationship between a certain car dealer and the Election Agent of the Party now in office but I am glad to see that that is the case because, after all, what the Government is proposing to do goes to the root of the rule of law and is encouraging people to do something which is illegal. We shall, in due course, also be pursuing the matter insofar as what steps are taken to uphold the rule of law in this matter. Never has one seen the Government have such concern for these particular groups in our community. I cannot, again, help mentioning that the ex-Branch Officer of the TGWU and the Minister for Government Services, prominent members of the TGWU, are little more than blacklegging in this respect.

Last year, Mr Speaker, we were regaled by the Chief Minister with an exposition of the expenditure targets for the whole of the current term of office of the GSLP. I suppose that the imprecise science that is economics, demanded that such a pointless exercise should be carried out. During all the years in the Opposition the Hon Mr Bossano had probably been itching to do just that, probably because it is what the purists of economic dogma require that should be done, his projections for recurrent expenditure as predicted last year are now totally unrealistic, they are way off the mark. £77m of recurrent expenditure in 1988/89 going up by £1m, £78m in 1990. In 1988/89 alone, Mr Speaker, the figure is off target, £78.6m of recurrent expenditure and that even after paring other charges to the bone in the way that they have done, in some of our social services like Education making either the same provision as for the last two years or even less in items such as books and equipment making one wonder whether the Government which has no education policy at all is, in fact, bent on lowering standards in social services as education. But his predictions are as accurate as a footballer who takes a penalty and instead of scoring or hitting the goal post hits the corner flag, that is the accuracy of the Chief Minister but then, of course, football, at school, was never particularly his strong point.

So what do we have, in conclusion, Mr Speaker, what do we see? We see a Government which, apparently, is setting Gibraltar on a road which could be near to bankruptcy, another year without tax relief, by this time next year people are going to be paying at least 20% more in income tax than what they were in July, 1987. I think the Chief Minister must be disappointing even his closest supporters, for sixteen years he was preaching and telling successive AACR administrations how it had to be done, how it should be done. This has been his first golden opportunity after

a whole year in office and what do we get? Exactly what his opening remarks were last year on page 4 of the Hansard: "This is not really a GSLP Budget", he said last year, "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". That is what has happened now. We could hardly have had the Appropriation Bill introduced any later than what it has been today, on the 28th April, exactly the same position, a damp squib, Mr Speaker, disappointing, I am sure, everybody and an indication that not only is 1989 the year of the Budget that never was but the rest of the term of office of this Government is likely to be the same. Thank you.

MR SPEAKER:

We will now recess for twenty minutes.

The House recessed at 5.05 pm.

The House resumed at 5.30 pm.

HON MISS M I MONTEGRIFFO:

Mr Speaker, in my last year's Budget speech I remember using the word "horrendous" in referring to the appalling state in which I had found the Medical Services. I also remember the Hon Leader of the Opposition in his contribution saying that I would be able to continue to say this only for a little while longer and I quote him: "Having regard to the many deficiencies" - and, by the way, I am glad he did not dispute the deficiencies - "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". These were his words. Well, during the year, in the House, I have not only reported on the progress we have been able to achieve in one financial year but I can go even further than this, Mr Speaker, I can look back on my Budget speech of last year, wherein I went into giving specific details of all the deficiencies I had then seen and I can already say that all the problems I highlighted have now been rectified. Before I actually go into each of these, I would also like to remind the Hon Mr Featherstone of a question he asked me on the 15 November, 1988, in relation to the flm extra that the Treasury Allocation had asked the Health Authority for last year, when we issued a Press Release saying that the Government had allocated record sums of money for minor works and equipment and the Opposition replied by saying that we had not met the Authority's flm extra bid. I explained to him that, as I had already said in my Budget speech previously, that last year's Estimates were not prepared by my Government and in the little time available to us after we were sworn in we could not undertake a

serious analysis as to what was consonant to my Government's policy. that is why we accepted the Treasury Allocation and that in any case the AACR knew very well that the allocations requested by Government Departments are not always met in full. Therefore we gave a commitment that bids would be made to the Ministers and if they were convinced with their validity, extra funds would be provided. Mr Speaker, I can now confirm that the Health Authority has not only been provided with their bid of another flm but we have given them an extra £0.8m bringing the total to an extra fl.8m compared to the Treasury Allocation. This means, Mr Speaker, that when we compare the AACR's funding for the Medical Services in their last year in office which was £8.61m, the difference when compared to our expenditure of £9.96m, is fl.35m more in our first term in office. We are not only maintaining the extra fl.8m but we have allocated above the original Treasury subvention but we are spending an extra £0.5m, bringing our overall total of extra spending to £2.3m. The Health Authority will therefore have received this year a budget of £10.5m. Having said all this, I will now go back to my Budget speech of last year and prove that the deficiencies I mentioned have been eliminated. I can go item by item including, Mr Speaker, the Hon Mr Featherstone's favourite pet subject 'cockroaches'. His offer of a hammer to kill them, in the last meeting of the House, I am happy to say need not be taken up.

I mentioned the extremely poor conditions of both Godley and Napier Wards, the female and male surgical wards, and KGV Psychiatric Unit. Godley, including its kitchen and bathrooms, has already been completely refurbished to a very high standard and work at Napier Ward is already well advanced to the same high standard as Godley. At KGV we are grateful for the response we have had from members of the City Fire Brigade and a private company in painting the Main and the Occupational Therapy Wards. We also have a complete disinfestation programme of the Hospital followed by six weekly disinfestations of key areas such as kitchens and the bin stores of the wards. I then mentioned the Maternity Milk Kitchen Department and that there was a need for the elimination of bacteria. This has now been done and is in a hygienic condition. In my next paragraph I complained of the lack of basic medical equipment and when I asked for a list it was endless. Departments were sharing such simple things as, for example, icepacks. I said it was unbelievable that there was not even an examination lamp in Maternity Ward that worked properly. We not only have the icepacks and a brand new examination lamp, but I will give a complete list of all the equipment the Health Authority has purchased in one single year:

Microscope (Laboratory); AIDS testing units; Hearing testing equipment; Dental surgery equipment; Ice making machine (Physiotherapy); Interferential Unit (Physiotherapy); Wax Bath (Physiotherapy); Aids to daily living (Occupational Therapy); Splinting materials; Protective apron for X-Ray;

Ultrasound scanner - this equipment alone has cost £30,000. It is highly sophisticated in that it produces a beam of high frequency sound which then produces an image of the internal organs of the patient without exposing the patient to radiation. This will also mean that less patients will need to be sent outside Gibraltar; Refrigerator (Pharmacy); Pressure relieving devices; Medic bath; ECT Machine (KGV); Food trolleys for St Bernard's and KGV; Bacteria-static mats for Theatre; Endoscope; Endoscopy cupboard; Stress testing treadmill; Sigmoidoscope and light source; Trolleys; Cryo Unit (for eye operations); Multi-channel ECG machine; Seven pacemakers; Examination lamp (Maternity); Autoclave for sterilisation of bandages, gauze, lint, etc; Cardiac monitor and ventilator alarm; Resectoscopy for internal examinations; Arthroscope for internal operations; Foetal heart monitor; Word Processors; Computer for monitoring Pharmacy stocks; Miscellaneous furniture and items such as refrigerators, cookers and microwaves.

The items that have been donated to the Hospital, Mr Speaker are the following:

Geriatric mattresses and other geriatric aids; Ultrasound couch; Microwave ovens; Tumble drier; Water Heater; Oesophageal pacemaker; Van; Endoscopy examination couch; Baby monitor; PUVA ultra violet light source for skin conditions.

A system has been introduced whereby all donations are now channelled through the Hospital Manager to ensure that items presented are, in fact, needed and compatible with other equipment. The Government has also purchased a van for the Mental Welfare Society.

It is most encouraging for my Government to see the response we are getting both from the staff and the community, charitable organisations and the private sector and quite a number of donations and fund-raising activities have been very recent and so they are not yet reflected in this list of donated items. Again, my thanks for the incredible response from the community and also for their support to the Calpe House Fund.

The next thing I mentioned last year, Mr Speaker, was the lack of statistical information - there was none. No one knew how many patients were being admitted, for how long and for what sort of operations. The analysis required to identify problems and whether resources were adequately used, there was no procedure for complaints and customer relations were non-existent. The Hon Mr Featherstone last year replied that if I was going to get this information I would need the staff. Well, he must have missed the latter part of my speech then because I did confirm that we had implemented a new management structure but not his proposed one which would have cost the Authority £¼m and which we considered to be another empire. Mr Speaker, we have been proved right. Our structure was very quickly implemented

and there is now a routine monthly monitoring of patient workload to allow the managers to be aware of problem areas and to help make plans for improvement, the information is there. There is also now a complaints procedure and the new positive attitude adopted has led to better relationship with patients and their families.

Mr Speaker, I also complained last year about the relationship between public and private medicine. Here we started negotiations relatively soon after taking up office with the local BMA including a series of other issues but, unfortunately, the delay we are experiencing is, I am sure, due to the fact that the doctors on this occasion decided to engage the services of the BMA in UK. Nevertheless, we are in consultation with UK and are trying to speed up these negotiations.

Another issue I mentioned last year was the Hill and Snee Reports and, again, I would like to remind the House that when we took up office the AACR Government had made no financial provision in the Estimates they prepared last year and we had to inject a sum of £147,000 to get the first phase implemented on the staffing needs in relation to the Hill Report. As far as the Snee Report is concerned, the School of Nursing has continued with the training programmes and we have had, as reported in the media, a very high percentage of candidates passing their examinations. We have invited Mr Snee to come back to Gibraltar and he has expressed his satisfaction and congratulated us on what has been achieved in a year. We also started last October on the pre-entry training programme which is offering school leavers a career in nursing and which also falls in line with the Snee Report.

On the Paramedical and Support Departments where; again last year, I said that they were not exempt from problems, the management team throughout the Authority is taking a much better control of all sections and Departments. I highlighted the need for another ambulance and that the Prison also needed a General Practitioner Service and that in the Pharmacy area there was a need for better administrative arrangements. We now already have this ambulance, plus another is already in our pier awaiting to be collected which has been donated by a recently established Bank and I will soon be thanking them publicly. The Police, with the Health Authority, have liaised in getting the right sort of ambulances specifically suited for our needs together with their appropriate equipment. The Prison now has the services of a General Practitioner from the Health Centre. In the Pharmacy there is already a change of administrative arrangements. We have provided a comprehensive computer system which enables control of stocks and supplies.

Mr Speaker, the last thing I mentioned in my Budget speech last year was the Health Centre. I said there was a need for immediate improvement. Again, here we moved quickly with the appointment of an Administrator. There was also a change to the administrative arrangements in order to reduce queues and maintain patient flows. We found a situation where there were 56,000 files scattered all over the place and we have had a new comprehensive filing system built which will lead to computerisation. We need to have a proper manual system introduced before we can actually computerise. But, Mr Speaker, you can imagine the mammoth task this has meant to the staff at the Centre and they have worked extremely hard to rectify these problems and I would like to take this opportunity to thank them for their hard work.

Mr Speaker, these were all the deficiencies I pointed out and my speech today, a year later, has dealt with all of them. I agree with the Opposition that there is no logic in criticising if then the new Government does not rectify problem areas which we publicly complained about. But it is gratifying to me to find a year later that all the grey areas I mentioned have been dealt with. Apart from all this, I am still able to continue to state other important improvements we have carried out simultaneously throughout our first year. There have been works like the complete refurbishment of areas like the Domestic; John Ward Kitchen; Ward linen store; Hospital Quarters; Dental Clinic; new flooring at Health Centre; replacement of toilets and cisterns at Victoria Ward; the construction of two new rooms, one for new equipment and the other for the new post of control of Infestation Officer; construction of modules for new filing system; a new security fence and entrance gates which had collapsed due to years of corrosion; repairs of leaking roofs in Godley, the X-Ray Department and Quarters; again repairs of Hospital fire alarm and Pharmacy intruder alarm which had not worked for years; new emergency lights to wards; extensive rewiring because of their dangerous condition and extensive repairs to water tanks and corroded valves being replaced following leakages and alterations to boiler fuel inlets according to safety specifications. Mr Speaker, the Health Authority has also introduced throughout the year a system both at the Hospital and the Health Centre of yellow new cupboard bins which have printed on them words to the effect that clinical waste should be disposed off therein.

I have now given a list of new medical equipment and works which we have carried out in our first year in office. At the Health Centre we are ever so grateful, yet again, for the response of a number of members working for the Gibraltar Services Police who in their spare time painted the inside of the two floors at the Health Centre. Yet another proof of the involvement of community work by our people. Our sincere thanks to them.

My Government also agreed, soon after taking up office, to the release of two General Practitioner posts, previously frozen, and also agreed to the appointment of an additional General Practitioner. This has now brought the complement of General Practitioners to eleven. Arrangements were also made for 'supply' staff to be available to be called in to cover absences in both the nursing, domestics and clerical fields and for some time this has been in motion. We are now in the process of looking at the computerisation of the financial information system. We have also negotiated a new contract with the Pharmacists which provides a new basis for the payment of fees. The effect of this is that the cost to the Health Service will not increase. The primary object of my Government, Mr Speaker, is to protect consumers and the possibility of our providing a service has not been discarded.

The Physiotherapy staff was made available last October for 'on-call' during weekends and for an 'on-call' service overnight. The famous post of dietician which has been included in previous Estimates for years but never filled, has already been advertised in the UK. We invited a UK dietician to visit Gibraltar and her recommendations on our dietetic needs have been accepted.

After obtaining clearance for the extra funds required, the Specialist in Community Medicine in conjunction with the Environmental Health Department launched a very constructive publicity campaign on a new vaccine called the MMR. The vaccine will immunise both boys and girls against mumps, measles and rubella. It came into use on the 9th January and the response has been very successful. Credit must be given to all those involved in the exercise as Gibraltar introduced this vaccine only three months after the UK introduced their Nationwide campaign. Quite an achievement. The Health Authority is in the process of recruiting Nurses and Midwives on contract terms to cover whilst nurses are training in the UK and one of our General Practitioners is being sent to the UK in May to further his training on ENT work. During this time he will gain experience on a wider range of up-to-date techniques and arrangements have been made for visiting consultants to maintain ear, nose and throat services, Mr Speaker.

The position of the future of the new Hospital is something we are looking at. It will be recalled that it was envisaged that the site would be released after 1992 and I am making reference to the RNH Hospital site, Mr Speaker. My Government is already engaged in forward planning on the basis of seeing whether the site will be given earlier and whether it will be suitable for our needs.

I ended my speech last year, Mr Speaker, by saying that there was an incredible amount of work to be done within the Medical services and that the GSLP had four years in which to be seen to make a marked impact as to its electoral promises in this area. But that at that time, on the 29th April, we had already moved at a pace never seen before. Now, a year later, I can confidently state that the pace has been increased and during our first year we have gone a very long way to be able to demonstrate that the Government, together with the invaluable help of our extremely dedicated and competent staff, can reshape our Services into one we can all be proud of.

Mr Speaker, I now move to my other responsibilities and that is the Environmental Health Department. As far as this Department is concerned, Mr Speaker, even though it does no longer form part of the Health Authority, it falls under my responsibility and I am happy to say that there is a good liaison between this Department and the Authority in relation to vaccines and health education and it undertook a very successful campaign on unwanted medicines which was given wide publicity through the media and there was a very good public response. It also helped in introducing, for the first time, yellow bags for the disposal of clinical waste. The waste found lying in our beaches has been tested and it has been proved that it does not emanate from Government Departments. The Environmental Health Department has also provided the Authority with the disinfection programme which they are now undertaking on a follow-up basis and this is the reason why I said before that I did not need to take up the Hon Member's offer to use a hammer to kill the cockroaches.

We have found several deficiencies in the manner in which the Street Market was set up by the previous administration and even though I might add that my Government is in favour of the Street Market, we are not completely happy since there are no effective rules and regulations and we have met on a couple of occasions with the Association to try and sort out the problems that are cropping up and which go against the interests of both the general public and the Street Market Association themselves. I am told by both my Department and the Association that the agreements made by the then Minister for Health were in the main verbal ones and it is therefore not an easy matter to resolve but however one which needs to be put right to the satisfaction of all parties concerned.

Mr Speaker, the Environmental Health provides a hearse service and we found out last year that the previous Government had provided £17,000 for a new one. There were two hearses, one in a very dilapidated state and the other needed some repairs. The former is now in an as new condition but we have had to provide an additional sum of £20,000 to purchase a new one to have a back-up service because the funds originally provided were insufficient following enquiries by both my staff and the Treasury which found it impossible to obtain a decent and adequate hearse that could take the strains of our steep roads.

Now, Mr Speaker, to my last responsibility and that is Sport. We have already, and I am glad to say this, fulfilled the commitments I mentioned in our election manifesto in one single year. We increased the grants to Sporting Associations from £15,000 to £40,000. As I said in answer to Question No. 53 in the last meeting of the House, because of this all requests for specific sporting commitments have been met and for this coming year we are also providing an increased sum of money. My Government is conscious of the importance of sport and of the achievements of many Sporting Associations who are not only very good ambassadors for Gibraltar but who have achieved, after a lot of hard work, to get Gibraltar accepted as a nation in its own right. They fly, and this I find to be most important, the Gibraltar flag. Many Associations are therefore already members of international bodies and they deserve every credit for this. We are also conscious of the work done by teachers who take a great interest in coaching children in different sports before they leave school and hence the good results our youngsters have achieved recently in UK in football and locally by beating the Cadiz basketball selection. There is a very high level of participation in sport in relation to our population size and, as I said last year, we need more facilities. This is the reason why during the year we provided an extra £12,000 for the use of facilities in schools by the community and as a result we have also been able to provide more allocations. My colleague responsible for Development is also pursuing the possibility of consulting prospective developers to provide in their proposed projects, sporting and leisure facilities. Another of our commitments was the Sports Advisory Body. It has already been constituted and has met on several occasions. I am satisfied with its function and with the results achieved to date and I have further invited Sporting Associations to make representations whenever they wish. I am also satisfied with the action I have taken, with the help of Sporting Associations, who had approached me with proof that they were encountering in relation to Spanish attitude towards sporting links with Gibraltar. I gave a full report to the local and Spanish media and in answer to Question No. 55 in this House, I also gave a full statement of my Government's policy on the matter and the measures I had taken. I would like to take this opportunity, Mr Speaker, to thank His Excellency the Governor for the interest he has taken on the matter and for relaying these problems to the attention of Her Majesty's Government who have responsibility for our foreign affairs.

On the question of the swimming pool, as I explained in the last meeting of the House, this Government is committed to building a suitable pool for all-year round use during our first term in office. GASA have been waiting long enough and after 40 years of existence I would not be surprised if they break an all-time record of being the oldest Swimming Association without a pool. The AACR had been promising them a pool for years, they even included it

in their manifesto three elections ago. GASA have been doing reclamation work for years after the then Minister for Sport provided them with what he explained at the time to be "rubbish" for dumping into the sea. The Hon Mr Britto in the last meeting of the House, when I explained I was in contact with the developers and GASA to build a 25 metre pool which will be indoor and used by the general public and for competition all year round, stated that GASA did not want a 25 metre pool. I told him that I had met with them on many occasions and that what they wanted was a 25 metre pool. I am glad that since then GASA have written to the media referring to Mr Britto's statement and have publicly said that they wish to make clear that they have never requested a 50 metre Olympic size swimming pool to be constructed in Gibraltar and I quote, Mr Speaker: "For the past 20 years we have always advocated and informed Government that a 25 metre indoor swimming pool with heated water would suffice for a City the size of Gibraltar". This concurs with what I have been saying all along.

Looking now to this year's Estimates, we are providing further sums of money in the first instance for insurance premia. This is for the Victoria Stadium building itself and for public liability. The previous Government used to carry its own insurance and our new policy makes much more sense especially when it is expected that more people will be making use of the Stadium once the artificial surfaces are installed by Omnisport, Sweden. As I have already told the House, the company is now engaged in negotiations with a specialist firm to install the synthetic surfaces and so as not to prejudice them I can only say, at this stage, that we have come to an agreement in principle. Last year I also issued a Press Release in reply to the Opposition which went a long way to explain the nature of our negotiations and again I would like to thank the Attorney-General, his Chambers and my administration for all their hard work in both the legal complex and technical aspects of these negotiations. I also held a meeting last year with the four Sporting Associations who would be making use of the artificial surfaces to give them details of the surfaces that are to be installed. We have also increased the vote in this year's Sport Budget for the replacement of equipment at the Stadium and under Special Expenditure have provided funds for the replacement of the Sports Hall P/A system and a new scoreboard. Also provided are extra funds for the replacement of indoor and outdoor portable stands.

Finally, Mr Speaker, I would like to stress that even though as Ministers we are now full-time and sometimes even find 24 hours a day insufficient to redress the situations in all our departments and implement our commitments to the electorate, eight people alone cannot run Gibraltar but if I continue to receive the support I am finding from

both my staff and the community then I am confident that in our first term in office Gibraltar will have benefitted to the extent that we will not wish to look back, but rather to look towards the future and work with enthusiasm in order that we can feel proud of what we have all achieved. The potential we have as a people is there and all our hard work will then have been worth it. Thank you very much, Mr Speaker.

HON M K FEATHERSTONE:

Mr Speaker, this, really the first Bossano Budget, has proved to be a non-event. There is no Finance Bill, there are no goodies to be distributed, there is not even any extra taxation measures, it all adds up to a great fiasco. But, of course, the Hon Mr Bossano takes political responsibility for the Budget and one wonders why we have a Financial Secretary at all, perhaps he is going to be made redundant and will be retired in the very near future. But the hopes for goodies, the TGWU has been pressing very hard for a number of different features, they have been let down completely and from what we hear from Mr Bossano there is not going to be any Finance Bill in the coming years Budgets and we are not going to get any goodies at all. As far as taxation is concerned, they want to do this administratively and they have already done this in the past. We have seen the airport tax increase from £2 to £5, something which was slipped in very quietly and very unobtrusively. We have seen various fees in the Courts, in the Post Office, in all different areas of Government, increased by anything up to 1000%. This is all scraping the barrel to try and obtain more money quietly without the public actually realising what is happening to them until the time comes when they have to actually pay. Let us look at the Estimates in some detail. Revenue rises from £76,759,000 to £81,552 mostly by fiscal drag on income tax. The increase is in the region of 6%. Where is the 12% boost in the economy that Mr Bossano was talking about at Budget time last year? His Government will be hard put to achieve the 50% growth they have targeted in their four year term of office, that is if they last that long. Mr Bossano recently in this House admitted that he had not reached his 12% target but he said he would make up for it in future years. Well, the present Estimates do not seem to be showing very much of that trend, in fact, if anything, we are going to be stuck with 6% for a long time. It is shocking to note that interest is down nearly £200,000 in the Consolidated Fund. Our reserves are either being badly depleted or we are investing badly, for example, in Deutsche Marks which only gives us 7.75% return. Whose bright idea was it to invest in Deutsche Marks? Is this one of the Chief Minister's ideas in trying to sell Gibraltar throughout the world that he had to invest in foreign currencies? We all know ...

HON CHIEF MINISTER:

Mr Speaker, I can answer the question. It was the AACR Government who did that and when we came in we gave instructions that it should be stopped. When he gets the Auditor's Report he will find that the Auditor, in fact, is questioning the legitimacy of the decision taken when he was in Government.

HON M K FEATHERSTONE:

With Mr Bossano's economic cleverness he should have seen the fault in the thing and stopped it straightaway. When current interest rates in the UK are at 13% we should do better than we are doing at the moment. Currency Note income is up £150,000, that again is fiscal drag, it seems the Government relies on fiscal drag for all its improvements in the economy rather than any real boost which they have been promising us all the time. Recurrent expenditure is up £8m so much for Mr Bossano's effort to curtail it to £1m per year as he said in last year's Budget speech. In last year's Budget he put himself into a straightjacket from which he has been at pains to extricate himself ever since. Mr Speaker, the Chief Minister had a lot of highfalutin ideas of what he was going to spend in future years and he has had to swallow his words. He is badly off target when he talked of £80m in 1992 when he is already £86m in 1990 but, of course, we know that a lot of this extra expenditure is his contribution to the Social Assistance Fund. This is something which is what one might call 'an incognito'. One does not know very much about this Fund, it is something that is Mr Bossano's brainchild and the amounts of money being put into it seem to be more off the top of his head than from any actuarial advice. One Head of Expenditure in the Consolidated Fund is for £2.45m in interest to NatWest. Well, as has been said by my colleague the Hon the Leader of the Opposition, this was gazetted on the 13th April. We do not know what it is for, we only know it is about £20m, we have no knowledge how this fits into the Accounts, it does not appear in Receipts in the Improvement and Development Fund and this is one more incognito, one more hidden feature of the Budget that the Hon Mr Bossano is presenting to us. Perhaps somebody on the other side will tell us what this borrowing is scheduled for. We would like to know because it is a substantial amount. And the public debt which was stated to be £25m is as a result of this extra £20m now as high as £45m. That is not a bad figure for little Gibraltar, it is £1,500 per head of the population including little babies. So if you have a child these days, it is already saddled with a debt of £1,500 just after being born, that is one of the benefits of living in the Bossano era.

Environmental Health has a new item, £15,500 for the purchase of Vaccines. This, as the Hon Miss Montegriffo has said, is for the new Mumps, Measles and Rubella inoculations. At least there is one good thing in the Budget and I congratulate them on that point.

HON MISS M I MONTEGRIFFO:

Mr Speaker, if the Hon Member will give way. I think that it is not only the Vaccines. I think there are other things that I have mentioned which are even better than the MMR Vaccine in my Budget speech.

HON M K FEATHERSTONE:

Well, Mr Speaker, this is a completely new item, there was nothing in the amount for last year for the purchase of vaccines so therefore I have assumed that it is for these Vaccines.

As has been said before, there was nothing for Rates in Government Housing. We have had an explanation from the Chief Minister that this was double accounting. This may be a reasonable excuse but it is rather a lame one. Public Works salaries dropped by £833,000 as staff is hived off to other departments. This is no real saving. You can see other departments have got considerable increases in salaries. The people from the Public Works Department are now under the Crown Lands Department since it has taken over most of the Public Works Drawing Office and Architects. General Expenses - Highways are up by £82,000; the Garage by £69,000; Salt Water by £55,000. I suppose this is to be able to provide salt water to Varyl Begg Estate which seems to be suffering a little difficulty at the moment. Cleaning of Highways is up by £90,000. Are we really going to see cleaner highways? Are we really going to have them flushed at least once a week or perhaps twice a week as has been promised by the Minister time after time but we never see it?

HON J C PEREZ:

When it starts raining.

HON M K FEATHERSTONE:

Well, if he has to depend on the rain he is going to have a long hot summer. Collection of Refuse is up £70,000. Are we really going to get extra benefits from all this money that is being churned out? We want to see something definite, it is very easy to ask for extra money and then do very little in really producing the benefits. Are we going to see more resurfacing? What about the resurfacing of Main Street? Main Street is in a disgusting state, Mr Speaker, it is the Main Street where all our tourists shop and it is full of potholes, in a really bad condition, and yet it is not scheduled for resurfacing.

The Treasury is doling out subventions in all directions. As I have already said, they are doling out £10m to the Social Assistance Fund. This Fund is going to cover the Social Assistance payments, Family Benefits and EPP. Are they also going to give something to the pensioners to restore the purchasing power of their pension back from 1988 level to today's figures or is this going to be something which they are going to wait in vain for? Why is there no Schedule of the Fund? What is there to hide? We put, I believe, £1m into the Fund last year, why is there no Schedule showing that that £1m is in credit and is producing interest and is bringing benefits along with it?

The Gibraltar Health Authority gets a £6.8m subsidy but the Hon Miss Montegriffo says that the total cost of the Gibraltar Health Authority is going to be £10.5m this year. Well, that is a pretty substantial increase. Where are they going to get the extra money from? Are they going to put up the contributions on the Social Insurance Scheme to increase the amount of money required and when are we going to see some figures from the Gibraltar Health Authority? According to law they have to produce them within three months from the end of their financial year which must have been at the end of April so we hope that by July we will see some actual figures from the Gibraltar Health Authority as the law requires.

HON MISS M I MONTEGRIFFO:

If the Hon Member will give way. Mr Speaker, I am producing figures to the Hon Member on a quarterly basis on fees, revenue and other items which he has requested and this is being provided on a quarterly basis, Mr Speaker.

HON M K FEATHERSTONE:

No, Mr Speaker, those were only some figures that I asked for. The only figures that were actually provided was the amount of money spent on the GPMS drugs. The other figures were the number of people who visited the Health Centre and.....

HON MISS M I MONTEGRIFFO:

If the Hon Member will give way. Mr Speaker, the figures that I provided were the figures he asked for.

HON M K FEATHERSTONE:

Mr Speaker, the figures provided were the number of patients visiting the Health Centre; the cost of drugs provided; the number of private patients in St Bernard's Hospital; the fees received; the number of patients on the Health Scheme in St Bernard's Hospital; the laboratory fees; the cost of patients sent to the UK for treatment and passages, maintenance and allowance. But this is not the total cost of the Gibraltar Health Authority which we are very interested in seeing. And as I said, these have to be provided by law, according to the Ordinance, by the end of July. It is hoped that we will actually see the figures.

The I&D Fund expects receipts of nearly £1m from the Sale of Government Properties. We would like to know what properties are being sold. There is a lot of hiding away of what Government is selling off at the moment. We have had Jumper's Bastion sold and we do not know for how much, and this is something that I think the general public would like to know. So some explanation of where this £1m from the Sale of Government Properties is coming from would be welcome. Perhaps the Hon Mr Feetham will give this information when he makes his address to the House. Government Offices expects an expenditure of £2m. Where and what is this going to be on? Are they going to take down the present Treasury Building and rebuild it or what is the money going to be spent on because it is a fairly substantial amount? £500,000 for Government Vehicles and Plant. On what is this money to be spent? Are they now making up for the lack of capital investment last year under this Head? It is still a considerable amount of money in lorries and various other plant and we would like to have some details on it.

We have also noted that the Funded Services are going to be dissolved. Are we going to return to Notional Accounts which were classified as a bad feature of earlier Budgets prior to 1976? Why are capital interests made to the Fund not shown in the Revenue Estimates? The Hon Mr Bossano this year did not give us a lecture on economic policy, that is something to be thankful for but he has told us one or two things which perhaps should be mentioned. The Bank has been shelved. This is something that was a keystone in his economic thinking but it is something which because Ministers have not sufficient time, as though they were the ones who were going to run the Bank, has had to be shelved and from what we understand indefinitely. Miss Montegriffo has said that everything has been rectified in the Hospital. Well, congratulations to her, that is something that really wants to be believed because my information, which comes to me that the Hospital is just about staggering along as it has done in the past. The Hon Minister makes a long list of items which she has provided this year - yellow containers, various other things - all these were items that have been brought up year after year yet we never made a song and dance about it, Mr Speaker. These were things that were done under the normal

running of the Hospital and now because she has nothing better to say she reads out a long list as she did when I asked her the other day about how much had been done in the Hospital when she came out with a whole list of works which had been done, for example, repairs to the fire alarms. This is a simple thing that is done as a matter of course, you do not need to make a song and dance about it when you repair the fire alarm.

HON MISS M I MONTEGRIFFO:

The fire alarm had not been in operation for years, Mr Speaker.

HON M K FEATHERSTONE:

It has been interesting to notice that the consultants are practising only twice a week. Miss Montegriffo said that they have negotiated with the Pharmacists. What they have done is pointed a pistol at the Pharmacists' heads and said: "Either you agree with what we want or we will form a joint venture company with you". There appears to have been a change in Government policy because previously they have said that if somebody thought of a joint venture company and approached Government, Government would look at it. Now it is Government which is suggesting a joint venture company to the Pharmacists and the Pharmacists say that these negotiations are going to be bad for the consumers because it means that the more expensive medicines, which the Pharmacists used to import, will possibly now not be imported. It is interesting to see that work is starting on a new Hospital. This is something which is not specifically the province of this present Government because the previous Government was already working on plans for a new Hospital and they have only taken over where we left off, so they cannot claim the credit for it.

As far as the Street Market is concerned, they did have a written agreement that they could be in John Mackintosh Square and I think, if the Hon Miss Montegriffo approaches the leaders of the Street Market they should be able to produce a letter to that effect. On the question of a new hearse, Mr Speaker, this was something that was on the AACR's books for some considerable time and has at last come to fruition. Mr Speaker, this present Budget does not show anything specifically interesting other than the fact that we are having no change in taxation, no goodies for anybody and, on the other hand, no increase in taxation at all. It is a complete non-entity as a Budget, it is what I would call "the incognito". Thank you, Sir.

MR SPEAKER:

Before we recess I think I should remind Hon Members that today is the 50th Anniversary of the Gibraltar Regiment and I think the House would like to send them our congratulations and wish them every success in their happy celebrations and Parade tomorrow. The House will now recess until Tuesday 2nd May.

The House recessed at 7.00 pm.

TUESDAY THE 2ND MAY, 1989

The House resumed at 10.35 am.

MR SPEAKER:

I believe the Hon Mr Perez will now make his contribution.

HON J C PEREZ:

Mr Speaker, before I make my main contribution on the departments which come under my responsibility, I feel I need to comment on some of the matters that have been raised by both the Leader of the Opposition and the Hon Mr Featherstone.

The Hon Mr Canepa insinuated that the Government's position with regard to the recent dispute at the MOT Test Centre had been influenced by the fact that the Election Agent of the GSIP is an employee of one of the main car dealers in Gibraltar. I regret that Mr Canepa should have concentrated on making derogatory remarks of this nature without knowing the full facts of the matter and bearing in mind that when we were in Opposition we refrained from making such remarks about AACR Ministers who had clear conflicts of interest between their business activities and their responsibilities as Government Ministers. However, since Mr Canepa has little to criticise about our first year in office he has decided to make this an issue in his Budget speech. So be it, Mr Speaker.

The industrial action at the MOT Test Centre arose because employees working there had not been given an answer to a claim they had submitted in February and as a result car dealers were deprived of being able to sell vehicles thereby putting at risk the livelihood of over 200 families that depend on that business for their weekly income. I personally received a delegation representing the Car Dealers Association headed by Mr David Benaim, a clear and open supporter of the Hon Member opposite for I do not know how long. They suggested measures to alleviate the situation and I, acting in the responsible manner which my office requires, accepted to enter into a temporary

arrangement for the period that the dispute lasted. At no time did I allow my personal relationship with one of the employees of one of the dealers to blur my judgement or my responsibilities as a Government Minister. Had that been the case I can tell Members opposite that there were more reasons to support the people taking industrial action given that one of the persons taking industrial action was a close relative of the Hon Mr Mor and another was a longstanding personal friend of mine.

However, what surprises me most about the Leader of the Opposition is his accusation that the Chief Minister and I were blacklegging. Mr Speaker, he has the audacity to preach socialism to us and forgets that only a year ago, during the election campaign, he was advocating the passing of legislation which would deprive working people from taking industrial action. This same man, Mr Speaker, was at the head of a Government who locked out working people and aggravated industrial disputes only to capitulate at the last moment and give in to demands which he had claimed he could not meet. How then can the Leader of the Opposition reproach our policy on industrial relations when his party claimed during the election campaign that dialogue wouldn't get Gibraltar anywhere? This Government, Mr Speaker, is committed to respect the right of people to take industrial action and has a commitment not to lock out people. That does not mean that the Government will succumb to pressure every time that pressure is exerted. We will consider claims on their merits and act in a way in which Gibraltar's interests are best served. Mr Canepa's new found sympathy for people taking industrial action can only be described as an opportunistic stand which befits more a backbencher in any Western Democratic Parliament than the Leader of a Party offering itself as an alternative Government. Mr Speaker, the Government is not making the Opposition redundant through its policies, as Mr Canepa suggests, the Leader of the Opposition has made himself redundant by the stand he has taken on that side of the House since the people of Gibraltar threw him out of office.

Let us now try and analyse other aspects of his contribution. He said that he smelt something 'fishy' in the way the Estimates had been presented but he failed to criticise any aspect of the Estimates. Does the Leader of the Opposition think that the electorate are to be led or deceived by the sense of his nostrils? The Hon Member then criticised the Government and accused it of doing very little for pensioners and in the same breath was critical again of the Government for having put £10m in the Social Assistance Fund which he well knows is aimed at ensuring that our pensioners will continue to enjoy a secure income in the future. But the Hon Mr Canepa did not stop there. He then suggested that £10m in one year might be too much and that instead the contribution should be spread over a number of years in a different manner. He then ended

up suggesting we were bankrupt. Mr Speaker, if all these contradictions do not add up to political opportunism on the part of the Hon Member then I can only presume that his mathematical skills have diminished to an extent that he does not understand the Estimates.

Certainly, his colleague, the Hon Mr Featherstone, did not seem to understand them. He claimed that the 'fishy' part was in several subheads under the Public Works Vote which showed an increase as compared to last year. He forgot Mr Speaker, that his Leader had noted that the subheads of sick and injury under several Heads had disappeared and it therefore followed that these amounts necessarily needed to be reflected under different subheads and hence the increase in the areas he mentioned. Easy to find out if he had bothered to use a calculator. But the Hon Member carried on with more surprising statements. First, he accepted that we were spending more on the Health Service but said that notwithstanding this the Hospital seemed to be doing as badly as when he was in office. That is not only untrue but impossible. Mr Speaker, I cannot see any Government doing worse than when the Hon Member was in office. He then took the plunge into international finance and criticised Government's investment in foreign currency without knowing that it was his Government that had done it and that the GSLP put a stop to it immediately on taking office. Was the Hon Member not aware of what used to happen in his Government? No wonder that we found such a mess when we got in.

I think the Hon Mr Featherstone's remarks on road resurfacing were really the ones which made me laugh most. Mr Speaker, I could not take them seriously considering that his Government did so little on this matter and we have already done so much. The state of deterioration of our roads demonstrates the lack of funding in the past. If he had taken a closer look at the Estimates or been aware of what he has been voting in this House he will undoubtedly have noted that Government spent £119,600 on Highways in 1988/89 and that during this financial year we will spend £374,000. I am sure, Mr Speaker, that he will also have noticed, since everybody else in Gibraltar has, that we were able to hire a mechanical planer which enables us to carry out over three times as much work as previously done and in a much more cost effective way. Government has also invested in a new Road Roller as well as equipment for better quality control of the asphalt being produced. The plant has been hired for three months and since the asphaltting cannot keep up with the pace of the planer this will mean that some roads will continue in a rough state until such time as the resurfacing can take place. The Hon Member will also be pleased to learn that notwithstanding the fact that the AACR Government did not keep to their word in 1986/87 and 1987/88, Main Street (North) will be resurfaced during this financial year and that a Press Release to this effect was issued some three weeks ago but he probably did not read it. The timing has been agreed with the Chamber of Commerce in

order to inconvenience both the business community and the general public as little as possible. Pavements at both the North and South of Main Street will have their tiles replaced as well. Needless to say, Mr Speaker, that this is not to keep the Hon Mr Featherstone happy but to start correcting the many deficiencies of past Governments in which he served.

The Hon Member has also made a great fuss about the flushing of our roads. May I remind the House that flushing was re-instated in Gibraltar on the 25th March, 1988, after many years absence and that it continues today. The Public Works Department flushing programme involves taking into account the causing of the least inconvenience possible and when it does not rain and this has been happening throughout the year and will continue. Mr Speaker, whether the Opposition admit it or not, Gibraltar is today a much cleaner place to live in because we have directed more resources to the Cleansing Section since taking office. We are not totally satisfied with the degree of cleanliness but vast improvements have already been accomplished.

On Refuse Disposal I am afraid that we have not been so successful, mostly due to the lack of decision making in the past. When we came into office, Mr Speaker, we found that the Incinerator was not operational more often than not and that refuse was as a result being dumped at the Europea Point Chute. We immediately scheduled works for the repairing of the Incinerator to the tune of £300,000 and which are now near completion. The Government made arrangements for the refuse to be dumped at sea in order to affect the environment as little as possible given the situation we find ourselves in. As the Hon the Chief Minister explained, earlier on in this meeting, this has had to be discontinued as a result of the incident between the GSI barge and a patrol boat from Tarifa. We have therefore shifted to dumping at the chute which is not something we particularly like to do but have little choice in the matter under the circumstances. As has been stated previously in this House, Mr Speaker, the Government was not, and is not, prepared to continue with a direct agreement with the Mancomunidad for the disposal of refuse at Los Barrios because we consider that the contacts initiated by the AACR Government contained certain political implications. We did, however, state that we would be prepared to consider proposals from commercial concerns for the disposal of refuse whenever the Incinerator was not functioning. Several proposals have now been received none of which are cost effective. The compacting and transportation of refuse to Los Barrios is quite an expensive exercise, as I have said previously in answer to questions in this House, and the prices quoted in the proposals received reflect this. With the refurbishment of the Incinerator nearing completion, we hope that we will not have to dispose of rubbish, either at sea or at the chute, as often as we have done this past year. In the meantime the Public Works Department is assessing a

variety of proposals for refuse disposal which have been submitted and which we are optimistic will culminate in a long-term solution to our refuse problem. However, none of these proposals can be put into effect in the short-term since they are technically comprehensive and if accepted as feasible, would take a long time to come to fruition. We are therefore hoping that the refurbishment will give the present Incinerator an extended life to allow us time to take a sensible decision rather than a hasty one which we might later regret.

As far as water is concerned, Mr Speaker, when we took office we found that one of our Distillers was out of action. In April last year a contract for repairs was placed and these were completed by June, 1988, at a cost of some £280,000. The plant has operated well since the repairs were effected. Government entered into a contract with a local company for the regular importation of water to meet the shortfall and the PSA kindly supplied water in bulk, on loan, in the meantime. The local company failed to honour its contract and instead the Government imported some 20,000 metric tonnes of potable water from Northumbria Water Authority by tender at a cost of some £139,000. The matter of the local company having breached their agreement is now with the Attorney-General's Chambers. The water on loan from PSA arising from this incident has been repaid in kind. The unaccounted water losses are calculated at 9% for the financial year and which I am told is an excellent record. Agreements were entered into with the Staff Side to ensure a continuing commitment to keeping up waste control measures to minimise water losses.

Mr Speaker, the accounts reflect a smaller Public Works Department than in previous years. This is the result of several sections having passed under the control of different Ministries. The Planning and Design Division is now under the Ministry of Trade and Industry because of its involvement with development. Beaches, Upper rock, Gardens and Public Toilets are the direct responsibility of the Tourist Office. The major separation has taken place in the Maintenance side where workers involved in Housing Maintenance now come directly under the Housing Department. As a result of this move we have managed to ensure that the resources paid for by the Housing Department are actually those carried out on the housing stock. It seems that previous to this move with the labour all pooled together much of the resources earmarked for Housing Maintenance found themselves going elsewhere. This leaves the Public Works Department solely with the control of Maintenance for Public Buildings. The House will, of course, have noticed that the Minor Works Vote appears separately and under a new Head 27. This is because, as I argued consistently from the Opposition benches but with little success, it is wrong for this to be charged as a cost to Public Works. What will therefore happen is that at the end of the year a charge will be made to each of the departments where repairs have been effected and the final

accounts will reflect the cost of maintenance as it affects each different Head. Quite a simple accounting exercise which the previous administration said was impossible to achieve. Mr Speaker, as my colleague the Hon the Chief Minister has said, the restructuring of the Public Works Department is by no means over. There are still things currently happening which will have an impact even on this year's Estimates. The Electrical Workshops is at the point of being incorporated into the Gibraltar Electrical Services Company. A majority of industrials have already accepted to move and the non-industrials are now being consulted. The aim is to finish up with a more efficient, and cost effective service to the public which the GSIP set itself as a target from day one. Although we have been moving slower than we expected I am optimistic that this very necessary ingredient for Gibraltar to attain self-sufficiency will be accomplished.

As far as telecommunications is concerned, Mr Speaker, the House will recall the many problems we encountered on taking office with respect to the Agreements entered into by the AACR administration with British Telecom over the formation of GibTel. I am glad to say that these have now been resolved and that the Company has now been capitalised. I need not remind the House that it is not possible for me to make a full statement as a result of the confidentiality clause entered into with British Telecom by the previous administration. What I am free to say is that as a result of the re-negotiation, instead of acquiring a 4,000 line Digital Exchange estimated at £1.5m, we shall acquire a 10,000 line Exchange with the Government putting up the balance of £900,000. In addition the premises known as Mount Pleasant have been rented to the Company for the duration of the franchise plus one year, rather than sold as agreed previously. Two flats at Mount Pleasant which before formed part of the deal are now in the possession of the Government. Also the property known as 'La Morna', which houses the General Manager, is rented for a period of three years, that is, for the duration of the contract of the present incumbent in post. Had this not been re-negotiated the Government would have found itself having to purchase the building back from the Company at the end of the franchise. As a result of the resolution of these problems we were able in the middle of the year to increase by eighteen the number of satellite circuits to UK plus one to the United States bringing the total number to 65. This is being periodically checked and more circuits will be installed during this year to meet increased demand in international traffic.

The Telephone Department connected 965 new lines and disconnected 417 subscribers giving a net increase of 548. The number of stations connected, however, were 1163 bringing the total up to 13,743. This reflects a shift to PBX connections. Although the waiting list dropped by 106 from 1,020 to 914, the Department recognises that this is not a satisfactory state of affairs. However, at present

there is little chance of tackling this problem because the Exchange is already heavily congested. A Mobile Exchange has been acquired to give us the flexibility of being able to connect new subscribers but this will add to the congestion of the present Cross Bar Exchange. The Superintendent of Telephones is trying to find a technical solution to the problem but is not very optimistic. The new 10,000 line Digital Exchange will start being installed at the end of the month but will not become operational until next April. The arrangements I have described before are therefore interim until such time as the new Exchange is functioning. In the meantime substantial works to the external plant is scheduled for this year, as shown in the Improvement and Development Fund, which is necessary infrastructural work connected with the introduction of the Digital Exchange. Also connected with this is the refurbishment of the top floor of the City Hall where the new Exchange will be housed.

The Government will be receiving proposals from a number of firms interested in setting up a Joint Venture Company with the Government to run the Telephone Service. All the proposals should be in by the end of May at which stage the Government will assess them. The logic behind the move is that the proposals will be geared to the new partner investing in badly needed and costly infrastructure and equipment and that because all parties making a bid are big consortiums in the Telecommunications World any of them can serve as a back-up for the training of staff, the acquisition of new equipment from manufacturers at much more reasonable prices thereby keeping us in touch with the most modern technology in this fast moving and essential field for any modern society particularly with a flourishing financial sector trade. I cannot understand, Mr Speaker, how it was that the AACR saw fit to go this way on international communications and now criticise us for doing likewise with the Telephone Service. We will certainly ensure that the mistakes they made in their negotiations are not repeated.

Mr Speaker, in fulfilment of our commitment to give a better service to the public at the Main Street Post Office, additional staff were deployed thus augmenting the counter and resulting in shorter queues and quicker turnover. This is also true of the North District Post Office where pensions and other Social Security Benefits are paid. The Parcel Post Stores moved from Waterport to Landport Ditch providing improved facilities both to the staff and the public and releasing property for the construction of Phase 2 of Water Gardens.

Regulations governing the operation of CB Radios have now been approved by Council of Ministers and will be published shortly. These follow the guidelines set by the United Kingdom and to a great extent will be self-regulating.

Hon Members are, of course, already aware that by the end of May, Government will be taking a final decision on the question of Satellite Television.

During the year several improvements have been fostered through our relations with other Postal Administrations. The frequency of mail exchanged at the frontier has been increased from three to five times a week. We have extended the insured mail service to include Denmark and Finland. We have finalised Agreements with seven other Postal Administrations to accept incoming Datapost items. These are Greece, Israel, Canada, Hong Kong, Portugal, Luxembourg and Switzerland.

As the Chief Minister said on Friday, we have introduced new legislation to provide for the development of the Savings Bank, an innovation which we shall shortly be introducing is the facility for depositors to make withdrawals and deposits by correspondence without having to personally call at the Post Office and for joint accounts to be operated on one signature only.

As far as philately is concerned, the market remains weak but we are expecting this to change shortly. Already in 1987/88 Gibraltar registered a small increase in sales. The Philatelic Bureau has represented Gibraltar in three major Exhibitions, one in Germany and two in the United Kingdom. I will personally be attending the major International, PhilexFrance '89, in Paris in July and also call on our agents from Switzerland and Italy on my way to Berne to present the Secretary-General of the UPU with a carving of a Gibraltar Stamp for display in the Headquarters Building and which will remain there as a permanent feature. After August the Post Office will be handling the production of our stamps following the termination of the contract with CAPCO Ltd. This should produce savings of around £3,000 a year. The contracts with our present agents abroad are also being renewed.

Mr Speaker, as far as electricity is concerned, the most important single event this year has been the coming into stream of Engine No. 3 in December, 1989. Development of the distribution network has included the further transfer of two high voltage rings from King's Bastion to Waterport which now feed three of the rings directly. This transfer of cables has taken up all the panels currently available at Waterport Main Board which will consequently need extension. All this is part of the process required towards the full closure of King's Bastion. As the House is probably aware, Mr Speaker, King's Bastion Power Station is in extremely bad condition and will not be able to serve Gibraltar's needs much longer. No. 10 Engine, to give but one example, is currently out of commission pending an examination and subsequent repair of its foundation. The alignment of the Engine cannot be sustained which indicates problems with its foundation similar to those experienced

in the past on other Engines. This Engine is 27 years old and the extent of the damage and cost of reparation will dictate whether to restore it or not. Coming back to the main issue, Mr Speaker, the Government proposes to close down King's Bastion within a short period of time. During this period consideration will be given to a number of options open to the Government in order to fill in the generating capacity left at King's Bastion.

Mr Speaker, as on previous years, the City Fire Brigade has fulfilled its obligations to the public and provided Gibraltar with an Emergency Service of the highest calibre. During the past twelve months the Brigade has responded to over 1,000 emergency calls, ranging from simple domestic fires to large fires such as the one at the Autostop premises and on board the motor vessel 'The Sea Rainbow'. Lately they have been on the news with regards to the rescue and extrication of casualties from crashed vehicles - four persons were rescued within a week from three separate incidents. The wide range of rescue equipment now carried in the recently acquired Rescue Unit is the latest and most modern available on the market. The high degree of efficiency and professionalism which the Brigade enjoys is possible due to the continued effort of management in trying to improve performance through training. The Fire Prevention Department has carried out over 2,000 inspections and its staff is totally committed with new projects arising out of the rapid growth and development now taking place. It is important to note that the Brigade's role has now changed from a Fire Service to that of an Emergency Service and it is advancing rapidly in the emergency planning field.

As for the Prison, Mr Speaker, the most important event has been the retirement of Mr Salvador Mifsud and the appointment of his successor by the Public Service Commission. Mr Alex Enriles and his staff will be given my full support in their endeavours to run the Prison considering the state in which it is in. Already certain works are taking place which will improve the situation and new security works will take place once the appropriate materials arrive from Britain.

Ever since we took office this Government has attempted to regulate and introduce some sort of discipline into all matters related to Public Transport. To this effect we immediately reconstituted the Traffic Commission which previously only used to meet at times of crisis and which on the 24th March, 1988, had two vacant posts as a result of the two independent members having resigned because of the way the previous administration had handled the applications for seven Private Hire Licences. The mis-handling of public transport matters goes back even further to the period of the opening of the frontier and as a result of this there has been an increase in the number of operators. However, neither the tourist nor the general public are receiving a better service as a result of the

increasing conflicts that have been created between different sectors in the trade due to the absence of a proper policy and foresight by the previous administration. Unfortunately, we have to live with what we inherited and build from that chaos some sort of order that will meet Gibraltar's needs. The Government has entered into an Agreement with the Public Service Vehicles Operators Association and by October this year all Route Buses must be not older than twelve years. Bus fares, which had remained static for the last eight years, have been increased to allow the operators a greater income so that they could place orders for new buses to meet the October deadline. Legislation was passed during the year to provide for the implementation of a City Service within the Taxi trade and a comprehensive Agreement with the Taxi Association is at the point of being signed which will allow for the implementation of the City Service, the introduction of meters in Taxis and the phasing-in of standardisation of vehicles. It is the Traffic Commission's intention to look at how best to regulate Private Hire Coaches.

The question of the Coach Park is still something which is not totally regulated and problems often arise. Of late there is some sort of order but a better regulated system needs to be devised if we are to avoid disputes and incidents between the different factions and which at the end of the day only help to deter tourists from returning to Gibraltar.

Mr Speaker, a major effort is being undertaken presently to clean our roads of derelict vehicles and to ensure that motorists observe parking restrictions as far as is possible. The legislation for this to happen has been in force for years but was not being effectively applied until recently. As for the problem of parking, Government expects to be able to use Naval Ground No.2 as a car park this summer when the MOD hand it over. Simultaneously we will be installing parking meters in some centre of town areas in order to alleviate the parking problem. The Government is also looking at schemes for the creation of car parks in highly populated areas with the intention of either selling or hiring parking bays to residents in the area. The drawings for one such scheme are nearly ready and if approved, Supplementary Funds would be required to be voted in this financial year to get it off the ground.

On the question of improving the traffic flow, a scheme is being prepared but will take longer than envisaged because in some instances it would be difficult to alter the traffic flow without having regard to the many developments that are taking place and which present motorists with a further handicap.

May I take this opportunity, Mr Speaker, to thank all members of the Traffic Commission for their hard work during the past year and particularly the two independent members who have put in many hours without any sort of remuneration. I would also extend my sincere gratitude to all my staff in the different Departments for their assistance and cooperation during my first year in office.

Mr Speaker, to round up, let me say that I consider it a major achievement to be able to come to this House and say that the services the Government provides the public with have improved and although there is room for further improvement, I am confident that the foundation stones are now set to provide Gibraltar with adequate services for the future. The investment in much needed infrastructure is there for all to see. The expansion of the Telephone Service has been projected and there is a reflection of this in this year's Estimates. Other decisions which we shall take during the year will further prove this point.

There is still a lot to be done, Mr Speaker, but much has been done already and I can say with confidence that even today people can judge us by our results and they will see we have achieved much more in one single year than the AACR did in the previous term. Thank you, Mr Speaker.

HON K B ANTHONY:

Mr Speaker, I am going to contribute on four aspects that I think are important - the Chief Minister's "State of the Nation" speech on Friday; the lack of a Finance Bill; the Appropriation Bill and, finally, a few comments on what has just been said by the Hon Minister for Government Services. The Chief Minister's speech - I found in this speech conflicting statements and a degree of cynicism. I said a year ago, Mr Speaker, in my last Budget contribution that people wanted more motivation than the example of eight Ministers. I said it then and I repeat it now, a year later. The Government have political motivation for their policies but people want more than that. I have no intention of analysing the whole of the Chief Minister's speech but there are one or two facets that I would like to comment on. Let us consider the Government's plan to restructure the Civil Service. The Chief Minister said "there is a necessity to restructure the Government services. It needs cooperation and I hope that people will come round to our way of thinking, but there is no deviating. No amount of opposition will make us deviate". He also said in his contribution "joint ventures are a free choice". Now I see these statements as conflicting and it is being economic with the truth as my colleague, the Hon Leader of the Opposition, mentioned on Friday. Let me explain, Mr Speaker, how I see this situation possibly developing. A department of the Civil Service is to close down and a member of that department is given the opportunity of going into a joint venture

company if he or she so wishes. But he says that he prefers to stay in the Civil Service, as is his right, but as his department is closing down he is going to be transferred somewhere else in the Civil Service. A couple of months later, Mr Speaker, that department is also earmarked to be closed down or abolished and the whole rigmarole happens again and once more he is going to be transferred. Now at the end of the day out of sheer frustration this unfortunate chap is going to get so fed up of being moved from pillar to post that he will give up in despair and join a joint venture company and the Government will stand by their statement that it was a free choice since he did not have to join. I would however say he did by force majeure. The Hon Chief Minister has made much of the fact that when the Gibraltar Tourist Agency was set up there were eighty volunteers for twenty jobs but he ignored the fact that the field of tourism is an attractive area in which to work and I wonder that if a joint venture company was set up to sweep the streets or collect rubbish if he would then have had eighty volunteers for twenty posts? I very much doubt it.

The Employment and Training Board - this is one department with slippage in its setting up, it should have been set up by the end of last year. I feel it does need setting up very quickly because it is vital for our school leavers. I have noticed in the Estimates this year that there is a cutback on the money allocated for the training of apprentices and I feel very strongly about this, Mr Speaker, because I may be wrong but I am one of the few people in this House who has undergone a full apprenticeship and I know the benefit of apprenticeships and I feel that there are many young people in our community leaving school who may not have the aptitude to go to University but still want to go into some branch of engineering and I sincerely hope that the Employment and Training Board will take this under their wing and encourage apprenticeships for our young school leavers. I noticed that there are no details of any joint venture companies setting up apprenticeships and I do not know whether this is in their brief or not, but there has never been any mention of it in this House. I just do not know the answer so in lieu of looking at joint venture companies I have got to look to the Employment and Training Board. The Chief Minister also said that the Utilities will be moving into joint ventures. Presumably the Telephone Department will come under the aegis of one of the three firms who have been mentioned - Cable and Wireless, British Telecom or Nynex. It is to be hoped that when this happens it will provide a reduced cost to the consumer. I sincerely hope so. But what of Water and Electricity, Mr Speaker? There is a big question mark on both these fields because we depend fully on our own Distillers and our own Generating Plant. I cannot help wondering which outside firms are going to be invited to consider a joint venture with the Government. It could be that they are going to be Spanish companies and we may

yet see water pipelines coming across from Spain just as they do between the island of Singapore and Malaya, across the causeway importing water. Are we going to be connected in the future with the Sevillana Electricity Authority and have our electrical commitments supplied by that firm? It would then, no doubt, be cheaper to the consumer but it could also be seen as a reverse form of osmosis which I do not know whether it is a good thing or not, only time will tell. The lack of a Finance Bill, Mr Speaker, I regard as rather cynical because I see the people being treated as cows to be milked of as much money as possible it is as simple as that. We are one of the highest taxed people in Europe. The people of Gibraltar are well aware of this and many of them had hoped that they would find some small benefit this year from their new Socialist Government. Now they know that they are merely money providing cyphers in a political philosophy. The Chief Minister said we need a tax system that rewards good things for the community and I am still trying to work out what he meant by that. With all the bragging about what they have done in the past year one might assume that some of these things would be reflected in benefit for the taxpayer, but it was not to be, not this year and certainly not next year although certainly in the third year, as a sweetener leading up to the elections that will be coming in three year's time. We have heard a lot lately of the Transport and General Workers Union making overtures to the Government, the Union wants £7,500 as a tax free base income, they want the £9.47 of employees Social Insurance contributions to be paid by the employer and it was rather interesting, Mr Speaker, on Friday when I bought my morning paper and I was also given a free news paper and there were two headlines that were rather interesting. One headline said "Last minute Budget plea from the Transport and General Workers Union" and the other headline said "The Chief Minister salutes the workers". I am wondering what sort of salute he gave them. It is important that workers are considered, because they are the ones who provide the money, there is no doubt about that. Last year the 'in' word was "osmosis", everybody was quoting osmosis. This year the buzz word is "goodies" and we were told on Friday by the Hon Chief Minister that the people can only produce their own goodies. Again, this is a cynical statement when you consider our pensioners who have had their pensions paid at last year's level. The cost of living has gone up by 4% from last April to this April and the pensioner knows this better than anybody else. A pensioner cannot go on strike, he cannot put in a wage claim and they cannot withdraw their labour in certain areas, workers can and do all these things. If they find costs are rising what do they do? They put in a pay claim, usually they get it as we have seen during the past months but the pitiful and poor pensioners are now left out in the cold. So much for the foundation stone of socialism 'to each according to his ability, to each according to his need'. I do not like the term goodies, it suggests a heap of attractive items which have been given out by a beneficent Government. I never lose sight

of the fact that tax relief can never come under the heading of a goodie. A tax relief is the Government allowing you to keep a little more of the money that is yours in the first place. It is earned by a person's toil and labour. The Government does not give anything, it just allows you to keep a little more and I regard, Mr Speaker, the lack of a Finance Bill and the people of Gibraltar remaining highly taxed as a cynical situation. There are only eight people in Gibraltar whose motivation for long hours of work is their political ambition, the rest of Gibraltar is not concerned with such dreams, they would rather have a pound in their pocket than all the political philosophies in the world and I am afraid, Mr Speaker, with this Government they will be lucky to get a ha'penny extra let alone a pound. This year, Mr Speaker, I see the Appropriation Bill and the accompanying Estimates as a farce because the Bill is a Bill to give the Government millions of pounds with carte blanche authority to spend it as they wish. The Hon the Chief Minister said on Friday that he intends to expand the Post Office Savings Bank but this is not reflected in the Estimates. He spoke of a partnership with the PSA, his own words, and that will not be reflected in the Estimates. Utilities to move into joint ventures are not reflected in the Estimates. So what then is reflected in the Estimates? The answer is very, very little. There are changes in presentation that conceal more than explain. Mr Speaker, I am not an economist and I am not an accountant and I leave analysis of high finance to others on this side of the House who are much better qualified than I am to carry out this task. I take a rather simplistic approach and if there is something that I do not understand I ask and I shall be asking for clarification on many items during the Committee Stage of this Bill. But there are some things that I think it might be opportune to raise at this stage. I am not asking for answers to my questions rather I am asking questions and trying to answer them myself to see if I can make any sense out of the Estimates this year. For example, the Government has borrowed £20m from NatWest Bank and this is a fact, there is an interest to be paid of £2.5m in the statement of accounts but no mention of the £20m nor what it is to be used for and I cannot help wondering why this secrecy. The Hon Chief Minister mentioned joint venture companies that might come into being this year. If these are more pipe dreams, if they are beyond the planning stage one would expect some indication in the Estimates and I cannot help wondering again why this has not been done. We have heard the explanation from the Hon Minister for Government Services as to why minor works and repairs are grouped under Head 27 to the sum of £954,000. I follow his logic but I would still like to see what this money is going to be spent on. What departmental bids? We have got the amounts in Head 27 but it is not specified what these bids are. Have the bids been submitted by departments? If not then I would like to know how these figures for each department have been arrived at. There is a contradiction and this, again, is something that I will try to find out later on.

HON J C PEREZ:

Mr Speaker, I can explain if the Hon Member will give way.

HON K B ANTHONY:

Mr Speaker, I will ask at the Committee Stage. Let me now turn briefly to the contribution by the Hon Minister for Government Services. He started off as usual with a long diatribe against the Hon Leader of the Opposition, something which we have got used to in this House, when things go well it is their policies succeeding but when things go wrong it is the wicked AACR, so it is something we are used to. I notice that Refusal disposal is the fault of the AACR because the Minister said that they have been in office now for thirteen months and I wonder how many months or years they are going to be in office before they have got that excuse to fall back upon. The dumping of Refuse at sea, the Hon Minister said, is now being discontinued so I assume that the £180,000 we spent on the barge is rather a white elephant now. He also said that the beaches and public toilets were going across to the Tourist Office. That is rather interesting, Mr Speaker, because when I looked under the Head of Tourism what did I find, not one word about beaches and there is not one word about public toilets so I can only assume it is going to be cleaned by the Gibraltar Tourist Agency who have got £607,000 ...

HON J E PILCHER:

I suggest, Mr Speaker, that the Hon Member looks at Head 23 - Tourism, Gardens and Beaches.

HON K B ANTHONY:

Under that Heading, Mr Speaker, but not specified in detail in the Estimates. If you can find me a penny being spent on beaches listed there I would be delighted because I cannot find it.

HON J C PEREZ:

It is all here, Mr Speaker.

MR SPEAKER:

Perhaps we can wait until the Committee Stage for all the explanations and you can then bring the matter up.

HON K B ANTHONY:

Mr Speaker, one point about beaches that I would like to mention is that I listened to the Hon Minister for Medical Services on Friday bragging about the success in cleaning up the Hospital of the majority of the things that she had found wrong when she took over and I can only assume there was such a success story behind her that she is going to be grossly underemployed in the future and could easily take the beaches under her wing because at the moment they are becoming more of a medical problem than anything else. The Convent have claimed success in cleaning the Hospital, the Hon Minister may find cleaning the beaches a piece of cake.

I am surprised at the delay in arriving at a decision on Satellite Television since this has been raised in this House a number of times and the decision will now be taken at the end of May, a further delay, let us hope that the Government does come up with a decision that satisfies the people of Gibraltar, people are very concerned. Television, Mr Speaker is one of the main entertainments that people have and I only hope that the Government makes the right decision and does not finish up bringing a system that is going to cost the taxpayer even more. Time will tell.

The options to be considered for the Electricity Department for the future will depend a lot, of course, on whether or not we are going to go into one of the famous joint venture companies or whether we are going to be self reliant in the future. I would have thought that, possibly, it would be in the pipeline. Engine No. 4 is going to be a large capital expenditure if we are going to be independent. So I shall look forward with interest to see what happens in the options for Waterport Power Station. I must admit I am delighted to hear that King's Bastion will be closing down very soon because for a number of years it has been an eyesore in the middle of town and certainly the fumes coming from King's Bastion when the wind is in the wrong direction are rather obnoxious.

I am not too happy, Mr Speaker, about the prospect of installing parking meters in the town area because parking is one of the biggest problems that every citizen of Gibraltar faces and to ask them to have to pay for the privilege of parking in one of the very few parking places that they can find is, I think, not a good thing. Hiring of parking bays, again, this is something I am not happy at all about but I will deal with that when it becomes more of a reality. Traffic flow, again, I welcome the investigation into improving traffic flow because traffic at certain times of the day and when there are Ceremonial Parades, for example, is a mighty headache and anything that can be done to ease the flow I think is a good thing.

So, Mr Speaker, to sum up, we had a Finance Bill that did not appear; an Appropriation Bill that is virtually a carte blanche authorisation to spend our money on lots of secret projects; the borrowing of millions from local banks to be spent on still more secret projects; Estimates that, as far as I can see, are really guesstimates because we can only guess at what the money is going to be spent on. In other words, this session of the House is dealing with trying to find out the secret plans of the Government that really has the cheek to call itself an open Government. This is not a Budget session, Mr Speaker, it is a Government exercise in concealment and subterfuge and this side of the House is completely dissatisfied with this year's presentation of the Estimates and we feel it will not be long before the people of Gibraltar will be completely dissatisfied as well. Thank you, Mr Speaker.

HON J L BALDACHINO:

Mr Speaker, last year in my budgetary contribution I gave a full and detailed analysis of the appalling housing problem, both in relation to the lack of houses and the condition of many Government houses. As soon as I took up office I asked my Department to provide me with all manner of statistics and as a result I was able to give specific numbers relating to how many families were living in substandard conditions and where. Let me remind the House what the position was as I found it twelve months ago, Mr Speaker.

The Housing Building Programme had reached such a low level that the pace was not realistic to even meet the minimum recommendations of the ODA experts, to the previous Government, in order to keep the stock of rented Government property static. On top of it the existing buildings had been allowed to deteriorate to such an extent that almost all the post-war flats that returned to Government vacant had to be used to decant people living in potential danger. In the last twelve months, I am afraid that, this pressure has continued with areas like Rodger's Road and Police Barracks being well known examples.

As stated in our election manifesto, we identified as an area of priority the building of temporary housing, provided that we could get a supplier to provide these units at reasonable prices. Even before taking office, I had started making enquiries from possible suppliers and this was quickly followed up on our forming Government. As the House is aware, we identified suitable sites, at the former Coach Park and at the ex-Poca Roca Isolation Hospital site, where it was possible to keep the cost down with the advantage of moving very rapidly. It has however not been possible to complete these units in my first year as I would have liked, the completion dates are now expected to be this coming June. The units being built consist of the following: 75 - 3RKB and 6 - 4RKB. Moreso I have gone further in my

commitment by making available at Poca Roca ten more units consisting of six flats converted from the old Isolation Hospital and another four more pre-fabricated units. The composition of these flats and units are as follows: 2 - 4RKB; 2 - 3RKB and 2 - 2RKB. The pre-fab units are 4 - 4RKB. The availability of this accommodation, Mr Speaker, will provide us with some welcome relief to the housing situation.

The next major impact, Mr Speaker, is without a doubt going to be the creation of 1,381 units of accommodation at Westside I and Westside II Projects. This is as a result of the re-negotiations that were carried out by us during the elections and immediately after taking office. By creating the Land Reclamation Company and financing the reclamation, the Government through my colleague the Minister for Trade and Industry, have been able to make available the largest parcel of flat development land in our history. The impact of this for local housing is that it brings, for the first time, home ownership within the reach of many local people and this will further improve when new measures are brought to the House soon. There were 617 applicants for the first 214 units at Phase I/Westside I. The selection procedure has already been explained in answer to Question No. 90 of 1989 and, furthermore, this has meant that 71 units will be returned to the Government housing stock. The marketing of the next stage of this project will take place later this year and the objective of the Government is to achieve a much higher level of home ownership than was the case in the past.

Still on private housing developments, we have re-negotiated the Brympton Agreement and marketing and construction will be commencing soon. Another development at what used to be the BIA site will provide a further 43 units to be sold on the same terms as the Westside projects. The Government also put out to tender a plot of land at South Pavilion and the successful tenderers will be releasing eleven flats back to Government.

Going back once again to our manifesto where we mentioned the Landlord and Tenant Ordinance, we intend to bring amendments to the House during this financial year in keeping within our commitments to introduce a fairer system.

Mr Speaker, I will now deal with the change, the improvements and the plans already introduced in my Department. We are now geared to building housing units of a permanent nature. Our immediate and initial programme for 1989 has already started with the construction of eleven units at Glacis Estate composed of 6 - 4RKB; 2 - 3RKB and 3 - 2RKB. Mr Speaker, I would also like to add that my Department is at the moment carrying out feasibility studies of other possible sites for the construction of similar permanent housing units.

Another important change has been the transfer of the Housing Maintenance Section from the Public Works Department to the Housing Department. This move has enabled my Department to embark on a programme of construction and major works, using direct labour, at very attractive and competitive prices in relation to the current market. Here I wish to state that I have found our labour to be good and efficient and I feel that they have been under-utilised in the past by only carrying out minor maintenance work. Some of the new constructions already programmed to be undertaken by my Department have already been mentioned. To these should be added other major rehabilitation works also programmed to be carried out at:

2 Richardson's Passage; Danino's Ramp; Rosia Steps; Schomberg; Penney House; Kent House; 12/7 Scud Hill; 16 Scud Hill; 3 Centre Pavilion; 16 Willis's Road and 35 Castle Ramp.

In addition to the above, the Department will also be carrying out the routine day-to-day maintenance of the housing stock which has never happened before.

Mr Speaker, last year I said, during my speech as Minister for Housing, that we had found Danino's Ramp in such a state of disrepair that my Government would be obliged to rehabilitate the building at our own expense and in the most awkward of conditions and with tenants in situ. This, notwithstanding the fact that the law clearly states that when a lease expires or is handed back to the Government the lessor must transfer the property in a habitable state. Mr Speaker, the AACR did not do their job properly because they neglected to ensure that Danino's Ramp was habitable. Again, proof of one of the many wastages of public funds which we found because of lack of proper control or lack of sound Government policies. Danino's Ramp, and other buildings are already being tackled by my Department, as I have just mentioned.

Mr Speaker, when the previous Government was in office there was a situation where only the first 25 applicants in the waiting list were published. Since taking up office I have introduced a computerised system which has enabled my Department to compile the full lists of applicants. These lists can be seen by anybody calling at the counter of the Housing Department at the City Hall. They are also periodically updated to take into account new applicants or those still waiting to be processed. Other sections of my Department will also be computerised which will make the Department not only more cost-effective but also be able to afford the public a better service. Included in this improved public service is a programme to quickly process requisitions received from tenants whose flats require to be repaired.

Mr Speaker, I would like to remind the Hon Lt-Col Britto, at this stage, that when he expressed reservations a while back as to how I would keep to my commitment to prove that I could reduce the waiting list by a significant number of applications since he will now be able to see for himself as this materialises because the full waiting list is now available to the public.

Mr Speaker, on another subject, during the course of the year we have also allocated 54 housing units from existing stocks which have become available or which we have refurbished.

I would like to end my contribution by publicly acknowledging the invaluable assistance I have received from all my staff. Thank you, Sir.

HON LT-COL E M BRITTO:

Mr Speaker, I rise in this debate to contribute on two subjects, sport and housing, my two responsibilities. Although the Minister for Sport has spoken before the Minister for Housing, because of the relative importance of housing over sport, I intend to speak on housing first. That does not mean that I do not consider sport important in any way, in fact, I do but I think it is proper that I should deal with housing first. Let me, first of all reassure Hon Members opposite especially the Minister for Housing, that I, and the Opposition in general, support the provision of housing for the people of Gibraltar and anything that can be done to provide housing and alleviate the housing problem. We especially welcome the news of the number of units that are being built and of which the Minister has told us this morning. I also want to take the opportunity of welcoming the indication in the Chief Minister's contribution, of the intention to provide tangible tax concessions for first time home buyers. In a similar vein of approval I am pleased to see the provision of £1m in the Housing Estimates for the refurbishment of Government housing.

To come now to more detail on the Minister's contribution, I am a bit concerned about the continuing delay in the completion of the emergency housing in Queensway and wonder why there has been no more details, or no more openness, on the part of the Government as to why this emergency housing project has not yet been completed. The termination date is continually being put back and we are now told that the latest date is June, 1989. Obviously anything that relieves, as I said at the beginning, the more serious cases on the housing list has to be welcomed but, again, I am slightly concerned that it would now appear that the estimated cost of these emergency units is now rising to the region of £16,000/£17,000 for a ten year lifespan and although I think it is probably still worthwhile, it is to be hoped that the rise will not continue. With regard to the much advertised and talked about 500 low cost housing units.....

HON J L BALDACHINO:

Mr Speaker, if the Hon Member will give way. On the question of cost, when I informed him of the figure I told him it was a rough estimate and it might well be that it is below that. On the question of the lifespan of the buildings, they expected to last twenty-five years and not of ten.

HON LT-COL E M BRITTO:

Mr Speaker, I thank the Minister for that clarification. Coming back to the 500 low cost housing units, although I think I am clear in my mind of what the Government's intentions are, I put it to the Hon Minister opposite that there is public confusion about the Government's intentions on these 500 units and that there is, again, still a general impression of a 500 unit Estate like Varyl Begg mushrooming up somewhere. As I said to the Minister, I understand what the Government is trying to do but I think it would be to the benefit of everybody in Gibraltar if this were to be clarified a little bit more because it is not at the moment clear to people in the street. There is also confusion and concern, and here the Government has been equivocal, on the number of units that will be available for rent as opposed to outright sale. Finally, the indication of a provision of only £2m in the current Estimates for Government Housing is a clear indication that the Government does not intend to start building its 500 units yet but is reserving, as they have said in this House, its right to purchase from the developers of Westside II if it feels that this is best. In fact, we have had confirmation of this this morning from the Minister for Housing who has said that only eleven units are intended to be built in 1989 outside Westside I and Westside II obviously.

HON J L BALDACHINO:

Mr Speaker, if the Hon Member will give way. What I have said was that we have already started on eleven units at Glacis. We are, in fact, carrying out a feasibility study at other areas and these will be studied during 1989 to see whether we can build in other areas.

HON LT-COL E M BRITTO:

Mr Speaker, the Minister takes words out of my mouth, that is exactly what I was going to say, that at this stage they are carrying out a feasibility study but still the indications are that only eleven units have so far been built. So there are indications of delays even at this stage.

Moving on to Home Ownership and here, I think, we have a clear example of the GSIP copying an AACR initiative and an AACR policy that was started by the previous administration. There was no manifesto commitment on the part of the GSIP directly to do with Home Ownership and this was not a subject that was directly tackled by the GSIP during the election campaign. In fact, as recently as the Budget of 1987 the Hon Mr Baldachino was saying in this House that Home Ownership, as envisaged by the AACR would not work and I quote from what he said on that occasion: "The centrepiece of their policy, Mr Speaker, appears to be the so-called rotating of existing housing stock as Government tenants move out into newly built flats which they purchase from the Government. The GSIP does not think that this will work..... Mr Speaker, we cannot see many existing Government tenants wanting to give up their accommodation and take on what could prove to be an expensive commitment of a £27,000 mortgage". I would also like to mention another quote: "The Minister for Economic Development has already said in this House that these units will be offered, in the first instance, to people currently occupying Government flats who will hand them back to the Government for re-renting" - and I stress, Mr Speaker, that I am quoting from the Hansard of the Budget of March, 1987 - and yet this is clearly the policy that the GSIP is now carrying out. In answer to Question No.90 of 1989, I asked the Government to give full details of the allocation of housing units to prospective purchasers in the Westside project. And the answer was: "The following criteria have been applied: the first priority has been given to applicants who release Government rented accommodation. The remaining applications were all considered on the basis of housing pointage shown on record at the time of the priority listing". If that, in essence, is not the same policy maybe someone on the other side of the House can tell me what is. I will go even further and say that even Action for Housing has clearly said publicly that the GSIP have copied the AACR housing policy.....

HON J L BALDACHINO:

Mr Speaker, if the Hon Member will give way. I remember during the election campaign that the Hon Member or some Member from the Opposition said that Action for Housing was supposed to be the tool of the GSIP. I suppose now they are the tool of the AACR.

HON IT-COI E M BRITTO:

Mr Speaker, it is not up to me to say what Action for Housing is or is not but it is relevant to quote what they say and that is as far as I am prepared to go. We are further concerned that on coming into office despite their support for home ownership expressed today in this House, the Government saw fit to stop all further sales of Government housing that had not already been completed

and, in fact, and I think I am quoting Members opposite when I say that they were 'actively discouraging further sales' that, Mr Speaker, if I remember rightly, is what they said at the time. Yet we are told today by the Minister for Housing that the Government's objective and I quote from his contribution "is a much higher level of home ownership than has been the case in the past". Finally, on housing, on the question of the reduction of the Waiting List to under 1,000, as the Minister has committed himself in this House in answer to Question No.137 of 1988, and I quote: "It will be possible to reduce the Waiting List to under 1,000 applicants by the end of four years of the GSIP Government" and I expressed concern during the earlier proceedings of this House on the way that it seemed to me the Housing List was being reduced administratively by the use of clause 2(c) of the Housing Allocation Scheme and I stress, before he asks me to give way, that the Minister has undertaken in this House to revise clause 2(c) and he has further undertaken to replace anybody who has been disqualified from the Housing List under the provisions of this clause. But I feel it is important to clarify why I expressed concern earlier on in this meeting, and that is to make sure that when the clause is revised the same thing does not happen again. The clause says: "In order to qualify for the Housing Waiting List, an applicant must:" - amongst other things - "be in need of reaccommodation" and that is explained in a footnote which states: "That is, no application will be considered if at the time of applying the requirement for rehousing is the same as that being enjoyed and the dwelling is of the same basic standard as Government post-war accommodation" which on the face of it seems totally logical, there is no sense in having anybody on the Housing Waiting List if he is already adequately housed. But the point that has been made in this meeting and has been accepted by the Minister and needs to be revised is that when this clause was being applied what was happening was that the Department was looking at the Housing Waiting List and the applications and then writing to people on the Waiting List. To illustrate what I mean I will quote a case of someone who received such a letter out of the blue and which says: "I refer to your application for housing dated 28th January, 1972" - 1972 I repeat, Mr Speaker - "and I wish to draw your attention to the Housing Allocation Scheme and have to inform you that your application cannot be considered". The danger is that the applications concerned were not being examined in detail to see whether the housing situation that existed at the time that the application was made still existed. In other words, that an applicant might have in 1972 be occupying a three room, kitchen and bathroom flat together with his wife and one child and that situation today could have changed completely. There could now be five, six or seven persons living in the house and it is essential to find out what that applicant's situation is today and not at the time when the application was made.

HON J L BALDACHINO:

Mr Speaker, if the Hon Member will give way. The Hon Member is up to a certain point incorrect. When the Scheme was revised people had to re-apply and once they re-applied the information would then be sent to the Public Health Department who should have checked whether the people who were living in the flat were the same people or whether there had been an increase or if the condition of the flat had been altered by, for example, dampness, since the day the application had been originally assessed in 1972. These things that I have said should have been carried out by the Public Health Department.

HON LT-COL E M BRITTO:

Mr Speaker, that may be so but this raises two points, first of all, as I quoted from the letter, you have there a perfect example of someone who was written to by the Department: "Reference your application in 1972..." and, secondly, my information which is directly from the people involved and who have made representations to me, people on the Housing Waiting List, is that they have received this type of letter and at no time has their house been visited by anybody from either the Housing Department or the Public Health Department. There has been no attempt to establish whether their housing situation had changed. I take the point made by the Minister that the Public Health Department should have visited these houses but my information is that this apparently has not happened in every case and I stress the importance of checking the situation before anybody is disqualified.

I come now on to the question of sport, Mr Speaker, and refer to the Hon Miss Montegriffo's contribution and say, as a general comment, that it was a contribution that was notable more for its generalities than for its specific substance and in some cases total accuracy. She started off by telling us that the Government had fulfilled all its manifesto commitments and I think that statement bears examination in a little bit more detail. First of all, these commitments which were not only manifesto commitments but reiterated by the Minister in her Budget contribution last year, included reference to changes in the management of sport and the appointment of a new Sports Body. This, as the Minister told us, happened in November, 1988, when the Gibraltar Sports Advisory Body was created. As the Minister claimed at the time, and I am quoting from Hansard: "The Government has now done something which has never happened before and that is to establish a Sports Advisory Body". But is that in fact so, Mr Speaker? There is no doubt that the Sports Advisory Body was a new Body and there was a change of name but there was in existence, under the previous Government, another entity called the Gibraltar Sports Committee and it is interesting to note that not only are there similar members who were previously

members on the Sports Committee and are now members on the Sports Advisory Body but that, in fact, even the terms of reference of the Sports Advisory Board are extremely similar, if not identical, to the old Sports Committee. And I put it to this House, Mr Speaker, that the change is purely cosmetic and not much more than that. That the terms of reference of the new Sports Advisory Body which are: "to advise Government of any matters related to sport and to consider and advise me - ie the Minister - on applications for financial assistance for sporting organisation for specific commitments only be they locally or abroad". Those terms of reference are, as I said before, practically the same. We now come to the Minister's statement that the Sports Advisory Body has met several times. According to my dictionary 'several' means 'more than few' or means 'a number'. Yet, according to my information, the Sports Advisory Body has met only twice, on the 9th February and on the 7th March, 1989, and on both these occasions they met purely to consider the approval of financial grants to Sporting Associations. Yet the Minister told us in her contribution that she was satisfied with the results achieved to date by the Sports Advisory Body. Does that therefore imply that there was no need for consultation by her with the Sports Advisory Body on any other matters? Are there no problems in sport at all in Gibraltar that there is no need for consultation? Do we not have an on-going situation, for example, with the artificial surface at the Victoria Stadium, has there been no need for consultation on that? Has there been no need for consultation on the GASA swimming pool? Has there been no need for consultation on the reprovision of rowing facilities for the Mediterranean Rowing Club and the Calpe Rowing Club during the reclamation period before the Club houses are rebuilt? I could go on but I will not bore this House with more examples. Let me say at this stage, and maybe I should have mentioned before, that what I have just said and what I am going to say now bears no reflection whatsoever on the persons appointed to the Sports Advisory Body, it is meant as a general comment and it is not meant to be derogatory in any way to any member of the Sports Advisory Body.

HON J E PILCHER:

Except the Minister.

HON LT-COL E M BRITTO:

I did say 'appointed to the Sports Advisory Body', Mr Speaker, the Minister has not been appointed she appointed herself. But talking about the appointments to the Sports Advisory Body, I also take objection to the way the Sports Advisory Body was constituted in the first place. In answer to a supplementary question to Question No.13 of 1989 which said: "Mr Speaker, the answer then is that only these seven Associations were consulted, as Associations?" And the

Minister replied: "Yes, Mr Speaker". What is obvious that happened, despite any argument to the contrary, is that the Minister spoke directly to seven Associations out of the twenty or so that exist in Gibraltar, and I put it to the House, Mr Speaker, that it is not sheer coincidence that the members who were then subsequently selected for this Sports Advisory Body were exactly the same, either Presidents or in one case a senior committee member of those seven Associations that were consulted and that, to me, Mr Speaker, is not a process of consultation. That, to me, is ringing up someone and saying: "Do you want to serve on this Sports Advisory Body?", getting the answer "yes" and that is it. A process of consultation should have envisaged talking to all Sports Associations in Gibraltar and allowing the Sports Associations themselves, as a group, to choose which Associations or which individuals should be represented on the Sports Advisory Body. But to do it in the way it has been done is neither democratic nor desirable in the interest of sport. It has been done, I put it, consciously or subconsciously by appointing people who the Minister felt were probably in sympathy with her own ideals and would probably give her the sort of answers she would like to hear rather than getting totally independent advice and that, I stress, is not meant to be in any derogatory on the members of the Body but it is meant to be derogatory on the Minister for doing it the way she has. On that vein I further put it to the Minister that what sport needs in Gibraltar is an Independent Federation elected by the Sports Associations themselves and providing advice to Government as an Independent Body and not by a Body which has been directly appointed by the Minister herself. We were also told by the Hon Miss Montegriffo that she was satisfied with the results that she had obtained so far for Sporting Associations in relation to the political problem with Spain. And I say to this House, Mr Speaker, what results? There have been no results, it is another example of the generality of her contribution. I take the Minister's point, which she has made in the past, and that is that the Government of Gibraltar does not interfere politically in sport. That is totally my own position and I support it. But what is an inescapable fact, is that the Government of Spain does interfere and although the Minister has told us, on a previous occasion, that representations have been made to the British Government on this matter, I think, that is not sufficient. The point I am trying to make is that although I accept that the Government of Gibraltar should not interfere politically in sport, I stress that it is the duty of the Government to follow up any representations that is made to the British Government in order to try to achieve some reduction of this political prohibition that Spain puts on all Gibraltar sports. There is no doubt that whether we like it or not in the interest of sport and in the interest of sportsmen, there is a benefit to Gibraltar in our local sportsmen competing against Spanish teams. The success of a competitor in sport

can only be measured in direct relation to the opposition that it defeats and if we try to be inward looking and if we shut our eyes to the opposition on our doorstep and we compete amongst ourselves, the improvement in sport can only reach a certain level and it is only by competing against people better and stronger than ourselves that the improvement in sport can continue. So I urge the Minister to, either through the Chief Minister or through her own avenue, to take the matter up and to continue to apply pressure in order to ensure that there is an improvement of the present ludicrous situation as envisaged by the Government of Spain. Coming on now to the question of financial grants, we were told by the Minister that the GSIP had increased the subvention to sports from £15,000 to £40,000 in the past year and was maintaining this figure for 1989/90. I put it to this House and to the Minister that that is a slight juggling of the figures and it is not quite correct. In 1988 what is correct to say is that the Government has given £25,000 to sport and not £40,000 as the Minister claims because the other £15,000 have been, as it were, retained by the Government and is going to be used this year, in 1989, as a contribution to Gibraltar participation in the Island Games to be held in the Faroes. The point is that in 1988 the Government has only given £25,000 to sport and not £40,000 and that, as a matter of interest, is exactly the figure that the AACR had included in its Estimates last year as an increased figure for the support of sport locally but that is by the way. I do not think it is correct to say that the £15,000 that the Government is keeping in reserve for this year's support of the Island Games is part of last year's subvention. In fact, I would go further, and I would say that because the subvention to the Island Games Association is probably likely to be a fairly high proportion, if not in excess of the figure envisaged by the Government for the total subvention to sport in any one year, I think it is fair to say that that support for the Island Games Association should appear as a separate item in the Estimates of Expenditure as Special Expenditure and not as part of the global vote for support in sport. But the point is, as I said before, that £40,000 was not given last year, the figure was £25,000. And I would like to urge the Minister to consider saying to Associations that the use of these funds should not always be employed 100% for participation in sport away from Gibraltar and that it should also be used for coaching local sportsmen in Gibraltar. I know she is well aware of this and I would hope to see a fairly reasonable proportion of these funds being used to bring coaches to Gibraltar and not just for people to travel to compete away from Gibraltar. I would further like to see, as I said in my contribution last year and which I repeat again this year, more publicity given not to how these funds are allocated but the timing of these funds, the amounts that are allocated and to which Associations they are given and for what purpose. I asked for this last year and yet it took a question in this session of the House to elicit the information. I think this should be

a matter of public knowledge and should be publicised by the Sports Advisory Body or by the Minister at the time when the funds are allocated. On the question of timing, perhaps I ought to remind the Minister of something that she said herself from this side of the House when in Opposition and that is to stress the importance of this financial support being given to the Associations before they go away and not retrospectively as has happened in the past, I admit and it is wrong, and has happened again this year that the grants have been given retrospectively all in one go in February and March.

HON MISS M I MONTEGRIFFO:

Mr Speaker, if the Hon Member will give way. The funds were granted before the Sports Advisory Body was constituted and that is why we have not been able to give the information that the Hon Member has just said. We had applications from certain Sporting Associations and we met them all before they actually went.

HON LT-COL E M BRITTO:

Well, I am glad to hear that clarification, Mr Speaker, because my information was that that had not happened. I am however glad it is happening and what I urge the Minister is that it should happen on every occasion that a grant is given. I think I went even further last year by asking for planning ahead but I know that that might be asking a bit too much. Finally, on the question of financial assistance, I look forward to an indication from the Minister as she undertook in answer to Question No.94 of 1988 that she would be instituting a system of control to check, subsequently to the issue of the grant, how the actual expenditure has been spent by the Association. I will not quote from Hansard but I hope the Minister takes my word for it.

HON MISS M I MONTEGRIFFO:

We are doing that, Mr Speaker.

HON LT-COL E M BRITTO:

Thank you very much. Coming on now to the improvement in sporting facilities, I welcome the statement by the Minister that the Hon Minister for Trade and Industry is consulting developers on the provision of sporting and leisure facilities and although I would put it to the Minister that so far there has been no tangible largescale improvement in sporting facilities locally, I nevertheless accept that it is still too early to point any finger of blame and, as I say, I welcome the undertaking that consultations are going on and I look forward to results appearing in

the near future. In this respect maybe the Minister would, and I will give way if she wants me to, would clarify for us where the £12,000 extra for schools that she mentioned in her contribution appear in the Estimates or alternatively she can give me the information at the Committee Stage.

HON MISS M I MONTEGRIFFO:

I can give the information to the Hon Member at Committee Stage, Mr Speaker.

HON LT-COL E M BRITTO:

I thank the Minister. But even if I have said that obviously the Government needs a bit more time, there are three areas in particular that I think bear closer examination. The first of these is the subject of the GASA swimming pool which has given rise to a little bit of controversy between the Minister and myself during the current meeting of the House. I want to try to clarify the situation, possibly to avoid any further controversy and maybe we can agree on what we really mean. The Minister saw fit to quote from a press release from GASA, in her contribution and I will repeat what she said because, unfortunately, she saw fit to quote only the first two paragraphs of the press release. What she quoted was the following from a press release by GASA that appeared in the local media: "With reference to last Tuesday 11th April Question Time at the House of Assembly, this Association wishes to make clear that it has never requested a 50 metre Olympic size pool be constructed in Gibraltar". The second paragraph, also quoted by the Minister, said: "For the past twenty years we have always advocated and informed Government that a 25 metre indoor swimming pool with heated water would suffice for a City the size of Gibraltar". But the two paragraphs not quoted are as follows: "This policy was adopted because we see ourselves as responsible realistic and cost conscious citizens. However, in the unlikely event that money was no object for the construction of a 50 metre pool, this Association would, obviously, not object". That is precisely the point that I was making at Question Time to the Minister. Let me, first of all, take her back to Question No.24 of 1988 when in answer to my question: "Will the Minister for Sport state how the agreement reached by the previous Government to provide an Olympic size swimming pool will be affected by Government's policy in respect of the Montagu Basin Housing Project?" The answer by the Minister to that question was, amongst other things: "The provision of an Olympic size swimming pool will remain a condition of the said agreement". Yet in answer to Question No.52 earlier on in this session of the House, the Minister said: "I have already said that the Government is not committed to providing an Olympic size swimming pool". And she said further on: "I have held numerous meetings with GASA and they have always said that what they wish is a 25 metre covered pool and not a 50 metre

covered pool". That, Mr Speaker, I am afraid, is not the case and if the Minister is asking us to accept anything to the contrary then I challenge her to contact GASA publicly or to have a public debate on the matter and to ask GASA the direct question whether they would prefer a 25 metre covered pool or a 50 metre covered pool. The thing is so simple that it is just nonsensical. The GASA policy is very simple. They prefer a 50 metre covered pool because, obviously, if you ask someone whether they want £2 or £1 obviously they go for £2 and that was the thrust of my question during the previous meeting of the House. But for the Minister to say that what they wish is a 25 metre covered pool and not a 50 metre covered pool is wrong.

HON J C PEREZ:

No, Mr Speaker, if the Hon Member will give way.

HON IT-COI E M BRITTO:

No, not at this moment, I will give way in a minute, let me finish. GASA is being totally responsible and realistic. GASA have wanted a pool over the years, GASA want an Olympic size pool but GASA realise or have been put in a position of realising that if they push for a 50 metre covered pool it is going to be so expensive that they might never get it and they say in their own press release that because they are 'responsible, realistic and cost conscious citizens' what they have done is taken a step back and said: "Yes, we can do with a 25 metre pool". But it is not that they prefer a 25 metre pool, let us get that absolutely clear.

HON J C PEREZ:

If the Hon Member will give way. Mr Speaker, a 50 metre covered pool was never in the offering at all, it was never an option. It was either a 50 metre uncovered pool or a 25 metre covered pool and out of the two options GASA prefer the 25 metre covered pool and that is where I think the Hon Member has gone wrong in his comparison.

HON IT-COI E M BRITTO:

I am not, Mr Speaker, the one who has gone wrong. I have said and if he looks at the text of the answer to Question No.52 it is very clear. I have always accepted that GASA want a 25 metre covered pool as opposed to a 50 metre uncovered but what I do not accept is the Minister's statement, which she continues to reiterate, and which I repeat: "that they wished a 25 metre covered pool and not a 50 metre covered pool". That is wrong. Given the preference for both covered pools, obviously, and it would be very foolish to say otherwise, they want a 50 metre covered pool.

MR SPEAKER:

We will now recess until this afternoon at 3.00 pm.

The House recessed at 12.15 pm.

The House resumed at 3.05 pm.

HON IT-COI E M BRITTO:

Mr Speaker, it is obviously difficult to pick up the point exactly where one left off this morning and I will make no attempt to do that except to summarise in three or four words the position regarding the swimming pool as I have been trying to explain it. That is, putting it in its simplest terms, in April 1988 the Minister for Sport said, in answer to a question in this House: "Provision for an Olympic size pool will remain a condition of the contract at the development at Westside". Similarly, one year later, in April 1989 the Minister in answer to another question said: "The Government is not committed to building an Olympic size pool". Obviously, two completely contradictory viewpoints which indicate a change of mind by the Government. And if that is so, fair enough, Mr Speaker, so be it. If the Government now decides not to have a 50 metre pool, fair enough but what is unacceptable is that they try to justify it by putting the blame on GASA, by saying that GASA does not want a 50 metre pool.

Coming on now to the broader issue of the pool and leaving GASA out of it, the Minister in answer to Question No.52 of 1989 said: "We are already in contact with the Gibraltar Amateur Swimming Association and are liaising both with them and the developers to build the pool which is suitable for our needs. This is a 25 metre indoor swimming pool which will be used by the general public and for competition all-year round", and I stress "will be used by the general public". It would seem to me, Mr Speaker, that if one looks at the usage that Montagu used to have on a good summers day and I am reliably informed that something in the region of 200 to 250 users and if one imagines that people who are conditioned not to go to beaches but to using a different facility like Montagu, wanting to use the swimming pool in summer, it works out - and assuming that the pool has eight lengths and they are maximum regulation width of two metres each - it works out to something like 1.6 metres per person and I think the Minister himself may have to decide not to take a swim on a hot summers day if he were to decide to go to the pool because at 1.6 square metres per person I think he would be taking up more than his fair share of the space available and one has visions of the Japanese with standing room only. I think we would have the same sort of situation.

HON J C PEREZ:

Mr Speaker, I think to guarantee that I do not, the Hon Member keeps me in Government and that will ensure that I have no time to go swimming.

HON LT-COL E M BRITTO:

Seriously, Mr Speaker, coming back to the question of costs, I am told that one of the major costs and maybe the Minister for Trade and Industry can confirm or deny this is that one of the prohibitive costs of the bigger sized pool is the on-going cost of keeping the water warm during the winter because of the much larger size of the pool, apart from the capital costs which are obviously bigger. But one of the major costs is the cost of keeping the water heated and it would seem to me, Mr Speaker, that the Government should, before going ahead finally on this, should very carefully consider the golden opportunity that this presented to them of having reclaimed land so near a distiller and so near a Generating Station. It would seem to me that the waste heat from the distiller and from the Generating Station could conceivably be used to heat the pool's water in such a way as to bring down these costs quite drastically. One has visions of the emission of hot water that used to fall permanently in the area of Rosia Bay from the North Gorge Distiller and the amount of heated water that went to waste into the sea and if that loss of heat that there is and the distiller could be used, maybe that major cost would be eliminated or reviewed and one could go even further and have visions of the pool situated by the side of the reclaimed land. But enough of the swimming pool, Mr Speaker. One of the final small points on sport is the saga of the artificial playing surface which continues in that there is no definite news as yet on when or if it is likely to be installed. Because although the Minister has confirmed that agreement, in principle, has now been reached and I look forward to an explanation, in due course, of the delay because she keeps telling us that she is perfectly justified in the delay, so we look forward that once the agreement between the provider and the installer has been finished that she gives us a detailed explanation as to why there has been so much delay in reaching this agreement. Similarly, the lack of provision in the Estimates either for the cost of installing this pitch or for any advertising revenue is presumably indicative of the type of deal that the Government is negotiating. I hope I am right in thinking that although the Minister has indicated in the past that the installation will be at no cost to the Government, she will similarly be able to confirm at Committee Stage that the lack of provision for advertising revenue or the loss to the Government of such revenue is indirectly a cost on the Government. Finally, on the question of sport, I deal with the situation of the Rowing Clubs which are, if one could put it that way, without sea surrounding them at the moment.

I understand that the Minister has promised one of the Clubs to provide temporary facilities for a boathouse in the reclaimed area and I urge him to give us an indication of whether this is likely to happen or not in time for the rowing season to get off the ground. Because at the moment it looks as if a sport that has been going on for over one hundred years in Gibraltar is unlikely to be able to be practised at least at the beginning of this season.

Having concluded my detailed comments on the departments which I Shadow, I now come on to some overall impressions of the Estimates themselves. I must say straightaway that the impression that one gathers when reading the Estimates and looking at them in detail is one of a certain degree of manipulation of the figures in order to make the financial situation of Gibraltar look worse than it really is and to artificially depress the whole general reserves. We already had a detailed explanation earlier on in the proceedings from the Leader of the Opposition which I will not make any attempt to repeat, on the effects on the general reserves of the elimination of the Armed Services and this, in a nutshell, what it achieves is that it depresses the general reserves by some £3½m. Similarly, I will refer to the provision of £10m to the Social Assistance Fund which has also been mentioned previously and stress the fact that this figure is a figure that has been arrived at arbitrarily and it did not have to be £10m, it could have been £15m it could have been £5m. If one takes the comments of the Chief Minister that his target is £20m by 1993, it would have been more logical, I would have thought, to make a provision of £5m at this stage rather than £10m and make provision £5m per year rather than £10m in one go. This coupled with the previous measure what it does in effect achieve is making the figures look worse by roughly £7½m....

HON CHIEF MINISTER:

May I correct the Hon Member's arithmetic? I have said that the provision of £10m in this year's Estimates is intended to cover expenditure this year as well as leave an amount in reserve, therefore the £10m is not going to be left in reserve to reach the £20m. The figure that will be left in reserve depends on what other measures we introduce to make use of the £10m but we expect that the amount left over from the £10m this year plus the amount left over in future years will enable us to reach the £20m but it is not that we are putting £10m towards the £20m.

HON LT-COL E M BRITTO:

I take the point that the Hon the Chief Minister says, Mr Speaker, but I think he will agree with me, and I did not make a note of the figure, but I think he will agree with me that a substantial part of the £10m will remain. Is that not correct?

HON CHIEF MINISTER:

No, I do not know that it will.

HON IT-COL E M BRITTO:

Well, Mr Speaker, we will leave it at that. The other point that I would like to take issue with is the adjustment of the £3½m in unpaid bills to the estimated deficit of £4.8m. I fail to accept the logic of the Hon Chief Minister's explanation as to why this was done. It is against all principles of accountancy to eliminate debts unless they are bad debts. With current debts like the ones we are talking about, it is against principles of accountancy to write them off the books as has been done and, in fact, shows what I have sometimes heard called 'the kiosk' of the small trader mentality in using the cheque book at the end of the month to calculate the profit.

HON CHIEF MINISTER:

Can I correct the Hon Member? I have explained twice but I think if he has not understood it and I take it he has not understood it because what he has said is totally irrelevant to what is being done. The debts are not being written off, the debts are not disappearing and therefore we are not writing off £3.5m from the reserves and I started off by explaining in my opening statement, Mr Speaker, that the reserves were not altered one iota. That it was a question of whether you showed the reserves as £8m of which £3.5m was unpaid bills and £4.5m was cash or whether you showed the reserves as £4.5m cash without showing the £3.5m of unpaid bills. It was done in the way that we are doing it now in 1972, when the AACR was elected into Government and the AACR, as a matter of policy, changed it. If he goes back to the Estimates of 1972, 1973, 1974, 1975 and 1976 he will find that in all those years it was done the way we are doing it today. The AACR got elected in 1972, they decided as a matter of policy to change it in 1977 and we are as entitled to change it back to what it used to be before. There is nothing wrong in accountancy terms with what we are doing now any more than there was with what was being done in all those years until 1977 or what was done in 1977 and I will explain why. The reason why we are doing it is because if the Hon Member looks at page 5 he will see the contributions to the Housing Fund of £2m for the year that is finishing in March, the reason why we need to have £2m there as a contribution is because in the last House of Assembly we increased the maintenance vote in Housing by £300,000. If he goes back to that Bill he will find that we had to vote the £300,000 twice. We had to vote £300,000 as expenditure in the Housing Department on maintenance, the £300,000 then appears as income under the reimbursements Head in Revenue which is now taken out and therefore is shown on

page 6.5 of the Estimates. He will see that there is under 'Reimbursements' the forecast outturn of £5.1m. So you have a situation where you spend £300,000 on maintenance and that comes as expenditure in the Housing Head. You then show that as income under Revenue - Head 8, Reimbursements and then you show it as a contribution to the Housing Fund on page 5. So on paper you have spent £300,000 but your accounts show that you have actually spent £600,000 and received £300,000 which still leaves you with a net expenditure of £300,000 but it inflates income and expenditure and it makes the Estimates less accurate and it makes our national accounts less accurate because if every time we spend £300,000 Government expenditure goes up by £600,000 then the proportion of Government spending out of national income is being unnecessarily inflated. Therefore we think it is better to go back to the situation that existed before this system of accountancy was introduced which, to my knowledge, is unique to Gibraltar. I can tell the Hon Member opposite that although the decision was taken at a political level, it was welcomed by the Treasury who were not entirely happy with the double accounting system as it has proved to be working in practice. So there is nothing strange, there is nothing illogical about it, there is nothing wrong in accountancy terms, we could have kept the old system but we have given the Hon Member a logical explanation why we think this is better. It does not hide anything, it just gives a better picture.

HON IT-COL E M BRITTO:

Yes, but the Hon Chief Minister will accept that at the end of the day, as he himself has said, the final figure for reserves at page 5 appears as £4.8m and not the £8 plus, and that is what I was getting at. That it gives the wrong impression that the reserves are lower than.....

HON CHIEF MINISTER:

Of course, Mr Speaker. It would give the wrong impression if we had brought the Estimates to the House and we had said 'the reserves have fallen to £4.5m'. But the Hon Member cannot say that it gives the wrong impression if the first sentence in my contribution on the opening of the debate is to say 'the deficit this year is not £4.8m, the deficit this year is £1.3m and the reserves have not gone down to £4.5m, the reserves are still £8m as they used to be shown previously. He is wrong to say that we are giving that impression because I went out of my way to explain it in my first sentence so that Members opposite would not, in fact, debate the whole Budget on the assumption that we had a deficit of £4.8m. In fact, I am reminded that in 1977, let me tell the Hon Member, when the opposite exercise was done we had to do the opposite accounting exercise. That is to say, there had to be an exercise of writing off all the debts retrospectively because of the

fact that the Funded Accounts were set up retrospectively, going back to the merger with the City Council of 1969 when there had been notional accounts produced - and this is perhaps something that the Hon Member may not know the history of - but what happened was that when the merger of the City Council took place, you will remember, Mr Speaker, there were these famous £600,000 that people had to write off when the accounts of the City Council were brought into the Government accountancy system and the way it was decided to do it at first was that we used to have the same as we have in this Budget with normal Government expenditure and the Government revenue was simply the actual amount collected. Let me give the Hon Member an example. If he looks at the collection of revenue, for example, in terms of Workers' Hostels, on page 6.3 where he will see the receipts are £553,000 forecast outturn. If he looks there he will see that we are saying we have collected £553,000 and we had budgeted £568,000. That does not mean that we are not owed anything. We may have people who have not paid but because the Hostels are not shown as a Funded Account the receipts are what people actually pay. This is done for some things and not for others in Government accounts so you have got a dual system operating where in some cases you show revenue when you send the bill and in other cases you show the revenue when the bill is paid. In 1977 the dual system was introduced for the first time, between 1972 and 1977 we had one single system which was the money was shown in the Government accounts when people paid. We are now returning to the system that existed before which is one single system, the money shown when people pay. The reason why the Government at the time, in 1977, moved to this dual system was because they had notional accounts and we had a situation where the Financial Secretary at the time who was Alistair Mackay, argued that he had a statutory obligation to balance the notional accounts under the Municipal Undertakings Ordinance and since the notional accounts were off the back of somebody's head, there was no real accounting being done, it meant that the Financial Secretary could come along and say: "Well, I think this year we are going to lose x hundreds of thousands of pounds on water, so we have to raise water charges because I am bound by statute to raise water charges". We had a situation where the House of Assembly theoretically had the power at Budget time to raise or not raise charges but in practice we were being told by the Financial Secretary that we had no choice. I remember in one of my first meetings in the House, I had only been in the House of Assembly, I think, a matter of months when we had our first Budget and the Financial Secretary said: "We have to raise water charges because we are required by statute to do it" and I said from the Opposition: "Well, if we are required by law then really we have no choice, we have to support the Government", and I was nearly shot down in flames by everybody else in the Opposition for being so stupid as to say

something like that, it is on record in Hansard. Since that time I have not agreed with anything the Financial Secretary has said. We then had a situation where I remember arguing from the Opposition: "How can the House be asked to take responsible and intelligent decisions on raising water, electricity or telephones if these accounts are notional and they are meaningless?" And it was as a result of that that the Funded Services were created and they were created for those three municipal undertakings first and then the fourth one of rents was added. We think that in the light of the expedience of the operation of those accounts, we are not clear in our minds that it is not helping us to give a truer picture and the only reason why we are keeping the accounts at the back is so that the Hon Member will be able to compare how those parts of Government are operating today as compared to what they were operating in the last twelve months and in the year before that. This is purely for the purposes of illustration. What we are doing is returning back to real accounts. So therefore I cannot accept that we have wanted to give a different impression from what the true position is. The reserves have not been changed one iota by changing the £3.5m except that we are using one single system which is consistent. And the loss of the operation this year of the Government, which is a deficit, is £1.3m not £4.8m and I said specifically that this had to be borne in mind because the picture is not as bad as it would be if, in fact, we would be in a very, very sorry state indeed if on this year's operation even before any supplementary estimates we were already losing £4.8m.

HON LT-COL E M BRITTO:

Mr Speaker, coming on to the next aspect of my contribution, I also want to comment on the elimination of the Finance Bill. Again, it seems to me that this is an indication, together with the declared policy of legislating to allow more flexibility or changes in rates and tax, etc which the Hon Chief Minister told us in his contribution, this seems to me a clear policy of moving away from measures on a once a year basis, composite measures which taken together could seem to be more unpopular. We seem to be moving, if recent experience is anything to go by, the airport tax, for example, has been increased; where licence fees have been increased; where Port fees have been increased; we seem to be moving towards a system where the revenue raising measures will be introduced gradually with a minimum of publicity and probably by Regulation in order that they will have the minimum political effect on the Government.

I now come on to the Lottery and I thought it relevant to make a couple of points seeing that I had raised questions in the House on this. If I refer to Question No.23 of 1989 where in a supplementary I asked: "Does this mean that the Government is satisfied with the results obtained so far in the first few weeks of 1989 in the Lottery?" And the answer from the Minister for Government

Services was: "Yes, Mr Speaker, the Government is satisfied with the results so far". I then pressed him to disclose what proportion of unsold tickets had been returned and the answer there was, amongst other things: "What I can say, Mr Speaker, from memory, is that the level of tickets being returned to the Government is not far more than the level of tickets in any January previously". In a further supplementary the Hon Juan Carlos Perez once again said: "But I disagree with the Hon Member" - the Hon Member being me - "that an excessive amount of unsold tickets is being returned". Yet in answer to Question No.62 of 1989, earlier on in this session, we were told that something in the region of 3,500 tickets per week were being returned, at 17½% hardly a minimal amount as indicated by the Minister in the previous session. This is indicative, it seems to me, that things are not working quite well on the Lottery because if one looks at it, and it is almost immoral to look at page 9.6 of the Estimates, to see that the Government is budgetting for £1m in prizes in unsold tickets. Putting it another way, the Government expects to win £1m itself in the Lottery in the coming twelve months. But the point that is more interesting and a reflection of the thinking behind it, is that if this were not to happen and, of course, it is a gamble and nobody can say whether that £1m will, in fact, happen or not happen and it is purely a matter of luck, but what is indicative of the state of the Lottery Account is that if that were not to happen and if Government were only to win the couple of thousand pounds that it won in the year 1987/88, in fact, despite doubling the prize of tickets, Government would make less profit in the coming year than it did on the previous occasion. So that I think is pretty indicative that some shaking up needs to be done.

Finally, to conclude my contribution, Mr Speaker, on the debate on the Estimates, I want to stress what appears to me one notable exception in all these Estimates. One item that is sadly missing in an estimate which includes £86m in recurrent expenditure and £22.5m in capital expenditure for the coming year. An omission from a Government that was elected on a ticket of 'caring for the community' and that, Mr Speaker, is the lack of any provision for accommodation for the Drug Rehabilitation United Group and the consequent recent disbanding of the Group through lack of support, financial or tangible in bricks and mortar, from the Government. I would like to take this opportunity to pay tribute to a very dedicated band of volunteers led by Mr Hubert Corby and a number of others who for a long time have been doing excellent work behind the scenes at no cost to the Government, at no cost to Gibraltar, purely at the cost of time and physical endeavours to themselves at all hours of day or night, work that now sadly has come to an end and I will end by calling on Government to meet the responsibility that it accepted during the recent exchange of questions in the House and to meet the responsibility for providing a service to replace DRUG and to deal with these very sad cases of people who have abused drugs but who are trying to recover themselves from this terrible problem. Thank you, Mr Speaker.

HON R MOR:

Mr Speaker, in order to be able to judge the performance of the Ministry for which I am responsible, I believe we should, first of all, recall what we, the GSLP, were saying before we came into office and repeat some of the promises we made at the time and then examine to what extent these promises have been transformed into deeds during our first year in office.

At the time, before the election, Mr Speaker, we were saying that Gibraltar only had two main resources and that these were our land and our people. In order to ensure the development of our economy to make us economically viable and self-sufficient, we therefore set ourselves to maximise the use of these two main resources and it is as regards maximising the use of our people, Mr Speaker, that I am particularly concerned with. By this I mean that it is to us a matter of policy to maximise the use of Gibraltarians by ensuring that they contribute with their labour towards the future prosperity of Gibraltar and that we become as less dependent on imported labour as we possibly can. When we took up office, Mr Speaker, and as I pointed out last year in my Budget speech, I found that the trend of unemployment as regards Gibraltarians was increasing and that this was so despite the fact that the insured working population had increased by 710 between 31 December, 1986, and 31 December, 1987, which meant that 710 new jobs had been created. But at the end of 1986, Mr Speaker, 277 Gibraltarians were unemployed out of a total of 470 persons unemployed and at the end of 1987 we found that 300 Gibraltarians were unemployed out of a total of 485. so what we found was not only that there was an increasing trend of unemployed Gibraltarians but also that unemployment in general was increasing. I think it is interesting to note, Mr Speaker, what the Opposition had to say last year during the Budget when I expressed concern about the high number of unemployed Gibraltarians. If I may quote from page 39 of Mansard of the 29 April, 1988, which is the Budget, Mr Speaker, the Hon Dr Valarino said at the time: "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..... 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". And then, Mr Speaker, he went on to qualify why the figure would increase by saying: "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". Well, Mr Speaker, I really do hate to disappoint the Hon Member because, whilst it is true, Mr Speaker, that we have had more school

leavers and obviously it follows that we should also have more 'unemployables'. The reality is that at the end of March, 1989, the comparable figure for unemployed Gibraltarians was 228 which clearly shows, Mr Speaker, that the Opposition's view that the figure of 300 was about the lowest ever has been proved well and truly wrong. It should also be noted, Mr Speaker, that whereas the total number of unemployed in December, 1986, was 470 and 485 in December, 1987, the comparable figure was 463 in December 1988, and 401 in March, 1989, which again shows the downward trend which unemployment is showing under our administration. But perhaps one of the issues we were most concerned about, Mr Speaker, prior to the elections, was about youth unemployment. We were well aware at the time of the ever growing concern about the great difficulties which school leavers were encountering in finding employment. We therefore undertook at the time that we would commit ourselves to provide our youngsters with training opportunities in order to enhance their prospects of employment. As the House has already been made aware, this commitment has been fulfilled and as you may recall, Mr Speaker, the Government launched a youth training scheme last September. It was originally envisaged that we would have to provide training facilities for some youngsters whilst others would be trained by employers so we decided, at the time, to transfer the training facilities of the Construction Training Centre at Landport Ditch to the GSI Training Centre in the Dockyard and just have one Training Centre, whilst at the same time Landport Ditch could be released for any future development. However, Mr Speaker, the response by employers to the Government's initiative of providing youngsters for training was so encouraging that the result was that practically all school leavers have been absorbed by employers and are receiving training with the prospect of being offered full-time employment with the same employer. The effects which this scheme has had so far is that the problem previously encountered by school leavers in finding employment is practically non-existent and that it can safely be said that under the present administration Gibraltar has perhaps the lowest number of unemployed youngsters in the world in relation to population. The scheme should not only be seen as positive in providing youngsters with golden opportunities to secure employment and thereby enhancing their future aspirations but should also be seen as positive for the parents of these youngsters who had previously undergone through traumatic experiences as a result of witnessing the great difficulties and problems encountered by their offsprings in trying to get a foothold in the working world. But this is not all, Mr Speaker, the initiative of the Government as regards this training scheme has not stopped at the level of the school leaver or just those youngsters under 18. Given the encouragement which the Government has had because of the results obtained, we have recently embarked in extending the scheme to those other young men and women aged between 18 to 24 who are currently seeking employment. There are slightly different conditions placed on this particular

group but, again, the emphasis is in providing an opportunity in order that they make the most of the chance of becoming employed. In their case, Mr Speaker, we only engage them initially for a period of two months once we obtain a place for them with an employer. Should it happen that the young person is not considered suitable to continue training beyond the two months then he or she would go back to the unemployed list. In the case of an employer wishing to keep the young person beyond the two months, then the same conditions would apply as with the school leavers and there would have to be a firm offer of full-time employment at the end of the training period, in which case we would continue paying the young person up to a maximum of the remaining ten months. The procedure which is currently being followed, Mr Speaker, is that school leavers as well as persons between 18 to 24 years who wish to participate in the scheme must register with the Youth and Careers Office for the time being and until such time as the Employment and Training Board becomes constituted.

I did mention last year, Mr Speaker, that it had been the intention of the Government to have brought legislation to this House to set up the Employment and Training Board. As you are aware, Mr Speaker, the Hon the Chief Minister has already pointed out what the situation is as regards the Employment and Training Board. I do take note, Mr Speaker, of the comments made by the Hon Mr Anthony as regards apprenticeships. It is not that we do not consider that there should be any apprentices in the future but it is something that we need to look at closely because the situation at the moment indicates that at this point in time there is no need to offer any apprenticeships.

Mr Speaker, during his intervention last Friday the Hon Leader of the Opposition referred to the problem of Spanish pensions and once again insisted that the situation could not have been changed before Spain's entry into the European Community and that this had been the advice of the British Government. Well, Mr Speaker, we find it incredible and absolutely inconceivable that that should be the case because as the Hon Member must surely be aware, the scheme was, in fact, altered when we were already within the European Community and when Spain was still not a member of the Community because in 1974 our Social Insurance Scheme was amended precisely and in order to stop pre-1969 Spanish workers from having access to revalued pensions. And the way this was done was that two clauses were introduced, one was saying that in order to get a revalued pension a person had to contribute, at least, 104 contributions since 1970 or that the person must be a resident of Gibraltar. The constant argument which we have been bringing up in this House, Mr Speaker, why was it not possible to have removed the residential clause and just left '104 contributions since 1970' in which case none of the Spaniards would have been able to get a revalued pension. Every time we have asked this question the only answer

that we have got is that that was the advice given by the British Government and, Mr Speaker, I really cannot see how that can possibly be when the scheme was, in fact, changed in 1974, as I have said. There was absolutely no reason why it could not have been changed again in 1984.

Mr Speaker, it is still the Government's intention to resite both Government Hostels and some proposals are already being aired and will be considered shortly. Whenever the Government is in a position to provide full details of any arrangement, the House will be informed.

Mr Speaker, as the House is aware, it is the Government's commitment to implement a new scheme in order to introduce a social wage before the current pensionable age of 65 years. This commitment was contained in our electoral manifesto and in the same manner as we have honoured our commitment to our school leavers; in the same manner as we have honoured our commitment to scrap the scholarships pointage system and in the same manner as we have honoured other commitments given during our election campaign, we will likewise be honouring the introduction of the social wage. Various options are available to the Government on how this can be done and we are currently studying these to find the most effective way in which this can be implemented. What I can say, Mr Speaker, is that we are committed to introduce the social wage during this financial year. I am well aware, Mr Speaker, that there are some unemployed persons between the ages of 60 and 65 who may be surviving on low work pensions and who may be anxiously awaiting the introduction of the social wage. The message I have for them, Mr Speaker, is that this is not 'pie in the sky' as I heard someone say on radio the other day. In fact, it was the AACR who said 'pie in the sky' when referring to our scrapping of the scholarships pointage system and we have done that already. I think, Mr Speaker, if I am not mistaken, that it was the Hon Mr Mascarenhas who said 'pie in the sky' at the time. What with 'goodies', 'pie in the sky', and 'rubbish for the swimming pool', he is getting quite a name for himself. So, as I say, Mr Speaker, even if it is considered 'pie in the sky' we still do it.

As regards those same unemployed persons over 60, Mr Speaker the GSIP Government has already done something for them which was previously considered an impossibility by the AACR Government when in power. From the Opposition side, Mr Speaker, we had been pressing for some time that those unemployed persons over 60 should not be required to continue making social insurance contributions because we considered it was a moral injustice that someone retired from his employment should have to continue making such contributions without an income from employment. So as soon as we came into power, Mr Speaker, arrangements were made to credit these persons with social insurance contributions and this was backdated to 1 January, 1988.

Mr Speaker, as regards the handicapped, the Government is conscious of the most pressing problem which the Gibraltar Society for the Handicapped have been highlighting for several years and this is as regards a new St Bernadette's Occupational Therapy Centre and a Home for the Handicapped. I fully appreciate, Mr Speaker, what the Hon Leader of the Opposition said on television some time ago, that it had been the intention of the previous Government to have provided funds but this was overtaken by events and they had been unable to do this. I would think, Mr Speaker, that we could likewise have gone out publicly saying that there could have been some political dishonesty but we did not do that, we leave that to the Hon Leader of the Opposition. What I would say, Mr Speaker, on the St Bernadette's Occupational Therapy Centre is that we are now providing funds this year for the construction of a new Centre and my colleague, the Minister for Trade and Industry, will be providing further details during his intervention. As regards providing assistance for special equipment for the handicapped, Council of Ministers has already agreed to carry out a study of all special equipment required by the handicapped as well as the disabled and the Government is currently awaiting a report on this. Other considerations such as increases and allowances for the handicapped and disabled are seen by the Government as part of our overall strategy of caring for our community to which we are committed by our electoral manifesto and this will be dealt with in due course.

Finally, Mr Speaker, I would like to record my appreciation for the work which has been done by the Department of Labour and Social Security over this year and all the help that I have had from them. Thank you, Mr Speaker.

HON DR R G VALARINO:

Mr Speaker, speaking on the general principles of the Bill, it is fairly obvious that the new format of the Estimates of Revenue and Expenditure and the way in which this and future Budget sessions of this Government has been reduced to an almost unimportant meeting of the House of Assembly is largely due to the Chief Minister's thinking and his desire to reduce pressures put on his Government for meaningful and encouraging reductions in the cost of living and personal taxation. His speech to the Nation may have lasted three hours but he produced little or no innovation in either policy or subject matter. The major theme running through his delivery was the amount of money that will be spent by Government on development projects and the Improvement and Development Fund. For this he has had to acquire a £20m facility for borrowing from NatWest. In doing so he has almost doubled the public debt and there is no doubt that even if the economy continues to grow at a reasonable rate, Government will have to borrow further large sums of money before the end of their term of office to meet the commitments outlined last Friday. In doing so it is obvious that throughout the next four to six years

any Government in office will be unable to reduce significantly the cost of living in Gibraltar, in fact, it will increase as inflation gathers momentum. During my speech to this House not so long ago on the reduction of military and civilian personnel due to the decision taken by Her Majesty's Government, I stressed the fact that it was imperative that an economic package should be sought from Britain to tie us over that hiatus that will appear in the economy once the military personnel leave the Rock for good and mentioned that in our meeting with Sir Geoffrey Howe we put forward this idea to him and the importance of it. I must therefore chastise Members opposite on two counts: (1) for borrowing large sums of money with an insecure future looming up, and (2) for not seeking any help from Her Majesty's Government to ensure that Gibraltar does not face bankruptcy. There is no doubt in my mind that contractions in the economy will become apparent by 1991/92. Gibraltar is not a sovereign state and we are, to a large extent, controlled by external factors and decisions. I am therefore worried that this Government's plan of campaign for the next three years has been set in such a way that we may find ourselves with our backs to the wall and this time with no one to help us. It seems to me that the majority of decisions taken by this Government are of an extremely right-wing nature and that not enough is being done for the ordinary working man in Gibraltar. In fact, not only is it not being done but there is little explanation to him why he has to suffer the policies of this Government. It seems, from the Chief Minister's speech, that all Gibraltar revolves around the 300 workers at Gibraltar Shiprepair Yard, excellent men all but not above those industrials and non-industrials employed by Government Departments and elsewhere in Gibraltar. This Government is not taking any account of problems arising within its own workforce and since nowadays it seems that the Union and the Government are one, I feel that clashes will arise due to the disenchantment with the present Government and this will reflect itself in a lack of growth in the economy. A top priority is the setting up of the Employment and Training Board, long overdue unfortunately, and I will welcome it when it comes to the House. Since it appears that legislation is ready I feel that the proposed Bill should be circulated as early as possible to enable a full and detailed study of Government's intentions in this area. I note the abolition of the Municipal and Housing Funds but I am glad that notional accounts will continue, in a way reverting back to pre-1975/77 days. On the Social Assistance Fund, I have taken note of the explanations given by the Chief Minister but many other questions arise as a result that need to be answered and I will be writing to the Minister responsible on various aspects that I feel the Opposition needs clarification on. As far as the Draft Estimates of Revenue and Expenditure for the year 1989/90 are concerned and, specifically, Head 13 - Labour and Social Security, various changes have taken place in the structure of this Head in accordance with Government thinking. I welcome

the £100,000 in Head 104 to be spent this year on the new Occupational Therapy Centre and would be grateful for a reply to Question No.75 of 1989 in the contribution to be made by the Minister for Trade and Industry. In the meantime, I again urge the Minister for Labour and Social Security to consider the running of the present St Bernadette's during the summer school holidays on a two or three-day weekly basis. Mr Speaker, I believe I have expressed my concern and that of the Opposition regarding the path in which Gibraltar is being developed. I hope, for the sake of us all, that commonsense will prevail and that the Government will tread with care. Thank you, Sir.

HON J I MOSS:

Mr Speaker, before I move to the areas for which I have particular responsibility, I would just like to make a couple of general comments on the contributions from Hon Members of the Opposition who have contributed today to the debate. Mr Speaker, the only way I can find to describe the behaviour of the Opposition to this particular debate is that they are behaving like the raiders of the lost Finance Bill. They have been told by the Chief Minister in this House and outside this House that there will not be a Finance Bill this year or next year and yet they keep on harping about the Finance Bill. In the words of the Leader of the Opposition, Mr Speaker, 'I smell something very fishy here'. I do not know about force majeure but I would like to remind the Hon Mr Anthony that the Civil Service has always enjoyed mobility within departments. You can move from one department to another, this is independent of the concept of joint ventures. I noticed that the Hon Mr Anthony concentrated on the fact that he thought there were contradictions in the Hon the Chief Minister's Budget debate. Well, I believe that what he was doing was a contradiction because on the one hand he was saying that further tax relief is a goody and on the other hand it is not a goody, I beg your pardon, and on the other hand he was attacking the Government because there were not any goodies on tax. I do not know which way it was that he wanted to play. I did welcome the Hon Lt-Col Britto's contribution mainly because he spent most of his time welcoming the Government's initiatives but I feel that towards the end he led us into something of a "swimathon" - I do not know whether the word exists but I hope it does. The point is, Mr Speaker, that in the past the Hon and Gallant Lieutenant Britto has made certain statements in this House about the pool, I think personally that.....

HON LT-COL E M BRITTO:

If the Hon Member will give way. Seeing that he has called me 'Gallant' may I correct him on the rank? I hate to be demoted to Lieutenant at this stage in my career.

HON J L MOSS:

I beg your pardon but I return the gallantness of my intention. Nevertheless, Mr Speaker, I think that - I am not too sure what to call him now, Mr Speaker - that the Hon Member has been drawing from what I find is a well, or perhaps it should be a pool, of inaccurate information. It is quite clear here in the letter which he was reading this morning, it is clear to me at least what GASA actually wanted from the Government and it is, in fact, what they are getting from the Government. We have heard 'pie in the sky' but I do not know about swimming pools in the sky but certainly the swimming pool which had been promised in the past by the AACR never materialised and I am not talking about the promise in this particular manifesto when, of course, they were not in a position to carry it out, I am talking about previous promises in previous manifestos so I suggest that the next time the Hon Member goes back into the past to look into the archives of what people have said he looks at what his own party has said in the past on this particular issue.

HON LT-COL E M BRITTO:

Mr Speaker, if the Hon Member will give way, I would like to correct what he has just said. I do not want to get into another long discussion but I cannot allow inaccuracies from that side of the House to go unchallenged. I challenged the Minister for Sport this morning but I think she was talking over there in the corner and maybe she was not listening and I will repeat the challenge now seeing that she is. The whole argument was on the basis of what GASA prefers and I challenged the Minister to ask GASA publicly whether they prefer a 50 metre covered heated swimming pool or a 25 metre heated covered pool.

HON MISS M I MONTEGRIFFO:

Or a 200 metre covered.

HON LT-COL E M BRITTO:

The argument is not on the size, Mr Speaker, the argument is on whether they prefer an Olympic size pool or they prefer a smaller pool, that is the argument and an Olympic size pool is 50 metres.

HON J L MOSS:

Mr Speaker, it is actually the Hon Gentleman who has brought the question of size into this House. As far as I was aware GASA were perfectly satisfied and are perfectly satisfied with a 25 metre covered pool but we will leave it at that because, in my opinion, I think we have drowned the subject.

The only point I would like to make about the Hon Dr Valarino's contribution seeing as he is not here to make me give way, is that I found his link between the cost of living and inflation interesting to say the least. I can only describe it as interesting and I can only assume that his confusion between which is his left and his right wing arises from a similar problem.

Anyway, Mr Speaker, I would now like to address myself to the areas which pertain to my particular responsibilities in Education, Youth and in Culture. I feel that we have made very real advances this year. I think we have a habit now, Mr Speaker, of proving our opponents wrong. One of these issues, of course, was in the issue of the scholarship system with abolishing the points. This was described as my Hon Colleague Mr Mor said as 'pie in the sky', either the sky has come down or the pie is now in the dish. This policy had been refused by the Opposition for many years, they had used what in my mind were very tenuous excuses, in fact, I seem to recall on one occasion a particular member of the AACR saying that as an educationalist he was against this policy. It would appear to me to be rather strange because most educationalists are in agreement with the policy. The result that we have had has been that opportunities have been opened up for many young people, young people who will eventually return to Gibraltar and become part of the spearhead of our aims in making Gibraltar the place we all want it to be and which, unlike our predecessors, we know it can be. The record number of scholarships given out last year, in fact, does not represent the fears opening of the floodgates which the Opposition believed. There was a record number of scholarships but as far as I am aware I would not describe it as a floodgate, I do not know about the Hon Members opposite. I would like to take this opportunity to point out the coherence of the Government's general policy on education. The increased opportunities are being taken up by more students entering higher education not, I hasten to add, Mr Speaker, the unscrupulous young people or the time wasters which the Opposition were so scared of. At the other end there are trainees in training schemes, many with no formal educational qualifications but eager to learn the skills which will enable them to get a job. In the middle are a number of people being given enhanced training facilities within Gibraltar by the Gibraltar College of Further Education, for example. Here they are being offered courses which are known to be thought extremely useful by employers. I would refer Members of this House, for example, to the new B/Tec courses in business studies starting this September. Courses like this whether full or part-time will play an important role in capturing more jobs within the Finance Centre for young Gibraltarians. Looking ahead there is a further element which will be, in my mind, complementary to this process. I am referring to the proposed Open University courses.

These will give a second chance to many Gibraltarians, Mr Speaker, with or without qualifications. It could be highly significant in the context of retraining our workforce to meet today's demands. I must add that we do not just look at the training and study practice in isolation. The schemes have in mind the securement of employment for the vocational cadets who go through them. They have, in fact, had a dramatic effect on the level of youth unemployment, this was much higher than perhaps public perception felt it to be, Mr Speaker. There were well over 200 unemployed youths when we took office. This was before the school leavers added to the numbers, despite that one year afterwards we are able to report this figure has been slashed. The latest figures available to me, and these were until the end of last week, Mr Speaker, showed a total of 39 people under 25 as unemployed. Most of these had only recently joined the register. We have been able to eliminate the frustration of young people finding themselves up to two years on the register without getting anything offered to them, clearly I think that what this shows is that there has been a major and positive impact by the schemes and I think I would like to recognise here the sterling efforts of staff at both the Youth and Careers Office and at the Labour Department in bringing this about. On the other hand as my colleague, the Hon the Chief Minister pointed out, we are also doing our bit to assist returning students in getting a job. This has never been done before. What used to happen is that the lists would be skimmed to see who could be offered a job in Government, usually only teachers and the students were then abandoned to their own devices. We are going a bit further than this because we want them to return here, Mr Speaker. I think that in my own mind one of the major problems which our educational system has suffered from is inadequate buildings and a typical example of this is what has happened to Bayside Comprehensive School. Inadequate buildings, I hasten to add, Mr Speaker, mainly due to a lack of maintenance. This school was allowed to deteriorate to a point where what should have been a relatively modest operation of repairing had become a major refurbishment, costing far in excess of what it could have done had the faults been addressed promptly. We have taken the opportunity, Mr Speaker, of meeting other requests from the school administration to further improve it. These have entailed, for example, the resiting of both the senior common room and staff room in areas thought more appropriate; also a new workshop area for work with plastics resulting from GCSE work and a much more efficient use of the administration area; maintenance of the school had been uniformly poor but we are looking to alter this now. There is a huge backlog of tasks which require doing in the schools, far more than can be handled in one year but it is certainly our intention to catch up with this and to gradually shorten the list from year to year to make sure that a Headteacher does not have to wait for thirteen years

before a particular task is done and I can assure you, Mr Speaker, that there were cases like this and it is being done now, I must add, by this administration. The only way in which such a backlog can be efficiently tackled is to concentrate resources on the areas which are worst affected whilst not neglecting the rest of the buildings controlled by my Department. I am confident that the new system whereby it will actually be the Department of Education which controls the priority of jobs to be done will have a positive impact on this and that next year I will be able to report the improvement in a situation of maintenance. I think that what maintenance highlights is a lack of planning which I can point out to Hon Members, for example, with the case of special units. Special units are something that take children in who are not thought to be suitable for going to St Martin's but they are not quite remedial, they are in-between. When I came into office we had a special unit at First level and we had a special unit at Middle level. I do not think or, at least, nobody told me about it but nobody seemed to have thought that eventually these children would grow up and that there would need to be a special unit at Comprehensive level as well. I am able to assure Hon Members that the special unit has been created, it is sited presently at Bayside and a new teacher was employed for this particular purpose. So much for Education, Mr Speaker.

I would now like to speak very briefly on how I feel the youth service has been developing over the past year. I have felt there to be a hive of activity. In terms of the Clubs themselves we have started what I would consider to be a partial restructure of the voluntary side. Clubs now cater primarily for the under 25's with the more senior members taking on the role of youth leaders. These leaders have as their brief the improvement of facilities offered; the furtherance of the aims of youth as a whole bringing up a whole new generation to look after their affairs with the advice gained from years of experience and a diversification of our service into new areas. It sounds like hard work but it can also prove to be fun and very exciting indeed. I am confident that we have youth leaders who are a credit to Gibraltar and who will play a fundamental role in developing our youth. The end result of the restructure will be a more effective youth service reaching out at those in need of help and who have not been assisted in the past and at the same time providing a variety of activities to attract and entertain young people. I have had the pleasure of having regular contacts with the leaders, with the Committee of the Youth Assembly, different Club Committees and also representatives from all the other Youth Organisations. They always have an open door and a ready ear from this Government and I detect a disappearance of the suspicion with which youth traditionally viewed the Government as we get them to share in our vision of what Gibraltar can become, the Gibraltar which they will inherit.

In the area of Culture I have had numerous meetings with a variety of Associations, Societies and individuals leading to fruitful discussions and all sorts of exciting possibilities might emerge for the near future. Right now though there is the May Festival. I think it is a long time since such an illustrious array of local talent was paraded before us. Just one look at the programme should serve to convince anyone of this. Tomorrow, in fact, Mr Speaker, Hon Members will have the chance to purchase 'caientita' downstairs whilst we are in session. This comment is not made as a mere whimsey, I have said it on many occasions and I will continue to say that I believe both culture and youth to be a very important part of what I would consider to be our heritage and I think they are fundamental in giving, in fact, a sense of identity to this people. Mr Speaker, the state of my particular part of the nation is quite healthy. I will try and make sure that next year I can report that it is even healthier. Thank you, Mr Speaker.

HON G MASCARENHAS:

Mr Speaker, during my contribution in last year's Budget I said that I would take off my hat if the GSLP Government succeeded in achieving all their targets. The Chief Minister then went on to say that I might have to eat it as well. Well, Mr Speaker, after this year's Appropriation Bill - because it cannot be called a Budget - I feel quite safe, certainly for the next three years, that I will not have to eat the hat. While AACR Budgets have been described by the GSLP on numerous occasions as being a housekeeping exercise, I searched for a description of what this Budget this year, in 1989, how we could describe the first real fully-fledged GSLP Budget. During a meeting of the AACR Executive I had a brainchild and I could term this Budget as the day that the GSLP asked Gibraltar for a blank cheque and I would call it a 'blank cheque Budget'. The Chief Minister can be confident but if he gets it wrong Gibraltar will be the loser, undoubtedly. He may say that the GSLP bear the ultimate responsibility, as we used to say in our days, but the electorate will be the ultimate judges of the performance of the Government, absolutely, but if there are not enough pieces to go round to pick up after that day comes, not even to feed the pigeons, then Gibraltar will be very much the loser. After having listened to the Chief Minister on Friday one cannot help but think that whilst he was on this side of the House as Leader of the Opposition, on every single AACR Budget he would try to dismember the AACR Budget in such a way, it was quite incredible, and therefore one looked forward for Friday when he would be on that side of the House to see what he would produce. My feeling and the feelings of many people outside are that it has been the greatest non-event in political history, after seeing the Chief Minister holding his briefcase to the Chronicle, a traditional photograph, one would have expected something more and I am sincerely

disappointed because, as I say, on this side of the House he dismembered the AACR Budgets and sometimes we used to flinch because he might be right and he convinced us. Mr Speaker, the people of Gibraltar do deserve some goodies, whether the Chief Minister likes it or not. The process that we begun in 1986 and we continued in 1987 and which was abruptly brought to a halt by the GSLP in 1988, some measure should have been included in this year's Estimates. The economy is strong in that respect and could have stood some measure, perhaps not f6m or f7m but perhaps f2m or f3m of giveaways in tax benefits, perhaps the Chief Minister has already indicated that he is considering incentives for the householders, remains to see what he does in that respect. We are being led into unknown waters, unknown policies, the joint ventures are for the most part unknowns and the GSLP Government are hoping that these will produce the goodies. Whether they do or not remains to be seen. What is clear, Mr Speaker, is whatever accusations of incompetence might come from the other side, the AACR did leave a strong economy and it is still strong today. Where is Gibraltar going? Where is the GSLP taking us? These are the questions that many people are asking, and rightly so, including many of those who so massively supported the GSLP in 1988. In fact, one hears comments like "we were not so bad off with the AACR after all". The Members opposite may take it with a pinch of salt or ignore it completely, but one hears this type of comment today.

Turning to Education, Mr Speaker, so new projects have been included in this year's Estimates. The Hon Minister for Education has said that they intend to start new buildings but if the start has been made now and projects take years to take shape, I will make a prediction now and stick my neck out, that in the next two years we will not see any major project for education. By a major project I mean like a new school. Not a little extra classroom here or a little extra classroom there, a major project.

HON J L MOSS:

Mr Speaker, if the Hon Member will give way. Mr Speaker, the Hon Member is actually misquoting me, I was talking about maintenance and not about new projects.

HON G MASCARENHAS:

The Hon Member had mentioned that buildings had been left unattended for thirteen years and that is not true.

HON J L MOSS:

If the Hon Member will give way. That is a further misquotation. I said that particular jobs within buildings had not been carried out for thirteen years.

HON G MASCARENHAS:

I apologise to the Hon Member if I understood wrongly. But we had a line of projects and the schools were patiently waiting for their turn. Bayside Comprehensive School was one of those projects that had to be corrected and corrected fast. This school has a legacy and I will not go into its history on this occasion but we also had other projects. We had St Anne's which needed refurbishment and extra space for the number of people who were moving into that area and who think are now living there. I would assume, with the development of Westside, St Paul's School will require a major extension. We had those plans, they are still there, that can be picked up at any given moment but I accept that those were long-term projects. In the south district with the new constructions that are going to take place, Brympton coming along stream in two years, St Joseph's First School and St Joseph's Middle School are in desperate need of space or even of reallocation and I think that St Joseph's Middle School certainly is in very dire need of reallocation. They are certainly the poor relation of all the Middle Schools in Gibraltar. The Chief Minister last Friday and the Hon Minister for Education today have said that more scholarships were being given. I stand to be corrected, and I will give way if the Hon member wishes to correct me, but my calculations from these year's Estimates suggests that sixty scholarships are being provided this year, at least the figure that I see included provides for about sixty scholarships. This is no more and no less than the AACR provided in 1987 and which would have been provided in 1988 had we been elected.

HON J L MOSS:

If the Hon Member will give way. I find it surprising that the Hon Member after having been an Honourable Minister for Education for four years does not understand the nature of the Scholarship Fund. It is irrelevant how much money you put into it. It is a Fund which continues from year to year. The need may lessen or increase and is not necessarily relative to the amount of scholarships being given in any particular year.

HON G MASCARENHAS:

Mr Speaker, I will give way and I would like the Hon Member, if my calculations are wrong, I reckon sixty scholarships, is that right or wrong or is it more?

HON J L MOSS:

Mr Speaker, the Hon Member had the amount of scholarships which were given out last year. Off the top of my head I can give him an approximate figure but I can give him the figure again but it is in Hansard.

HON G MASCARENHAS:

I am not asking about last year, I am asking the Hon Member whether he takes responsibility for the Estimates that are being presented here as Minister for Education, how many scholarships does he project?

HON J L MOSS:

Mr Speaker, as my colleagues are saying, the policy is quite clear. The Estimates resulting from the policy are also clear. If it means that we give out ninety scholarships this year as we did last year we give out ninety; if one hundred people apply and meet the conditions we give out one hundred.

HON G MASCARENHAS:

Thank you, Mr Speaker, that is the reply I wanted. Therefore the Government will have to bring supplementary provision to the House, if necessary. Obviously things are done differently to the way we were doing it and we used to calculate on the number of scholarships. We did not have to guess either, because they were mandatory, if we had one hundred mandatory scholarships in one year we would have to send them because the law required that we send them. Mr Speaker, the Education Estimates are being kept at unrealistic levels and I am talking generally about Other Charges. There is no doubt that items such as books, equipment and furniture will be sacrificed because there has been no real increase in two years and therefore less can be purchased for the amount that is being provided in the Estimates and who will be the sufferers? The sufferers will be the children who will be the citizens of tomorrow. Mr Speaker, from our side of the House, we see the Education Service as being in a mess. The single most important element in education, the teaching profession, is demoralised. Mr Speaker, I have urged the Government earnestly to attach more importance to education, they are not doing this right now, whether they like it or not, they might smirk but they are not doing so, they are not taking education seriously and education is a very important factor. Mr Speaker, now on a lighter vein I am glad to see that the Advisory Council for the Arts, which was my baby, has now flowered and that the May Festival is taking place and I welcome that. I sincerely hope the organisers will be successful in their attempts to produce this Festival, not only for the community but for tourism. I am not so happy with another of my babies and that is the College of Further Education. That seems to be the poor relation of the Education Service and if the Education Service is in a mess, then I think the College of Further Education is the Cinderella because it appears that very little is being done for them and I think that, the word that I used earlier of 'demoralised' applies moreso to

the College of Further Education than to any other School in Gibraltar. We welcome the Open University, it is a step in the right direction and we welcome the Special Unit at Rayside. I accept what the Hon Member said, we had the units in the First and Middle Schools but we were lacking one at Secondary level and I am honestly glad to see that that has come about.

To finalise, Mr Speaker, on a general note, I believe that the GSIP and the Chief Minister particularly, have got themselves in a cocoon which does not allow them, and the Chief Minister in particular, to see further than his own economic projections. He said clearly on Friday that he will allow nothing, "that nothing will deter him from achieving his targets", well, Mr Speaker, as I said at the beginning and I repeat now, the Chief Minister is forgetting people, the man in the street, the very people who made him Chief Minister. For Gibraltar's sake we hope that he does not take the lot of us to the precipice and over it. Thank you very much.

HON M A FEETHAM:

Mr Speaker, in last year's Budget I outlined our philosophy in the field of development and how we proposed to go about it. As Members will recall our primary objective in this area was to provide homes for our people and that this was to be achieved through the efficient use of land and by maximising the availability of this resource, which I explained, that due to an overwhelming shortage, particularly flat developable land within easy reach of infrastructural supplies, could only in essence be achieved through transfers from the MOD, re-cycling land use through redevelopments such as proposed by us for the Devil's Tower Road area or Land Reclamation.

Throughout the last year we have therefore pursued these three alternatives and it is our policy that we should continue to do so. As the House is aware, Government identified Devil's Tower Road as being capable of accommodating substantial housing units. The area, however, presented itself with enormous infrastructural difficulties, mainly, because of lack of such facilities, as well as inherent problems attached to leasehold interest of Government tenants in the area, that must necessarily be respected and take time to resolve. Notwithstanding these difficulties, my Government has spared no effort in pursuing its policy and I am happy to say that in the short period we have been in office we have stimulated and encouraged leaseholders in Devil's Tower Road to come forward with their own housing development proposals in consonance with Government's plans for the area that will in turn ameliorate Gibraltar's housing problem. Cooperation has been forthcoming from the private sector in this respect and from the MOD which, as it is known, have defence installations at North Front which need to be safeguarded.

Five projects have already received planning permission for Devil's Tower Road that will produce a total of 205 residential units of varying sizes together with 2,856 square metres of commercial floor space. This augurs well for the future all-out development of Devil's Tower Road as a residential and commercial complex and an up-lifting of this particularly low environmental area and which we shall continue to pursue.

Soon after taking office we also addressed ourselves to the question of lands held by the MOD and the imbalance that existed so important to our economic growth. Representations have been made to the Ministry of Defence that in the light of Her Majesty's Government policy of continued reduction in defence expenditure in Gibraltar and the withdrawal of ODA funds for development projects, it was necessary to review the balance and their necessity for holding on to substantial areas of land which were badly needed for social and economic growth. We are therefore actively pursuing this avenue. A position, let me hasten to add, Mr Speaker, that long required attention irrespective of the future of the Resident Battalion.

In association with our Land Reclamation Project which I will subsequently appraise you with, we have already made in-roads into this area in connection with the proposed transfer of the Naval Ground No.2 which offers a prime opportunity for its redevelopment. It became very clear to the Government, therefore, that its primary efforts had to be to concentrate on land reclamation. There was no other immediate alternative available to the Government to achieve its overall economic development objectives. Investment in this area was an urgent requirement. As a result of priority, therefore, the Land Reclamation Company was successfully set up on the 8th July, 1988, by Government in joint venture with the private sector with three local companies, namely, Pegasus, Gibunco and Benpar and an internationally renowned dredging contractor, Volker Stevin. This balance of Government, local and international expertise is proving to be very effective as is evidenced by the advanced state of reclamation when one considers works began as recently as November, 1988. The Reclamation Company, under my Chairmanship, is currently involved in completing the reclamation works of three areas of land, two within Harbour waters and a third to the north of North Mole. So when the Hon Leader of the Opposition said in his contribution that it is not just Ministers' efforts which determine the speed of change, he said that you can make a decision about setting up a factory in five minutes but it may take years to implement. This assumption was no doubt based on AACR standards. GSIP standards dictate otherwise, we took the decision to reclaim land and completed the job in six months. Incidentally, Mr Speaker, whilst on the conversation of setting up a factory, if the decision is made to go ahead with the Building Components Factory, I can vouch that it will take about nine months to complete and not five years.

Going back to reclamation, Mr Speaker. The larger of the three areas which includes Montagu Basin and the area west of Varyl Begg Estate from the Viaduct to Edinburgh House will provide sufficient land to build Westside I and II which entail the construction of 1,381 units of residential accommodation for sale to those entitled to be on the Government Housing Waiting List. The sale of the first phase of this development has, as already been stated by my colleague the Minister for Housing, been effected. All units have been sold and construction work on site has just begun. This first phase is planned to be complete by November, 1990, and the Developers, Gibraltar Homes, expect all of the 1,381 units to be complete by September, 1992. The Harbour Reclamation together with the reclamation north of the North Mole also contain sufficient land for sale in the open market for residential and commercial development and any funds raised will be utilised in our capital expenditure programme. The third of the areas being reclaimed will house the Special Boat Squadron, previously situated at New Camp and which was seriously affecting the economic viability of the entire project. As regards the problems of re-providing this facility, I am therefore pleased to say the matter has been satisfactorily resolved by MOD agreeing to the re-provisioning of the Special Boat Squadron at Coaling Island combined with a playing area. This means that the No.2 football pitch will soon be available to the Government who intends to use it initially for car parking and will subsequently be redeveloped comprehensively to include car parking facilities. In all, with these three areas of reclamation, Gibraltar will have over 300,000 square metres of developable flat land available in accessible central locations representing, Mr Speaker, approximately 50% of the flat land we possessed before the reclamation began. All concentrated in one area, the advantage of which need not be elaborated upon, and not scattered in bits and pieces all over the Rock. Plans for further reclamation are being at present considered and this is reflected in the Estimates. To meet some of this capital expenditure and after holding innumerable meetings with all interested parties in Gibraltar, as well as investors attracted to Gibraltar, we have negotiated development rights with various prospective developers who have embarked on additional residential developments involving the construction of apartments for sale in the open market. These projects, no doubt, will obviously assist in ameliorating the housing shortage and also in curtailling the spiraling rises in the prices of apartments primarily attributable to their scarcity. Negotiations are also in hand with a number of developers for the commercial/residential development of some of the surplus reclaimed land with a view of Government participating in the profits of development and future economic growth.

In all, Mr Speaker, five licence agreements for development were concluded last year and compares well with the previous Government's efforts of some eight over a four year period. We are on the verge of concluding licences in respect of an additional seven major development projects, a combination of residential and commercial. Additionally, large projects are also in the pipeline. Apart from some more minor ones and which form part of the 218 building applications received last year.

As Members opposite have previously asked for details of land disposals and as I undertook to make a statement in this respect during my contribution in the Budget sessions, I think this is an opportune moment in which to appraise you of our policy. Our philosophy in the field of land management is to encourage development through the efficient use of land and maximising the monetary return for the Government in connection with such sales. We consider the tendering procedure, a policy of the previous administration too cumbersome and inflexible and not conducive to realistic returns on the sale of land. For example, actual receipts from the AACR sale of land for the year 1987/88 amounted to approximately £368,000, £220,000 of which was for the prime site of Rosia, whereas receipts from the sale of land by us from medium scale development projects for the year 1988/89 has increased to approximately £1.7m during the first year in office which most of its time was spent, incidentally, in preparation and negotiations, a figure we expect could increase substantially for the year 1989/90 if we are able to complete negotiations which we are on the verge of finalising and which I am hopeful will materialise. Most of these have arisen from the land bank created by our ambitious reclamation scheme.

In the area of land disposal there is a buoyant market in which the Government, the biggest land owner, has to get involved in, as it has a product to sell which can contribute materially to economic growth. Although I can understand the Member opposite wanting to have details of such specific transactions, if we are to do so it would undermine the commercial capability of the Government in its negotiations and this cannot be, in our view, in the public interest. However, the figure of £1.7m referred by me earlier and included in the Improvement and Development Fund, gives some indication of the state of play. What I can add is that this figure is in respect of 50% of the second phase of Water Gardens, GIFMAC, Epram, Jumper's and a minor interest in Engineer Lane. From a number of enquiries received over the last year as a result of Government's marketing strategy of going out to seek business, we sense a growing interest in the field of development and it is an area where we have to concentrate our efforts as we feel that not only can the economy benefit from the initial input from the sale of the land but direct benefits will also be derived on employment from the eventual occupiers be it residential, commercial or leisure orientated.

As regards problem developments inherited from the previous AACR Government, we have been able to expedite the continuation of the Water Gardens Project by successfully resolving the many difficulties encountered with the occupiers of the area, all of whom have reacted very positively to Government's eagerness to generate funds and encourage development. We also addressed ourselves to the difficulties associated with the Queensway Project which, on taking up office, had been in a state of flux since 1985. Whatever the efforts which I do not doubt, of the Hon Leader of the Opposition who stated at a previous meeting that his Government had been trying for two years to get the Queensway Scheme going, the realities were that the investors had literally given up, some had left. Confidence hardly existed though Taylor Woodrow as the developer very much desired to get on with the job. I spent a great deal of time convincing investors to hang on and give my Government the opportunity to get to grips with the problems facing the project. In order to do so we had to involve ourselves in negotiations with the MOD to break the impasse and to expedite the land transfer for commencement of the project. We did not accept the position of the previous administration otherwise the project may not have got off the ground. By June 1988, three months after taking office, we accepted the transfer from the MOD and have since then been busily involved in resolving many other issues including the problems of reprovisioning the Boat Camber for which a site has already been identified at Western Beach and works of reprovisioning are now imminent. Incidentally, Western Beach is, in fact, the only site available and it is only after recent agreement with MOD and other interested parties that this site has been cleared. The Queensway Project which the Government was legally committed to with Taylor Woodrow International and I differentiate between them and the investors, did not permit a totally renegotiated deal and we had to work within certain parameters and whereas the previous AACR Government only managed to obtain a premium of £1.5m for the development rights for this very prime site and on which they went public, a figure which included payment of £500,000 towards the cost of providing the necessary infrastructure, a new package has been arrived at whereby the developers have agreed to the payment of £2.4m, they have settled with the sitting tenants Lombards Limited and thus obtained vacant possession of the area, the Government therefore did not have to meet reprovisioning requirements in this respect. The developers have also agreed to construct within the project 8500 square feet of office accommodation for the Government, costed at £425,000 to construct, at no cost to the Government, but having a far greater market value. The reprovisioning of the Boat Camber in an area of protected waters and the DSA Club premises continues to be as originally intended, a developer's responsibility. All in all, satisfactory considering the position the GSLP inherited which is a credit to all parties concerned in this settlement and a further demonstration of confidence of developers and investors in Gibraltar.

I just wish to dwell at this point in time, since I am going to another aspect of responsibility in relation to development, to answer one or two points made by the Hon Opposition spokesman on housing. As far as the reprovisioning of Calpe Rowing Club is concerned, that is a matter which was agreed to by the previous administration between the developers, Gibraltar Homes and Calpe. They are responsible for the costing and the construction of the flats that are going to be built and that was put into the prices and that was their responsibility settled between them. Insofar as the positioning of the site is concerned, sites have been agreed between Calpe and the Government and between Med and the Government. The dilemma that I find myself in is that they themselves have to decide which of the two sites each of the Clubs are going to go on, so really the position is that we could actually hand over the site tomorrow to both Clubs but one wants to go on the inside and the other one wants to go on the outside and these are the problems that we are faced with. But everything else has been settled with this Government insofar as our responsibilities are concerned. Therefore, the facilities could be made available to them and as regards the provisional facilities so that they can continue their sport, this is a matter which the developer has very much in the pipeline and is actually trying to settle this as quickly as possible but we have got the site available and they can go on it the moment they decide which Club is going to go where.

HON IT-COL E M BRITTO:

Mr Speaker, if the Hon Member will give way. I think the Hon Member may have slightly misunderstood the point I was making. I was talking about temporary facilities until such time as the permanent facilities were ready. Obviously they are not going to be ready before the start of this season. The point I was making was, is there any provision for temporary facilities to allow rowing competitions to take place this year?

HON M A FEETHAM:

All the facilities, as I have already explained, were previously agreed. We are in the position of handing over the site within a very short time. Temporary facilities is a matter for the developer to sort out with Calpe. We will assist in every way possible and we have actually given a number of alternatives to the developer as a choice for him to be able to proceed in his discussions with Calpe so we are doing everything possible to assist in this.

I do not wish to make any more issue about the swimming pool but, as far as we are concerned, and my department is concerned which is very much involved in this aspect in terms of the licence agreement that had to be drawn up etc, the situation was that the reprovisioning requirements sought by GASA had been settled by Government with

the developer prior to us taking up office and the only two alternatives that were on the table was either a 50 metre swimming pool or a 25 metre covered swimming pool and GASA chose the 25 metre pool covered. There was no other alternative. There was no alternative of a 50 metre swimming pool covered or a 100 metre swimming pool covered and I am sure if we went on and on and on, Gibraltar would like to have a 500 metre pool covered but that is not the state of play neither was it the state of play when we took up office since all the price structure of the flats were geared with this costing already having been made before we took up office. So that was the position which we have respected and intend to meet.

Therefore, Mr Speaker, having answered the two queries that were raised which I think relate to my department, I wish to carry on with my contribution. One thing that became evident early on in our term of office was the poor state of the existing infrastructure facilities in Gibraltar as a whole and in particular in the Waterport and Devil's Tower Road area, as earlier referred to by me and its non-existence for a major part of Queensway. We therefore had to address ourselves to this energetically and in association with our land reclamation programme and because of the need to supply infrastructure to service the proposed developments on the reclamation areas around Waterport and at Queensway, we are undertaking a major infrastructural service to provide vital services so necessary for the success of the proposed developments and rather than adopting a piecemeal approach so evident in the past we are doing so also in anticipation of future growth.

On infrastructure, for the information of the House, Mr Speaker, discussions continue to take place with the Japanese Company, Kumagai Gumi, for the construction of a new road in the Upper Town linking Calpe near the Moorish Castle to Europa Road. Government will continue to discuss and consult the Gibraltar Ornithological and Natural History Society in this respect. This company has also commissioned a Study on the future potential development of the airport facilities. The Study, the first comprehensively undertaken of its kind, is receiving attention by the Government, along with other proposals for the redevelopment of the airport. There is nothing in this year's Budget earmarked for this and I have only mentioned it for the information of the House.

Mr Speaker, I would also like to take this opportunity to explain to Members the rationale behind the merger of Crown Lands with the Design Section of Public Works, a matter raised by the Leader of the Opposition earlier on in Government's term of office. Whereas previously the bulk of development in Gibraltar has been ODA funded and construction work carried out under PWD contracts, today it is apparent that the lead in development works has been taken over by the private sector and it is our policy that this should continue to be the case. It became clear to

me that Crown Lands with the limited resources in manpower, was unable to cope with the workload and the resources at Public Works in the field of construction and development work could very usefully be employed in assisting in this work, a step which should have been taken at least 24 months ago. It is therefore hoped that this merger will improve efficiency and will expedite the processing of development proposals and planning/building control applications. Initial indications are that applications are being processed more expeditiously and the quality of construction is bound to improve as the inspectorate is reinforced. Whilst the physical integration of all resources under one building has already been effected and a management structure drawn up to meet this demand, we are currently involved in the necessary consultations before putting it into effect. Throughout the last year the Development Section, previously under PWD, has been providing a growth support to the processing of applications and has been reviewing the draft City Plan which was made public prior to our taking office and which we are substantially amending to reflect our policies and our plans for future development. As a result of this the Section has also been heavily involved in a rationalisation exercise of land use within the commercial dockyard as the Government is promoting the development of an industrial park in the released areas of the dockyard once the GSL restructure has taken place. The objectives are to provide sites for the physical expansion of local industrial businesses; to relocate industrial uses from Devil's Tower Road to facilitate the implementation of the Housing policy which proposes the development of more housing in that area; to relocate badly sited industrial businesses and users from the town area and other residential areas; and to relieve Devil's Tower Road and elsewhere from the heavy goods vehicles servicing the industrial premises. The industrial park will conform to the policies for industrial development to be included in the final City Plan.

Finally on the development side, as you will see in the Estimates, Government is extremely pleased to announce our commitment to build a new Adult Occupational Therapy Centre for the Handicapped at Smith Dorrien Avenue. The designated site is that agreed to by the Laguna Tenants Association located on the Children's Playground bounded by Smith Dorrien Avenue on the north and by Corral Road on the south, with vehicular and pedestrian access via the former. The building to be occupied by St Bernadette's is of necessity single storey construction in order that all areas are available to wheelchair users. Advantage has also been taken of the slope in the site towards the east to accommodate a residential unit planned underneath the western end of St Bernadette's and also accessible from Smith Dorrien Avenue. This may be constructed as a second phase. We will now proceed to enter into discussions with the various interested parties in order to implement the scheme. Primarily, of course, those dedicated persons that make up the Gibraltar Society for the Handicapped. Further and fuller details will be made known once these discussions are complete.

The Leader of the Opposition referred to my colleague, the Chief Minister, as having emasculated the Financial and Development Secretary because my colleague made a keynote speech on the Bill. Let me say that it is a credit to Gibraltar that there is a continued political emancipation and it is in this context that this must be viewed.

Mr Speaker, there are precisely, for the same reasons, two areas of Government Departments where my Ministry is taking a greater involvement, ie Customs and Financial Services. This is a further indication of the Government's intention towards exercising fuller involvement and influence in matters affecting the economy.

Insofar as Customs is concerned, therefore, I had consultation with the Collector of Customs as a result of which I was convinced of the need to introduce new or modified regulations on changes of procedure in order to reduce the burden imposed on businesses by legislation and administrative procedures. We have assisted the trade by introducing, for the first time, bonded stores in town for the storage of customed goods meant for export. Previously only wine, spirits and cigarettes were allowed to be stored in town without the payment of import duty. This facility follows worldwide trends whereby the bigger wholesalers are allowed to keep uncustomed goods within their premises. This function was previously performed at Waterport in an area which has been vacated to give way for the second phase of Water Gardens. In addition, the department also continues to provide limited space within their own storage capacity for the keeping of uncustomed goods. This new facility in town has certainly benefited the trade in that they do not need to pay the full duty at the time of importation. Another innovation has been to streamline the control of exports to facilitate their movement whilst at the same time maintain effective Customs control over them.

A number of amendments to the legislation have been introduced such as:

- (a) the amendment to allow G47 registered cars to enter Gibraltar for servicing and repairs;
- (b) increase the scope of duty free goods which can be sold from the Duty Free Shops at the Airport;
- (c) correct a number of anomalies in connection with 'GG' and self-drive cars.

We have also increased from £28 to £32 the value of goods that can be allowed into Gibraltar free of duty by visitors and locals returning from visits abroad.

Looking ahead the Government is now considering legislation to allow for another category of vehicles to be registered on 'GG' plates. We are also looking at ways of further improving the transshipment facilities in the Port. Another area which is receiving attention is the question of health warnings on cigarettes. This is presently being carried out on a voluntary basis. The Department is also looking into the question of simplifying administration processes so as to minimise their impact on business costs. I have also had meetings accompanied by the Head of Department with a number of the main tobacco importers to look at the effects of 1992. The Government also examined whether there is still a need for importers of essential foodstuffs to keep strategic reserve stocks. This requirement, which ties down capital and which for a long time has been the bone of contention with traders, was introduced in the Second World War. Although there may have been justification on retaining this requirement during the years of a closed economy, the Government considers that in the changed circumstances created by the opening of the frontier, there was no longer a need for this and the requirement was therefore done away with in July last year. The Government has also responded to complaints from small traders that people are engaging in business activities without any form of control by the enactment of the Businesses Trade and Professions Registration Ordinance which will require persons engaged in such activities to register. The Government has also identified the need to have information readily available on all business activities in order to assist in the formulation of its economic plan. It is intended to bring the registration in question into operation early in the financial year.

On the Financial Services, Mr Speaker, I shall during the course of this financial year, be working towards a consolidation in real terms between those in financial services in Gibraltar and Government's position to provide a more competitive and responsive Financial Services Industry. To date Gibraltar has not, in my opinion, been a real competitor to other centres. It is only thanks to the efforts of the legal profession and other institutions in Gibraltar that we have a basis of a financial centre. The answer for the future is not in their efforts alone nor is it in the efforts of the Government. If we are to succeed in real terms it must be in a concentrated effort by all concerned working to the same policies towards the same goal. The Government recognises Gibraltar's potential in this respect and its ability to grow into an International Financial Services Industry. We are prepared to make our contribution. With these aims and towards this end, I have entered into discussions with leading parties dealing in financial services. Together we are looking at the setting up of a Financial Services Commission, policy and marketing. The Government hopes that these consultations and deliberations will lead to improve credibility and confidence in Gibraltar's future financial services that is so important with the increasing competition between the financial centres of the world.

Gibraltar, nevertheless, Mr Speaker, has gone some way in recent years, and the House will further recall, that a number of amending legislation was brought to the House during 1988 amongst which was the amendment to obtain wider powers for the investigation and inspection of companies by Inspectors. Further proposed legislation vital to the credibility and stimulation of the Finance Centre are being drawn up and are now under consideration amongst which are:

- (a) the proposals to amend the Building Societies Ordinance to facilitate UK Building Societies to negotiate in Gibraltar and to extend the range of financial services comparable to those in the UK Act which Building Societies can provide;
- (b) the proposals for a Bill to regulate Collective Investment Schemes is currently being drafted; and
- (c) the proposals for a Bill on Financial Services to regulate the carry-on of investment business in Gibraltar.

Members opposite may be aware that at present there are over ninety local private firms dealing with corporate matters and these are the main clients of the Companies Registry. For the information of the House, during last year a number of changes were effected at the Registry in order to enable it to cope with the ever increasing demands made upon it. One of these changes was the introduction of the electronic cash register which replaced the old and time-consuming method of collection of fees in stamp. This change simplified and speeded up the fee collecting process and helped the Post Office in that they no longer have to provide stamps for the payment of fees at the Registry. As a result there is no longer a need to keep stamp books, cancelling machines or store large numbers of stamps. The scrutinising of returns and documents was also simplified. Certain documents are now only checked to ensure that they contain the necessary statutory information. These innovations have helped the Registry to cope with the increase in volume of work without having to increase its staff. This practice has shifted the burden to ensuring accuracy onto the firms submitting documents. Prior to this change and understandably, the line adopted by some of these firms was to rely on the Registry staff to act as auditors or filters and to point out anything which was incorrect. On the 23rd May, 1988, a new system of approving company names was introduced and now only names which are 'too like or the same as one already incorporated' are rejected, as a result of which this has greatly facilitated the incorporation of Companies. Towards the end of 1988 as the Registry became more organised and efficient, it was able once more and after a break of at least five years, to start chasing companies which had defaulted in submitting annual returns. This work entails the scrutinising of individual company records and sending reminders and final notices. The response has been good and this is reflected by the number of companies which have brought their records up-to-date.

On the 18th December, 1988, and after a lapse of over 120 years, Gibraltar had its own coinage again. This followed proposals made by the Pobjoy Mint originally in 1985 and 1986 but discarded by the Government of the day and revived in April, 1988, when the present Government had the opportunity to consider fresh representations made by Pobjoy Mint Ltd culminating in the signing of an agreement in October, 1988. The agreement provides for the design, minting and worldwide marketing of precious and base metal legal tender coinage for the Government of Gibraltar. Under this agreement the Pobjoy Mint finances the issues and associated costs of Gibraltar coins from its own resources excepting the manufacturing costs of those coins ordered by and delivered to the Government of Gibraltar. The agreement also provides for the payment of royalties by the Mint to the Government on the worldwide sale of commemorative and bullion coinage. In addition to the circulating coinage, a programme of commemorative coin issues is being prepared. To date a total of over half a million coins are in circulation.

Mr Speaker, the Leader of the Opposition spoke about political honesty in relation to the Government's position on the proposed restructure of the Civil Service and us not having a real mandate for doing what we are doing. I ask myself, Mr Speaker, was it political honesty to accept the Brussels Agreement without going to the people? Did the AACR have a mandate to advance EEC rights to Spaniards? These were, Mr Speaker, real issues of State. Not, with respect, to the restructure of the Civil Service to conform to a more demanding, more competitive and more modern economy. I sense some venom in the Leader of the Opposition's contribution. The sooner he gets it out of his chest the better it will be for him.

The realities are not that Gibraltar is heading towards political bankruptcy. It is opening up new opportunities, new businesses for the future. That future should be made most of by the Gibraltarians, if not others will come to Gibraltar in the wake of expansion and take advantage of our efforts whilst the tremendous potential that exists in the Civil Service which has been outlined by my Hon colleague, the Chief Minister, has been frustrated by an antiquated system and they are in danger of losing the opportunities that are being created. An opportunity that cannot be commercially exercised through the Civil Service. It has to be done outside the Civil Service. The Government will, of course, not consider redundancies. To reap the benefits it has to be done through Government policies of joint ventures. There are not other alternatives to this policy and not one Member opposite has suggested any. But then the AACR went bankrupt of ideas years ago, Mr Speaker, and that is the real cause of the Civil Service dilemma today.

Finally, Mr Speaker, I wish to thank all Members of my Ministry in their untiring efforts and in some cases crucial to meet the objectives that we set ourselves to achieve in this first year. Thank you, Mr Speaker.

MR SPEAKER:

We will now recess for twenty minutes.

The House recessed at 5.10 pm.

The House resumed at 5.40 pm.

HON J E PILCHER:

Mr Speaker, before I start my contribution I think I should just clarify the position for those people who are listening to us over radio and do not understand the intricacies of the House of Assembly. Because we have one more Member than the Opposition, I am speaking after the Hon Michael Feetham in order to give the Hon Mr Montegriffo a chance to wrap up for the Opposition before the Hon Chief Minister winds up for the Government. I think, as usual, Mr Speaker, before I go into the resume of what my Ministries have done over the last year and what they intend to do over the next year, I will comment on the contributions of Hon Members opposite as I have done, even when I was sitting on the other side and try, in my own mind obviously, to analyse the underlying theme of the message that whether in Government or in Opposition we are trying to get across. This year, I think, Mr Speaker, the contribution of Hon Members opposite have slightly confused me because although I understand and I realise that it is now a year since we took office there seems to be a tremendous change in the assumptions that Hon Members opposite have made. As I see it, sitting on this side of the House, and I cannot say that I am not biased because obviously I am, but there are three underlying messages that all the speakers opposite, particularly the Hon Leader of the Opposition, have been trying to put across and that is that the GSLP is not a Socialist Government. It is incredible since it is only just over a year ago that they were calling us Communists, or wolves in sheep's clothing. Then through the year, I think at one stage they said that the joint ventures were nationalisation but now two months later we are Thatcherites trying to suppress the working class. I think, Mr Speaker, that the first message does not fool anybody as I will be explaining in my contribution. The second element is even more worrying because on various occasions, particularly during the contribution of the Hon Leader of the Opposition, he was trying to intonate that the Unions are sold to the GSLP and like my Hon Colleague Mr Baldachino said this morning to the Hon Mr Britto, the fact that at one stage Action for Housing was the puppet of the GSLP now it seems that the Unions are the puppets, or are sold, to the GSLP. The reality, Mr Speaker, which is what is worrying me, is that if we talk like the Hon Mr Montegriffo who often likes to speak about political honesty then I think there is political dishonesty in the underlying theme being sent by the Opposition to the Union membership and which is that the Union leadership

has sold out to the GSLP and therefore the membership should revolt against the Union leadership. That is my understanding of the message from the Hon Leader of the Opposition, the Hon Mr Featherstone and, if I am not mistaken, one other Member opposite. The third element, Mr Speaker, is the question of goodies. Mr Speaker, certainly as a political terminology goodies is even worse than pillars. Whoever heard of goodies in politics and I must remind the Hon Mr Anthony that the word goodies was first introduced by his Hon Colleague Mr Mascarenhas and certainly not by this side of the House, we are much more politically mature than that. I think, Mr Speaker, political honesty lies not in what was said three months ago or in three months time but in proving that the message has been constant throughout and this is why, again, there is political immaturity on the part of Members opposite and I am particularly disappointed at the Hon the Leader of the Opposition, when they talk about it not being a Budget because there is no Finance Bill. The Budget or the Budget philosophy in politics, Mr Speaker, is when the Government explains its policies which have been implemented over the last year and how those conform with the last Budget and what they are going to try and do over the next year. This is where goodies come in, Mr Speaker. To see the political consistency of the GSLP and I would dare Hon Members opposite to check the 1987 Hansard - I will quote from page 212 - where the message that was being relayed from the Opposition benches by the GSLP, when I summed up for the Opposition at the time, the same as the Hon Mr Montegriffo will do later, I said to the Members of the Government - and if you recall, Mr Speaker, at that time the AACR Government had given back to the people of Gibraltar around £3.50 more because of the tax cuts, and the message from the GSLP, Mr Speaker, was that as far as we were concerned that was not sufficient because we did not measure goodies - to coin the phrase used by the Hon Mr Mascarenhas - we did not term goodies as what was put in people's pockets but what was given to them in exchange for the money that the Government took from them. That is, if you care to look back, consistently the message of the GSLP in every single Budget debate during our four years in Opposition. Followed, Mr Speaker, and I remember clearly and this is why the disappointment that the Hon Members opposite feel for the people of Gibraltar, is just not true because I remember distinctly through 1984 particularly and through 1988, going to the Housing Estates and saying to the people of Gibraltar 'it is not a question of giving you back money in income tax or slashing this £1 or slashing that £1, what I think the people of Gibraltar deserve is to get a good service for the money which they are putting in', ie the money that the Government took from income tax and from every other revenue raising measure. That was the message that the GSLP was voicing in the Opposition and it is the message that the GSLP have brought into Government. What we have done today, if Members opposite had taken the time to listen to what my Hon Colleagues had to say instead of having, as is normally

the case, prepared speeches in front of them and even when the answers are given to questions it does not make any difference.....

HON A J CANEPA:

Mr Speaker, if the Hon Member will give way. I think it is a little bit unfair to talk about prepared speeches on this side when we have had, with the sole exception of Mr Pilcher and Mr Bossano, naturally, who opened the debate, we have had all the other Ministers reading from a typed written speech contrary to Standing Orders. They have been reading from a typed written speech which has even appeared in Panorama, in the case of Mr Juan Carlos Perez. This is evidence of a prepared speech all we have are the notes that we have been taking as we have gone along. Mr Speaker, it is a little bit much and I would ask him to withdraw what he has said because it is not true.

MR SPEAKER:

I just want to put matters in perspective. I know that if the rule is applied the answer to overcome that rule is to say: "I am using copious notes". This is the reason why it has been allowed and why it is normally allowed and Members know it.

HON A J CANEPA:

That is so, Mr Speaker, and we tolerate it but he is taking it a bit too far. Typed written speeches have been read out and handed to the press and that is not what Hon Members on this side have done.

HON M A FEETHAM:

Mr Speaker, the Hon Member has done it all his life.

HON A J CANEPA:

Mr Speaker, I have not done it.

HON M A FEETHAM:

Always, Mr Speaker.

HON A J CANEPA:

No, Mr Speaker, somebody else may have done it.

MR SPEAKER:

Order, order.

HON J E PILCHER:

Mr Speaker, the point that I have raised, and perhaps I used the wrong terminology, is the fact that irrespective of what is said on this side of the House and the copious notes that you are referring to, Mr Speaker, and it is normally the way that Ministers conduct their business because they have to give, with very few exceptions, statistics about the different things that their Departments have been doing. But normally from the Opposition benches the fact that we have an order, Mr Speaker, that is supposed to relate the Opposition spokesman following the Minister is precisely so that the Opposition spokesman takes cognizance of what the Member is saying. I was referring, particularly, to that state of affairs where it does not really make much difference what is being said in this side of the House if one takes into account up to now, and obviously I am sure that the Hon Mr Montegriffo will change that, the comments that have been made from that side of the House. Therefore, I think, Mr Speaker, if the Hon Member and his colleagues wish to look back through the Budget debates he will find that, certainly on this side of the House, that political honesty has been there since 1984. This Budget, Mr Speaker, gives back to the people of Gibraltar what they should have been getting for the last sixteen years - more housing; better health services; a Training Board; land; resources; this is what ultimately the people of Gibraltar have to look at not whether they have got one more pound in their pockets. What does one more pound in their pocket mean to them if at the end of the day they do not have anything to show for it, Mr Speaker? This has been the underlying message throughout by the GSLP and this is what the GSLP intend to do and what it told the electorate it would do. It is to improve Gibraltar, not by putting more money into their pockets but by improving the lot of the Gibraltarians, those are word for word, Mr Speaker, what I said in 1987. Again, it shows a lack of - and I am sorry to have to insist on this - a lack of political maturity when the Hon Leader of the Opposition says that after twelve months we should not be blaming everything on the previous Government. Well, I am sorry, Mr Speaker, but that is a normal role of Government. The only problem with the previous AACR Government is that because the GSLP had not been in Government before they could not relate back to the things that we had done and only assume that we would do things wrong. Today the Hon Mr Canepa who like myself likes to read about politics, particularly of Great Britain, knows that even today when Mrs Thatcher has been in Government for three terms of office she is still saying what the Labour Party did when they were in Government and what they are going to do if they ever were to come back in

again. But in any case, if that is the message of the Hon the Leader of the Opposition then how come the Hon Mr Britto and the Hon Mr Mascarenhas keep referring to things which we are doing which the AACR had started or is it that this is the funnel system, it is alright if you say it but it is not alright if we say it? It is legitimate in a Government/Opposition system to relate to each other the differences of the way that we are doing things as opposed to when the Opposition were doing it and after sixteen years of inefficient Government and administration. We have every right in the world and we will have every right in the world for the next three or four years, to be saying that we are living through a situation where we are trying with great difficulty to disentangle the situation that we inherited when we came in on the 25th March, 1988. Mr Speaker, having said that I will now go into what my Ministries have done over the last year and what we intend to do over the next year.

HON A J CANEPA:

Mr Speaker, the Hon Member will now read his speech!

HON J E PILCHER:

No, Mr Speaker, the Hon Member should know that I do not like doing that. Let me start by saying that the brief that I was given - I am now referring to my first Ministry not because there is any priority but because I choose to do so, and which is GSL. Let me say, Mr Speaker, as I think I mentioned last year, that the brief given to me by Council of Ministers, and the Chief Minister, was to try and put right GSL. There were three points, first of all, it was a question of looking at the possibility of getting GSL to commercially break even, ie getting GSL to make a profit. Secondly, if that was not possible, looking at group viability, ie having consolidated a group - as I will explain in my contribution in a moment - and see whether the profit generated by the group could balance the losses generated by GSL. Thirdly, if all that was impossible, then we would look at the economic viability of the yard. But let me say, Mr Speaker, again, if you look at last year's Budget debate in page 57 and I will quote so that there is no possibility of mistaking what I said then: "I mentioned how the company is going to be restructured, what our intentions are as regards marketing. The bottom line for GSL is that it has one year to become economically viable". This is what I said last year and that has not changed, Mr Speaker. Again, before I inform the House of what we have done in GSL and let me say one thing, to highlight the problems related to GSL, because I think people have a tendency, and by people I mean not only Hon Members opposite who do it because it is obviously their intention, but people in general. Let us not forget that twelve months ago we had a situation where the yard was losing £1m a month and was about to close down and

nobody, certainly nobody from that side of the House, could see any way forward in restructuring that company and in getting the company back on its proper footing. Let us not forget that because whilst we are discussing GSL it is very easy to stand up and say: "Why don't you give me what is owing here, why don't you give me what is owing there? What is the company doing now, what is the company doing in a moments time?" But let us not forget and let not the people of Gibraltar forget that in a year we have done a tremendous exercise in restructuring that company to turn it round in the way that we have done. I feel, Mr Speaker, that that point must be made because it is very easy when things seem to be going well to forget when they were going badly. As I said last year, in fact, last year what I said was what I intended to do through the year, I will just give a brief resume of the things which the company has done and the management of the company has done through the year. At the start of April which is basically when we took over the company, Mr Speaker, the first thing that what was done was the review of the management system. Obviously the review of the management system meant the review of the management contract with A & P Appledore. That, I think, was decided immediately, in fact, in all fairness it had been decided prior to the Elections. We had indicated that we would cancel the A & P Appledore contract straightaway not because they were A & P Appledore but because we felt, as we have proved, that they were inefficient. One of the problems we had at that stage was the inter-relationship between management and marketing. This was initially what created a small problem for the management of the company inasmuch as it was relatively easy to cancel the management contract because obviously we knew and we had checked over the month before the election that we felt we did have a good management team to take over, but one of the things that worried us was the international marketing element. In shiprepairing this is very important and this is why it took us two or three weeks to break totally with A & P Appledore on marketing strategy. There were two phases. Phase one was the creation in GSL of its own International Agency network, which we have been building up through the year. Secondly, the contract with Scamp on the Agency activation by which they were responsible for monitoring the Agency and activate the Agency on a weekly basis and produce reports for the Board. Certainly on marketing I would like to report to the House although they will know already because all one has to do is go up the Rock and see the activity in the yard, that marketing has been one major success as far as GSL is concerned. Immediately, Mr Speaker, that we took that decision the next thing that we contemplated on was the total manpower restructure. The manpower restructure is the one single element that took the longest because we wanted, first of all, to get everybody's impression about what had happened in the yard and what had been the problems concerning industrial relations, inefficiency, productivity, etc. It took us a long time because we spoke literally to every single

section, both shop stewards and workers. We also spoke to every foreman and every manager because we wanted to get a very clear picture and understanding of why they felt that the yard had failed. I think it was a very constructive exercise, Mr Speaker, because like I said in 1987 when we were discussing, at one stage, I forget when, GSI and the people working in GSI, the real people with the knowledge of what was happening and this exercise has produced a very good insight into what had been happening and how we should restructure the sections. That took, as I say, about three months, Mr Speaker, at the end of which we had restructured the sections in a way that changed totally the structure as was inherent in GSI prior to us taking over. Whilst we were doing that, Mr Speaker, another major step was to improve the company. This was a very major exercise looking at the finance and control systems and the management systems which appeared to be totally inadequate in the way that they related to the Board and to the shareholders what was happening in the company. This, Mr Speaker, has been an exercise that has been going on since June/July last year and, in fact, it is an ongoing exercise because even today we are reviewing the position of the finance, control and management accounts system so that we are sure that we are getting a true picture of what is happening not only in GSI but in the whole Group. The first point in the break-off from the old structure was the creation of the Group. I think, Mr Speaker, as we mentioned last year, it was the intention of the Government when we gave the £3m last year, to get GSI to sub-divide itself and create it into independent entities in order to lower the overheads in GSI, and, secondly, to structure the system so that slowly but surely, as the joint ventures consolidated, you got more and more away from total dependence on GSI. In most cases, Mr Speaker, we started that, as I mentioned last year, with Gun Wharf and we have gone through most of the sections in GSI and have created independent entities which are now working basically as totally separate entities. In a few cases joint ventures with the private sector have been created and I think the Group is now in a situation where, at the end of March with two minor exceptions, the Group has now consolidated and at this stage we then reviewed the complement of GSI and this is something which we have been doing and continue over the next two months. Of course, as we mentioned when we had a long debate, although it was Question Time, Mr Speaker, the position of the Government has not changed one iota inasmuch as it is the Government's intention as, indeed we said when we came into office the 25th March, we gave the company three months in order to unravel itself from the management contract and start taking a couple of months to do that and then we gave the company one year in which to change, restructure and consolidate. Then come back to the Government and to the shareholders and to the people of Gibraltar, with the restructured company. This, Mr Speaker, we said in the last House, in fact during Question Time,

will happen at the end of June. The commitment that we gave the people of Gibraltar on the 25th March or shortly thereafter, is that we would monitor the progress of the restructuring of GSI throughout the year up to June, 1989, and at that stage we would then go back to Council of Ministers, in the first instance, to review the position of the company and then, as it happens, this will more or less coincide with the presentation of the 1988 Accounts. This will probably happen in July or just after the summer recess, depending on when they are ready. At that stage, Mr Speaker, the Government, as the main shareholder on behalf of the people of Gibraltar, will have a debate in the House about the future of GSI. That, Mr Speaker, is the position as it was three weeks ago. This is still the position and nothing is going to change that position, particularly because of two factors. One is, Mr Speaker, again if the Opposition care to look at the Budget debate in 1987 when we were voting £1.25m, I think it was, for GSI and there were no explanations given, at the time, because the AACR Government did not have a Minister responsible for GSI. Therefore no discussion ensued about the £1.25m other than that it was needed for GSI. Nothing was forthcoming either from the then Government when in October or November of the same year they voted the £2m for GSI. In this Budget, Mr Speaker, again true to its word, there is not a single penny for GSI. The Government last year announced that the £3m for restructuring was all that the company would be getting so as from the 1st April, Mr Speaker, there is not one single penny of Government money going to the company and therefore I think there is no real need to go any further in this Budget because we are not defending any budgetary contributions by the Government to GSI. But in any case, Mr Speaker, as we have mentioned before, we will have a fully fledged debate come July or after the summer recess, depending on the parliamentary sitting, to discuss what the company has been able to achieve in that one year, which was a very short time, since we took over a complete and utter fracas. Mr Speaker, I think I need to thank a lot of people within GSI, from the Managing Director or Chief Executive down to the last labourer in GSI, who have during this last year and three months done their utmost to be able to give the company that leeway and that push that was needed in order to get us over the breakeven or certainly the commercial viability of the yard. As far as GSI is concerned, Mr Speaker, that is all I intend to say.

Tourism, Mr Speaker, is another of my Ministries and again like my other Ministries about which I will speak of in a moment, for the Tourist Office this year has been a year of transition because of two elements: first, as has been mentioned by my Hon colleague, Juan Carlos Perez when he spoke about Public Works and the diversification of workers to Housing and the Gardening; Beaches; Toilets and the Upper Rock Sections having been transferred to the Tourist Office. We feel, Mr Speaker, that the service that these

group of people do in the community is related more to the general ambience of Gibraltar which is in keeping with what the Gibraltarians ourselves will want to see, is also related to the fact that at the end of the day it is something that we sell in Gibraltar, ie to our tourists and since we want to have a clean Gibraltar, we want to have a beautiful Gibraltar, again, Mr Speaker, it was felt that it was better to restructure these sections to come under the one umbrella, ie the Tourist Office. Although we have shown them in the Estimates as "Tourism, Gardens and Beaches", it is just the one section and we intend to revert back next year to just having the Tourist Section if there is no change in that position. I think I could not, Mr Speaker, terminate that particular restructuring without mentioning something which I think is upsetting and is something which is worrying a lot of Gibraltarians today and that is the cleanliness of our beaches. This is something which now falls on the Tourist Section and I am happy, if I could forget for a moment the beaches, the restructuring which the Tourist Office has done in their section means that we now have two sections, apart from the Gardening Section, there are two other entities within that section, that cater for cleanliness of Tourist Sites, cleanliness of the Upper Rock and cleanliness of areas which are more or less related to the Tourist Section. That, Mr Speaker, has been a great success and if one looks at areas like Rosia Parade, Referendum Gates, the Alameda Gardens, etc one will see a great improvement as opposed to six or seven months ago when these areas were in a state of disarray. Also on cleanliness, a lot of areas related to the Tourist related to gardens etc, are much more clean. When it comes to the beaches, Mr Speaker, there is no doubt and I think that it is no secret, everybody knows that there is an industrial dispute between the Government and the people who clean the beaches. The men feel that it is unsafe to clean the beaches because of the presence of syringes and let me say immediately that the Government does not agree with this. We have sought advice and we feel that the matter is well catered by the protective clothing that is being issued to the workers. The workers in question feel that they should get an added bonus for doing this unsafe work. We do not agree because it is not a question of paying a bonus for people to do unsafe jobs, it is a question of getting mechanical handling machines to do the job and not put their lives at risk. In any case, Mr Speaker, this week we have continued to try and convince them that it is not a safety hazard and I am confident that during this week we will get them to see the logic of our argument. If we do not, Mr Speaker, then as a Government, we are committed to using mechanical handling equipment in order to clean our beaches and then we will have to wait and see what the reaction is by this group of individuals. But I think I could not talk about the restructuring of this section without mentioning something that is apparent to everybody. It is only a question of driving round Gibraltar and certainly in the summer months

which we are now in and to see the state that our beaches are in but let me reassure Members opposite and virtually the whole of Gibraltar that the Government has been taking very concise and quick action over the last couple of weeks to try and resolve the matter. We still feel and are confident that we will resolve it soon without having to put ourselves in a situation where we have to disagree with members of a specific union, particularly since it continues to be Government policy not to lock out any workers and not to take any such action, Mr Speaker. The other side of the transition, Mr Speaker, again is well-known. It is the transition of the Gibraltar Government Tourist Office to the Gibraltar Tourism Agency Limited and before I go any further let me state immediately I think it was a question by the Hon Leader of the Opposition, that the Agency, like indeed all joint ventures, pay rates, water, electricity and any other charges that any other commercial entity pays. There is one minor element in the Gibraltar Tourism Agency Limited and that is that because we are sharing offices with the Gibraltar Tourist Office the apportionment of those costs are still being looked at. The purpose of the Gibraltar Tourism Agency Limited, Mr Speaker, is diverse. I think the first and obviously the most.....

HON A J CANEPA:

If the Hon Member will give way. Are those rents and rates shown separately in the Estimates or have they been absorbed with the general figure of Rent and Rates payable by any Government Department?

HON J E PILCHER:

It is in a global figure, Mr Speaker. The first purpose of the Gibraltar Tourism Agency Limited, Mr Speaker, is obviously to manage all the Tourist Sites in Gibraltar. That, may I add, includes the Gibraltar Museum which, as Hon Members opposite will remember, under the new Gibraltar Heritage Trust, the Museum Committee no longer exists and the Museum is now being managed by the Gibraltar Tourism Agency Limited in liaison with the new Gibraltar Heritage Trust. The second element of that is obviously to advertise and market Gibraltar internationally. That is a role which the Tourist Office had and it is a role which the Agency now has and it is a free service that the Agency give the tourists and the tourist trade in Gibraltar because there is a contract between the Government and the Agency that provides for that to happen. The most important element, Mr Speaker, of the movement from the Tourist Office to the Agency is in the improvement of the product. If one casts one's mind back, I think one of the problems, and if the Hon Members who have been with us for some time remember was the fact that it is sometimes difficult to put money into improving the tourist product when you had a list of priorities like Education, Medical Services,

etc which competed for priority with tourist development and at the end of the day had to share the money available. The whole essence of the Agency, Mr Speaker, is to try and create profits and generate those profits for the development of the tourist industry in order to regenerate more wealth and at the same time create a situation where we have a better product. For example, the normal comment that used to be heard before was if we are making so much money from St Michael's Cave why do we not refurbish St Michael's Cave or why do we not provide a better son et lumiere? The reason was that the money being generated by St Michael's Cave went straight into the Government's general coffers and then, obviously, in order to get it there were priorities. Obviously the main element in the creation of the Agency is to generate a commercial entity that will generate profits back into the Tourist trade. It is not meant to be a commercial entity that generates profits per se in order to generate profits so that it has a very good bank balance at the end of the year, it is supposed to be an Agency that will generate profits in order to plough that profit back into Tourist Development. Obviously the Agency is also meant to be the body that coordinates the different elements of Government policy and coordinates the different perception of Government policy by different entities, eg Hotel Associations, Travel Trade, etc. There are two distinct areas as indeed we mentioned last year, one is the Day Excursionist Market and the other is the Overnight Market. I think both those elements, Mr Speaker, will be well satisfied although in different ways by the generation of that profit and by the ploughing back of that profit because it is no secret that we have got to a situation in Gibraltar that as the Day Excursionists continue to grow we have to, and I have said this often, we have to generate a situation where we concentrate on two particular areas, the shopping experience and the Upper Rock experience, and to be able to plough money into that area - when I say 'plough' it is obviously regeneration not that we are going to plough millions of pounds - in order to produce a product by which the Day Excursionists will want to come back to Gibraltar. We have always heard, Mr Speaker, that there is no better advertisement than word of mouth. Let me give you an example of that, the Gibraltar Tourism Agency Limited intends to develop very quickly the Nature Reserve/Monkey Park philosophy where we will, over the next couple of months, create a Monkey Park which Hon Members opposite know has been the intention of the GSLP in Opposition for a very long time. Although all the AACR did when in Government was earmark money for the Nature Reserve but the money was neither theirs because it came from ODA nor were they ever able to produce the Reserve. We will, through the Agency which is a commercial entity, find the money commercially to be able to produce that long awaited Monkey Park in Gibraltar, Mr Speaker. Indeed, the improving of the overnight market, Mr Speaker, obviously the marketing strategy now being used is activation of tour operators across Europe, Portugal and Malta. And as Members opposite

already know, we are very interested in air links with Malta and Portugal and so are the Portuguese and the Maltese. We have already had direct charter flights from Portugal and we intend to continue to have that liaison with tour operators across Europe in order to try and produce more of that type of activity. The improvement of the product for overnight stayers I think is a question of producing more sites that we as Gibraltarians can feel not only proud of because it improves our ambience and our way of living but also improves the lot of the tourist. One example of that which we are looking at at the moment is the development of the Alameda Gardens and I will add that with the maintenance of the gardens being done by the present employees of the Alameda Gardens because there have been certain rumours that we were going to privatise them as well and that is not the intention of the Government, certainly not with a private sector partner. Another thing we are looking at and we have been looking at over the last four or five months and we have discussed it with the Hotel Association is that we feel that Gibraltar should classify its hotels, have a Hotel Classification System, that might take a little while. We have already held conversations with them and we intend to produce some sort of structure in agreement with the existing Hotels. The other element which is very important and which we are now actively pursuing is the Conference and incentive market and whereby Gibraltar has an ideal package for that because it is a small place, easily identifiable and being able to offer, certainly, things that you cannot get anywhere else in the world and we are actively pursuing the Conference and incentive market. One other thing which I need to highlight because, again, there has been some sort of confusion and I think it was raised at Question Time as well, and that is the central ticketing system. The so-called central ticketing system which the Government is going to implement which is really a mixture of the Tour Guides Rules and the Rock Tour legislation by which we would want to legislate:

(1) the tours that can be given in Gibraltar so that we have a situation where we protect the tourist and that when that tourist comes into Gibraltar the tourist knows exactly what he is paying for and the areas that he should visit;

(2) a situation where we try and protect the tourist again by having a situation where guides have to be licensed so that anybody conducting a tour in Gibraltar, any person acting as a guide, knows exactly the things that have to be said and we do not get a repetition of things that very often come to the ears of the Tourist Office which is people who conduct tours in Gibraltar act as guides and do not really know the history of Gibraltar or the things that Gibraltar has to offer.

I think the first element is the control of the vehicles that are used and we want to mark those vehicles with a plaque so that we have the vehicle, the guide and then the tour and at the end of the day we are still in negotiation with the Public Service Vehicles Association and the Taxi Association in order to try and produce something which is going to be structured to the benefit of all of them and something which we want to implement by the 1st October, 1989. That, I think, basically gives the breakdown of what we have been doing and we are going to do in the Tourist Agency and the Tourist Office over the next year. I think the statistics through 1987 and 1988, those that we have tabled show that there has not been any slowing down of the number of tourists coming to Gibraltar with two exceptions. One is Passenger Liners, I think that is something which the Tourist Agency would want to look at and is something that we are doing in conjunction with the Minister for Trade and Industry because we feel that we have to get the area right before we go out and market Gibraltar as a passenger liner destination. The other thing that has taken a slight turn to the worse is the yacht scene in Gibraltar. Again, this is something that we are actively pursuing. We have got transatlantic races calling at Gibraltar and starting at Gibraltar during 1989 and, again, it is something that with the Queensway Project should enhance what Gibraltar has to offer to the yacht scene in general. Mr Speaker, the only other aspect of tourism which I want to mention is, as I mentioned last year, that I wanted to create the Gibraltar Development Council on Tourism, the Tourism Development Council. This is something that I did shortly after I took office. The Council has been working, basically, in an advisory capacity to try and get ideas flowing and in order to discuss different ideas. Sometimes one wants to bounce their ideas - I hope I am not being desultory to the members of the Board - but it is a situation where you bounce ideas of people and get their reaction since it is a very important and valuable aspect of that body. Another aspect that was incorporated into that body was, I think, what was called the Council for a Beautiful Gibraltar where the Government feels that the Tourism Development Council is the Government body that should be looking at cleanliness of Gibraltar and to that end we have started a campaign which is a three-fold campaign. One is on the mentalisation of Gibraltar through advertisements on radio and television as to the cleanliness of our home. Another thing we want to do is to look at specific projects that can be brought into fruition. Thirdly, to liaise with the tour operators, the travel agencies and the Tourist Agency in order to try and clean up the tourist areas of Gibraltar. Any cooperation which members of the public wish to give that body would be more than welcome.

The other matter is one of my other Ministry, Civil Aviation. I will start by quoting the Hon Mr Featherstone when he said in his contribution - I may quote him wrong but the sense is there when he said: "What has the Government done in the airport except put up the Departure Tax without anybody knowing it?" I think those were the words, if I am not mistaken, used by the Hon Mr Featherstone. I am afraid that the Hon Mr Featherstone must have been asleep again because the Departure Tax was put up from £2 to £5 here at the House of Assembly by a unanimous decision of this House. I think the Hon Member should look back to October when it was unanimously assented by this House that we should put the Departure Tax up. Mr Speaker, we have moved from what was the Civil Aviation aspect handled by the Tourist Office to a fully fledged Gibraltar Airport Services Limited which is a joint venture, 50% Gibraltar Government and 50% British Airport Services Limited. The purpose of that joint venture is threefold, Mr Speaker. One is to expand the Air Terminal and we are already in the process of finalising the plans, Mr Speaker, and allocating the money for an extension of the Air Terminal which should start within the next couple of months. Again, Mr Speaker, I have to refer back to the 1987 when the AACR allocated £2.5m for the extension of the Air Terminal, again with money they did not have and again it never materialised. Mr Speaker, this airport extension will materialise, as a first phase, to what my Hon Colleague Mr Feetham was referring to and which is a major expansion of phase two and a phase three for the future. It has been structured in a way that we have a seven year licence agreement with the Gibraltar Airport Services Limited in the hope that those seven years will give enough time to be able to complete the feasibility study and do the resurfacing which is much needed. This is being discussed at the moment. There is a break-off clause in the agreement with the Gibraltar Airport Services Limited that if at any time our plans were advanced there would be no problem in breaking the agreement with the Gibraltar Airport Services Limited and moving to a new second Air Terminal if we wanted to precipitate the second phase. Again, the idea is to maximise the revenue yield from the Airport and for all Airport related matters in order to regenerate part of that profit back into producing a facility which all of Gibraltar will be proud of and which the tourist and the air travellers will be able to appreciate. Again, we are now very close to discussions with all the operators and with very few exceptions have virtually structured an agreement with them. That will produce, I think, an Air Terminal which will take in the region of between one million and one million two hundred thousand passengers which I think is the forecast over the next three or four years unless there is a major change in the forecast by obviously other factors. The third element is to help the Gibraltar Government market its Airport outside Gibraltar. This is something that Gibraltar Airport Services Limited will do but it is something that

the Gibraltar Tourist Office and the Gibraltar Tourist Agency are already doing and providing contacts across Europe with airlines and with charter operators in order to try and reactivate that system. Again, Mr Speaker, the statistics which we tabled at the last sitting of the House show that as far as air traffic is concerned the percentage increase is not slowing down and the forecast which we were saying would happen last year, I think, those percentages are being shown and I think there is no problem related to us meeting that one million/one million two hundred thousand passengers if the percentage increases continue the way they were through 1988. There is one other thing which I would like to advise Members of when we talk about Civil Aviation and that is what I said last year, that we were going to create the Tourism Development Council, it is my intention to create this year, shortly over the next couple of months, the Gibraltar Civil Aviation Advisory Board. Mr Speaker, although Civil Aviation is a non-defined domestic matter, I think it is important that the Civil Aviation side of that which has not been tackled properly over the last twenty years, is something which the Government of Gibraltar want to create. We want to create a Body which obviously will be only an advisory body because it is a non-defined domestic matter which ultimately falls under the Governor. The Deputy Governor is the person in charge of Civil Aviation but we want to create a Committee which will funnel all matters to do with Civil Aviation. We have got to a crossroads now, Mr Speaker, where we feel that the Gibraltar Government should take the strain of starting to take the responsibility for all matters appertaining to Civil Aviation and we are trying to create an advisory body which, by the way, has been cleared with the RAF and with the Deputy Governor. We have discussed this with all persons connected with Civil Aviation, it will act as a sieving mechanism so that we do not have a situation where some airlines go to the Department of Transport in UK, others seek advice from CAA and others go straight to the Deputy Governor. Because this creates a situation where the Government of Gibraltar is the last entity to hear of specific proposals or problems. We wish to create a body which will act as a sieving mechanism and whose terms of reference roughly are to advise the Government on matters relating to Civil Aviation; coordinate action and disseminate information to the mutual benefit of all concerned with Civil Aviation; maintain liaison with appropriate Government Departments and other bodies concerning activities related to Civil Aviation; implement and maintain adequate and appropriate security and safety measures at the Airport Terminal and in areas immediately surrounding it; advise the Government so that CAA guidelines on aircrafts operating procedures and development limitations in the areas of the airfield are followed, and to advise the Government so that operations of civil, military and private air operations in Gibraltar are fully coordinated. Basically an advisory body with the exception of security where we have been asked by the RAF to coordinate security. This would involve

the RAF, a representative of the Deputy Governor and somebody from the Gibraltar Airport Services Limited. As everyone knows, security is nowadays of the utmost importance. This will allow everyone to know what the other is doing. This body, as far as the Gibraltar Government is concerned, will be the body that coordinates Civil Aviation in Gibraltar not with any authority but that coordinates and advises through the Minister responsible, namely me on this occasion, so that I can feed that to Council of Ministers for onward discussion to the Deputy Governor and ultimately with either the Department of Transport and Civil Aviation or the Foreign and Commonwealth Office. I think it is about time that we had a mechanism where this was being filtered through and not the situation we have now where different entities make their complaints to different organisations or departments. I think the only other area which I should mention is Heritage and its association with Tourism and, again, Mr Speaker, as Hon Members know we have just passed the new Gibraltar Heritage Trust Ordinance which we hope will finally be able to function. We have now appointed a Committee and I hope that Committee will start working in liaison with Government, in liaison with the Agency in order to produce something which I think is good for all concerned.

All in all, Mr Speaker, an extremely busy year with all the Ministries for which I am responsible being in some form of transition in one way or the other. But all consolidating by the end of the financial year or early in the start of the new year and looking forward to a year where all the work done during the past year will start producing results. Again, let me express, and I think it has been stressed by my other colleagues, that I have found in the Tourist Office that the civil servants in my areas of Ministerial responsibility, and some have joined the Agency, and I can vouch for every single word my colleagues have said, the motivation is there, the yearning to make a success of things is there and I think it is only a question of revising the system, restructuring the system to give an outlet to these civil servants who honestly want to get on and who honestly want to participate with the Government in the joint ventures. Mr Speaker, some may have fallen by the wayside but the majority of them, and in my case because tourism is a lucrative business we had more than eighty applications not only for tourism but also for the Gibraltar Airport Services Limited and I think it was a shame that we only had twenty or twenty-four posts because the motivation and the willingness certainly goes against what is being said or what is being mooted that this Government is out to get the civil servants, quite the contrary, Mr Speaker. The success of the Agency and the Airport Services Company shows that that is not the case and I want to thank each and every one of the civil servants then and the members of the Commercial Agency or Airport Services Limited today for showing and giving me the backing necessary to be able to produce that transition and end the financial year having done everything that I set myself to do, Mr Speaker. Thank you very much.

HON P C MONTEGRIFFO:

Mr Speaker, sweeping up, as I must do, the debate on behalf of the Opposition, my contribution will be wide-ranging and I will go beyond the brief of my own responsibilities as a Shadow Member and deal with the "State of the Nation" to quote the Chief Minister's description of what this debate is really all about. The first thing I want to say, Sir, is that there has been some talk about disappointment and to what extent people are entitled to feel disappointed because of the proposals the Government is tabling in this debate and the lack of financial betterment in terms of goodies which the people are not seeing in this Budget. I think, Sir, it is important, therefore, to start with one basic undeniable fact and that fact is that the people of Gibraltar today are being taxed more heavily, in real terms, than they were one year ago or than they were two years ago. I think that point has been made in the press and there has been a fair amount of discussion of fiscal drag and the manner by which people become overtaxed simply by leaving a situation, a tax structure, unaltered. But I think it is important to start with that blatant fact. People are being taxed more today than on the 25th March, 1988. As I said last year, if the Government's intention - and this is the Government's stated intention - is to operate in the context of an unchanged fiscal environment, no fiscal changes and no amendments to fiscal policy. If that is an honest situation that really means preserving the March 1988 status quo and that status quo is not preserved today, it is altered and it is altered for the worse, ie for the worse as far as the taxpayer is concerned. I find it disappointing to hear that there will be no Finance Bill next year or the year after because if that is the case then that distortion, that overtaxing will increase and it will be wrong to say that we are operating in an unchanged fiscal environment, we are operating in a situation where taxes are being increased through our lack of keeping up personal allowances with inflation and people will be, in relative terms, worse off. Mr Speaker, even in the UK, they had their Budget two months ago, in the context of an enormous trade deficit and enormous threat to inflation, an enormous explosion of consumer credits and a consumer boom where the last thing that the Chancellor wants to do is to put more money into people's pockets because people are spending too much, there really what he has done is he has increased personal allowances by 6.8% to keep in line with inflation in the UK because it would not be acceptable, in simple political terms, not to make that adjustment which in fact does nothing more than preserve the situation that existed a year before. I think that as a very minimum threshold the people, even if they did not expect anything else from this Government, should have seen that measure of adjustment and I urge the Government in future years if it is the policy, as I say, to leave fiscal policy untouched, well let us have as a matter of automatic adjustment, there is logic to this and there is good rational

reasons, let us have an automatic adjustment for personal allowances to be increased in line with inflation so that the proper status quo is preserved. Sir, having said that, I think that the problems the Government is facing, and there are now major problems after a year which, in fact, have mushroomed in a way that would have seemed almost impossible twelve months ago, had to do precisely with the perception people had of the Government and of what they expected the GSLP to do twelve months ago as opposed to the actual policies which the Government is pushing through. And I say that because the Chief Minister in his contribution said that what the people voted for when they voted for the GSLP was for, I think his words were "a long and difficult road". Well, Mr Speaker, nobody votes for a long and difficult road and I do not think anybody voted for that. Who is going to vote for a long and difficult road? I think what the Chief Minister did say in the manifesto was that the task would not be an easy task, I accept that, Mr Speaker, but what people voted for were - reductions in pensionable age by one year every year so that they would be down to sixty at the end of their first term of office, subject to the question of Spanish pensions which we are told is resolved; they voted for the second Health Centre; they voted for the 500 low-cost housing which we now hear we are going to have to wait for the whole of Westside I and II to be, presumably, sold off and if there is a balance then Government will buy those; that is what people voted for. People were not told that achieving that might not be an easy task but that it was an easy task for you not for them. I do not think people said: "I understand it is going to be a very long and difficult road but I am willing to trudge barefoot all the way with Government and bleed all the way". I just do not think that that is the reality. In fact, because of that perception, because people did not - I think, frankly, they were not told what they were getting, that is the reason that we now have the major problems that the Government is facing. Let me give you a series of examples, Sir. The situation on joint ventures which is causing so much alarm because they are basically competing, in a large measure, with established businesses in Gibraltar. What mention is there of joint ventures in this manifesto? The mention is this, Sir: "The government will make use of new investment opportunities by promoting its own ideas for profitable commercial ventures, on a joint venture basis, with private investors within and outside Gibraltar". There was nothing there, this was "new investment opportunities". Are the Chemists a new investment opportunity? Is the Joinery/Building Company and the construction trade a new opportunity? Of course not, Sir. There was no indication that what the Government was going to do was to start to compete with Mr Linares and Mr Guillem or with anybody else in the private sector. There was simply nothing about that and the extent to which there has been joint ventures mushrooming in the last year, the importance that the Government has given to that aspect of this policy and it may be legitimate or not legitimate depending on your view, that is not the point, the point is people were

not told what was going to happen, it is as simple as that and we all know it. People have either been deceived or the Government changed its view on the 25th March, 1988. Let us look at the question of the restructuring of the Civil Service where there is massive butchering going on by the spreading out of departments into joint venture companies or other entities. Look at what the manifesto says, Sir: "To provide the service that people deserve and are entitled to expect, we require both a greater investment and a measure of restructuring to allow more efficient decision making" - "a measure of restructuring", Mr Speaker, if all we are involved in now is cutting up the Civil Service and dismembering it in the way we are, can anybody on that side of the House get up with a straight face and tell me their mandate for that is "a measure of restructuring to allow more efficient decision making"? In fact, if anything, the implication is that the decisions will still be within the Civil Service all we are talking about was the form decisions were taken. It is basically an outcry to consider the way the Government is reforming the Civil Service in the context of the statements which they made in their manifesto. And this is why the Civil Servants do not know what is happening because rightly so, those that voted for the GSLP did not vote for massive joint ventures that were going to cover the Civil Service, we know that but it has to be said clearly and we have to go back to the source of people's confusion which is not just, I suppose, the manifesto but the whole way that the GSLP conducted its opposition and the statements it made in the years it was in Opposition, Sir. There is another example, Sir, of this type of lack of - as Mr Pilcher said - political honesty. GSL if it turns round, and we all hope it will, will largely be as a result of the joint venture companies which have the dual purpose of reducing overheads dramatically, either GSL sheds itself of people and also provides an income flow into the company from some other activity. Fair enough, but that income flow and that activity is at the expense of people elsewhere in Gibraltar who are doing a similar job and if you look at the proposed restructuring in the manifesto as stated here, what the Government was saying then in the Opposition was "we will put into effect plans to halt the decline of GSL by a restructuring based on our original idea of diversification adapted to the circumstances of today". But there is not even a word about joint ventures here. Did the plan of joint ventures for GSL, again, mushroom on the 25th March, 1988, Sir, or did it feel it not important that people should know that there would be a joinery and building company that GSL would have an interest in and that there would be all these other joint venture companies? Was that not important? Well, then why was it not here? This is the problem, people simply did not give the present Government the mandate for the sort of reform, good or bad, which this Government is hellbent on taking us down. The Chief Minister talked about realism, about the people of Gibraltar having to understand the economic realities. Sir, we should always conduct politics on the basis of realism but was that realism found on the 25th March, 1988? Is that

when realism suddenly became a word that the politicians on that side of the House began to use? Where was realism when we were talking about the way that the GSLP conducted its opposition before? Where was realism in the way that Mr Bossano, as a trade unionist, used to conduct his affairs? I suggest, Sir, that this new found realism is the realism discovered on the 25th March, 1988. The issue was not positively addressed to by Members on that side of the House when it did not suit them and, in fact, if the Chief Minister talks about a change of attitude having to take place in Gibraltar because there is no work ethic, because people are not geared to producing and he seemed to have given the biggest collective insult to the people of Gibraltar when he said: "the eight Ministers are the models of industry and productivity" and the rest of us, 29992, I think his words were: "we cannot continue our slow and passive existence". Mr Speaker, I would not have thought I would have heard a Chief Minister say those words but if there is any attitude in Gibraltar that in fact, unfortunately means that the work ethic to which certainly I subscribe is not shared more widely, should we not ask to what extent the Chief Minister himself has contributed to that attitude historically? I have never heard him in the years before he became Chief Minister talking about the efficiency, about people being more flexible in the way they operated, about people pulling their weight in the way which now he seems to have discovered. The Moroccan Association came out about a month and a half ago and they are really confused. They, I think, are the example, because we at least can articulate in English a little better and the Gibraltar population can understand but the Moroccan Association just do not understand what is happening. You had a representative on radio saying: "Hold on, one year ago the very people who are now in Government were telling us how to bring down the Government, how not to work, how to slow things down, how to be inefficient almost". And now they are being told all the contrary. "Now it appears that these people are worse than those they replaced". The situation, Sir, as I say, is that ultimately people's perception of what this Government was going to do has been totally slapped by what it has seen. The benefit of doubt which I think the people of Gibraltar have been willing to give to the GSLP because of the massive support it demonstrated at the elections, is slowly wearing off. People are beginning to say now at this stage: "How much of this were we told but, more importantly, where are we being taken?" It has been said that the community - a year ago it said in the Government benches that the community lacked a sense of direction, that as a people we were staggering along and that it was a time to restore our dignity and our self respect and that the GSLP therefore was bound on leadership which would set us on a proper direction aimed at making Gibraltar a place we could be proud of. I think the problem that arises, Sir, is that people genuinely today in spite of the Government's previous policy or declared policy of open Government, do not know where they are going because Government has adopted a policy of lack of information which

is having the effect that people truly do not know where Gibraltar is going to be in a year's time or in two year's time. In fact, the way the Government has failed to deal with the question of information which I think is central to a democracy and central to our workings in this House, is perhaps, I feel, one of the biggest areas of indictment of the Government's performance this year. The Government's record on that, I frankly feel, Sir, is unacceptably bad and cannot be defended. We had a Minister, Mr Feetham, publicly saying "We will not give you information on the joint ventures because we do not think it is in the Government's best interest. We can give you as much as we think". We had Mr Pilcher releasing information about the Gibraltar Tourist Agency, and whether we like it or not, in La Linea before it was done in Gibraltar. We had the situation with Cepsa-Oxy where Mr Pilcher was on the Board of Directors for, I think it was, about a month without any type of public explanation. Time and time again we have a total failure on the part of the Government to come clean in what it is doing and I do not understand that reluctance. I have sought undertakings in the course of this year, Sir, that there will be consultation with various parties and principally consultation in this House, debate in this House before certain matters and decisions are proceeded with but the Government is not prepared to give that information and, in fact, the whole attitude towards information is what worries ourselves and what is, I think, undermining the confidence of people in Gibraltar in democracy. Let me give you an example, Sir. Here we have the Chief Minister quoted in Le Matin, this is the French-Moroccan newspaper of the 26th March, 1989, interviewed on the possibilities of setting up industries in Morocco and the headlines said: "We wish to create industries in Morocco and we are disposed to opening our frontiers to all Moroccan products", a major article. When we come to this House and we ask for details of what the Government's plans are for industries in Morocco, this is a major area and the question is, Sir, "has the Government any plans to provide industries in Morocco and, if so, will it make a statement on the matter?" How can any Government with any dedication to open Government, to explaining things have given the answer - and this is the Hon Chief Minister - "No, Sir", and he sits down. Sir, Pinochet would be happy with open Government if that is what open Government means, he would be delighted, he would walk in here and say: "I agree, I will vote for these people". This is what the workings of this House is all about, Sir, that type of symptom is only a small example of the attitude of the Government which is one of keeping people in the dark as much as possible. I am not sure why that should be the case. Clearly, one assumes, because the more you hide from people the less vulnerable you are to attack and criticism. If something goes wrong you do not find out but if something goes right you can always say it later on. But that is not what democracy is about and it is certainly not what open Government is about and I judge you by your standards. It is no good, Mr Speaker, for the Chief Minister and the Government to say: "Hold

on, we are giving you as much as you ever gave us". Well, I was never around at the time but I do not frankly think that is a relevant argument because you are to be judged by what you said and what you have said has been completely thrown out of the window. Mr Bossano in presenting the Estimates, Sir, completely fails to mention the £20m borrowing from Natwest - I think I am correct in saying that. How can a Chief Minister, Mr Speaker, presenting this type of Budget omit to make reference to a loan of £20m? It can only be, and I give him the credit, that he forgot to say it but I think Mr Bossano does not make that type of inadvertent omission or that again he does not want to draw attention to it. But, Sir, I cannot accept that from a man like him. I cannot accept it from a man like him who if I am to respect him for saying what he means cannot come here and not mention £20m to the people of Gibraltar they are going to borrow. When we ask later on and we eventually find out what the £20m are for, again he will not say. I think, in all honesty, Sir, the Government is taking this question of secrecy and holding back information one shade too far, to put it mildly and I would urge them, not for the sake of the Opposition whom they rightly will consider as opponents, but for the sake of the people of Gibraltar which have a mature democracy, that proper information is given as and when matters arise. Mr Speaker, in reviewing the state of the nation, so to speak, one area which none of the Hon Members opposite have mentioned and which I think is crucial to address is the question of foreign affairs. It seems that there has been no foreign affairs this year, that nothing has gone well or nothing has gone bad and, in fact, this is one area where I would like to introduce the concept of realism because Mr Bossano talks about the people of Gibraltar coming to terms with his economic realisms but there are also certain realisms about our neighbours and about the need to acknowledge that to some extent one has to work with that country that is beside us. Sir, again, I assume that the omission is either inadvertent or that foreign affairs is not something the Chief Minister thinks is important in a three-hour debate. What is clear is that in the area of foreign affairs the policy of the Government of not participating in that process called 'Brussels', if that was designed, Sir, to attempt to kill off the Brussels process and make sure that it became redundant, well that has been a complete failure. I do not like to say that, nobody likes to hear it but that is the truth. Howe and Ordoñez are going to go on meeting. Howe comes here and says that the Chief Minister's initiatives go alongside Brussels and we keep quiet, the Chief Minister keeps quiet, he does not say: "You are mistaken, Sir Geoffrey, this has nothing to do with going alongside Brussels, this goes totally against Brussels". Of course not, because these are the realities and what we are failing to do, Mr Speaker, is to impress upon the people of Gibraltar the reality that it does not matter whether it is Brussels or not Brussels. What matters is that the British and the Spanish Governments have a commitment to talking about Gibraltar in a certain way and that commitment is going

to go on and either we are going to recognise that reality and work within it or we are going to become irrelevant, we are going to become irrelevant, not those talks.

MR SPEAKER:

Could I tell the Hon Member to connect that with the Estimates in some way otherwise it is totally irrelevant.

HON P C MONTEGRIFFO:

Mr Speaker, I am connecting it with the attitude that the Chief Minister took that this is not a Budget speech at all, "this is not a Budget debate" were his opening words, in fact, "this is a debate about the state of the nation". I am willing to talk about the Appropriation Bill if everybody else had but when fourteen Members have spoken about everything.....

HON M A FEETHAM:

Except foreign affairs because there is no money voted for that.

MR SPEAKER:

It must be relevant to the Bill that we are discussing in the House at the moment and maybe there is a reason why you are bringing it up but what I would like you to do is to connect it with the Bill in some way or another.

HON P C MONTEGRIFFO:

Well, Sir, it has enormous connection, of course, with the whole wellbeing of the economy and on the whole question of confidence in Gibraltar and its stability as the base inasmuch as unless our foreign affairs platform is credible then we may be talking about Estimates in a purely hypothetical way. The importance of the foreign affairs issue, getting now to the economics, Sir, is that the Government's policy has been a totally confused one lacking proper direction. There have been two economic items, in particular, with foreign affairs implication which have highlighted the inadequacy and the lack of direction that this Government has. The Cepsa episode and the Building Components Factory which the Government offered to the people of La Linea, at the time it was offered, as a practical form of cooperation. "We are not interested in talking cosmetics, we are actually interested in doing business". We hear now that maybe the factory is here, maybe it is there, maybe in September, maybe it is before, maybe it is after, maybe there is no factory at all. These were the indications today so I am not sure what type of practical cooperation we were suggesting to our neighbours. It appeared more of a cosmetic exercise than anything else. But the

whole question of foreign affairs and the two, I think, failures, those economic experiments - if one likes to call it - that this Government has pursued this year leads to the wider issue of self-sufficiency and economic independence, Sir. I see very little in the Government's economic strategy on what I understood was the GSLP policy on self-sufficiency and economic independence. If the argument, Sir, was properly understood, this run along the lines that there was no need for Gibraltar to say what it wanted in terms of constitutional change vis-a-vis Spain or Britain because the idea was to make us economically self-sufficient, to make us economically independent and then we would be in a position to take a tough line with Spain. The attitude of the Government's economic policy makes a mockery of that analysis. We have the purported joint venture with Cepsa which fell through but if that had gone ahead we would become dependent on a Spanish partner; we had the idea of setting up a Building Components Factory in La Linea, well then do we not become dependent on goodwill from our neighbours; we have the major idea, which still has important problems, of using Spain as an export base whereby Gibraltar is used to import and export materials finished or prepared in Spain at lower cost. If this is part of the Government thinking and this is what Members opposite are telling me, then what sort of self-sufficiency are we talking about? We are not talking about self-sufficiency in terms of having an independent economy no longer linked to Spain, that is certainly not the road we are embarked upon and, again, it is important for us to be clear on what we are saying, quite apart from the fact, Sir, that as a matter of economic reality when already - I do not want to put a percentage on it - but the majority of people working in, say, the finance industry live in Spain and drive-in in the mornings, well if that frontier shuts tomorrow we shut the banks, forget it, we shut up the banks, the insurance companies, the lot, they all go home. That, I think, is something which the Government has not been clear about, has not stated what it means by economic self-sufficiency and has not tied it in with the argument which it always had on the constitutional issue, Sir. Unfortunately, that lack of direction in the foreign affairs issue has largely taken away and detracted from the promotional effort which the Government has made in the last year in respect of Gibraltar. Let me say clearly that if there is one thing that I think the Government was right in pursuing was the idea of promotion at the level that Government would spearhead that whole process because it adds solidity and formality, if you like, to the independent promotion that people in the private sector might make. But, Sir, that promotion is completely ruined if you then say things like: "Sir Geoffrey and Señor Ordoñez talking is irrelevant". That does more to add minuses to the equation when people are looking at us than all the trips to Hong Kong and to Tokyo and that is where I think the Government has gone wrong in that they have simply not

maximised the potential for promotion because they have said things that simply should not be said. Also from the practical point of view, Sir, we have now a Washington Office and we have a Hong Kong Office. Now we are told we are going to have a Tokyo Office. What about a Brussels Office? I have talked to a few people on this and the idea might therefore have spread. Brussels is now issuing directives and rules which are affecting us much more than what is going to happen in Hong Kong. True, I know we are seeking investors and true we are seeking money as opposed to just information but Brussels as the centre of the Community could make it all redundant, we could just close down. It is clear that the Foreign Office is not advising us, nobody else from the UK is, we are finding out things that affect us from the Financial Times. We found out, Mr Speaker, that there was a proposal for a 15% withholding tax on bank deposits, a proposal put forward by the Commission, from the Financial Times. There was a little column in the Financial Times one afternoon telling us about that and I know that the Government found out about that the same way because I spoke to officials and they found out that way. That is the type of situation where there is a distorted sense of priorities, let us forget about Tokyo but let us put money into Brussels, let us have somebody there that feeds us the information, Sir. That, I think, is a matter that requires an urgent priority. That leads me on, Sir, to the issue of 1992 and, I think, the lack of emphasis given to the 1992 position in this debate about the economy, if this is what it has been. Places much less affected by the 1992 changes like Jersey and Guernsey in that they have less to fear but potentially, as opposed to gain, have been having a heated debate on 1992 for a long time now. In Gibraltar it is hardly a political issue. The Leader of the Opposition now is tabling a motion. We have been corresponding with the Government for some months and I have had very disappointing replies. We have had a number of bodies, the European Movement arranging talks by and large badly attended. That is an area where I would have expected some clearer analysis of the possibilities and the direction Gibraltar is going to and if no analysis has come then I think it is due possibly, Sir, because we just simply do not know the answers. The answers are not there, nobody knows. We are in a very peculiar situation within the European Community, we have not got a consensus in this House yet, subject to the view the Government takes on the Leader of the Opposition's motion, there is no consensus recognising that no one head in this room or in Gibraltar can carry it all and that we have to put our heads together on something like the 1992 issue but that is another thing which now, in anticipation of that debate, I would like to urge the Government to consider. Let us try on the 1992 issue to see whether we can identify certain priorities and certain goals because I think that if we simply leave it to the Government's own resources, you have not got time for your National Bank, you may not have time for other things and

I do not think you have got the time or resources for 1992. We may not have either in Gibraltar as a whole but at least let us try and put our heads together and see how far we can go. Sir, I would like to deal with the question of the joint venture companies for a moment although I have touched upon them already. The Opposition has been stating now for some time that it wanted more openness in what was happening with the joint ventures and wanted a commitment that at least the accounts of the joint venture companies would be tabled before this House. The answer we got at the Question and Answer session of this meeting was again "No, no accounts to be tabled before the House or made available to the Opposition until all other companies in Gibraltar publish their accounts". Sir, that is totally unacceptable. We have a situation where Government is expecting to receive revenue from the joint ventures. People are entitled, so as to assess the Government, the Government says: "We are prepared to have targets and we will be judged by them", but people are entitled to know what type of return Government is expecting on its investments, on the man hours it is putting into these ventures. What are we expecting to receive back? How can the people of Gibraltar judge you if you do not tell us, unless it is squeezed from you, who you are dealing with in the first place, what you are dealing with them on, what type of projections you have for profits, nothing. Apart from the view of open Government which I do not want to delve into again, if you are going to have a proper analysis of what the Government expects in revenue, if you are going to have an income flow from joint ventures that on the Government's own admission is going to be what is supposed to produce the wealth for the community then for Christ's sake, Sir, let us have some indication of what type of money is going to come in otherwise you may turn up in a year's time and say: "We have £1m, this is great" or turn up in a year's time and say: "We have £10m", but you have to give a target now. There has to be an indication of what it is that you are expecting these companies to produce, Sir. Again, the only answer which will explain the way, presumably, of the Government's reluctance is that they do not want to be criticised, is that if they say: "We expect to receive from joint ventures in the first year so much", if they do less than that they are going to be criticised. But that is precisely what this Government has said all along it was prepared to do - set specific financial targets. I will deal now with social targets, on which they could be judged and how anybody can get up in this House, Sir, with the commitment of open Government and say: "We are putting all our resources for economic growth into joint ventures but I am not going to let you know what my projections are", that just seems fantastic to me. Politically in my world that would be suicide, people outside, fortunately, have not got the time to take the Government to task as much as they should, maybe the Government do not know what type of return they expect and if they do not know let them say: "We are speculating, this is a speculative investment, we are going into this blindfolded or we are going into this as an act of faith". But

I think people have a right to know so that the Government can later be held to account. The question of tourism and aviation, Sir, which I want to deal with now is another matter which I think has been not fully dealt with by the Government at all. Before I get into the general things I want to talk about a specific matter. The state of the nation, as I was going to say, also demands analysis of the state of the beaches. The Government, through Mr Pilcher, has rightly concentrated on the seriousness of the problem but I think there is a failure of commitment in really resolving the issue. I have from one Tourist Operator, copies of the Questionnaires filled in by tourists and I know the Minister has them as well and I could read all forty of them or whatever: "everything is quite good; the place is good or very good; the beach is in a very poor condition; Beach filthy; too much rubbish left about; most unhygienic; the state of the beach doesn't help you much; I blame your Government by tipping waste at Europa; Beach facilities, none, filthy with rubbish", I could go on and on and on, Sir. The point is that where is the commitment to really curing this problem. And it is a point that I want to link with the Government's general policy that the taxpayer deserves value for money. The cry now is "Efficiency, making sure that if the taxpayer goes into a shop and gets something and he expects a proper service then if he is paying Government he expects a service as well". How can the Government reconcile that attitude, entirely laudable attitude, with their attitude on the way they are dealing with certain industrial disputes and, in particular, that affecting the beaches? Here the Government says: "We will not put people off pay, no lock out. We will allow people to take industrial action, fair enough. We will keep on paying them but we are not going to insist that they keep doing their job". How is that value for money for the taxpayer? This is money being thrown down the drain. Money is being completely squandered. You are prepared as a Government to say: "Do not work, I will pay you, the beaches get filthier and never mind about hygiene, never mind about the tourists' complaints, never mind about the tourist industry, never mind about the Women's Association". If that is value for money, again, Sir, I shudder.

HON J E PILCHER:

If the Hon Member will give way.

HON P C MONTEGRIFFO:

No, Sir, I prefer not to be interrupted in my train of thought. If that is value for money then we have not understood what the Government is up to, I thought the Government was actually going to hold people accountable, you do a job and you get paid, if you do not do a job you do not get paid. We have a situation in the Mackintosh Hall as well. Industrial action in the Mackintosh Hall, people get

paid but no services, where is the benefit to the taxpayer, where is the value for money? Let us have it clear, let us say this, value for money is the norm except when it is industrial action and then we can go on paying people for as long as they want because we are not going to do anything against them and the taxpayer will have to foot the bill. Why? Because they are called the GSLP? No, Mr Speaker, policies must be clear either the policy is that people who take industrial action can take it and the taxpayer is going to subsidise that industrial action and the Government may be willing politically to take that line or you take the line that people deserve a service and if people do not get the service then Government, as an employer, as a trustee of our money, has to take action to try and correct that. Generally on the tourism side, the Estimates I think do not reflect a major commitment in terms of development. No new projects for tourism? There is very little money going into this area. Again, do we expect the Gibraltar Tourist Agency to make so much money? Is it going to be from the souvenirs that they are now going to sell? Are they going to make so much money that they are going to fund projects? Because at this stage we have got very little money going into the tourist product, we have a lot of right noises but very little commitment in terms of resources. I think, if my information is correct and the Hon Minister did not confirm this, my understanding is that hotel occupancy is also down, that it is not what it was. I am worried, in particular, because we are supposed to be having a five star hotel going up in Queensway. Where are the people going to come from to fill that up is a matter of some intrigue to me but the present indication is that occupancy is down and I do not see a Government commitment in these Estimates to improving that product and making Gibraltar more attractive. There has been also, Sir, very little, in my view, vis-a-vis aviation. How we can talk, in my view, fifteen Members in this House about the state of the nation, about the economy, about tourism and not mention more about the development of that airport is also beyond me and is also a failure to address the reality which Gibraltar is facing. Sir, for the last year I have been pressing Mr Pilcher on what type of developments in terms of new air routes he was going to be able to attract to Gibraltar. At the very first meeting, I think it was, of the House after the elections, he said: "We are going to have discussions with a number of airlines, a number of entities from North European destinations". And I asked again and he said: "We are still not in a position to let you know but I will let you know later on". We are now here a year later and there are still no Northern destinations opened, nothing, the airport is surviving on its limited routes which cannot be good for Gibraltar. The other side of the coin is we have the massive projects, the £300m airport which I think is now being abandoned for another feasibility study of which the general public know little about. What sort of timescale? There is a failure, in my view, Sir, and I said this publicly and I repeat it, I think

there is a failure on behalf of all politicians in Gibraltar, right across the board, to seriously consider what practical possibilities we have for air travel. The Airport Agreement has been rejected outright by the people of Gibraltar but that does not mean we are entitled just to sit back and not take more important initiatives in how we think that airport can be developed. I do not know whether Sir Geoffrey's description of Mr Bossano's ideas as 'imaginative' - I think that was the adjective he used when the £300m airport idea was floated at the time of his visit - is a polite way of saying that, basically, they may be pie in the sky or up the creek. Sir, there have been very little details today and this is an area of major disappointment to us. Of the actual developments that the Government expects to be seeing on its reclaimed land, in an interview given by Mr Feetham on GBC about two weeks ago when the news that the reclamation was actually complete was carried, he was pressed to give some details of what is going on it "what is actually going to go up on that land?" he was asked and if I remember rightly he said: "I cannot say anything now, I will be making a statement during the Budget". All that Mr Feetham has done is he has told us what has happened before but he has not told us what they are going to do, their plans for that land apart from Westside which we all know about. Nothing at all. Come out saying: "We are not going to tell you anything", tell us, "We will not say a word", but do not appear on television two weeks before and say: "I will not answer your question because I will give you full answers in two weeks time" and then do not have the honesty to say: "By the way I was misleading you then, I am not going to tell you anything, I am going to keep it all under wraps". Mr Speaker, it is a matter of political integrity, of the word that Mr Pilcher likes to throw back at me, of "political honesty". The Chief Minister is in a very resolute mood, in a very determined mood, "nothing will deter us, no amount of opposition will make us change our mind". Well, say it, "We will not keep you informed about things like development. Full stop. Do not even ask a question. We have now defined open Government to mean that we do not give you the information that you thought you were going to get". Let us have it clearly spelt out but let us not have a balancing act which cannot bear analysis. It has also been surprising, Sir, that there has not been some measure in the proposals before this House which would at least have started to reflect what was, as I understood GSLP policy, of actually encouraging private investment in Gibraltar by residents of Gibraltar. One of the statements often made by the GSLP was that they would take steps to ensure that it became attractive for people in Gibraltar to put their money into Gibraltar as opposed to what is now the case. Much of our money is leaving our shores and being held in Jersey or the Isle of Man, a very dubious tax situation, but certainly a lot of our money, a lot of Gibraltar's wealth is outside the Rock. I would have expected to have seen some type of incentive. We have the Investment Fund set up but there are no incentives, as far as I am aware, which will actually invite people

to put money in. There is nothing to make that attractive as was my understanding of the policy. Has that policy been abandoned? Are we simply going to have institutional investors? I am not sure but the fact remains, Sir, that the whole idea was to attract Gibraltar money here, back here and nothing has happened. I would have thought to have seen at least a start towards that type of positive step towards bringing our wealth back to the Rock. Sir, the Budget, in conclusion, is a little of a gamble inasmuch as our analysis of it is that it is basically one of a Government who is still waiting for the first Japanese to walk through the door and say: "I have signed the contract"; for the first American to say: "I have signed the contract"; for the first Chinese from Hong Kong to say: "I have signed the contract". That has not happened yet or, if it has, we are all unaware of it. It is a Government that is saying: "We are going to lead with public sector investments because, as we see it now, there seems to be no other major private investment coming into Gibraltar". In a sense it is an act of faith of the Government saying: "I am going to pour money into infrastructure, I am pouring money into the economy, in the hope that this is going to generate further money and the economy is going to take off". In that sense, Sir, I say it is a gamble but it demonstrates the inability of the Government, in one year into its term of office, and despite its importance to promotion, which we recognise, to have actually secured the type of outside investment which was so much promised by Members opposite when they were in Opposition. It was just round the corner and it was a question of tapping it. We will see how that develops but at this stage it seems very much, as I say, a public sector lead Budget, hoping that private investment will follow. Sir, I conclude simply by saying that for the people of Gibraltar what this Budget has done is destroyed the myth, as I see it, that this Government really was going to deliver the social benefits and the financial benefits to the community which, I think, they were entitled to expect a year ago. It has also confirmed, quite conclusively, that the Government is bent upon proceeding in a certain direction irrespective of other people's views, irrespective of what we consider are legitimate brakes that people may want to put to certain matters. How the Government can reconcile its argument that they will not be deterred by anything with the statements made in its manifesto that the Government wanted to broaden the base of decision making and to have more consultation with people and to bring everybody else involved into the package of taking decisions, again is beyond us. It appears that you can be consulted and you can have your view taken into account, if you agree with the Government, but if not then there is no point in saying anything. So much so, Sir, is the Government's determination to press ahead that it extends to even breaking the law. There is no difficulty in the Hon Mr Perez giving an instruction, if that was the way it was done, and saying:

"Car discs do not have to be issued, you can have your cars on the street". What the insurance implications are on that I do not even want to consider. But it appears that to the Government the rule of law is something which they do not have to consider. That is something that will not deter us", they say. The Attorney-General, however, comes out in the press saying: "This is illegal". So what? He may decide one thing but the Government goes ahead irrespective of the law. That is the element of arrogance to which the present administration, after only a year of being in Government, has attained. All in all, as I say, Sir, disappointing for the people of Gibraltar, very much a situation of where do we go. We do not know where we are heading, it is very much a case of the Budget being an act of faith. We hope private sector investment will follow because if it does not follow then there is not very much more that can be put into the economy, I think, after this. Thank you, Sir.

MR SPEAKER:

I will now call on the Hon the Chief Minister to reply.

HON CHIEF MINISTER:

Mr Speaker, I am going to answer the two reactions to the Budget that we have had, the one from the AACR and the one from Mr Montegriffo, because they are two totally separate reactions. I will deal with the one by Mr Montegriffo now and possibly continue with the one by the AACR tomorrow. The Hon Member opposite has distanced himself from the party line not only by the nature of his analysis, which has nothing to do with anything that anybody said before him, but also by making quite clear that he does not want to be attached or judged by the previous performance of the AACR. So therefore anything he says about the GSLP is on the basis that he would have been equally critical had he been sitting there, presumably because he would not have been sitting here, when the AACR was in power and therefore he is not judging us by anything the AACR did in the sixteen years that it was in office. I am glad he is not because if he were then I would have to say to him that before he questioned what I did when I was a Trade Unionist and a Member of the Opposition he should have to start questioning what Hassan and Partners did when they were representing clients and had a prominent member of the practice in Government. But, of course, since he is not answerable for anything or for any conflict of interest he can concentrate simply on the GSLP, the Union, the Opposition and the performance of one year and forget everything else. Well, I am afraid that things are not as convenient as the Hon Member would like them to be. Of course, the Hon Member is new, young, inexperienced, very ambitious and clearly thinks that part of his role, if not his primary role, in this House is to be like Jimmy Cricket to Pinocchio. He

is here to be the conscience of the GSLP, to stop us straying away from the correct path. If he was a little bit more experienced he would know that life under Pinochet was much tougher than the life he enjoys in Gibraltar, even under the GSLP Government. He would probably had been shot on the spot when he got to the 'pin' before he even got to the 'ochet'. The position, of course, is that the Government has spelt out, Mr Speaker, to a degree never done before, although of course that does not cut any ice because whatever was done before does not matter. But it has done so to a degree never done before after being one month in Government what its programme for four years was going to be. We accept, I said so last year, Mr Speaker, talking about the Appropriation Bill and the Estimates last year I said: "The reason why we ourselves have provided a framework and it is intended not to be a straightjacket" - which is what the Hon Member would like it to be, so if we say we are looking at an airport he says a month later: "Why is the airport not being built?" That is making it a straightjacket. I told him a year ago that the fact that we were being open in explaining the terms of reference of our economic programme for four years, which let me remind him they were saying a year ago did not exist, and let me remind the Hon Member that when today he says: "Where are the new investors that are coming in?" He was saying a year ago that the ones that were here would be leaving frightened by our socialism, which during this first year has now become Pinochet's Chile, all this in a year. In a year we have changed from being the Communists that would drive away all the investors from Gibraltar, to being the Pinochet who is being unsuccessful in attracting investors, this according to the Hon Member opposite. That is a lesson for this House, from one of its newest Members, in political honesty and integrity on which he constantly lectures us from his vast years of experience of what integrity is. And, of course, the fact that the banking system has grown by £600m in a year which is what it grew in its entire previous history is not an indication that people are finding Gibraltar a safe and a sound place in which to invest, that is a statistic in which the Hon Member is not in the slightest bit interested. He is very aware of it, of course, because I am sure that amongst the £600m there must be some belonging to clients of his, I am sure, so he must know what is happening in the banking sector. But he says there is no evidence that money is coming into Gibraltar at all, there is no evidence of investment interest, they are all waiting on the side line for us to make a breakthrough, on what? What is it that all the politicians in Gibraltar fail to understand about the airport, which presumably he does not fail to understand. Obviously, if he is aware of the failure to which we are all blind he does not include himself in the all-embracing.....

HON P C MONTEGRIFFO:

Mr Speaker, if the Hon Member will give way.

HON CHIEF MINISTER:

No, I will not because he was not prepared to do it to my colleague before and since he has been the only one to refuse to do it I am going to refuse to do it to him. So the situation is that the foreign affairs dimension, the stand of the Government of Gibraltar in pursuance of its commitment, in its manifesto, is one which he considers is negatively impacting on the positive thing that we have done in promoting Gibraltar abroad. Let me say that I am glad to find out that he approves of that particular aspect of our policy of promoting Gibraltar abroad and of opening offices although I must say that we have discovered from him that the Opposition approves because nobody has approved until now that he has said it and the questioning that we have had on whether we are getting value for money and whether we are paying Mr Stieglitz too much in Washington, are indications not of approval but of a critical attitude as to whether it is money well spent. But we are glad that at least we now know that he approves of that. Let me however say and let it be absolutely clear, that if we have to choose between welching on our commitment on Brussels and on our commitment on the airport deal in order to bring more money to Gibraltar and have more companies in Gibraltar and more businesses in Gibraltar, the choice is very clear, we will not go back on it so therefore if there is any conflict, if what we need to bring Japanese here is a deal which we consider goes fundamentally against the commitments that we have got politically then the Japanese are all going to stay in Japan, no problem, Mr Speaker. At the end of the day we are going to be judged by the things that we say here and wherever we go and we are defending fundamental rights of the Gibraltarians here and wherever we go and the promotional work is consistent with what I said with reference to the meeting with Senor Ordonez and Sir Geoffrey Howe which the Hon Member, of course, quite deliberately still misquotes. It was deliberately misquoted in the question we had in the House. I corrected that by giving him the full quote when I said that as far as we were concerned we were indifferent to what they discuss in London because the real people who counted are the Gibraltarians. I have said that many times and I say it here and I say it wherever I go and part of the promotion is to make people in the rest of the world aware that we Gibraltarians exist, that this is our country, our homeland and that we are the ones that need to be taken into account and that if they want to negotiate about coming to Gibraltar they negotiate with those of us who represent the people of Gibraltar and not with Senor Ordonez or with Sir Geoffrey Howe. So there is no inconsistency between the role of promoting Gibraltar and the defence of our right to our land which may be something he has heard of before even though he has said he was not around to judge what the previous Governments said or did not say or how open they were or how open they were not. Of course, the Hon Member clearly is not concerned with integrity or with honesty or with consistency, he is concerned with one thing and one thing only and it exudes

from every pore, it is visible for everybody to see, he is concerned with political popularity and if he thinks that it is going to get him more votes to say that we are being too right wing and massacring the civil service then that is what he will say and if in the same breath he has to say we are being too left wing and not locking people out on the beaches because there are more people using the beaches than cleaning them and therefore there are less votes to be lost than to be gained, that is what he will say and he will say it within the same five minutes and it is there on record and on Hansard for anybody to analyse, Mr Speaker. That is the consistency of the Hon Member opposite. Well, let me tell him that before he makes statements he would do well to get his facts right and if he had concentrated in the Appropriation Bill which is, in fact, what we are moving in this House, he would have discovered, Mr Speaker, that the Appropriation Bill shows under 'Personal Emoluments' that the complement of the Civil Service in the year ending March was 55 higher than in the last year of the AACR. That is the massacre of the Civil Service that has taken place which people ...

HON P C MONTEGRIFFO:

Is going to take place, Mr Speaker.

HON CHIEF MINISTER:

Is going to take place.

HON P C MONTEGRIFFO:

Is it going to take place?

HON CHIEF MINISTER:

There you are, Mr Speaker, now he does not know. Having just criticised us for doing it he now tells us it has not happened, it is going to happen or is it going to happen? Well, I will tell him. I will tell Ciminy Cricket so that he does not have to worry about our conscience, Mr Speaker. What is happening and as I said in my opening remarks, Mr Speaker, is that we discovered - I have given him an explanation already and the thing that is so exasperating about believing in open Government is that I tend to take the bait, he dangles the bait of open Government and I bite it and then I try to give him an explanation and then I realise that I am wasting my time and my breath and my energy because he is not interested in explanations, his interest is scoring political points, it does not make any difference what explanations I give him. Before we started on the debate, in my opening remarks in this House I said that one of the things that we had established last year was

that we approved the Treasury allocation because that is what we had to do. And then during the year we looked at the situation in slow time and we were told "There are lots of new jobs in the pipeline" which were decisions that were taken which could not be reversed. These are not people who have been working for hundreds of years in the Government, these are new decisions taken by a previous Government months, sometimes days before the election. We are perfectly entitled to come into office and review whether we want to carry on doing those things. But we find that there are already commitments and therefore we say "well, we have to respect those commitments" but that does not mean we have to respect them forevermore and the situation is not going to be reversed. I gave him the explanation, I said it is like trying to bring a very large bus to a halt and it has a momentum and you apply the brakes and half a mile after you are applying the brakes you are still moving. That is what happened in 1988 and therefore as I said in 1988 we have not cut down anything, what we have done is we have stopped growing, that is all that has happened. Now we are trying to turn the vehicle round and going the direction we want it to go and which is something that we are entitled to do because we went to the people and we said: "If you vote us in it is not just a question of changing eight faces, it is a change of direction, that is what you are voting for, a fundamental change in how we conduct our business in Gibraltar" and that is what we are doing. We believe in doing it by bringing people in and explaining things to them but we do not explain it to them so that they can sabotage what we are trying to do and stop us. Therefore there is no question of us allowing the commitments in our manifesto to be frustrated by those who may at a personal level feel that they are adversely affected. Because this would allow the Hon Member to spend the next three years here saying: "Why hasn't this been done?" And what are we supposed to tell him: "We have not been able to do it" - like the AACR used to do - "because we cannot get the agreement of so and so or the other". The situation is that we have got clear commitments in our programme, clearer than ever before. I suppose the Hon Member would say again that that has nothing to do with him. I do not recall the manifesto that he stood on in 1988 being any more open or any more specific than any previous AACR manifesto. All AACR manifestos have always been wishy-washy affairs which allowed them to get away with murder for years, Mr Speaker, because they never committed themselves to anything specific. So if they say: "We are committed to improving things", well, fine. If you say: "I am committed to reducing the age of pensions from 60" then you are saying it at a certain age. If you say: "I am committed to reducing it at some time" then it is in the air and they used to say: "We will build more houses" but they did not say how many more houses. We say: "500" and he can come back and say: "You have only done 499, you have failed". But, of course, the difference is that we agreed to being judged, and I said so last year, we agreed to being judged by our failure or success in carrying out what we said, within

a month, we would do and that is what we are doing, what we said we would do. It is no good the Hon Member opposite trying to tell us what he thinks we should do, he has already been asked in the Panorama whether he wants to join the GSLP and he has already said 'no' so he has lost his chance of telling us what to do now. So therefore the Hon Member cannot say: "You should be doing this" and then come back later and say: "Why are you not doing it?" So he says: "Give me information about this". We give him the information he asks for to the extent that we feel we can and which is more than has ever been done before. And he says: "It does not matter what has been done before, I was not here, that has nothing to do with me, that used to be the old AACR, I am the young firebrand who is going to revolutionise the AACR and therefore nothing they ever did before had anything to do with me. So therefore it is not enough, you are not giving me enough information, give me more". We say: "We do not feel we can give you more, we feel we are giving you a lot". "Well, then tell me you are giving me nothing" because then that will enable him to criticise us for giving him nothing because we will have told him what he wants us to tell him. Of course, we have been a little bit around, Mr Speaker, before he arrived on the scene and therefore I am afraid that we are not going to pursue the line that he would like us to. I think what we will do, as we have to do and I propose to do in dealing not just with the few specific things that he has said but with the things that have been said by other Members and that is to point out, because I believe other Members, in fact, having spoken before him have all spoken to the Appropriation Bill. Members opposite may feel that it was better to have a Finance Bill but we do not and therefore that is our policy and we announced it immediately we took office and we intend to do that. I said at the time, a year ago, unless something happens that we suddenly find ourselves in a cash crisis where we have to have revenue raising measures but apart from that we do not intend to do it. Therefore since all the other Members, I think, have made in response to the statements made by Ministers, specific references to matters in the Appropriation Bill of which I have made a note and I am exercising the right of reply in which I obviously do not want to introduce any new material in order to answer the points that have been made, what I propose to do is having dealt with what I consider to be the political independent attack of the Montegriffo Party, tomorrow I will deal with the AACR Opposition, Mr Speaker.

MR SPEAKER:

We shall now recess until tomorrow at 10.30 in the morning.

The House recessed at 7.45 pm.

WEDNESDAY THE 3RD MAY, 1989

The House resumed at 10.40 am.

HON CHIEF MINISTER:

Mr Speaker, when I started exercising my right of reply last night, I dealt exclusively with the contribution of the last speaker on the opposite side of the House and I emphasised what I thought was obvious to everybody that had listened to him, his reactions to the Appropriation Bill and to the policies of the Government which were totally distinct from and unrelated to the contributions of the other Members. Mr Speaker, you will recall that I said that I would deal with the contributions of the other Members on the assumption that what the other six Members had to say on the subject constituted the view of the AACR and clearly we need to develop terminology to deal with the situation which we have in the House unless the two parties come together. So I am glad to say that although I kept on calling him 'Jimmy Cricket' the newspapers correctly defined him as 'Giminy Cricket' so in order that we have the right record in Hansard we must say that it is Giminy Cricket and all that we need now is to determine what the party of which Giminy Cricket is the leader is going to be called. I think perhaps an appropriate name, given his previous participation in the House as a Police Constable, would be to call the party 'PCP' and it would then be the 'Public Conscious Party' led by Giminy Cricket. This Party would then be able to tell the Government where we are going wrong and keep us on the straight and narrow. I hope that in doing that from now on clearly he will be able to concentrate more on facts and less on emotional reactions because, in fact, he gets his examples totally mixed up. Having at one stage compared the philosophy of our Government to Pinochet's Chile he then made out that we were leading people on a long trudge barefoot which was almost reminiscent of Mao's Long March. Of course, it can hardly be possible to recognise the kind of Gibraltar the Hon Member opposite describes when he talks about us butchering the Civil Service, all of whom, presumably, are trudging barefoot after being butchered. Mr Speaker, that is not what is going to happen and there is nobody who thinks that that is going to happen. It is certainly not what has happened in the first twelve months of our administration. Indeed, as I explained yesterday, the figures that I have had produced, and from which the Hon Member can in fact establish for himself because all he needs to do is to go through the departmental establishment figures shown under 'Personal Emoluments' in the Estimates for 1988/89 and he will find that the total adds up to 55 more posts than in 1987/88. In 1989/90 we have 40 less posts but that is, of course, without taking into account the new posts that have been created through the commercialisation of the functions of

the Tourist Office and the running of the Air Terminal. So essentially then, what is this programme for which the Hon Member says we have not got a mandate and which the Hon Member says that has created a situation where we are taking away business from small businesses in the private sector? Obviously, Mr Speaker, it appears that I need to explain the position again.

HON P C MONTEGRIFFO:

Mr Speaker, if the Hon Chief Minister will give way. I thought that he had dealt with my speech last night?

HON CHIEF MINISTER:

No, Mr Speaker, GBC was here last night because it was live on radio and I am told that it has a large audience and is enjoyed by a wide cross-section of the population and since it went down so well I feel I ought to have another shot, Mr Speaker.

HON P C MONTEGRIFFO:

He does not have to repeat it for my benefit, I can assure you, Sir.

HON CHIEF MINISTER:

What I am about to give him, Mr Speaker, is a serious explanation. I will stop making fun of him now, I did that last night. Now I am going to give him a serious explanation in case he has not understood what has been said before. It is not that I think he is deliberately misrepresenting things and I am giving him the benefit of the doubt. The fundamental analysis of the Government of Gibraltar repeated again and again and again, before the election campaign, during the election campaign and after the election campaign, Mr Speaker, is that the greatest pool of talent in Gibraltar is in the employment of the Government of Gibraltar. We have said that a hundred times if we have said it once. It is no good the Hon Member saying to me: "Where is that spelt out in the manifesto?" Because not everything that we defended in the election campaign and on which we got voted was written down in the manifesto for the logical reason that we would have had to produce a book as big as the Appropriation Bill if we had had to have every single facet of four years of Government put in there. What I have said, although he does not accept that that is any excuse, is that we have included more in the manifesto than anybody else has ever done. That may not mean that we cannot include even more, that we cannot exceed our own standards but it is a perfectly legitimate thing for the GSLP to say: "Look, you can criticise my manifesto but put mine against yours". Because he stood on one and the party that he represent

in this House of Assembly has stood four elections and on three of them it fought on a single ticket "If you want Hassan vote for the other seven" and that was the only thing that they committed themselves to, period. We commit ourselves to much more and in an election campaign we expand on that commitment, we expanded on what the restructuring meant, we expanded on what the joint ventures meant, we expanded on a lot of things in the course of the debates, some of which the Hon Member participated in. If Gibraltar is judging the GSLP, as it has every right to do, as to whether what we said was going to happen is happening, they also have to judge the Hon Member opposite as to whether what he said would happen is happening and what he said would happen has not happened and he has forgotten that. He is not saying to the people of Gibraltar: "I was completely up the creek with all the horror stories with which I tried to get your votes". No, they have been forgotten except that nowadays, of course, they are all on tape so they cannot be entirely forgotten and we can bring them out and remind him of what he said a year ago just like he has got the right to remind us. Therefore in looking at where the wealth is going to come from, where the growth in our economy is going to come from, it is going to come, as I explained in the election campaign, from the combination of using land better and using people better and the people are already employed by the Government of Gibraltar. I explained that a couple of weeks ago in a debate with the Leader of the Opposition where I said that the Government of Gibraltar already employs two-thirds of the Gibraltarians and I have said on many occasions that if we have a situation where all the growth in the economy is going to be sustained by importing labour then we are in trouble. That is what has been happening until now under the AACR. Whether the AACR was doing it consciously or whether they were doing it because they had no control over the system. They spent a lot of time doing their own thing and very little time governing and whether they were doing it because they thought that would create a pool of secure votes is a matter for speculation but that they were doing it is not in doubt. The Government Service and the Government salaries and wages bills have been growing consistently every year faster than the economy and therefore the share of the national wealth required to provide public services was getting greater every year. Therefore by definition the resources available for other things were getting smaller. It is inescapable, it is an arithmetic relationship. What we are seeking to do is not to butcher people, not to make them go on a long march barefoot, it is not a procession that we are going on with a flagellum, Mr Speaker, what we are doing is trying to make people understand that the future lies in that wealth of talent being redeployed and because they are being redeployed more productively they will be able to earn more. But they are able to earn more not at somebody else's expense, not at the expense of the Hon Member opposite who may have to work very long hours in his practice to make money and then legitimately can say: "Well, it is not right

that I should have to work so hard for my money and then x% of it is taken by the Government and the Government employs people who then do not give me the kind of service that I want for what I am paying". That is a legitimate grouse for any citizen. We need to cure that but we cannot blame the people in the Service because they are doing what is expected of them by the existing system. We cannot blame the people in the Service for wanting to protect and perpetuate the existing system because it suits them, irrespective of whether there is in existence now a political will which did not exist before to put that right is there and, as I have said and as I repeat again, the Government will not be deviated from that course of action. That is not being a Pinochet because Pinochet does not go to an election every four years, he never has. This is, in fact, a Government that has been given a mandate by the people, a mandate bigger than anybody else has ever had before saying: "This is the policy that is good for Gibraltar and this requires the cooperation of the people involved and we want to do it with them". I have spent many hours with these people and I intend to spend many more, persuading them, convincing them, explaining to them, showing to them the advantages. We have already succeeded in convincing some people and the Hon Member does not need to go very far to find out the facts. When he talks about me being cocooned, and I certainly am if there is a Gibraltar where people are being butchered and walking about barefoot because of that Gibraltar I do not know anything. But it seems to me that he must be the one who is cocooned because he does not need to go further than his own family to find out whether there are attractive opportunities in the joint ventures because the Hon Member's own brother has been one of the ones who applied for a move from the Civil Service to a job in the new Tourist Agency. He is, Mr Speaker, as far as we are concerned, one of many young committed talented people who have done well in Government and who will do even better in the commercial ventures that we are setting up. It is that kind of transition, Mr Speaker, away from the constraints of working to Civil Service Rules that we feel will create opportunities for people who are today employed in the Government and who will be able to do a very good service for Gibraltar and at the same time further their own careers make more money. Those that have moved clearly have, if you like, taken us on our word and it is an act of faith on their part because they are the pioneers. We have not butchered the Civil Service, we have shifted a minute proportion of them in the Tourist Office to the Tourist Agency as shown under Head 23. What we have there is a situation, Mr Speaker, where under Other Charges the Government has a contract with the Gibraltar Tourist Agency and that contract is the residue of what it was costing the Government to employ certain people. There are less people, in fact, in the Tourist Agency, I think we actually saved about four jobs in that particular area, so effectively what we are doing is basically the same range of work as was being done before but with four people less. We are spending the same amount of money as we were doing with

four more people and we are paying those remaining more. The four persons that were left over have been redeployed elsewhere. If I can now take up, I think it was a point made by the Hon Mr Anthony, that redeploying people who did not move meant that effectively they would have a very uncertain future. Well, the reality of it is, as was pointed out, that Administrative Officers, for example, of whom there are around 270, are all interchangeable throughout the Government Service and so is every other grade. But if we take the biggest body of administrative workers, like the 270 Administrative Officers, there are also around 90 Executive Officers and 54 Higher Executive Officers in the Government and these figures are considerably in excess of comparable proportions in the UK Departments. In terms of HEQs we have got something like six or seven times as many as the UK Departments have and I think what the people in the lower ranks are arguing about is that if the restructuring eliminates vacancies at the top, then these people at the bottom are saying: "Right since there are less jobs at the top and we will miss out". Because, in fact, in the Civil Service, as I am sure the Hon Member knows, you could virtually predict to the hour when the person in post was either going to retire or die so you could put a little red mark on your calendar in 1990 and say 'that is when that job is going to come up' and you could even, with a bit of luck, say who was going to get it. That situation has changed and therefore I think the reaction of Civil Servants in saying 'There are less promotion prospects' is a reflection of that environment. We are arguing that we cannot continue that situation because we do not think that that would be good Government. It would simply perpetuate jobs in order to give people career prospects whether the job was required or not. So if we have a situation where we feel, as we do, coming back to the Tourist Office, if we feel as a matter of policy that the employment of a Senior Executive Officer in London is not making good use of public money nor good use of the Executive Officer there at present, we alter the position. Because we have worked out that what it will cost including his pay, allowances and his house, is quite astronomical so we decided we would be better off without a Senior Executive Officer in London and that Tourism would not suffer. The Tourism vote will, however, not be cut, the money will still be spent on promoting Tourist but instead of spending £18,000 in keeping one individual in London we are spending £18,000 on something else. We have, however, got to find alternative employment for that individual because we do not believe in redundancy. We do not believe in sacking people and we have therefore found out that there is somebody retiring this year in that grade in the Supreme Court who is also a Senior Executive Officer so we have said: "Instead of a Higher Executive Officer being promoted into a Senior Executive Officer we will fill the post of Senior Executive Officer by bringing back the Senior Executive Officer from London". That is sound management of manpower resources, that is what that is and that is what every sound commercial organisation does and what every

sound public administration does. You look at your manpower, you look at what it costs you and you say: "Are we using the best people in the best way and in the best places?" Obviously the person that was hoping to get the promotion that is disappointed but that is the correct thing to do. It is the correct way in which to spend the people's money. I think, quite frankly, Mr Speaker, what we are entitled to be questioned by the Opposition, on how we are running things and say: "Are you, in fact, doing things efficiently?" "Are you doing it well?" "Are you redeploying people well?" "Are you using your manpower and our money well?" Because that, I think, is the concept of parliamentary control of the Executive as I have always as a Parliamentarian understood it. This is the reason why the House has to sanction public expenditure, precisely to ensure that the Executive is using those public funds well and efficiently. The Opposition is there as the guardians of the Public Purse, not to be saying the kind of nonsense they have said yesterday and which has nothing to do with the Appropriation Bill. It is an attempt to satisfy people who may have come to them with complaints, be they small businesses or Civil Servants or whoever, but what they are supposed to be doing is saying to us: "No, we do not agree that you are doing a good job because you should be looking at savings here and savings there". Because it is controlling public spending that the House is doing at the moment, that is what the Appropriation Bill is all about. Quite frankly, if somebody has to complain about career prospects and somebody has to complain about people being moved from one department to the other it is certainly not the Hon Member opposite because that is not his role, that is not what he was elected here to do. It is a perfectly legitimate role for the GGCA to take up, and which they have taken up, and something which I can understand because that is what they exist for. They get paid by their members, Mr Speaker, to come and say to me: "I am not interested in whether you are saving money or not, my member sees his opportunity disappearing and what are you going to do about it?" That is a perfectly legitimate thing for a Union to do, in defending a section of the community, but the Hon Members opposite are supposed to be defending the entire community and therefore, I think, that their role must be not to suggest that we are butchering the Civil Service and not to suggest that we are pushing too much towards efficiency but, if anything, to push us further because that is what is in the public interest. What is in the public interest is to see that if we are committed to running Gibraltar well and that are spending efficiently in a way that is the best for all of us. I honestly believe that it is also best for the individual Civil Servants themselves and that is what I have said to them that it is in their own best long-term interest. In the short-term it may be a bit painful but then we have to accept that it has to be a bit painful but it is only painful not because we are going round barefoot but because people had already conditioned themselves to getting a particular job and they did not get it. In fact, when they came to see me I said: "Whatever you may say about disappointment the biggest person with the biggest disappointment in Gibraltar about a job that he was expecting to get

but did not get is the Leader of the Opposition. He was conditioned already to the fact that he was going to be Chief Minister in February last year and it did not happen and he has adjusted, so I am sure that if he can adjust so can all of you". I do not think they accepted that argument but I tried it out anyway just in case. Therefore people will be moving within the Government doing the same type of work for the same type of pay only to the extent that we have a problem in filling the vacancies in the sense that not enough applicants arise but, in fact, what we are saying is that we are encouraged by the fact that with our first move in this direction, with the Tourist Agency, we have had four times as many applicants as we had jobs and consequently it would not appear to be the case that the Hon Mr Anthony was saying, of people being sort of coerced into applying because otherwise they would be constantly moved from one department to the other as they got left behind. That is going to happen because at the moment if we had moved faster and had created eighty jobs instead of twenty then we would have had the applicants. Let me say that it is not true that the explanation for that is because tourism is a particularly attractive business because two of the jobs were not in the Tourist Agency, they were in Gibraltar Administrative Services Limited which is the company that actually provides the back-up to the others and we had also a high level of applicants there. Frankly what people look at is the scales of pay and the scales of pay in the companies are about 8% or 9% better than they are in the Civil Service. So somebody can move into a situation where, okay he may have greater flexibility written into his job description but he has got an opportunity to earn 8% or 9% more doing a normal fairly routine clerical task as an Administrative Officer. Therefore what the Grade 2 Clerk in the company gets is something like £8,200 maximum and what a Grade 2 Clerk in the Government gets is £7,500. That differential is what makes it attractive for those who are prepared, if you like, to take the step. We know that not everybody is but we are hopeful that those who have taken the step will carry back good reports to the rest. Obviously it is very important to us to make this work because if the people who have made the first move then feel disenchanted with the move and say: "This is not working, I am not happy and I wish I had not applied", then in a place as small as Gibraltar these things cannot be hidden and if that message gets back to the rest then we could be in trouble. Because we would then find a situation where, as I have already explained, we propose to move faster this year and we have already informed the GGCA of this. I will be meeting them immediately after this session of the House to ensure a faster flow of the programme and therefore we want and we need a flow of people. It would create complications for us, and I am being quite open and honest about it, if we found that the supply of people dried up because the fundamental thesis is that it is no good expanding the economy if we have to import people for the expansion and still keep the core of people that we have

in Government. It is no good having a situation where we say: "We want more banks in Gibraltar but there is nobody to work in the banks because everybody wants to work in Government". That is no good, we cannot follow that road. I believe that the response will be there on the basis of the experience that we have had until now. It is, I think, obvious that this is a crucial element in our Economic Programme, an Economic Programme which Members did not believe existed but which they now accept does and that the capacity that we have for generating growth will be constrained if the programme does not operate. If the programme does not function, because it cannot be enforced, and since we are not coercing people to move then we do not feel we can make it more attractive than we are doing at present, Mr Speaker. The package that we have put together which is one where the people who are moving through our companies, as well as generally getting more attractive rates of pay, get paid their gratuity when they resign from the Government but they are also additionally able to transfer their years of service, which in normal practice they do not. Because as Members opposite know if somebody resigns from Government service and goes to work for a private company then he loses his years of service. In order to make the transfer attractive we are, in fact, preserving those years of service and transferring them to the company which we own and which is taking on that worker. We have gone with this as far as we can go in making the package attractive. At the end of the day, clearly, if the purpose of setting up Government owned companies or Government joint ventures is to have greater efficiency and better utilisation of manpower and more cost effective growth in our economy. We now spend so much money doing this, that the money that we spend is more than the money that we save, and to alter this would defeat the object of the exercise. So we have gone, we feel, as far as we can in the balance between making the package attractive to those who move and making it attractive to the Government as an employer because of the savings to us which are the savings reflected here. When the Leader of the Opposition or other Members opposite say that where is the effect of the joint ventures? Well, the effect of the joint ventures is on the cost side. That is why there does not have to be a Finance Bill because the Appropriation Bill itself will show that we are providing an improving service and appropriating less money for improving that service through the creation of new institutions which, in fact, either supplement or replace the work previously being done by the Government. Therefore at the end of the day although we may finish up with a situation where in three years time, ultimately, the Government will be employing 4,100 people like it is today, instead of the 4,100 being employed directly in the Government, a proportion of that will be employed directly in the Government but a very large proportion of the remainder will be employed in Government owned companies and because they are employed in Government owned companies then only a part of their income will be generated by money

voted by this House because they will be able to be engaged in other things. Mr Montegriffo said that we had not said, when we were talking about new initiatives and new investment that it was not a new investment to open a Chemist shop and it was not a new investment to go into competition with the Building Contractors. Well, why is it not a new investment for us and it is a new investment for all the Spanish companies that have come in in the last three years? Why is it possible for a private individual to come here from Timbuktoo, get the Hon Member as a lawyer to incorporate a company for him and go into competition with Messrs Linares? But it is not possible for the people of Gibraltar, collectively through their Government, why? We are going to do it at least on equal terms. We are not going to be doing it on the basis of breaking the law or not having contracts or having to chase people because they are here illegally, something which is rampant in that sector. The threat to the Construction Industry in Gibraltar has not come from JBS, the threat to the Construction Industry in Gibraltar came after the opening of the frontier, Mr Speaker, when we had a situation where there was a flow of people coming in and out with no control and what did the Members opposite do in Government? I will tell you what they did, Mr Speaker. They came here and they brought a law and they said: "What we are going to do now is to make sure that people do not break the law, we will increase the penalty for using illegal labour from £50 to £500". They increased the penalty but nobody has been caught so what is the difference between the penalty being £50 or £500 or £5,000 if you do not catch anybody? And nobody is going to be caught, Mr Speaker. I hear from the other side that one person was caught, a local company, that may be so but all the ones that have come in and are still coming in are not being controlled. We intend to introduce a better control through the Employment and Training Ordinance that we hope to have on the Statute Book soon. It is our intention, as I mentioned it at the beginning, although I do not think anybody has reacted to it, I thought I noticed the Hon Member opposite make a note of it but he did not reflect it in his own contribution. I have said that it would be our intention to have a situation where everybody in Gibraltar will be required to have a Contract of Employment. We believe that that is fundamental because if we have a situation where today Community Nationals can come in and out, and by the time you discover that they are here they have gone because they do not read to have Contracts of Employment. With the end of the transition period for Spanish and Portuguese workers if things were to continue as they are, quite frankly, we might as well pack up having Quotas of Employment and having a Manpower Planning Committee because the percentage of manpower that you will be planning for is so small that it would make it a nonsense. If you have a situation where you can only plan and control 25% of your manpower and 75% of it is free to come and go under Community Law it does not mean anything. Clearly we have to have a situation where consistent with Community Law we have in

place a framework which is universal because what Community Law says is that we cannot have a situation where we say: "Contracts of Employment for Spanish and Portuguese but not for British Citizens". That is against Community Law. So we will have contracts for everybody and at the same time it will offer protection for individual employees and it will give the Government itself, because the registration will be done by the Employment and Training Board, it will give the Government first hand information of the composition of the workforce, of the trades and of the skills to be able to plan our training to meet that need. In respect to the point made by Mr Anthony on apprentices, it will be the responsibility of the Employment and Training Board. It means, of course, that the Employment and Training Board will be planning training on a Community-wide basis, as opposed to the situation today where the Government does its own training. So we will expect that at the same time this will represent a saving to the Government in that the Government will not be undertaking the training of apprentices for itself exclusively. Let me say that the training that has taken place in the past has been very, very badly planned, or rather it has not been planned at all and a consequence of that has been that we have an imbalance in our labour force. This is curing itself, quite frankly, because a very large proportion of craft workers do not want to continue in their trade, otherwise we would have difficulties. What we have discovered in looking back at the pattern of previous apprenticeships is that obviously a very long time ago, which nobody can remember, somebody decided: "Right, we need to train four carpenters a year" and every year in every Estimates there would be money for four carpenters irrespective of whether you needed any carpenters or not. At the same time in the Estimates there was a ceiling on the number of jobs within the Government Departments and consequently what was happening and which we have corrected this year for the first time because last year all that we did was to approve the Treasury allocation and in approving the Treasury allocation we approved a lot of things that we did not know were there. Frankly, I think that the other side of the House, ie the Members opposite, who were in Government, did not have a clue about it either because I find it inconceivable that small things like these were not corrected. However, we have a situation where if you had 900 workers in the Public Works Department there was money to employ these 900 people. You then had a situation where in 1986 four apprentices reached the end of their training and they became carpenters but, of course, you could not employ 904 people because there was only money for 900 so you had to absorb the four into the 900. So if you lost three labourers and a driver what you did was that you used the pay of the three labourers and a driver to employ the four carpenters and this happened every year. With every lot of apprentices that qualified they were absorbed into the 900 workers so that the ceiling of 900 did not grow but there was no matching. It was not a question of saying: "This year we are losing four carpenters and there are four people completing their apprenticeship on

carpentry". No, it was: "We are losing four bodies and we are taking four tradesmen irrespective of their trade". When you then sit down and say to yourself: "Right, what are the people doing? What are the 900 people doing? Where are they and why are they employed and why have we got so many in this trade and so many in that trade?" Nobody knows, nobody has ever asked before. So we say: "Right, let us put them on Housing Maintenance" and we find that we have 29 painters and we enquired: "What are the painters used for?" The answer was: "Well, there is a painting programme". The painting programme is not based on what requires to be painted. The painting programme is based on what the painters have to be paid. So you have a situation, Mr Speaker, where you first decide how much you have to pay 29 painters and then you decide what you paint because you have to pay the 29 painters. So you work back from the wages to the programme. That is what was being done and that is one of the things that we have stopped. I am not sure whether Members opposite, when in Government, knew that this was how it was done and whether it was their policy but it is an insane policy that needed correcting. I do not think that anybody can question that that is not the best way in which to use money. Mr Speaker, it is incredible, it really is extraordinary, that the Hon the Leader of the Opposition has been sixteen years in Government and he makes in his Budget speech a reference to the fact that we are doing away with the block vote in the Public Works for sick leave and he says: "Why is it? Is it that because we are Socialists we do not want to know how many people are taking sick leave? Is that the reason why we are doing away with it?" No, we are doing away with it because it was a totally idiotic thing to do which he did for sixteen years and which he clearly does not know why he had been doing it for sixteen years otherwise he would know why we have taken it away. Let me say that the sick leave, as far as I know, is not increasing, and continues to be monitored of course, but you do not need to have a vote there to do it otherwise the implication of what the Hon Member opposite said was that it was being monitored only in the Public Works and not anywhere else. The Education Department does not have one, the Medical Department does not have one, the other votes do not have a sick leave vote. What we discovered was that the insanity of the system that he was defending, was that the money of the workers was being allocated before and now, we have not changed that, what we have done is we have moved the people physically under the Housing Manager so that the Housing Manager who is the Controlling Officer actually manages the workers. But what was happening until last year was that 220 workers were being paid by Head 10 - Housing, when they were healthy but when they fell ill they were being paid out of the sick leave vote of the Public Works. How can you run a system efficiently where you say: "If the chap goes ill he ceases to be employed by the Housing Department and he becomes employed by the Public Works but when he gets well he goes back to being employed by the Housing Department". That is how it was being done and what we found was that there was a £1.7m Maintenance being charged

to Housing which was the wages and a £300,000 being charged for sick leave to Public Works for Maintenance of Government Buildings. In theory what the Estimates of Expenditure year after year brought to this House and voted by the House showed was that Government workers when they were not ill maintained Government houses and when they were sick they maintained Public Buildings. No wonder that Public Buildings are in the state they are in. And the Leader of the Opposition wants to know, Mr Speaker, whether we have removed the sick leave vote because we are Socialists and we want to hide the fact that people are sick. I have just given the explanation, Mr Speaker, of why we have now allocated logically the cost of each worker for 52 weeks a year to the Department that employs them and therefore if the workers in the Maintenance of Government Housing have to be paid 52 weeks a year they have to be paid 52 weeks a year whether some of those weeks they are healthy or sick or on annual leave or on public holidays but what you do not have is that you charge the public holidays to one Head and sick leave to another Head and the annual leave to a different Head and the chap is working for something else. This is an improvement that we are bringing in. Not only an improvement from the point of view of better management of resources but an improvement for the House in terms of parliamentary control of expenditure. We are not taking power away from them, we are giving them more power because we are giving them an explanation of what was being done wrong, of what is being done to put it right, of where the money is to be charged and therefore they can say: "Why is this costing more or costing less?" and we can give them an answer which before we could not. When we came into Government a year ago we could not get an answer ourselves and when we started putting the Estimates together this year we started finding out these inconsistencies and we had to do a number of changes and in the body of the Estimates, as I have explained at the beginning, in page 5, what we have tried to do is produce a better reflection of where the money is going and how it is being used. What we hope to achieve over the years is better results in the spending of people's money and getting more done for the same money, not less for more money, as has been the case in the past. The analysis that was made by Members opposite, of course, included I think the contribution from the Hon Dr Valarino on the economics of the operation which almost, I think, qualifies him to be defined as the new economic guru of the Opposition. Perhaps it is not that we have emasculated the Financial and Development Secretary but that with the new sort of economic expertise on the other side he is frightened to speak in case he is shot down to pieces by the Hon Doctor. However he at least made an attempt to understand the economic strategy and to react to it and at least had the courage to predict what was going to happen in 1991 and 1992. I think he is right in one respect and that is that if our economic programme fails to take off there would be a contraction in 1991/92. The prediction of growth is based on the assumption of success and if we do not succeed there will not be growth, there will be contraction, yes,

he is right. He thinks that there will be contraction, clearly what he is saying is, whether he intended to say it or not, is that our policies will not work. I think it is in Gibraltar's interest that they should work and it is in Gibraltar's interest that there should not be contraction in the economy in 1991/92 and if we can make it work then I think Gibraltar will benefit and the success of our policies will be seen. I think also the Hon Mr Mascarenhas, again, reflected the thought that if the programme fails it could fail very badly. I think what he said was that: "We were taking everybody over the precipice". I think they were on the edge of the precipice already and we are trying to pull them back but that is a matter of judgement. But I agree that the situation is that having taken a lot of fundamental steps in putting an economic strategy together if the strategy does not work then we are not just where we were when we started because we have changed a lot of other things in the process and certainly we will not have a soft landing. There is not a pile of cash in reserve which we can get our hands on and say: "Well, if things have gone wrong here is the money", there is not. This is why we have to stress that the situation is tough and not easy. We do not want people to become complacent and say: "Well, all I need to do is to sit back and wait for the joint ventures to start churning money out" as if it was a one-armed bandit. I pull the handle and the joint venture pushes out all the cash. It is not going to be like that. We actually have to earn the money before we can spend it and we are making projections on spending which assumes success in earnings. If we do not earn it it will not be there. That is the reality of life that has to be learned in Gibraltar for Gibraltar's sake and for the sake of our survival as a people. It is fundamental that we learn that lesson. So I do not, in fact, Mr Speaker, attempt to camouflage the toughness of the exercise. It is a tough exercise but it is an exercise that is well within our capacity. There is a risk but it is not a risk that is externally determined, because the risk is whether we measure up to it. If we do not then we never will and we never would have done so. People have the excuse of saying: "Nobody has attempted it before". People can say that all these things that we are pointing out were wrong in the way that the Estimates were being put together and how the money spent and they could argue before that: "Well, the AACR was itself too complacent and there was no pressure to get things changed and they simply allowed the system to carry on". Those excuses will not do anymore. This time round if we do not succeed in the next three years it will not be anybody's fault except our own fault; the fault of the Gibraltarians because we are putting together the machinery that will generate the wealth. The whole thing has been carefully thought out for a very long time as Members opposite know because for all these years they did not believe it and they wanted an explanation when I was in Opposition of how we would put things right when we were in Government and they did not get it. I do not think they

would give me one now if they claimed to have a new programme for the economy if they were to come into Government, quite legitimately they would not give it to me before they were in, why should they? I would not expect them to. But we have such a programme and we have explained fundamentally what the programme consists of and we have explained how it is going to happen. And the main source is the fact that we spend £80m a year so it is not that we are borrowing masses of money, that we are dependant on the Japanese coming in, all that analysis that the Hon Member opposite made, that has nothing to do with it. We said last year and we have repeated this year, that what we are doing is within the level of resources that the Government of Gibraltar mobilises in the Gibraltar economy, the percentage of GNP that we use we are keeping to that percentage, but reducing the proportion on annually recurrent expenditure and increasing the proportion on capital spending. If Members look at the Budget this year they will see that shift and if they look at the Budget last year they will see that shift and that was the pattern in 1988/89 and 1989/90 and they will see the same in 1991/92. What they will see is that within the global sum the percentage that is in the I&D Fund is going up whereas the percentage that is in the Recurrent Vote is coming down or remaining static, or being controlled. We have been in the stage of things being controlled and we are now moving to the stage of staying static and we expect to be in the stage of coming down in next year's Estimates. It will be coming down because part of the things are now being removed. Let me say that I can understand the Hon Mr Montegriffo not knowing about borrowing because he is new here and I could understand the same with the other new Members of the House but I cannot understand why the Leader of the Opposition or the Hon Mr Featherstone express their surprise at the provision for Public Borrowing. We have brought a Bill to the House to do it, the Loans Empowering Ordinance, it was carried unanimously, we explained what it was going to do, we explained that the policy of this Government unlike the Opposition was that the money would be used for investment and not for recurrent spending. Let me take Members to the financial year 1987/88, their last year in Government, would any of them like to volunteer information on how they spent the £2,022,000 they borrowed in 1987/88? Because I have still got to hear one, Mr Speaker. It was borrowed and put into the Consolidated Fund and that is the end of the story. Nobody came here and made a statement saying: "I am now borrowing £2m to pay for X or Y".

HON P C MONTEGRIFFO:

Did you?

HON CHIEF MINISTER:

No.

HON P C MONTEGRIFFO:

Well, Mr Speaker, the Hon Chief Minister should have.

HON CHIEF MINISTER:

Why?

HON P C MONTEGRIFFO:

Does not the Chief Minister want to know where money is being spent then, Mr Speaker?

HON CHIEF MINISTER:

Mr Speaker, it has never been done. In the entire history of Gibraltar, in the forty years that the AACR has been around, in their continuous sixteen years, nobody has ever brought down a detailed breakdown of where the money that is borrowed goes, unless it has been for supplier finance. That has been the only occasion where it has been said: "Hawker Siddeley is selling me an engine and Hawker Siddeley is lending me the money to buy the engine and therefore you have a sum of money under Supplier Finance-Hawker Siddeley in the Improvement and Development Fund". But every other one has been on the basis that the money is for the Improvement and Development Fund or the money is for the Consolidated Fund, and the Consolidated Fund was an innovation introduced in November 1984 by the Government, on the basis that Sir Joshua Hassan said in this House that it was a very regrettable thing to have to borrow for recurrent spending but it was necessary because of the negative effects of the opening of the frontier as a result of the Brussels Agreement. That is the only time that anybody has given any explanation of why we needed to borrow money, in November 1984 if the Hon Member wants to look at Hansard.....

HON A J CANEPA:

If the Hon Member will give way. How can it be November 1984 and have anything to do with the Brussels Agreement? He has got his dates wrong, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, the opening of the frontier was in February, 1985. In November, 1984, the Hon Member opposite was part of the Government that brought the 1984 Loans Empowering Ordinance. The Loans Empowering Ordinance was introduced in this House on the basis that the initial impact of the opening of the frontier, agreed under the Brussels Agreement.....

HON A J CANEPA:

No, Sir. The partial opening of the frontier took place in December, 1982. It was an initiative of the newly elected Socialist Government as Fernando Moran had predicted in Gibraltar, when he was in Opposition that he would do, and it had nothing to do with the Brussels Agreement. For two years the economy was being bled by the unilateral action taken by Spain.

HON CHIEF MINISTER:

Right, Mr Speaker, and in those two years that the unilateral action of the partial opening was bleeding the economy the Member opposite, as Minister for Economic Development, stood on this side of the House and argued that if it had been a full opening the effect would have been even worse. If he goes back and checks in Hansard he will find that he said that.

HON A J CANEPA:

If the Hon Member will give way. A full opening on the basis of vehicular access on the basis of the discriminatory manner in which those two years of partial opening were being conducted, naturally the process of bleeding would have been even more profuse in that manner and what the Brussels Agreement did was to bring about a more rational and a more logical basis which restored the balance for Gibraltar and enabled us to overcome the effect of those two years, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, then the only thing I can say is that when they brought the 1984 Loans Empowering Ordinance to the House they must have expected that the frontier opening in February, 1985, was still going to be discriminatory because the explanation that they gave in the House at the time and the explanation included in the 1985 Budget - which I may have here - was that the situation initially on Government finances was going to be negative rather than positive as a result of the full complete opening in 1985 following Brussels and that exceptionally to meet what was described by the then Chief Minister as a 'hiatus' in our economy, they were going to borrow for the first time in Gibraltar's history to meet a Budget deficit in recurrent spending. It has nothing to do with 1982, it has nothing to do with the pedestrian opening, this is 1985, it is in the Budget statement of 1985 and the Hon Member can check the facts for himself and if he goes back to the Loans Empowering Ordinance he will find that in the Loans Empowering Ordinance the same description of the situation was made because, in fact, I voted against the Loans Empowering Ordinance for that reason. I voted against it

on the basis that I did not agree that we should be using bridging finance from long-term loans to meet current spending. I said: "If you want to use it you have already in the Public Finance (Control and Audit) Ordinance powers to raise overdrafts, that is already there and if you need to borrow any money you use that, you do not use long-term loans" because logically if you use long-term loans for projects which hopefully will generate income and you service the loan with the income generated. That is what every business does, that is what good Governments do. So that is the situation. I am afraid he has got his facts wrong and I have got them right and he can check. So, Mr Speaker, the position on the borrowing of the Government is that Members opposite clearly do not understand or do not remember how public borrowing is conducted in Gibraltar. Let me say that we are not going to be coming back to borrow more and more, as they have predicted, for the very simple reason that we cannot. That is to say, in order to borrow more than £50m we would need to legislate. The £50m ceiling has been agreed with the Treasury and therefore all that we can do is borrow within the £50m ceiling which is what the House has approved. My understanding was that that order of borrowing was already being considered by Members opposite when they were in Government because they had already used up the powers in the preceding Loans Empowering Ordinance and one change that I introduced, let me say, which the Treasury readily accepted because it made sense, was that before we used to legislate, say, I can borrow £50m but if I repay part of the £50m I could not borrow anymore because I had already borrowed £50m and that does not make sense. So logically the law now says that I can have outstanding loans of £50m but what I cannot do is owe more than £50m which makes more sense because otherwise you have a situation where your borrowing capacity is meaningless if it is related to the amount you borrow and not related to the amount that you repay. My own view but one which I could not get the UK Treasury to agree to, and frankly since I needed to proceed with the Loans Empowering Ordinance I was therefore not prepared to be held up by arguing the philosophy of what I wanted to do, was that it would make more sense to have the borrowing capacity of the Government defined as a percentage of GNP. Which is the way that everybody in the world measures whether they are borrowing a lot of money or not. I was happy with what would be a reasonably conservative ratio of something like 35% of GNP. I think in UK it is something like 45%. In places like Italy, for example, which has got one of the highest in Europe it is something like 65%/70%. So I thought we could live quite comfortably with 35% of GNP but I accept that our measurement of GNP needs to be, perhaps, more professionally and technically tightened up before we have that kind of link. In any case, for the moment, we are happy with the borrowing ceiling that we have of £50m. We think that we

can manage the programme within that ceiling and we do not anticipate having to come back to the House during our term of office with a further Loans Empowering Ordinance. So that is going to be the position as far as we are concerned on current projections. We do not think we are going to need to borrow more than the amount laid down in the existing law, we do not think we are going to need to legislate anymore. But I think if we could, looking into the future, move to a more flexible system where the borrowing ceiling was related to the economic activity it would be better for Gibraltar and if we can get that agreed then we will wish, at some stage, to bring a law that will change the fixed amount of £50m for a percentage of GNP but there is no rush to do that. This is something, as far as we are concerned, that can wait because we do not think we are going to need the money between now and 1992. The position, Mr Speaker, as regards our Housing policy, that the Hon Mr Britto brought up and where he argued that effectively what we have done now is change our minds because he quoted my colleague, the Hon Mr Baldachino, who in 1985 in Opposition criticised the AACR programme on Home Ownership and the Hon Mr Britto's contention, Mr Speaker, in his contribution was that we were simply pursuing the same policy as the AACR without giving them credit for it. He does not accept that the pointage system which was introduced by the AACR in 1987 and which people are criticising, is something that the AACR should get blamed for, he thinks that they should get credit for the Home Ownership. Let me say that we have no inhibitions about pursuing a policy that might have been initiated by the AACR if we believe that policy is a good one. We do not think we have got the sole monopoly of good ideas and we always welcome any contribution that Members opposite may wish to make to improve our performance as a Government and we are happy to continue with anything that they may have initiated which we feel is working well. I think we have to, in our commitment to change, be careful that we do not throw the baby out with the bath water. There are things that need changing and there are things that do not need changing and the ones that do not need changing we will not change. But, of course, my colleague was not criticising the Government's policy on Home Ownership, period. He was criticising the AACR's policy of Home Ownership to sitting tenants and that is in pages 112 and 113 of Hansard of the 1985 Budget. Mr Baldachino said: "We are against the scheme regarding the sale of houses to sitting tenants. What happens when they sell to tenants? If they are, in fact, successful and if people really want to take advantage of that is that the Government will have a reduced rent roll because they are selling houses that are more expensive, in other words, the houses have got a higher rent at a cheaper price than they really cost". And that is what we found and this is why when we came into office we tried to stop what the AACR had done because it was economic suicide that they were committing. You had a situation where you were selling houses for one-third or one-quarter of their replacement cost so

that meant that if you sold one hundred houses which then disappeared from the Government stock you only had money to build twenty-five so the housing stock as a result of that exercise went down by 75. You could not then say to the tenant, because he was no longer a tenant he was an owner, that when the house became empty he could not sell it, they could sell it and the restriction, in fact, on selling it back to the Government was removed after Shorthorn. So in Rosia Dale and in Rose Shrine people who had bought can then sell to whoever they wish. And once they have sold they can go back on the Housing Waiting List and the Government has to rehouse them. Thirdly, Mr Speaker, the wages of the people in Housing Maintenance is paid from the rent roll. So not only are you selling off cheap assets creating a worse housing situation from the point of view of the length of the waiting list, reducing the stock of rented accommodation available to that Waiting List but on top of that you are enlarging the deficit on the Housing Account because I assume it was not the AACR programme to make maintenance workers redundant. We certainly found no evidence of this when we came into office and therefore if you have a situation where you are collecting £2m in rents and paying £2m in wages and you sell a quarter of your houses you have £1½m in rent but you still have £2m in wages so what do you do? How do you meet the shortfall? What do you do, do you increase the rents of the remaining by 33% or do you subsidise the remaining by 33%? Well, the result of that is that this year the Housing Department has got less money to pay its workers because it has no longer the rents from the people who bought in Rosia Dale and Rose Shrine. The number of workers is the same and the wages are up and so the deficit is bigger as a consequence. So we stopped it not because we are against everything the AACR does but because it did not make sense. In fact, let me say something that they did as well which is very surprising in view of their sudden conversion to open Government and to the control of public spending and to people being given explanation in the House about how money is spent. One thing they did which they had no mandate to do, which they did not mention in their election campaign, which they did not bring to the House and which they did not legislate for was to promise the people who were buying that they would refund the rents since January, 1987. It is quite incredible, Mr Speaker, that people who were offered accommodation were told: "If you buy, you will get all your rent back from January, 1987". So we found a situation where people, who are no fools and you cannot blame them, were finding all sorts of nitty gritty things wrong with their contract because logically the longer they took to sign the contract the more rent they got back. If they had waited long enough the Government would have had to pay them on top to buy the house. These things had been put in writing and we took legal advice from the Hon Attorney-General who said: "Yes, legally you have to do this". So we had to do it and we have had to sell these houses at very low prices and we have lost the income to the Housing Department from rents

and we have had to give them back all the rents that they had paid since 1987. The only thing that we were still able to keep was the rates because we sought further legal advice and we were told: "No, the rents" - the tenants were arguing that they should get the rates back as well, let me say, but we were able to argue that legally there was no commitment for rates. What is the Hon Member opposite going to say to me now, why did I not ask the previous Government to make this public? I did not know that it was happening, nor did anybody else. The electorate did not know, the House of Assembly did not know, there was nothing put in any Budget. This was spending public money with no Head of Expenditure, no subhead and no nothing. Are those the standards that we have to live by or did a new world and a new code of conduct and a new set of Ten Commandments come into effect on the 25th March, 1988?

HON P C MONTEGRIFFO:

Mr Speaker, I thought that was what Hon Members on the other side were promoting, a new set of ethics and standards on the 25th March, 1988.

HON CHIEF MINISTER:

Mr Speaker, I am pointing out to the Hon Member that whatever shortcomings we may have by the standards of twelve months ago, we are doing extremely well. That does not mean that we are complacent, far from it. I say we have to do better and I accept that he should spur us to do better, I accept that, but at least, let him have the decency of recognising what we are doing, at least that much, in a year, not in sixteen years of continuous Government but in twelve months. That is all I am saying to him, I am not saying we want him to say: "We can now sit back and relax and everything is done". There is a lot to be done and we intend to do as much as is humanly possible in four years, but what we cannot do is miracles. I wish we could but we cannot. When we are asked how open we are, we are very open, we may not be totally open because this is not a Greek democracy and we do not have public referenda and we do not all go to the Piazza and have a show of hands, we do not govern like that. We have to govern within the constraints of what civilised European communities do. But by the standards of civilised European communities we are a Government that does a lot of consultation, that has a lot of meetings, that gives a lot of explanations and, certainly, by the standard of the last sixteen years it is like day and night. The standard explanation that I used to get when I was sitting on that side of the House, Mr Speaker, was that the previous Chief Minister had got 7,000 votes and that was it. With those 7,000 you could take it or you could leave it or you could lump it. Well, I have not said that so far and everybody on this side has got over 7,000 votes. So what do we do we say: "We have got 56,000 votes so you

now lump it eight times more than we used to have to be lumping it with the AACR". No, we try to reasonably meet the Hon Member's request for information but it is quite obvious that it is not information that he wants because if we say to him: "We are discussing with somebody the possibility of an airport", he then asks: "When is this airport going to be built? This year, next year, ever?" We say to him: "We are talking to the Danes about factory". He asks: "When is it going to be built? Where is it going to be in San Roque, in La Lina, in Ia Atunara?" He is not interested in information, he is interested in ridiculing our efforts and therefore what he wants is more information in order to have more things to ridicule. I am afraid he must know that we are a little bit long in the tooth to fall for that one. At least give us credit for a little bit of grey matter up here, Mr Speaker. If it is a question of doing an honest parliamentary job in this House of scrutinising Government performance, of questioning Government performance, of pushing the Government to improving, Mr Speaker, let me remind Members opposite what I said in 1984, in the Opening of the House when the GSLP took seven seats and I was Leader of the Opposition, I said: "We will not indulge in the kind of bickering that has taken place in the past in the House. The standard of the GSLP in Opposition will be a standard of pressing the Government to make it work better for the better of Gibraltar, in the hope that we do not make them work so well that they get re-elected". That is what I said. If he looks back he will find the speech there. I think we gained the respect of people during our last four years in Opposition by sticking to that policy and, quite honestly, I think the AACR lost the election in 1988 as much as we won it. The fact that we had performed well in Opposition helped but I think it was the fact that they made a lot of mistakes that was really the Achilles heel of the Party when they fought the election in 1988. Therefore what I commend to Members opposite is that they should follow our example in Opposition but, obviously, not so well that they achieve the result that we achieved. Therefore, I think, in rounding up, Mr Speaker, I do not feel that the Budget has been a damp squib because the Budget, as I explained, was about spending people's money. We do not have a revenue raising Bill because we do not need to raise any further revenue. We intend, within the parameters of the existing structure, to adjust them to ensure that incentives are given in the areas that we want and help is given in the areas that we want and we do not need to do that once a year. What we need to do once a year is to analyse the economic direction where we are going. In analysing that economic direction we have to get away from the concept that the Budget, which at one stage used to be dreaded because it was the one time a year when the AACR would come in and hammer everybody with increases in rent and water and electricity and this and that and then, of course, when they get near to the election then they dished out 'goodies' and we had two years of 'baddies', one year of nothing and one year of 'goodies', that was

the pattern. That is not going to happen anymore. I know that the Hon Mr Anthony does not like the description of the Budget as something to do with goodies, I agree with him. We never invented it, as I said, it was the Hon Mr Mascarenhas who invented it and, of course, given his own leader's reaction to the Budget maybe we can start calling it 'smellies' instead of 'goodies' this year after what the Leader of the Opposition had to say on the subject. Let me say that the Leader of the Opposition, even when he was in Government, Mr Speaker, tended to use these metaphors and similes to describe political decision making because when I was looking for the statement made by my friend, the Hon Mr Baldachino, on housing which I have just quoted, in the 1985 Budget, I came across his reaction as Minister in the Government to what I had to say in 1985. And it is strange because his analysis of what I had to say in 1985 was that it was not 'meaty'. I could not understand why my contribution was not meaty or why it had anything to do with food really. Of course, we all know that panthers are meat eating animals but they are members of the feline family and it may well be that Pink Panthers are fish eating animals and this is why he has decided that my contribution this year should not be meaty but instead should be fishy and that may well explain why his analysis between 1985 and 1989 has moved from considering that I was not being sufficiently meaty to considering that I am being too fishy. I think, if the alternative that the Government of Gibraltar faces is a gastronomic one from the AACR, I think the people of Gibraltar will continue putting the GSLP back in Government for many years to come and I think with the passage of time they will see an improving performance in the use of public resources reflected in the Appropriation Bill with a higher standard of living and the kind of economic structures and the kind of society which we can all be proud of. I commend the Bill to the House, Sir.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I do not propose to exercise my right of reply for answers. Just a slight matter of business, if I may delay the House just for a minute. We propose to circulate a revised page 5, that is the Financial Statement which will precede the Estimates, Mr Speaker, as we normally do and together with the revised page 5 a note about the Funded Services adjustment which has caused Hon Members on the other side of the House a certain amount of difficulty and the note will explain this. If I can just add a few words to what has already been said on the subject of the Funded Services adjustment. The purpose of this is really quite simple, it is to ensure that the estimates for these services are consolidated on a cash basis with those of other Government Departments thus doing away with the convention of reimbursements and the Consolidated Fund Balance, as I think has already been said, will therefore in future more closely reflect the actual cash position. It is the

previous convention, as the Chief Minister has said which is a highly unorthodox one employing the convention of reimbursements and consolidation of cash estimates with estimates containing accruals. Of course, normally trading accounts such as those of the Funded Services are on an accruals basis, that is, at the end of the financial year or the year of make-up if you have not received all your revenue for which you are giving a service - electricity, water, telephones or whatever - and therefore you accrue the revenue. Of course, when you try to combine cash accounts, and Government accounts normally are prepared on a cash basis, with accounts which contain accruals, you do get misleading results and I think, as the Chief Minister has quite rightly said, the bottom line, that is to say, the Consolidated Fund Reserve has always included, as the House well knows, this element of unpaid bills. It is purely an accounting change, it does not mean that we are writing off any of the debts outstanding at the end of the financial year represented by the accrued revenue. We are now going on to a cash basis. Revenue collected, therefore, will in future go straight into the Consolidated Fund instead of into a Special Fund as it is now. The reimbursement of Funded Services expenditure which was formerly in Revenue - Head 8, and the interest on capital expenditure by the Funded Services which was formerly in Revenue - Head 7, will both cease. Annual budgetary contributions to clear any deficits will no longer be necessary but a once and for all adjustment has to be made in this financial year, that is, 1989/90, in respect of the value of unpaid bills at the 31st March, 1989, and this adjustment which is a £3.5m and will be shown on the revised page 5 separately from the rest of Government expenditure, will not be necessary in future years. But notional accounts will still be prepared for the municipal services on the lines of Appendices 'A' to 'D' in the Estimates and the sub-heads in the same form. So there is no question of the information being concealed or not revealed to the House so it will be able to see what the position of the Funded Services is as in future years. It is primarily an accounting change and I can quite honestly say and my own experience is that it is more in accordance with the principles of Government accounting which are normally on a cash basis. Thank you, Mr Speaker.

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

COMMITTEE STAGE

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move that the House should resolve itself into Committee to consider the Appropriation (1989/90) Bill, 1989, and the Gibraltar Shiprepair Limited (Amendment) Bill, 1989, clause by clause.

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

THE APPROPRIATION (1989/90) BILL, 1989

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

Schedule

Part I - Consolidated Fund

Head 1 - Audit was agreed to.

Head 2 - Customs

Personal Emoluments

HON A J CANEPA:

Mr Chairman, how realistic is the provision for overtime for 1989/90 and for allowances, which are virtually contractual in the sense that there is a salaries agreement that prescribes the allowance and lays down what they are, how realistic is the provision for 1989/90 for these two items if we compare what the forecast outturn has been in 1988/89 and which is considerably in excess of the 1988/89 approved estimate and also far more than what is being provided in 1989/90? Why are these provisions apparently lower? What does the Government expect to do? What steps are going to be taken in order to be able to work within the figure of £188,000 for overtime and why is it that the allowances were £116,000 in 1988/89? Can the Government really expect that it can have lower the provision in 1989/90?

HON CHIEF MINISTER:

Mr Chairman, the bulk of the allowances, not just in this Head but in most of the Heads under Personal Emoluments, perhaps less so in this one, because an important element here is the fact that people work shift work but the bulk is acting allowance. To some extent the reflection of the level of acting allowances from one year to another depends on the number of posts that become vacant and the speed with which those posts are filled. So you sometimes get a situation where part of the extra cost of allowances is made up by savings on salaries because, in fact, the higher salary is not paid because the post is vacant. The same amount of money is paid but it is paid at a lower salary plus an allowance which comes to the same thing. The stand that we took this year was that in most of the cases the level of overtime and allowances we approved the Treasury allocation which is based on the level approved in the previous year's Budget plus an adjustment for the pay review, so that if the salaries bill has gone up by 5% then what the Treasury generally does is it allocates the same budget as last year plus 5%. We have also found during the course

of the year a somewhat unsatisfactory situation in that in different departments we were asked to approve additional sums for overtime after the overtime had been done. This meant that you had no choice, the money had already been earned and therefore we were being asked to approve a fait accompli. We have asked the Treasury to minute all Heads of Departments this year instructing them and reminding them that what they have approval to spend is the amount approved by the House of Assembly and that they should budget that amount for twelve months and that they should monitor whether they are sticking to their budget or overrunning it and that if they are overrunning it they have to give an explanation as to why they are overrunning and not simply use up a year's money in six months or in nine months and then say: "I do not have sufficient money for the rest of the financial year". We believe that consistent with that discipline we have to contain expenditure and I think it is as a marker to the departments that we expect them to be making a conscious effort to keep costs down. The Hon Member will find that we have reflected this thinking in every Head of Expenditure unless there were particular reasons for not having done it and that we intend to monitor it over the next twelve months in a way that has not been done in the past.

Other Charges

HON A J CANEPA:

I have a question on this, Mr Chairman, as well. What steps is the Government taking to control the use of the telephone by the department have regard again to an oscillating series of figures. £7,000 were provided in 1988/89, in fact, £12,000 have been required and the Government is now seeking to approve £9,000 for 1989/90. Have instructions been issued to the department regarding the use of the telephone taking account of an increase of 80% in the revised estimate for 1988/89?

HON CHIEF MINISTER:

The explanation there was, Mr Chairman, that a lot of the use, we were told, in the last twelve months was not pre-planned use of the telephone. It came about as a result of greater cooperation at international level particularly in terms of the control of drug smuggling between our own Customs and Customs in the United Kingdom and elsewhere. It may well be that that activity needs to be maintained at that level and that we need to spend that much money again but it is not something that can be pre-programmed. Therefore, in our view, if the requirement is there we will provide the supplementary funds. But we feel that if we put the money beforehand then there is a tendency, quite frankly, for all Heads of Department that if they have got a vote for a certain amount of money on a certain subhead

and they do not need it for that and they have got some pressing requirement somewhere else, then they try and get it vired and use it for something else and therefore we felt we should stick to the basic amount of money provided for the telephone over the years and which is, if you like, for the routine work of the department in the knowledge that if there was a requirement in the next twelve months for exceptional use the funds will be provided by the Government. We are not against providing it because we think it is an important thing the department needs to do but we are against putting the money in beforehand for the reasons that I have given.

Head 2 - Customs was agreed to.

Head 3 - Education and Sport

(1) Education - Personal Emoluments

HON G MASCARENHAS:

Mr Chairman, can the Government provide an explanation of the Temporary Assistance, why the forecast outturn shows such a tremendous increase over the approved estimate for 1988/89? I am not quering the variation of £42,000 which seems an additional £5,000 approximately but the forecast outturn based on the approved estimate for 1988/89 is a substantial increase from £117,000 to £165,000. Why was so much temporary assistance required?

HON J L MOSS:

Mr Chairman, most of the temporary assistance is for the poor relation of the Education Department and which the Hon Member was referring to yesterday, ie the College of Further Education. The College required more assistance mainly to do with B/TEC courses partially due to some jobs not having been filled.

Other Charges

HON G MASCARENHAS:

Mr Chairman, having accepted the explanation given by the Minister for Education yesterday based on the Scholarships, theoretically there will be 100 or 200 scholarships. Can he tell me how the figure of £151,000 has been arrived at?

HON J L MOSS:

Mr Chairman, as I explained to the Hon Member yesterday, basically it depends on the money which is already available in the Fund. The Estimates have been calculated to give out the expected 90 to 100 scholarships and what will be required is an extra £150,000.

HON G MASCARENHAS:

I am sorry, I may not have understood the Hon Member. Is he saying therefore that he is making a calculation for between 90 and 100 scholarships this year?

HON J L MOSS:

Mr Chairman, following the indication of the amount of scholarships given last year I would suggest that to be a fairly accurate estimate.

HON A J CANEPA:

On books and equipment, Mr Chairman. Will the Minister explain why he is not making any provision for the normal increase that there is in the rate of inflation in the cost of books and equipment which from year to year is bound to go up? Why is he virtually providing the same sum of money for all the schools?

HON J L MOSS:

That, I am afraid, is not correct, Mr Chairman. In fact, the increase has been twice the rate of inflation. Inbuilt into the amount which you can see there for the previous year was a special - perhaps it was not a one-off but perhaps a two-off or a three-off - for GCSE. That supplement was meant to finish this year so what we have had done basically is keep the same amount of money and inbuilt that into the money available for books and equipment and it works out at roughly 10%.

HON LT-COL E M BRITTO:

Mr Chairman, I presume it is under subhead 5. I asked the Minister for Sport yesterday who in her intervention had said that an extra £12,000 were being allocated to schools for sports equipment, I presume it is under subhead 5 but can she confirm this?

HON MISS M I MONTEGRIFFO:

Yes, Mr Chairman. Part of the £12,000 is met by subhead 5 and subhead 9 on wages and the wages are needed for the attendants to be available at the schools for the extra allocations for community use and part of the replacement of equipment comes under subhead 5.

HON LT-COL E M BRITTO:

Just one minor point, Mr Chairman. Can the Hon Minister confirm that she said that 'some extra £12,000' or did she say that 'it is £12,000'?

HON MISS M I MONTEGRIFFO:

When we came in, Mr Chairman, we found that it was not available in the Estimates that were produced by the previous Government so we had to actually allocate an extra £12,000.

(2) Sport - Other Charges

HON LT-COL E M BRITTO:

Mr Chairman, under subhead 3 - replacement of equipment. Is this routine or any special equipment envisaged by the extra £2,500?

HON MISS M I MONTEGRIFFO:

That is routine, Mr Chairman.

HON LT-COL E M BRITTO:

Mr Chairman, under subhead 8 - Grants: Sporting Societies. Does the Minister expect to meet the cost of the Island Games Association from the £40,000?

HON MISS M I MONTEGRIFFO:

A bulk from it was from the past financial year and we expect that for this coming financial year the money and the token that we gave in the last financial year will be very much reduced.

HON LT-COL E M BRITTO:

On subhead 10 - Insurance Premia. Will the Minister give us an indication why it has been found necessary to bring this in?

HON MISS M I MONTEGRIFFO:

Yes, Mr Chairman, because we found a situation where the previous Government carried their own insurance and therefore, as I said in my Budget speech, we expect more people to be using the Stadium and therefore we find it is prudent that we should actually insure ourselves for public liability and also for the surfaces and also for the Stadium building itself.

HON LT-COL E M BRITTO:

Mr Chairman, is there any intention of passing this liability on to the Sports Associations themselves to meet part of the insurance?

HON MISS M I MONTEGRIFFO:

No, this is insurance that the Government will actually bring out for the Government.

HON P C MONTEGRIFFO:

Mr Chairman, we have noted the provision for insurance at the Stadium and I ask without full knowledge, is it the policy of the Government then to also have insurance cover in respect of other sporting facilities and, in fact, indeed recreational facilities, for example, Inces Hall, etc which can also give rise to people attending. I would think logically that was the case and a global insurance would therefore seem more practical.

HON CHIEF MINISTER:

Mr Chairman, we are looking at the whole question of Government insurance of all Government buildings and assets. At this particular point it seemed appropriate to move in relation to the fact that in the Stadium, with this possibility of introducing the Omni-turf, that required insurance immediately, independent of what the Government was looking at generally. It therefore seemed sensible to include it in the Estimates. The Hon Member is right, our feeling is that we are over-exposed at the moment and that we need cover against these things.

Special Expenditure

HON LT-COL E M BRITTO:

Finally, Mr Chairman, under Special Expenditure, subhead 80 - PA System/Scoreboard. Could we have an indication of what sports are intended to be covered by this?

HON MISS M I MONTEGRIFFO:

It is for the Sports Hall, Mr Chairman. We are talking about volleyball, basketball, five-a-side football. We are talking about every kind of sport that is practised within the Sports Hall.

HON LT-COL E M BRITTO:

But, Mr Chairman, surely the Minister appreciates that different sports need different types of scoreboards. You cannot use a football scoreboard for a basketball game unless it is specially designed.

HON MISS M I MONTEGRIFFO:

It is not a question of actually putting a scoreboard that will only take into account one sport. We will make sure that the scoreboard that is installed takes into account every sport practised in the Sports Hall, Mr Chairman.

HON LT-COL E M BRITTO:

Thank you, Mr Chairman, I look forward with interest to seeing this scoreboard. I wish the Hon Lady good luck in designing a scoreboard that will meet the needs of every sport that uses the Hall. But I take the point that it is a general purpose hall.

HON CHIEF MINISTER:

I can assure the Member it will be better than the one that is there now.

Head 3 - Education and Sport was agreed to.

Head 4 - Electricity Undertaking

Other Charges

HON K B ANTHONY:

Sir, I notice in Other Charges, under King's Bastion and Waterport Power Stations there has been a reduction in wages based on the forecast outturn in both Stations and they seem rather high. There is a reduction in the establishment of four people, but this seems to be much more than would be justified for four people.

HON J C PEREZ:

Mr Speaker, the reduction in the establishment that he talks about is not reflected in that, it is separate under Personal Emoluments. The reduction he sees there is that there were a great number of vacancies which have not been filled as a result of the attempt to introduce a productivity agreement but the money continued to be voted and spent at the end of the day on other matters and this year we decided we were not going to proceed with any of the vacancies in anticipation of the closure of King's Bastion and therefore we have deducted all the money for all the industrial vacancies that used to appear in the previous years but which were not spent on filling the vacancies and were spent on something else.

HON K B ANTHONY:

Subhead 24 - Electricity supplied by MOD. Now that we have got Engine No.3 on line, is this going to be necessary in the future?

HON J C PEREZ:

Mr Chairman, we feel that we must continue to make provision for it because of the problem, as I explained to him with King's Bastion, and although Engine No.3 is functioning there is no guarantee that King's Bastion will continue to give us a very good service and we feel we need to make provision for this in the event that we need it and we have been needing it in the past years and we have been spending it. If there came a time that in one particular year when we did not spend this money and we did not need to depend on the MOD then we would eliminate it completely the following year. But I think it is an assurance that we need to have at the moment in the Estimates.

HON K B ANTHONY:

One final point, Mr Chairman. I notice that under subhead 25 we had no engine overhauls in 1988/89 and there is none anticipated in 1989/90, is that correct? You do not anticipate any overhauls in the two-year period?

HON J C PEREZ:

Sorry?

HON K B ANTHONY:

Under subhead 25 - Engine Overhauls, there were none last year and none this year, that is a two-year period without any overhauls whatsoever.

HON J C PEREZ:

Mr Chairman, these are special overhauls that have been contracted to Hawker Siddeley in the past. The normal overhauls are included as part of the cost of the wages of the Stations and under materials. The repairs are for those areas where work has been contracted in the past and therefore what we do not intend to do is contract out for overhauls, we intend to do them inhouse.

HON A J CANEPA:

Mr Chairman, I think I can understand why £1.2m is being provided for Waterport this coming year, in other words, 50% more than what, in fact, was being required in 1988/89 because that is compensated by the fact that at King's Bastion the Government is anticipating spending only £450,000 so obviously there is a shift to the other Station. But what I find difficult to understand is how it is that £½m less than what had been provided for has been spent on fuel at Waterport during the course of 1988/89.

HON J C PEREZ:

Mr Chairman, that is because the price of fuel has dropped substantially.

HON A J CANEPA:

I do not think it can be the price of fuel, Mr Chairman, because there has been no dramatic drop in the Fuel Cost Adjustment.

HON J C PEREZ:

There have been three consecutive drops in the cost adjustment formula and not only because of the price of fuel internationally but because of the price of fuel by the company supplying the Government.

HON A J CANEPA:

Mr Chairman, at the beginning of the last financial year the Fuel Cost Adjustment was just under one penny and it is now about 0.4p. Surely, that would not account for £½m, there must be some other reason.

HON CHIEF MINISTER:

The figure that we provided last year was, like everything else that we provided was based on the figure that we found when we got into office on the 25th March. It may well be that that figure was on the assumption that No.3 Engine would have come into stream earlier than it did and I think that is part of the reason. Apart from that, I think if the Hon Member looks at the actual Notional Accounts at the back that he will find that there was quite a hefty drop in the Fuel Cost Adjustment Formula, something of the order of £400,000/£500,000.

HON A J CANEPA:

One other question, Mr Chairman. Does the Minister have any indication at this point in time, as to the minor works and repairs that are going to be carried out and for which only a token provision. What are the minor works and repairs that are planned for the Electricity Undertaking or is that a matter that has to be decided in due course?

HON J C PEREZ:

I think, Mr Chairman, it is a good time to explain to the Hon Member because we will be seeing several subheads with a token vote. We attempted to have a programme for minor works in a way where we would be able to allocate the cost in the estimates of the works that were scheduled, but the problem that we have is that the works that are going to take place will necessarily have to be dictated by the labour resources that we have available at the time and if every department projects work on carpentry and I have not got enough carpenters but I have a lot of painters and I have a lot of masons but not everybody can have jobs of carpentry done in the year because we have got to have the work done depending on the skills that we have available. So instead that is why we have introduced a separate Head so that we are able then to vire the real cost at the end of the year and have it shown in the final accounts. But the priority

will be dictated not only by what is most urgent and what is most affecting the general public but also by the resources available by the department at the time.

HON A J CANEPA:

The only thing is he seems to be contradicting the argument of the Hon the Chief Minister about the number of painters and the linking programme.

HON J C PEREZ:

No, Mr Chairman, not at all. The problem is that in having separated the Housing and the minor works we now find that a lot of resources paid for by the Housing were being directed to public buildings and elsewhere so having separated them we now find that we have got a workforce which needs to be adapted over the coming months to meet new requirements and therefore there is an element of truth in what the Hon Member has said. The decision to spend on repairs to public buildings is not one of whether we need repairs or we do not need repairs but on the number of people we employ in that particular section. Therefore the figure arrived at under the subhead of minor works is the figure for the wages to cover for the people we employ in that section plus a percentage for materials. Then when we start seeing the bids from the departments we shall have to see how best to spread the resources within the context of a priority of what is most important.

Special Expenditure

HON K B ANTHONY:

Mr Chairman, subhead 80 - Fire precaution system, a reserve of £25,000. Can we have some idea of what this is going to encompass?

HON CHIEF MINISTER:

From memory, Mr Chairman, I seem to remember that this is something to do with the sub-stations that we have got dotted all over the place and they have inside them a mechanism which gets triggered off in case of fire and which contains a chemical which has now been declared by the Home Office as being dangerous. The department, apparently, has for years been asking that something should be done to remove this risk and we have accepted that, in principle. There seems to be a very strong case but we have put an '(R)' against it because we want to have a good look at it to make sure that it is really necessary.

Head 4 - Electricity Undertaking was agreed to.

Head 5 - Environmental Health was agreed to.

Head 6 - Fire Service

Other Charges

HON K B ANTHONY:

Mr Chairman, I see that there is an increase of only £1,000 on subhead 11 - Staff training. What is this for?

HON J C PEREZ:

It is because some people have retired and there are new people coming on stream and extra training is required for new recruits.

HON K B ANTHONY:

As last year it will be on-station training?

HON J C PEREZ:

Some people might have to go to UK because we have new recruits now and the new recruits need to be given an amount of training which is not possible locally. These persons have undertaken the basic training already.

HON DR R G VALARINO:

On subhead 6 - Fire Hydrants Maintenance. This work was usually done by the Public Works Department, I believe. No work has been done for a number of years is any work going to be done this year?

HON J C PEREZ:

No, the Hon Member has got it wrong. The Public Works Department used to do their own hydrants. What the Fire Brigade is doing now, because it has not got the resources to do all the fire hydrants of Gibraltar and check them annually, is to say: 'well, if you have a particular firm in Gibraltar that does the work for you then we will supervise that work at the end of the day and see whether it has been done properly' and they are keeping a check on this but the actual work of checking the hydrants and everything else is being done privately between the individuals or the different companies or whatever who can do this.

Head 6 - Fire Brigade was agreed to.

Head 7 - General Division

Other Charges

HON P C MONTEGRIFFO:

Mr Chairman, under Information Department, is there any information why we spent £38,000 this year and we are going to budget for £24,000? Are we going to have less information than even last year?

HON CHIEF MINISTER:

The extra cost of the Information Department is advertising that we have taken out in financial journals where we have taken out a number of things and supplements in national newspapers like The Telegraph coinciding with the opening of our office. For example, we took advertising out in the Asian edition of the Wall Street Journal to coincide with the opening of the Hong Kong Office. When there was the Hong Kong Money Show where the Chamber of Commerce participated we had a special supplement, I think it was, in the Observer. What we decided to do was effectively to provide not for the extra exceptional advertising that we had done this year but for the normal thing that we would have done normally and for which we had budgetted a year ago. So, in fact, the £24,000 the £23,000 plus inflation and then if we find that during the year there are good grounds for doing an exceptional promotion, I have already mentioned, I think, in my opening speech that we were planning to do a special issue of Euromoney to coincide with the IMF Conference in September in Washington. That is the only special programme at the moment which will be something that will be financed probably from the Bureau's resources rather than from here. So therefore we felt that we should try and keep to the original budget this year rather than increase it.

HON P C MONTEGRIFFO:

Mr Chairman, under subhead 14 - Visiting delegations. The Chief Minister has given indication about what is being planned, a delegation from the House of Commons and also, I think, MEP's and, possibly, as a third stage although possibly linked to that second stage, a visit of non-British MEP's. Is that basically the programme the Government has for this year, Sir?

HON CHIEF MINISTER:

Lord Bethell wrote to me a few days ago and suggested that we ought to be thinking of inviting them, perhaps some time in October, ie the Gibraltar in Europe Representation Group. Obviously we have to wait for the elections to the European Parliament and we hope that they will all get re-elected and I think it is a good idea to have them out. We have already got correspondence between the Clerk and the UK

Branch of the CPA about a visiting group of Members of Parliament who will probably be coming around October. And the idea would then be that once we get Lord Bethell and the British MEP's out here we would plan with them the possible visit of a multinational Euro MP delegation to Gibraltar. We have got those three on which we are committed and in addition any ideas that we may have of some other group that we might want to invite we would look at. We have provided enough funds to be able to cope with that.

HON K B ANTHONY:

On subhead 12 - Security, I notice that there is an 800% increase in the estimate for this year as opposed to the approved estimate. Can we have some detail please?

HON CHIEF MINISTER:

I imagine, Mr Chairman, that this is the result of the fact that our Security Guards, which would have previously been included in Personal Emoluments, are now employed by Gibraltar Security Services Limited and consequently we have a contract with that Company and it comes under Other Charges. If the Hon Member looks in the preceding page he will see that there were three Security Officers in the establishment in 1988/89 and there are now none. The pay of those three Officers and their allowances, etc previously included under Personal Emoluments are now included under the Security vote.

Head 7 - General Division was agreed to.

Head 8 - Governor's Office was agreed to.

Head 9 - House of Assembly was agreed to.

Head 10 - Housing

Other Charges

HON LT-COL E M BRITTO:

Mr Chairman, under subhead 3, would the Minister confirm that the increase is mainly due to the changes in the Maintenance Section? If not could he explain?

HON J L BALDACHINO:

Mr Chairman, the increase is mainly due to the Housing Department taking over the Maintenance Section which used to come under the Public Works Department and therefore the vehicles that used to belong to the Public Works Department now come under the Housing Head. That is the reason for the increase.

HON LT-COL E M BRITTO:

Under subhead 6, Mr Chairman, does the Minister consider the provision of £1m for 1989/90 reasonable in view of the fact that in 1988/89 the outturn was £275,000?

HON J L BALDACHINO:

Mr Chairman, I think it will be sufficient as we are restructuring the Warden Structure and therefore cost us less.

HON LT-COL E M BRITTO:

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

HON CHIEF MINISTER:

The position is that before when the Housing Department had to send all the requests for maintenance to the Public Works they used to employ, within the Warden Structure, industrials and there was to some extent duplication because you had industrials in the Warden Structure doing maintenance as well as industrials from Public Works Department during maintenance. Since we have now integrated the two there are savings and therefore some of the vacancies have not had to be filled because of the new people that have been transferred.

HON LT-COL E M BRITTO:

Thank you, Mr Chairman, for that explanation. Under subhead 7, can the Minister at this stage identify any projects that he has in mind because of the increase of £1m or is that maintenance generally?

HON J L BALDACHINO:

The increase, Mr Chairman, is due to the fact that sick leave and annual leave is now shown under that Head and previously it used to be shown under Head 21, subhead 7, of the Public Works vote.

HON LT-COL E M BRITTO:

I see, Mr Chairman, it is the explanation the Hon Chief Minister gave before. It is not actual maintenance itself?

HON CHIEF MINISTER:

No, what we have done this year and which will help Members to understand part of the differences is that we found, and funnily we did not discover this last year, because last year all that we did was come in and approve what we

found without really understanding ourselves how the figures had been put together. This year when we had a chance to go back and analyse the figures we found that in some departments wages were calculated by multiplying the number of people by the weekly wage and then by 42. The remaining ten weeks were shown under a different vote for Public Holidays, for Sick Leave and for Injury Pay. Some Departments, on the other hand, multiplied the weekly wage by 52. We decided that we ought to have one single system so that wherever you see wages in the Estimates they are always based on the same criteria, either it is the wages of one worker for 52 weeks or the wages of one worker for 42 weeks but not 42 in one department and 52 in another. So at the end of the day we decided that it made more sense to have 52 weeks everywhere. So in some cases what you will get is an increase in wages which represents ten weeks wages and this is compensated by the disappearance of a separate vote for Public Holidays, Sick Leave and Annual Leave. The system is now consistent throughout the Estimates and everywhere where there is wages it is so many bodies by 52 weeks.

Head 10 - Housing was agreed to.

Head 11 - Income Tax Office

Other Charges

HON A J CANEPA:

Mr Chairman, could we have an explanation as to why the provision for General and Office Expenses, in fact, is being set at the level of the actual expenditure for 1987/88?

HON CHIEF MINISTER:

Whatever the explanation it is good news, Mr Chairman.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The expenditure last year, Mr Chairman, included provision for extra expenditure in connection with the move to St Jago's which did not, in fact, take place and that accounts for a really sizeable difference. Also there was additional expenditure which accounts for the difference between that and the forecast outturn last year, in connection with a large number of searches made by the Income Tax Department. Those are the two main reasons.

Head 11 - Income Tax Office was agreed to.

Head 12 - Judicial was agreed to.

Head 13 - Labour and Social Security

Personal Emoluments

HON A J CANEPA:

Under Personal Emoluments, Mr Chairman, could I invite the Minister for Labour and Social Security to make a statement on the allegations that have been made against the Family Care Unit?

HON R MOR:

Mr Chairman, would the Hon Member clarify what allegations and by who?

HON A J CANEPA:

Mr Chairman, the District Officer of the Transport and General Workers Union has made statements where he alleges that the Family Care Unit is unable to meet the requirements posed by social problems in our society in 1989. Does the Minister have anything to say about this or has he been taken by surprise by these statements? Has there been any previous approach because there is no change from one year to the other?

HON CHIEF MINISTER:

Perhaps, I can explain, Mr Chairman. The District Officer wrote to me and I do not know whether he also wrote to the Chronicle at the same time or probably before, he did not write to the Minister he wrote to me. In fact, my understanding of the situation was that he intended to write to me providing me with some confidential information. The position is that the GGCA had written to me beforehand and the GGCA represents the group of workers affected and they had said that they wanted to have a meeting with me together with people from that section to explain the problems that they were faced with and what they thought that the Government could do to help them overcome those problems. I have agreed to meet them on Monday. I said I would meet them as soon as the House was over and to be on the safe side we have arranged a meeting for Monday morning. Therefore, as far as we are concerned, we are not sure what these allegations are about but we will be talking to the people who work there and to their Union and we assume that they are in a better position than anybody else to tell us what is wrong, if anything is wrong, and what can be done to put it right.

Other Charges

HON DR R G VALARINO:

On subhead 9 - Accommodation of Labour. The intent is to compensate this figure by increasing fees at the workers' hostel.

HON R MOR:

At the moment, Mr Chairman, it is not the Government's intention to increase the fees.

HON DR R G VALARINO:

I notice, Mr Chairman, that initially on page 6.3 of the Estimates shows that you expect to collect this year £661,000 instead of £553,000 as last year.

HON R MOR:

That is because more accommodation will be provided, Mr Chairman, and that accounts for the increase.

Head 13 - Labour and Social Security was agreed to.

Head 14 - Lands, Planning and Development

Other Charges

HON K B ANTHONY:

Sir, under subhead 8 - Upkeep of Unoccupied Crown Properties, dropped down from last year's turnover of £14,500 to £1,500. Is it the policy to let these buildings become derelict?

HON M A FEETHAM:

The answer is no, Mr Chairman.

HON K B ANTHONY:

Then perhaps could the Hon Minister explain why there is such a vast reduction?

HON M A FEETHAM:

Mr Chairman, the result of this is that last year, as Members opposite may recall, some repairs had to be carried out to some existing retaining walls and obviously that is a one-off thing. It is only when such a thing happens that one has to spend money on remedial works. We hope there will not be any other walls collapsing like happened at Woodford Cottage, for example.

HON P C MONTEGRIFFO:

Generally arising out of the Estimates of this Head, the Home Ownership Unit, we understand, has been wound up and this would presumably have come under this department. What is the future of that type of service and how will it be provided for in the future?

HON CHIEF MINISTER:

Mr Chairman, the Home Ownership Unit would have moved to the Housing Department, but we reviewed its function, in the light of the fact that we are not selling houses to sitting tenants and which was the primary role of the Unit and, in fact, the Estimates include provision for it at this stage. The Home Ownership Unit is still shown under Housing, I believe.

HON A J CANEPA:

Was not the Home Ownership Unit heavily involved in the marketing of new housing projects like Westside?

HON J L BALDACHINO:

This would be so but it will now come under the Housing Department and the Housing Department will now be nominating people who have put down their names which will then be passed on to the developers. In other words, the role that was previously carried out by the Home Ownership Unit will now be carried out by the Housing Department with one exception and that is that the Home Ownership Unit at one time used to sell Government dwellings to sitting tenants which this Government is no longer proceeding with.

Special Expenditure

HON M K FEATHERSTONE:

Subhead 80 - Upkeep of North Mole Sea Defences. Is this a one-off expense or will it be a recurrent expenditure?

HON M A FEETHAM:

Yes, Mr Chairman, it is a one-off. It is a responsibility which we inherited as a result of the handing over of the Dockyard and it has already been spent.

Head 14 - Lands, Planning and Development was agreed to.

Head 15 - Law Officers

Personal Emoluments

HON A J CANEPA:

Under Personal Emoluments, Mr Chairman, who is having a golden handshake, the Attorney-General?

HON ATTORNEY-GENERAL:

No, Mr Chairman, I am afraid all my staff's contracts expire within the 1989/90 financial year. Mine expires in September, one in November, one in January and one in March.

HON J C PEREZ:

So hopefully we will have no Law Officers left at all. All will be joining in with the joint ventures.

Head 15 - Law Officers was agreed to.

MR CHAIRMAN:

I think we might as well recess now until three o'clock.

The House recessed at 1.00 pm.

The House resumed at 3.05 pm.

Head 16 - Personnel

Other Charges

HON P C MONTEGRIFFO:

Sir, subhead 4 - Rents of Flats and Offices, there is a large increase in this subhead and I am not sure whether that has been explained already. I do not recall if it has been, perhaps the Government might clarify how that increase arises?

HON CHIEF MINISTER:

The situation is that we were hoping, in fact, to be able to get rid of the rental of both Seclane and Leon House but this has not been possible. Although we moved, in fact, quite early last year in moving out, first of all, the expatriate officers who were living there, Medical Officers, and who were moved into empty Government property. We then moved out what was then the Industrial Relations Office and Management Services, which now form part of the Personnel Manager's Office. We then discovered towards the end of

the year that the terms of the agreement with the landlord for the building, or so we were told unfortunately rather late, were that we could not hand the building back until the whole place was completely empty so although we had quite a lot of it empty we still have the Law Officers' Department there and we are still having to pay rent. In addition the situation is that the St Jago's Building has now been transferred to our Property Company and we are charging a rent to the Personnel Department for their occupation of that building. We have made sufficient provision the Estimates for the rent of the part of building that is unoccupied. Initially we were thinking of putting the Bank in the first and second floors, that is why we have only used the top floors. We have now decided that it is not the best economic use of the building to keep it empty until the Bank is ready so we are currently discussing with the GGCA what could best fit into the rest of the building. The position is that at the moment we are charging rent for all Government offices and quarters to this block vote. We would want to move into a situation of doing something like what we have done on Maintenance, ie of having a block vote and then allocating to it but it does not really make a lot of sense to do it. So we thought it was better to keep to that system this year but, for example, if by Budget time next year we are in a position where we have identified on a permanent basis which office is going to be occupying which building then we would expect that the rents for the space that they occupy will appear as a cost of that particular Head. That, Mr Chairman, would be in keeping with our thinking. If you are looking at what it costs to provide a Personnel Office, then the rental of the office space should be part of the cost of the Department. If, on the other hand, you have got people who are employed in the Labour Department then the cost of the Labour Department should include the rental of the space occupied by the Labour Department. That is not yet happening but we hope to have that in place by 1991.

HON P C MONTEGRIFFO:

If I have understood the Chief Minister correctly, the payments then go to the Government's property company?

HON CHIEF MINISTER:

The landlord of St Jago's is the Government Property Company, the Company owns the building. Let me just add, Mr Chairman, that independent of who the landlord is, the reason for the expenditure is that we want to move to a situation where by showing the true cost of every service we include what was previously not included and which is the cost of rental of the space occupied for that particular service. But what I am saying is that this year the £1m is not all the cost of the offices of the Personnel Department. I think the Personnel Department has something like £40,000 of the total, the rest is other Government offices and other Government things which were being rented already.

HON P C MONTEGRIFFO:

So this only applies to this particular department at this stage because there is a provision in.....

HON CHIEF MINISTER:

Mr Chairman, until now the Establishment used to pay the rent for everybody in Government. We amalgamated the Establishment with the Industrial Relations to become the Personnel Office. Because we amalgamated the two we took that particular subhead into the new Personnel Office and we have continued doing it this year but it is the intention, hopefully by the next Budget to have a new system. It will be something that will happen within the next twelve months, by the next Budget, we hope to have a situation where each department will have a subhead for the rent of the space occupied by that particular department. That is not happening this year, we were not able to get it done in time for this Budget, we are still working on the system and we hope to have it ready over the next twelve months.

HON G MASCARENHAS:

Will it be market values?

HON CHIEF MINISTER:

Yes, it is the market value.

Head 16 - Personnel was agreed to.

Head 17 - Police

Personal Emoluments

HON A J CANEPA:

Mr Chairman, has the same approach been adopted for the Police Force as was explained by Hon Members opposite in respect of Customs insofar as overtime is concerned or is this more difficult to control?

HON CHIEF MINISTER:

Well, Mr Chairman, it appears to be more difficult to control certainly but I think the forecast outturn, in fact, is related to the special supplementary expenditure which we voted recently in a Supplementary Appropriation Bill. We would not expect to have to repeat that particular experience in the next twelve months, hopefully. Therefore the £283,000 is based on the approved estimate of 1988/89 plus the effect of the wage review for twelve months. The situation is, again, that in that area we have got the Commissioner monitoring the situation on a monthly basis. As I have said

before, Mr Chairman, Council of Ministers have been asked to approve supplementary funds for overtime that had already been worked.

HON A J CANEPA:

Yes, but if the Hon Member will give way, the salaries review cannot surely account for 60%? The approved 1988/89 Estimate compared to the 1989/90 Estimate it is over 60% higher whilst salaries for the Police Force are probably slightly more than the 5% or 6% than what other people are getting.

HON CHIEF MINISTER:

No, there were two things. In last year's Estimates the figure was, if one looks at the 1987/88 Estimates, based on the 1987/88 actual expenditure, ie £212,000. When we came in the 1988/89 Estimate was based on the Treasury allocation and which was itself £50,000 below what had already been spent. During the course of the year we had two new elements entering into the equation. One was an exceptional element related to the Court case and so forth. The second was a continuing element related to the extra security attached to Ceremonial functions like the Ceremony of the Keys, the Changing of the Guard, etc. These continuing elements have provided a new base line and that new base line has been accepted by the Treasury as a base line on which the Treasury allocation is now calculated as opposed to the base line that existed in 1987/88.

Other Charges

HON K B ANTHONY:

I notice in subhead 10 that an approved estimate of £64,000 and it has dropped to the forecast outturn of £4,000 and then back up to £40,000. Is there any reason for putting it up to £40,000 after being only £4,000 in actuality?

HON J E PILCHER:

Yes, Mr Chairman, I am glad that this has been picked up because if not I would not have been able to give an explanation. Members will recall that last year when the £64,000 were voted, the money had been earmarked for the direct employment of Traffic Wardens. What the Government did at the time was earmark the £64,000, leave it there and give a contract to the Gibraltar Security Services Limited. This has now been in operation for the last six months. The reason why only £5,000 or £6,000 was spent was because GSSL did not actively start to operate until the end of January or beginning of February and therefore there has not been a lot of activity generated in that area. But, again, as a consequence of that, what we have realised is that £40,000 would cover the contract. This is roughly the parking tickets, clearing up of derelicts and the Clean-up

Campaigns which are now being carried out by GSSL, the Police and the Public Works Department. All in all, Mr Chairman, if we had gone down the path that the AACR administration wanted to go and employ the Wardens what we would have had this year is an increase of over £64,000. However, what we have this year is a decrease of £24,000 because the £40,000 will amply cover the contract with GSSL. So there is a saving as a result of the contract with a commercial entity.

HON K B ANTHONY:

Subhead 11 - Investigation Expenses. This has risen to a forecast outturn of £53,000 over the £20,000 Estimate. Would it be fair to assume that this is related to the IRA incident last year?

HON J E PILCHER:

Yes, Sir.

HON K B ANTHONY:

Subhead 17 - Investigation Equipment. Is this a one-off purchase of special equipment?

HON ATTORNEY-GENERAL:

Yes, this is for investigation kits, etc.

HON K B ANTHONY:

So it is a one-off?

HON ATTORNEY-GENERAL:

Well, Mr Chairman, it is not really a one-off because the kits can only be used once.

HON K B ANTHONY:

So it is going to be a recurring expense every year.

Head 17 - Police was agreed to.

Head 18 - Port

Other Charges

HON K B ANTHONY:

I notice under subhead 7 - Conservancy, Wharves etc, that there is a drop down to £11,200. Does that mean that we have got a vast reduction in this subhead?

HON M A FEETHAM:

No, Mr Chairman, what has happened is that we have transferred the wages for the industrials to a new item 10.

HON K B ANTHONY:

Subhead 14 - Upkeep of Cranes. This subhead has dropped down from £7,000 to £1,100 this year. Is there not going to be much maintenance this year?

HON M A FEETHAM:

Again, Mr Chairman, there has been a decrease in wages because it has gone into subhead 10.

HON LT-COL E M BRITTO:

Mr Chairman, with reference to what the Minister has just said about the inclusion of a new subhead 10 for wages and which is something that I remember bringing up last year and being told, at the time, by the Hon the Chief Minister that he had used to bring it up from this side of the House and again which I did not know about. I now notice that this has not happened in all the Heads, for example, under Housing this has not happened. Is there a particular reason for that or will it be appearing in all Heads in the future?

HON CHIEF MINISTER:

The maintenance of houses is just wages and materials, there is nothing else in it. Whereas Wages were spread over a variety of different subheads and we thought that it was better to have all the Wages shown as one vote so that then the House knows how much we are spending on industrial wages in a particular department. In the situation where you have a Housing Maintenance Vote of £2m-plus, that £2m-plus will be 80% wages and 20% materials, that is the ratio.

HON LT-COL E M BRITTO:

Mr Chairman, I used Housing as an example and not as a particular point of question. The point I was making was that as a matter of principle you are now including wages separately wherever possible.

HON CHIEF MINISTER:

That is the policy that we are following. If we have not done it in other Heads it is because we may have had difficulties in doing so but certainly the policy is the one that the Hon Member is mentioning, Mr Chairman, and what we would want to do would be, as far as it is possible, to have a wages vote shown in every Head.

Head 18 - Port was agreed to.

Head 19 - Post Office, Savings Bank and Philatelic Bureau
was agreed to.

Head 20 - Prison

Personal Emoluments

HON K B ANTHONY:

On Personal Emoluments, Mr Chairman, I see that on overtime there is a figure of £100.

HON J C PEREZ:

Mr Chairman, as a result of the new pay agreement in UK you will have seen that the forecast outturn as compared to the approved estimate for salaries is much higher and that is because the new salary scale in UK called 'Fresh Start' incorporates the overtime and most of the allowances which were previously paid separately.

Other Charges

HON K B ANTHONY:

Subhead 6 - Maintenance of Prisoners. Mr Chairman, I notice that the Prisoners' maintenance has risen by £47,000 at the end of last year and this year the rehabilitation has only risen by under £3,000. Why is there this difference because I would have thought that rehabilitation is more important than maintenance?

HON J C PEREZ:

Except that very little is done with regard to rehabilitation and the number of inmates in the Prison has risen drastically, even if they are short-term, the rise has been considerable and the Prison itself in rehabilitation does whatever is possible within the Prison. After that it is really the responsibility of someone in the Labour Department to rehabilitate that person when he comes out of Prison. It is not a comparable thing to look at maintenance and rehabilitation because not all prisoners need rehabilitation. There are some short stay prisoners and a lot of foreigners which do not bear on the cost of rehabilitation. They are subsequently sent to their place of residence.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, maintenance includes the cost of feeding the prisoners as well.

HON K B ANTHONY:

Subhead 12 - Staff Training, is this a new item?

HON J C PEREZ:

No, it is not a new item. It is something that recurs from time to time but not necessarily annually. It is included when new staff is recruited and there is a need to send them to UK. The new Superintendent of Prisons, who has just been appointed, would need to attend a course in the United Kingdom to get his qualification as Superintendent.

HON K B ANTHONY:

Only the Superintendent is involved?

HON J C PEREZ:

No, because as a consequence of Mr Enriles having been promoted to Superintendent new staff will have to be recruited and Prison Officers do have to attend courses in the United Kingdom as well.

Special Expenditure

HON K B ANTHONY:

Subhead 80, Mr Chairman, Improvements to Security. What is this for? New Security measures?

HON J C PEREZ:

No, Mr Chairman, the £9,200 is to tighten up the security that already exists. I think it involves a new camera for one of the doors and a couple of other things. The major security works that need to take place are not included either here or under minor works. We are still awaiting the special material to arrive from UK and this will have to be costed and the project will then be considered by Council of Ministers and if and when it is approved will be brought to the House as a Supplementary Appropriation.

HON K B ANTHONY:

Sometime in this financial year, Mr Chairman?

HON J C PEREZ:

Yes, Mr Chairman.

Head 20 - Prison was agreed to.

Head 21 - Public Works

Other Charges

HON M K FEATHERSTONE:

Subhead 24 - How much of the £493,000 relates to sick leave, leave and injury pay?

HON J C PEREZ:

£82,000, Sir.

HON M K FEATHERSTONE:

So, in other words, you are not spending any more than last year?

HON J C PEREZ:

If the Hon Member would have taken into account what I said in my contribution on the general principles of the Bill he would have found out by now that there is a lot of expenditure in the Improvement and Development Fund which covers part of the wages and therefore, the recurrent expenditure vote is consequently lower. Part of the Improvement and Development Fund on highways covers part of the wages for part of the year.

HON M K FEATHERSTONE:

The same applies to all the subheads from there onwards?

HON J C PEREZ:

The same would apply to all the subheads but in a different manner depending on the works that are projected in the Improvement and Development Fund.

HON P C MONTEGRIFFO:

On the disposal of refuse, is it confirmed, as has been indicated, that dumping at sea will not continue? There have been reports that the Government's waiting for legal advice and the House has been informed of this. What is the state of play, Sir?

HON J C PEREZ:

Mr Chairman, the state of play is as I said when speaking on the general principles of the Bill. We have spent £300,000 on the Incinerator and the Incinerator is expected to be back by the beginning of next week. We hope that the problems experienced with breakdowns over the past two years will

not reoccur. If that were to be the case then we would not have any problems. However, if by any chance we do have problems then we would have to continue dumping refuse at the chute until the Foreign and Commonwealth Office clear up the question of whether we can use the barge or not. We are still awaiting their reply.

HON A J CANEPA:

Does the Minister have realistic hopes that he will have an answer by next year?

HON J C PEREZ:

An answer on what, Mr Chairman?

HON A J CANEPA:

To the problem that he has just been telling us about.

HON J C PEREZ:

I am sure that once the Foreign and Commonwealth Office hear that the Hon Member has raised it they will make sure that I will have a reply by next year.

HON A J CANEPA:

Mr Chairman, it just goes to show how effective a joint venture company can be. With regard to the forecast outturn for 1988/89 it is almost double the amount provided in the approved estimate for 1988/89. Will the Minister account for this?

HON J C PEREZ:

Yes, Mr Chairman. That takes into account the use of the barge during the time that we used it, the use of equipment and the hire of barges when this barge had not been acquired. When we started dumping at sea we had to negotiate a contract with GSL for the dumping and a contract with, I think, Gibunco for equipment. Then there was the PSA/DOE and Alexandra Towing Company for the use of the tug. All this is included in the cost.

HON A J CANEPA:

It has been quite a costly operation judging by the figures, Mr Chairman.

HON J C PEREZ:

Yes, Mr Chairman, it is, as I have said previously in the House, quite an operation.

HON LT-COL E M BRITTO:

Subhead 60 - The upkeep of the cemeteries. Is that figure almost totally wages?

HON J C PEREZ:

Yes, that is almost totally wages. The Hon Member will probably notice that there is a scheme in the Improvement and Development Fund where we expect to do some repairs at the cemetery this year and which is in the Improvement and Development Fund.

HON A J CANEPA:

Does the Government have any plans for having a joint venture company at the cemetery?

HON J C PEREZ:

Has the Hon Member any proposals?

Special Expenditure

HON K B ANTHONY:

Subhead 81 - Relocation of Computer - £5,000. This seems a high figure to me.

HON J C PEREZ:

That, Mr Chairman, is as a result of the fact that the Public Works Department computer is connected to the main computer at the City Hall and having moved from The Haven to Treasury Building we now have to put a new cable. I am still looking at whether it is more convenient to put in a new cable and keep the connection or to buy a completely new computer without the connection. This will depend on what our needs will be and the position is being investigated. The £5,000 will cover the cost of either one or the other.

HON P C MONTEGRIFFO:

Mr Chairman, on the cleaning of beaches, this is out of this particular Head and I assume that it is under the Gibraltar Tourist Agency contract figure?

HON J C PEREZ:

Not under the contract, Mr Chairman. It is under the Tourism, Gardens and Beaches vote. The workers involved in the beaches do not come under the Tourist Agency, they come under Tourism Gardens and Beaches.

HON M K FEATHERSTONE:

The Night Emergency Services, is that now under Housing or has it been abandoned completely?

HON J C PEREZ:

Mr Chairman, because the benefit accrued to different people in the night emergency service, after consultation with the Staff Side it was agreed that notwithstanding the split in the Department everybody would join in the Night Duty Service and a roster system would continue. The Night Duty Service covers Government houses and public buildings although it involves Government houses more particularly at night. It also covers public buildings, hospitals and the like. The costs involved will be apportioned to each Department as it affects them and not totally to the Public Works Department as used to happen before.

Head 21 - Public Works was agreed to.

Head 22 - Telephone Service was agreed to.

Head 23 - Tourism, Gardens and Beaches

Other Charges

HON P C MONTEGRIFFO:

Mr Chairman, under the heading of Wages, I assume we are talking here about the question of the beaches and we have a large sum of £643,000. Will the Minister care to give us an indication of the number of industrials that are involved? What areas of responsibilities would this Department cover vis-a-vis the Agency and how that relationship will work?

HON J E PILCHER:

Mr Chairman, the number of industrials is something that I can obtain very easily for the Hon Member but I do not have them with me at present. If one looks at subhead 21 you will see that Public Toilets have been passed on to the Tourist Office and the forecast outturn last year was £124,000. There is also the Gardens, Parks and Upper Rock Section and the cost was £258,000. Then there is the Beach Section and the cost was £271,500. So all told there is a saving in wages because in the restructure there has been

a small cutback. The areas of responsibility are, I think, clearly stated in the subheads. Public toilets, Gardens, Parks, Upper Rock and Beaches obviously included the Montagu Bathing Pavilion at one time but it no longer includes that. Those are the areas of responsibility and the difference which, I think, I explained in my contribution yesterday is that what we have done is that there is no longer three distinct sections, they are all one section and it is called the Tourist Section. Before the Upper Rock Section only tackled the Upper Rock; the Beaches Section only tackled the Beaches and the Gardens dealt only with Gardens. We now have one Section and all the labourers are now pooled and are sent to clean different areas at any one time. With regard to the relationship between the Tourist Office and the Agency, I must say that there is no relationship as far as this Head of Expenditure is concerned. The Tourist Office has a Controlling Officer and he has people responsible to the Tourist Office element of it and there is no overlap between what the Tourist Office does and what the Agency does. There is one exception and that is perhaps what the Hon Member is referring to, the management of the beaches during the summer season which previously was done by the Gibraltar Government. What has been done this year as a matter of policy is that the management, over the summer period, ie the employment of the lifeguards, the employment of the ticket sellers, the employment of the handymen and the general running of the beaches during the summer season is being contracted out to the Agency but that is not included in the contract already shown.

HON K B ANTHONY:

Mr Chairman, I am a bit confused. When it comes to Beaches and life saving equipment, for example, where do I find that in the Estimates? The life saving boats, equipment, etc?

HON J E PILCHER:

All that comes under Other Charges in the Maintenance of Gardens, etc. It is included in the Maintenance of Gardens etc because it is all one section now and that is where that equipment is included.

HON K B ANTHONY:

It might be better if it were called Maintenance of Gardens, Beaches, etc.

HON J E PILCHER:

It might be, Mr Chairman, but I think the Hon Member should remember when I said that it has been shown in this way this year because of the confusion involving the transition. Next year we will have a Tourist Section and it will not be Maintenance of Gardens, it will be Maintenance of the Tourist Section across the board.

HON P C MONTEGRIFFO:

Mr Chairman, I would be grateful if the Minister were to give me in due course the breakdown of the number of industrials in that department. I now want to move on to subhead 9 - Gibraltar Tourist Agency Limited Contract. There is a figure there of £607,200. Will the Minister give us a breakdown of this?

HON J E PILCHER:

Mr Chairman, as the Hon the Chief Minister has said before, what we have done is we have separated everything and anything now shown as the Tourist Office this year has been passed on to the contract arrangement between the Tourist Office and the Gibraltar Tourism Agency Limited. So what we have under the contract is salaries, overtime and allowances of those individuals that are working in the Tourist Office and virtually everything else that was under the Tourist Office in the previous Budget. If you look at the 1988/89 Accounts it will be seen that all the expenditure which was shown there under Tourist Office is not shown this year under Tourism, Gardens and Beaches, that is in the contract price.

HON A J CANEPA:

What is the position of the former employees? Are their pensions going to be paid from the Consolidated Fund as has always been the case and do they have the same basic pay and conditions as if they were civil servants? If there is an annual wages review are they entitled to the 5% or 6% which is what the civil service get? What are their terms?

HON CHIEF MINISTER:

I have given an explanation already, Mr Chairman. There is no difference between those who have moved to the Gibraltar Tourism Agency Limited and those who have moved to the Gibraltar Security Services Limited. We had a situation where we needed an Estimator and we advertised for the job of Estimator in the Bulletin of Circulars and we had somebody who was a Police Constable who had the necessary qualifications and the necessary experience and he was able to apply. What happens is that since the transfer is voluntary in all cases, it is not that we have forced people who were formerly in the Tourist Office to move to the Agency, so people apply from throughout the Service and some people who were accepted were not previously working in the Tourist Office but they applied because, generally, the rates are marginally above the comparable rates for comparable jobs in Government. Once they were accepted they terminated their employment in the Government and were then paid a gratuity according to the provisions of the Pensions Ordinance. The rules to enable us to do this were amended exceptionally since it is something that is in the

Government's own interest to encourage and we recognise that people would not be encouraged to make a move if they had to relinquish their accrued service in the Government. They transferred their pension rights to their new employer and the Government then makes a transfer payment which is, in fact, calculated in the same way as was used by the previous administration when they transferred the instructors from the GSL Training Centre to the Government. The Hon Member will recall that there was a terms of payment so that they could bring their years of service from GSL into the Government. We have used the same formula to transfer back.

HON A J CANEPA:

Why was this not possible with the Gibraltar Health Authority?

HON CHIEF MINISTER:

Because the Health Authority does not have a Funded Pension Scheme in existence into which you can transfer anything. It would then have required that the Government should have given a subvention to the Health Authority to create a fund into which you transfer the pension rights and which does not make any sense since the Health Authority is doing work for the Government. If you have a situation where at the moment in the GSL companies and in all the new companies that we are setting up there is a single common provident fund, funded by contributions from the employer and the employee, then people join that fund like they would join, for example, the MOD which has provision in the Gibraltar/UK Departments Pension Scheme to receive GSL Service from another employer if the other employer wants and is able to transfer out. So what we did was when GSL negotiated its provident fund initially the transferability of pension rights was included as a condition there and therefore people can transfer their years of service from the GSL Group to somebody else and other people can transfer into the scheme. What you cannot do is transfer into a scheme when there is no scheme to transfer into. It was required that the Health Authority should create a scheme in order to receive the years of service of the Government workers when in fact they are all Government workers because there is nobody else. In the other situation you have people from the Government and some who have not come from the Government. Consequently you need to provide for those who have not come from the Government and if you are providing for them anyway you might as well provide for the Government as well. That is the logic of it.

HON P C MONTEGRIFFO:

Mr Chairman, I must stress that I have not understood that the Gibraltar Tourist Agency Ltd itself would have a pension fund and I have not understood the Chief Minister's explanation of the distinction between the Health Authority and the Agency. I understand the GSL situation in that it arises out of a place where there was already a pension fund with the GSL and the joint venture companies.

HON J E PILCHER:

The difference is that the Agency like a commercial entity that it is has linked up with the GSL Group Provident Fund. Now that was done prior to the Agency opening its doors on the 1st April and all the employees in the Agency knew the conditions of service, knew of the Provident Fund, what the Provident Fund would create and knew all their conditions. The difference which the Hon Member must understand is that this was a voluntary transfer from the Gibraltar Government to the Agency in the knowledge of all the conditions which have been explained by the Hon the Chief Minister. In the case of the Health Authority there were no voluntary transfers from the Government Service. One of the problems that we had with the Health Authority and the question of pensions was that the condition was that they transferred to the Health Authority but they would continue to be in the Government's pension system. Therefore there was no problem. If the Health Authority or any other entity controlled partly or wholly by the Government wants to join the Provident Fund because provision has been made in the GSL Provident Fund for that but it would have to be a voluntary transfer by individual members and not something that the Government could do administratively.

HON CHIEF MINISTER:

That is to say, I think legally, people's pension rights under the Pensions Ordinance cannot be unilaterally terminated by the employer so we could not say to somebody as from the 1st April, 1988: "You are now working for the Gibraltar Health Authority and we have now terminated your pension rights with the Government of Gibraltar and without your agreement have transferred those pension rights to the Health Authority". In all the cases of people who applied for jobs they knew when they are applying that one of the conditions of employment in the new entity that would be employing them was that that new entity had a Contributory Pension Scheme and that they were required to join the Contributory Pension Scheme and that exceptionally, as an inducement, the Government was transferring their pension rights that they would otherwise have lost on resignation.

In the case of the Health Authority people did not resign on the 31st December and started anew in the Health Authority on the 1st January. They were actually told "As from tomorrow you are no longer working in the Gibraltar Government you are working in the Health Authority" but even then they were told that on the basis that if they wanted to, they had within six months the right to come back. We found, in fact, that a lot of people, because they were worried about this business of no longer being in the Government employment, wanted to go back to the Government. We then had a situation where the only way that we could reassure them was to say to them: "Look, we will treat you as being on loan, if you like, to the Health Authority but you are still in the Civil Service and your pension is still intact". This is because they were not volunteers as my colleague has mentioned.

HON LT-COL E M BRITTO:

Mr Chairman, under the same item, subhead 9. I think I am right in saying that the Hon Minister for Tourism has said that in general terms the total expenditure for tourism remains the same except that the subheads were changed, is that correct?

HON J E PILCHER:

There is a saving, in fact, Mr Chairman. One of the things which I forgot to mention is that if the Hon Member opposite does what I asked him to do, ie check last year's Estimates against the Contract Price, he will see that the Contract Price is, in fact, much lower than the expenses incurred last year. One of the elements which I am sure the Hon Member must have realised in looking through the Estimates is that the proceeds from St Michael's Cave, Upper Galleries, etc are being paid direct into the Agency and therefore that has been deducted from the Contract Price. Therefore the Contract Price is the amount which was there from last year and which is nearly £1m, less the amount which is going to be paid directly into the Agency.

HON M K FEATHERSTONE:

Will the Accounts of the Gibraltar Tourist Agency be laid on the table in this House?

HON CHIEF MINISTER:

No, I think, Mr Chairman, the view that we take is similar to that that was taken in the other companies that we have set up. If any Member opposite wants to have any specific information I am sure we can fish the information out that they want and make it available to them. But at the moment what we have got is that for the next twelve months the budget of the Agency and the contract of the Agency is in

a way, similar to the situation with the Health Authority where there is an expenditure list of items which reflects what would have been voted Head by Head here and that is how we have arrived at the global figure and the Contract Price is based on that. The Agency may, in the course of the year, undertake new things and generate more money and and perhaps introduce new ideas in the Cave or whatever. We say to the Agency: "If you generate more money by, if you like, using more initiative or by having more freedom then that money will be money that the Agency will be able to plough back into Tourism".

HON M K FEATHERSTONE:

Yes, I understand that but I think, for example, we would be interested to know if the Cave last year took £300,000 and next year took £600,000.

HON J E PILCHER:

That type of information or anything specific in those areas that the Hon Member wants to know I can provide it. He does not even have to bring it to the House, he just has to give me a tinkle or write to me.

Head 23 - Tourism, Gardens and Beaches was agreed to.

Head 24 - Trade and Consumer Affairs

HON P C MONTEGRIFFO:

I have a question on this Department of a general nature, Mr Chairman. Can the Hon Minister confirm that this is a Department that is technically responsible for receiving information emanating in respect of the EEC? In other words, do all EEC publications that the Government obtain arrive at this Department?

HON M A FEETHAM:

No, it is not responsible for EEC matters, Mr Chairman.

HON P C MONTEGRIFFO:

Does the Government therefore, as a matter of policy, not going to provide for a particular section within the administration to be responsible for this?

HON M A FEETHAM:

Mr Chairman, this is a matter normally dealt with by General Division through the Chief Minister's Office.

Personal Emoluments

HON LT-COL E M BRITTO:

Mr Chairman, under Personal Emoluments, is this Department fully established? Does it have the right number of qualified people in Trading Standards and Consumer Protection? Is the work that has been carried out in previous years like inspecting Scales and Balances in shops, Petrol Pumps in Petrol Stations, etc being carried out by qualified people?

HON M A FEETHAM:

Mr Chairman, there is a vacancy and that is clearly explained in the Estimates, for a Trading Standards Officer. We have made it quite clear that our policy in respect of this particular Department does not envisage it expanding beyond its present role. We see the Department getting itself involved more on trade matters within the Ministry of Trade and Industry and slowly taking up responsibilities of liaison on matters concerning industry as distinct to trade. That is the sort of role we will be expecting of this Department. If it is to expand that is the sort of part that we envisage for it for the next twelve to eighteen months.

HON LT-COL E M BRITTO:

Mr Chairman, I thank the Minister for his explanation about future plans but that does not answer the question. The question was does the Department have, apart from this vacancy, the right number of qualified personnel and is the work that was carried out in the past in checking scales and balances in shops and petrol pumps being carried out?

HON M A FEETHAM:

Mr Chairman, I am not quite sure what was done before. But what I have told the Director of Trade and Consumer Affairs is that at this point in time our priority does not lie in those areas that the questioner has raised.

HON A J CANEPA:

Does the Minister have any plans, for instance, to repeal the Weights and Measures Ordinance? Is there anybody responsible for its enforcement?

HON M A FEETHAM:

There are a number of areas that we are looking at in this respect and whether, in fact, certain things need to be done in Gibraltar. This is an area that we are looking at and is being discussed with the Staff Side.

HON LT-COL E M BRITTO:

Mr Chairman, my information is, and it may be wrong, that at the moment there is just one semi-qualified person doing these jobs. There is someone in UK undergoing training. But that scales and balances in shops and Petrol Pumps are not being checked and have not been checked for a long time.

HON M A FEETHAM:

Mr Chairman, that is what I am continuously being told by the Director himself. I have already said that at this particular point in time whilst the restructure is taking place within this Department and whilst the Ministry of Trade and Industry is being set up, we do not know exactly what our resources are going to be in terms of staff and money and we will not be putting anybody anywhere until the whole structure of the Ministry is in place.

HON LT-COL E M BRITTO:

Mr Chairman, will the Minister accept that it is a totally unsatisfactory situation and that there may be Petrol Pumps where you are paying for ten litres of petrol and getting nine and a half litres and there may be shops where you are buying five kilos of potatoes and getting four kilos?

HON M A FEETHAM:

I do not know whether I would, in fact, agree with that sort of statement that the Hon Member is making. But at the end of the day, as I have said twice already, the Ministry is undergoing a restructure. It is changing, it is a new Ministry and we want to look and see what our resources are. One of the things that was raised last time in the first presentation of Estimates of this Government was raised by the Leader of the Opposition when he said what was being done about Crown Lands. Since then, as a result of the restructure taking place, we have moved professional people from the Planning and Development side of the PWD to take over the volume of work. That is the sort of change that is taking place and we are not going to be employing people at this point when there may be possibilities of other people being put into a different post which at the moment may be vacant.

HON A J CANEPA:

In other words, the Minister agrees that consumer affairs has a very low priority as far as he is concerned. Does he agree with that statement?

HON M A FEETHAM:

Well, in the low list of priorities the Hon Member can place it wherever he wishes.

HON CHIEF MINISTER:

Mr Chairman, one of the things that we discovered when we took office was, in fact, that consumer affairs under the previous Government and the work of the Consumer Protection Inspector under the previous Government had been primarily generated by me. When we discovered that nearly every complaint that had ever been investigated in the Department's entire history was the result of questions from me, I came to the conclusion that now that I was not going to be there asking any more questions they would have nothing left to do and we decided that their role was going to be reviewed.

Head 24 - Trade and Consumer Affairs was agreed to.

Head 25 - Treasury

Personal Emoluments

HON P C MONTEGRIFFO:

Mr Chairman, the office of the Financial Sector Adviser is left in the Estimates and we have had some explanation from the Chief Minister on this. Is it the Government's intention that this section of the Department will completely disappear and go towards the Financial Services Commission upon the establishment of the Commission?

HON M A FEETHAM:

That may well be the case, Mr Chairman.

HON P C MONTEGRIFFO:

Sir, pending the establishment of the Commission, is the Government happy that the present complement of officers within this section can adequately cover the job?

HON M A FEETHAM:

No, I am not happy and we have already increased it since we came into office. But I am still not entirely satisfied. However, since we are talking about a restructure in terms of the Financial Services Commission we do not want to place anybody in this section at this point in time. We however recognise that there is a need to move in this particular section.

Other Charges

HON K B ANTHONY:

Sir, subhead 13 - Maintenance of City Hall. Am I correct in assuming this is internal maintenance excluded from the external contract which is being carried out at the moment?

HON J C PEREZ:

Yes, Sir.

HON K B ANTHONY:

Mr Chairman, Care of the Apes, where does that come under now?

HON J C PEREZ:

My Hon colleague the Minister for Tourism is taking care of the apes now.

HON P C MONTEGRIFFO:

Subhead 4 - Representation Overseas. Is that, in fact, payment for the different Information Bureaus? And is not the same provision of £30,000 low, bearing in mind the Government's projected expansion of that network and of a Brussels Office?

HON CHIEF MINISTER:

In fact, I think I referred, Mr Chairman, in my original opening remarks on the Appropriation Bill, to the fact that we were not increasing the amount because we felt that we could do it within the existing resources because the offices that we have opened, other than Washington and the one that we are planning to open in Tokyo, are going to be at no expense. The question of a presence in Brussels, if we decide on that, will be treated differently because it has a different role altogether. The Information Office is being operated in a way that fulfils the role that was built by the London Tourist Office but also giving a range of information about everything in Gibraltar and not just about tourism. If we are able to get somebody who can be persuaded to do this, as a service to us without charging us, then fine, we agree. Where we cannot we have to pay for it. At the moment we believe we can do this with the £30,000 but if we find that the expenses during the course of the year require that we need supplementary funds then we will come to this House for supplementary funds. But we did not want to put more money in than we have budgetted for because in a way since we are, if you like, introducing a fairly rigid discipline of everybody then we did not want to create, if you like, a dual standard where we are saying to everybody "You must be very careful about the money that you spend and produce a budget which you pare to the minimum what you think is necessary but then in the case of the Information Bureau which is controlled by my office we can allow extra funds". So we have applied the same criteria as we have to every other Head.

HON P C MONTEGRIFFO:

Mr Chairman, on Official Visits Abroad. Is that directed at Officials actually attending promotional conferences or what is that for?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman these are simply the visits made by Treasury staff, the Financial Sector Adviser, myself and the Accountant General in the normal course of official business. There may be a promotional element involved.

HON LT-COL E M BRITTO:

Mr Chairman, under Item 53. The John Mackintosh Home. I notice a sharp increase from the figures last year in Head 13. Is there any particular reason for that? The out-turn was £182,800 and the Approved Estimate was £180,000 and we are now budgetting for £230,000.

HON CHIEF MINISTER:

Well, Mr Chairman, the outcome is that the Board of Trustees made a very strong case to the Government for an increase in our funding. The Board of Trustees, to which the Deputy Governor belongs felt that really this was the minimum that they could manage with in view of escalating costs and the fact that their own Mackintosh Trust Fund is still being sorted out as a result the last surviving member of the family having died. The matter is being dealt with by different lawyers as to who the different elements of the legacy has to go to and since the Government frankly is sympathetic to providing money for the home because we think at the end of the day, if you analyse it, that if the home was not there then the Government would have to meet the whole cost of responsibility for the elderly. This is the only item that we have not cut basically.

HON LT-COL E M BRITTO:

Mr Chairman, let me reassure the Chief Minister in case he was thinking of the contrary that I was not in any way censuring the increase and I am glad about what he has said because in fact that is so and I welcome and support the

extra money for the John Mackintosh Homes and I associate myself with his own comments.

HON A J CANEPA:

Still on Other Charges, Mr Chairman. The contribution to the Social Assistance Fund, what plans does the Government have for investing in the Fund?

HON CHIEF MINISTER:

For investing the surplus in the Fund? Well I imagine that that will be dealt with in the same way as other investments in other Special Funds within the terms of the Public Finance Control and Audit Ordinance.

HON A J CANEPA:

Does that mean we are still dependent on advice from the Crown Agents?

HON CHIEF MINISTER:

Basically yes, I am and I certainly hope that we do not put it in any deutch marks. Absolutely yes.

Head 25 - Treasury was agreed to.

Head 26 - Pay Settlements was agreed to.

Head 27 - Minor Works and Repairs

HON A J CANEPA:

Is the Government satisfied that there is the capacity to spend this amount of money? Is this going to be done "in-house" or is some of this going to go out to tender?

HON J C PEREZ:

Mr Chairman, all this is going to be done "in-house". As I explained to the Honourable Member what is happening is that we are looking at the number of workers that we carry and providing for their pay, which is 80% of that cost and 20% for materials, so that sum is arrived at by the number of employees that have stayed behind in the Public Works Department.

Head 27 - Minor Works and Repairs was agreed to.

Head 28 - Contribution to Contingencies Fund

HON A J CANEPA:

I am somewhat confused here, Mr Chairman. Did we vote a Supplementary of £100,000?

HON CHIEF MINISTER:

That is the £100,000 shown in the Forecast Out-turn.

Head 28 - Contribution to Contingencies Fund was agreed to.

Head 29 - Funded Services Adjustment was agreed to.

Part 2 - Improvement and Development Fund

Head 101 - Housing

HON LT-COL E M BRITTO

Mr Chairman, under Item 8, and I indicated previously that I welcome the expenditure, but could the Minister give us an indication whether this is again general or are there specific projects in mind?

HON J L BALDACHINO:

Yes, Mr Chairman, I think that in my Budget Speech, I specifically mentioned certain areas, like Danino's Ramp, Schomberg, Penney House and Kent House, even though that will give us some leeway in doing other major repairs that might come up during the year.

HON LT-COL B M BRITTO:

And secondly on Item No. 1. The 500 units of housing does that indicate an actual start on building or do you confirm what the Hon Member said the other day, things like the eleven units that the Hon Member started building in Laguna Estate?

HON J L BALDACHINO:

Yes, Sir, the Honourable Member is right. It is a continuing process. We started with the eleven units and we are looking to see if we can start on other projects in other sites. So as a matter of fact, we intend to spend the £2m in the course of this year.

HON A J CANEPA:

Mr Chairman, Item 3 - Refurbishment of Government Housing. Will the Minister explain whether this is pre-war housing that is being refurbished or is it post-war housing?

HON J L BALDACHINO:

Pre-war and it might be that we need to refurbish some of post-war buildings. It depends on the state that we find them. But mostly they are pre-war.

HON A J CANEPA:

And in the case of pre-war, is it what we use to call "modernisation"?

HON J L BALDACHINO:

More or less on those lines, Mr Chairman.

HON A J CANEPA:

How many units are involved? Does the Honourable Minister know? Does the sum cover a number of units?

HON J L BALDACHINO:

I would not like to state a figure but I can give the Honourable Member the information when I find out.

Head 101 - Housing was agreed to.

Head 102 - Schools was agreed to.

Head 103 - Tourist Development Projects

HON P C MONTEGRIFFO:

I was going to ask the Minister what type of projections he had for the Agency? Will it be principally involved in promoting tourist projects for the future? Could the Honourable Minister give an indication of the type of projects the Agency could start undertaking in the course of this Financial Year or whether there are projections made and we simply have to wait and see how the Agency performs.

HON J E PILCHER

I think Mr Chairman, as I explained yesterday how we see the Agency start generating money in order to fund projects. I mentioned a couple of projects that we were looking at. This is just the money which is unspent from a continuation of projects and therefore there is no project here, nothing new. I mentioned yesterday to the Honourable Member about the Upper Rock Nature Reserve, "the Monkey Park". The fact that we were looking at the Alameda Gardens, but that will not be funded by the Improvement and Development Fund. These are things which the Agency will activate itself as part of the overall plan which was mentioned by me yesterday and repeated this afternoon by the Honourable Chief Minister of using the money that we are generating from profit and plough it back straight into the Tourism Product.

HON G MASCARENHAS:

Since the Minister has mentioned the Monkey Park, has he any idea where the Park will be situated?

HON J E PILCHER:

Honourable Members opposite will remember that there was a proposal made to the previous Government by a certain entity and we are reviewing that at the moment although initially it is our intention to create a Monkey Park at its present site and then transfer them slowly to Anglian Way which is the intended location of the Nature Reserve. At the moment, the initial Phase 1 is to use the existing area subject obviously to different technicalities and legalities which we need to look into and obviously beautify and refurbish the area to create Phase 1 of that Nature Reserve/Monkey Park.

Head 103 - Tourist Development Projects was agreed to.

Head 104 - Miscellaneous Projects

HON M K FEATHERSTONE:

Can I have a break-down of Item 2, £500,000 on vehicles and plants.

HON J C PEREZ:

Mr Chairman, if the Honourable Member will recall last year we froze all new expenditure and have taken the attitude of looking at the whole fleet of the Government vehicles and said "Well let us do a study on how long the vehicles are fit to be on the road and let us do a programme by which at the end of five years we will have changed the whole of the fleet and renewed it completely." This is really Stage 1 and 2 of that programme. A study has been done by the Public Works Department of all Government vehicles and the different types that each Section has and their lifespan. A Supervisor's car might have nine years maximum life and other heavier vehicles might have twelve or fifteen years or less. There has been a complete exercise done in order to avoid expenses on the repairs and spare parts. We are often told that once a vehicle is past a certain age you spend more on repairs than what it would cost to buy a new one. So really this is Stage 1 and 2 of the replacement programme for the whole fleet of the Government Vehicles. The exercise has been done quite scientifically and if there is also an amount of money about £100,000 or slightly less for plant. Again we thought that it was important to have one single vote and not different votes. It is better to negotiate a better price if you buy centrally.

HON A J CANEPA:

Item 4, Government Offices 1989/90. The Chief Minister made reference of this programme during his Kinnock speech. Are the plans so far advanced that the Government can be confident that £2m are going to be spent during the next Financial Year?

HON CHIEF MINISTER:

Well, in a way we have put in what we considered to be a realistic figure if we are able to achieve the level of building that we want to achieve. The Honourable Member will recall that with housing last year we were not able to reach the target. What we are appropriating for is to spend a lot of money on new offices and new workshops there is no doubt about that and it is a programme that will last for several years. We have a situation where frankly I was not very sure how to show this in the Estimates because there was already a previous vote for Government offices 1987/88 which was an estimated cost of a project of £312,000 and which can be seen overleaf on page 89. We spent £45,000 of that in the last year and the total vote was £312,000. Now what I was told by the Treasury was that it would be better if we put in a sum of money and a date on it and a programme and then it would appear next year with so much that had been spent and so much to complete. Otherwise

the programme is never ending and we just keep adding offices 88/89, 89/90 and 90/91 so why not have Government offices and the answer was that if we did it like that we have to keep on increasing the estimated cost of the project in the final line.

HON LT-COL E M BRITTO:

Apart from routine repairs, is there any intention under the Improvement and Development Fund to improve the appearance of the Cemetery and the overgrowth of weeds etc?

HON J C PEREZ:

The question of routine repairs is not covered in the Improvement and Development Fund. That is covered under the Wages. There is a scheme now to try and improve the pathways and to in fact asphalt them and resurface them and the re-vote of last year has to do with the creation of niches. The intention is to have the place as tidy as possible but that is not always successful. The weeding does not come under the Improvement and Development Fund because weeding is something which is regular and which should be carried out and they tell me that it is being carried out as far as it is possible. Let me tell the Honourable Member that the way that the Cemetery is structured is such that it is difficult to have very great improvements because the tombs and the niches that are already there are already in a very unregulated way and you cannot change that. The vast improvements that are going to take place and that are reflected in this vote is on the pathways and on the curves of the pathways themselves. My Director of Public Works certainly tells me something which is very true and that is that people are dying to get in, so it should not be in a very bad state.

HON LT-COL E M BRITTO:

Mr Chairman, I particularly liked the last comment and without labouring the point I think the Minister appreciates the point that I am making and all I would like to say is that maybe it is an area that the Public Works Department could look at with a little bit more activity.

HON M K FEATHERSTONE:

Item 8, Sir, Traffic Lights at Casemates Hill. This was promised by the Honourable Minister by March this year. Do you think that it will be installed by March next year?

HON J C PEREZ:

No, the Honourable Member's memory is failing him again. What I promised was that we would make every effort to have it in operation in conjunction with the opening of the Multi-Storey Car Park. That was my promise and that promise still holds.

HON P C MONTEGRIFFO:

The extension to the Companies' Registry. Is that moving physically to another building?

HON M A FEETHAM:

We are considering building an additional floor, Mr Chairman.

Head 104 - Miscellaneous Projects was agreed to.

Head 105 - General Services was agreed to.

Head 106 - Potable Water Services was agreed to.

Head 107 - Telephone Service

HON K B ANTHONY:

Item No. 11 - System X. What does X stand for?

HON J C PEREZ:

Mr Chairman, there are two types of digital exchanges really competing with each other in the European Market. One is called System X and the other one is called System Y. They tell me that System X is more compatible with household communications and that System Y is more exclusively to give a service to the business community. System X can in fact extend those same services that System Y does to the business community at the same time as it gives a digital service to households and therefore after advice from different manufacturers and from British Telecom, we opted for System X. I did say but I do not think it was in the House that it was a risk that we are taking and that anybody that is buying equipment today is taking because of the question of the 1992 impact on the manufacturers. What is happening is that there is a lot of take-over bids and once the manufacturers form into one group, they take over the business in the European Community. The two systems would be produced by the same people for the same market and therefore one of these two systems will survive and we are hoping that the system X is the one that survives. If it is the Y then we will have to look again but we are hopeful that we are taking the right decision. We cannot wait for that to happen because we have got to take the decision now. The Telephone Service needs the improvement quickly in fact it was needed last year to give you the extent of the problem that we have today.

HON K B ANTHONY:

I am just wondering the extent of the Finance Centre and our business needs. Has the Honourable Minister considered possibly getting a System Y in the future or an X + Y if that comes on the market?

HON J C PEREZ:

Those are matters which are under consideration, Mr Chairman. The Companies putting forward proposals to the Government know what our position is. They know the kind of investment that we want to put back into the Telephone Service because they know the kind of service that we want to be able to provide because that is fundamental in not only attracting new business from abroad but in keeping the one that we have got here and ensure that our Telecommunication Service is the best in the world. That is what we are aiming for. We are small enough to be able to achieve it and if the interest is great enough and the people put in proposals to the extent that we can develop them to the level that we are eager to then it will be a great success for Gibraltar. I can tell the Honourable Member that and also that all the people making proposals are in fact including in their proposals the introduction of the latest technology together with the digital exchange which will be able to offer a wide range of services never known in Gibraltar before in the telecommunications field. I would also like to add that once the exchange is operational we will be the only single telecommunications unit in the world to be completely digital. That is for internal and also international calls.

HON K B ANTHONY:

One final point on System X, can you tell me where it is going to be installed?

HON J C PEREZ

As I have said previously, I think it was during my speech on the Second Reading, that it is going to be installed at the top floor of the City Hall and that the refurbishment that is currently taking place is precisely to house this type of exchange which needs to be airtight. It needs to be air conditioned, dust-free area and at the same time the floor needs to be re-enforced to take its weight. What will happen is that as we move in from the floor of the Haven into the City Hall, and we do away with the Crossbar Exchange we will be gradually be releasing the floor of the Haven which now contains the Crossbar Exchange.

Head 107 - Telephone Service was agreed to.

Head 108 - Public Lighting was agreed to.

Head 109 - Electricity Service was agreed to.

Head 110 - Crown Lands was agreed to.

Clauses 2 to 5 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 GIBRALTAR SHIPREPAIR LIMITED (AMENDMENT) BILL, 1989

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

Clause 2

HON ATTORNEY-GENERAL

Mr Chairman, I wish to introduce an amendment by notice of my letter of the 26th April. In Sub-section 1 of Section 10 after the word "company" where it first appears please insert the following words "or any subsidiary companies thereof or any contractor or agent acting for the company, or for any sub-subsidiary company."

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

HON P C MONTEGRIFFO:

Mr Chairman, the amendment I think arises out of the contribution made from this side of the House at the time of the Second Reading of the Bill when it was indicated that the Joint Venture Companies might also want to benefit from these ventures if that was what the Government thought was important for the viability of the yard. We have two comments to make at this stage. One is whether in fact the definition of subsidiary covers the Joint Venture Companies inasmuch as the definition of subsidiary in the Companies Ordinance and I have been very briefly in liaison with the Attorney-General and in general terms if you have to have more than 50% of the shares of the company i.e. the parent has got to have more than 50% of the shares of the company or 50% voting rights. Effectively there is another Head as part of definition but it may not be relevant, I do not know. It depends on the structure of these companies. But the second point Sir is and I do not know to what extent some of the Joint Venture Companies may not even have a 50% GSL participation at all.....

HON J E PILCHER:

If the Honourable Member will give way. It is all in that vein because all the GSL companies have 50% and they are all included, in that 50% are in fact the voting rights, all the subsidiary companies of GSL have that.

HON P C MONTEGRIFFO:

Well it has got to be more than 50%. I assume the case is to be therefore, if it was just 50% my understanding is that, the Attorney-General may correct me on this,.....

HON J E PILCHER:

50% and the casting vote, Mr Chairman.

HON P C MONTEGRIFFO:

I see. I take this opportunity then to put on record the Opposition's general position on the Bill at this stage. You may recall, Mr Chairman, that we indicated the fact that we were prepared to do whatever was necessary to make the yard viable but we did not think that this was necessarily good law and having considered the matter further we do not feel that the reasons at present stated, justifies this type of exemption. If the Government could indicate to us that in fact there was a string of potential cases pending or that there was a threat of this type of occurrences happening over and above the more or less fairly single event that took place about two years ago, then I think that that might again colour our judgement. But it seems to us that this is not good law at this stage. We do not like the exemption that GSL seems to have taken we would have preferred to have exemption for the yard and that it included subsidiary and joint venture companies. To that extent we understand the rationale behind this. Our general attitude therefore says that we will be voting against this Bill. We do not think that in the circumstances the exemption is necessarily justified. We do not think that it will be good for the yard in that we fear it will involve a lessening of standards of care for outside parties and we therefore have not changed our views and we will be voting against.

HON J E PILCHER:

Mr Chairman, although the Honourable Member has asked a series of questions he has ended up saying that he is voting against and that means whatever I say from this side will not make the slightest bit of difference to his decision.

HON P C MONTEGRIFFO:

Unless they can convince us otherwise, Mr Chairman.

HON J E PILCHER:

The difference in the protection that GSL was being given by this Clause and the difference was that we thought that if the main contractor was covered, we meaning the Government, then the sub-contractor was covered and obviously since then, we have discovered that this is not the case and the Clause in front of us therefore covers that matter but, I think last time round, the point was raised quite clearly and the Honourable Member made the same remark but I think I thought that at the last stage the Honourable the Leader of the Opposition understood the problem and in fact he said so in so many words. It is not a series of events that has led up to this and that there are people clamouring at our doors to be paid. It is quite the contrary everyone who had a claim has already been paid and this matter settled. The problem was one of the possibilities, even if they are remote, of the yard being closed down as a result of some action taken by someone who had a claim. We have not changed our minds in that we feel that we cannot take the risk that however remote some may put GSL and everything that we are doing at risk.

The only point that has to be made Mr Chairman, is that if one looks at the Bill the subsidiaries are only covered whilst they are working within the premises of GSL. It is not a question of, so that everybody understands this, that we have made all the Joint Venture Companies wherever they work exempted. It is in relation to GSL and when they are sub-contracted by GSL within their premises. The last point that I want to raise is the fact that I can assure the Honourable Member opposite that with or without the exemption there will be no lessening of standards because, as I have already explained, we are in fact taking very drastic measures within GSL to tighten up on security, on safety and on anything else related to our ability to control elements that affect the public and therefore Mr Chairman, we have already done that and we continue to do that.

HON P C MONTEGRIFFO:

I think, Mr Chairman, that it is important for the record, that we make clear the fundamental objections which we have to this Bill which is really taking away the judicial functions, as we see them, of the judge, in deciding whether in any case an injunction is valid. Now, I think, it is important for people to understand that the monetary compensation which an agreed party may be entitled to is not affected, that is true, but a judge will only ever stop something if money is not good enough. So in other words for the Government to come and say at the end of the day people can still be compensated in monetary terms misses the point because the other remedy or the other relief that people are entitled to is the stopping of the work. This will only ever be granted or should only ever be granted when money is not good enough. So what we are really doing is usurping a judicial function and that must be bad unless it can be demonstrated that there had been three or four judicial errors which had been given and on appeal, for example, had been thrown out or even one. There is however no evidence of this at all and it therefore seems to be an unnecessary Bill and one that really takes over the functions of the judge in a situation where there is no need for that.

HON J E PILCHER

I thank the Honourable Member but again he himself has just pointed out an element of risk that we cannot accept. He said "could" and then corrected himself and said "should". Therefore the should element is the difference between being 100% sure that it will not happen to being 99.9% sure that it will not happen. We cannot take that risk and we have protected the people of Gibraltar inasmuch as in the case of damage to property people can only take us to court in order to prove that damage. I think, as I explained last time, the difference is that the moment if somebody says "GSL has sprayed my car" and GSL says "I have not sprayed your car because we were not painting on that day" then the legal implications of that as indeed we found out in that particular case was that at the end because there had not been an arrangement between GSL and the parties concerned the threat of an injunction appeared. Now under normal circumstances whether it was an idle threat or whatever the threat was there and it was checked by us and we were told

it should not happen. Not that it would not happen. It should not happen and therefore we felt and we still feel today that that party, that aggrieved person, can take us to court to prove that we damaged the car and can claim compensation for it. He however does not have or should not have; and this is why we are amending the ability to even remotely to close down the yard as a consequence.

Mr Speaker then put the question and on a vote being taken the following Honourable 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 amendment was accordingly passed and Clause 2, as amended, stood part of the Bill.

The Long Title was agreed to and stood part of the Bill and I now move that they both be read a third time and passed.

HON A J CANEPA:

Mr Speaker, we are abstaining on the Appropriation Bill and I would like to explain why. We have been voting particularly in Committee in favour of the appropriation of funds for all the different Heads because naturally this expenditure is necessary for the Government Service to continue to tick over and we are not opposed to that, quite the contrary. But the Appropriation Bill has now become the State of the Nation Speech, the presentation of the State of the Nation and we cannot support the thrust of the Chief Minister's policy on the matter. We have been disagreeing over the last two and a half day or so of debate and therefore in the absence of a Finance Bill where we could show or indicate our attitude to that particular Bill whilst voting totally in favour of the Appropriation Bill the only recourse open to us really in order to underline the difference of approach that we have, in principle, with Honourable Members opposite is to abstain on the Appropriation Bill.

Mr Speaker put the question and on a vote being taken on the Appropriation (1989/90) Bill, 1989, 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 Gibraltar Shiprepair Limited (Amendment) Bill, 1989, 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 Bills were read a third time and passed.

The House recessed at 5.00 pm.

The House resumed at 5.20 pm.

PRIVATE MEMBERS' 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 the correspondence from the Leader of the Opposition to the Chief Minister on the subject of "Gibraltar/EEC - 1992", offering to work with the Government on an all-party basis;
2. Considers that it is important to present a joint Gibraltar view on this matter;
3. and that, accordingly, a Committee should be set up representing Government, the Opposition, the business community, trade unions, and other interested parties, in order to arrive at such a view."

Mr Speaker, as far as we are concerned on this side of the House, the genesis of the matter, Gibraltar EEC 1992, starts with a letter which I wrote to the Hon the Chief Minister on the 2nd August and in which I drew his attention to the importance that we attach to this matter and the need that there was for us to work together to present the joint Gibraltar view. I said and I quote from my letter "Because of the importance of the whole issue, I feel that there should be an independent Gibraltar view and an analysis of the position. I know that you will agree that we cannot rely exclusively on a Report prepared by officials and I hope that you will also agree that the matter is complex and requires the pulling of all our resources. I feel that this is one issue which should be dealt with on an all party basis, preferably through the establishment of a House of Assembly Committee. There should then of course be consultation and exchange of information with the business community, trade unions and other interested parties. I think this is the proper way to achieve a considered Gibraltar analysis of the whole matter." Honourable Members may note immediately that in fact, in moving the motion, I have gone one step further from what I did in my letter of August 2nd 1988, when I was proposing a House of Assembly Committee, which should consult the trade unions, the business community and interested parties, whereas in my motion, and the reason will become evident later on, I am actually proposing that they should, these interested parties, not just the Chamber of Commerce, but the business community. The Chamber of Commerce, Banking Institutions, Finance Centre and the Trade Unions and any other interested parties such as for instance the European Movement. All should be very closely involved and should form part of the Committee which I am proposing. The Chief Minister Sir, replied at the end of August, and again I quote from his letter. "Ministers share your concern about the impact to Gibraltar following the enactment of a Single European Market, in 1992, but consider that the formation of a House of Assembly Committee is not necessary."

He then went on to refer to a Study which he had commissioned and said "Once the Study we have commissioned is available and the Government has had a chance to study it, I shall send you a copy on a confidential basis. At that stage it will be appropriate for you to make any comments on the proposals and I will be happy to take them into account." I replied a few days later Mr Speaker, on the 6th September, and I expressed our disappointment that the Government did not agree with the setting up of the Committee and I reiterated that we considered that there is a need for a joint Gibraltar view on this matter and that steps should be taken, at an early date, to formulate such a view. I said at an early date, Mr Speaker, because 1992 is not what is going to happen in 1992, it is not a situation where everything is going to happen in 1992. It is the culmination or the end of a road as it were though the problem of the EEC could well slip beyond 1992. But between now and that date there are a number of matters which are going to be set in motion and they should all be culminating in 1992 or near the end of a gradual process of implementation of the Single European Market. The next thing that happened, Sir, was that in October the Chief Minister without necessarily replying to my letter of the 6th September just referred to previous correspondence and sent me a copy of what he termed a Report on Gibraltar and the Common Customs Tariffs. This was what I would call "a Report" because I do not think I would quarrel with the description of that Report because it is rather inadequate but because it was the communication through His Excellency the Governor to the Chief Minister containing some material on Gibraltar and the Common Customs Tariffs which in effect dealt with Revenue and prices and something on the Common Agricultural policy. It also dealt with the question of export, development of financial services, the political angle but all extremely brief just a couple of pages. We received that, Mr Speaker, in the middle of October last year and at the end of that month we sent the Chief Minister our comments on that particular letter. I started off by saying that quite frankly the Report was disappointing, particularly in respect of the Common Customs Tariffs and the Common Agricultural policy because we had really learned nothing new. My Honourable Colleague Mr Maurice Featherstone from the time that he was in the previous AACR Opposition recalled that there had been, and you yourself Mr Speaker will recall the occasion because you were Chief Minister then, that a Mr Ford from the Foreign and Commonwealth Office had come out to Gibraltar had held meetings with your Government, with the then AACR Opposition and in fact the exposition that Mr Ford had given the Members of the Opposition in 1971, was pretty well what was contained in this letter from the Governor to the Chief Minister all of sixteen or seventeen years later. We had also during the years when we were in Government and particularly in the middle to late 70's also gone, Mr Speaker, into the question of whether Gibraltar should be included in the Common Agricultural policy and in the Common Customs Tariffs and we had received advice from the Foreign Office at the end of 1977 or 1978, it must have been and the advice was to stay out because the immediate

impact that that would have had on Gibraltar in coming into the Common Agricultural Policy and the Common Customs Tariffs would have been that almost overnight the cost of living in Gibraltar would have shot up by something in the order of 27%. So I pointed out to the Chief Minister, Sir, that the Governor, and the Governor's letter does not appear to advance that analysis, and in the context of the important changes which the Single European Market will bring the information now received is inadequate. The only new element now introduced into the question is in respect of the development of financial services. Although here again there is nothing new and the information amounts to a gross over-simplification of the situation. In this area in particular a much more thorough review is essential. Not only of the problems but also of the very significant opportunities which may be opened to the industry. In conclusion I said "I am sure that you yourself must recognise that the Government Report falls far short of the kind of exercise which needs to be undertaken. I will accordingly urge you to reconsider setting up a Committee which we have proposed so that resources from both sides of the House can be pulled to look into the matter in greater depth." Now that, Mr Speaker, was a letter dated 31st October 1988. The Chief Minister did not and has not replied to that letter and nothing else happened as far as we were concerned on the question of 1992 until, in March this year, we learned from the media, I think it was a report initially on GBC Radio, that a delegation from Gibraltar led by the Honourable Minister for Trade and Industry was going to attend a Conference at Wilton Park. I immediately wrote to the Chief Minister on the 14th March and I referred to my previous letter to him and I said in the light of my previous letter on the need for a joint Gibraltar view on 1992 that it was with astonishment that I had heard the news that a Gibraltar delegation was attending a Wilton Park Conference with no representation from the Opposition. I went on to say that I had heard nothing further and I then re-stated, in summary, the points that I had been making to the Chief Minister, between August and the end of October and pointed out that I had heard nothing further from him since my letter of the 31st October. I said and I quote "I now learn that a delegation of a number of Gibraltar businessmen led by Michael Feetham is attending a Wilton Park Conference on the subject of 1992. Your own Government Press Release makes it clear that Members of the Opposition have in the past attended such Wilton Park Conferences and indeed at the invitation of the then AACR Government may I add. Given that and our expressed interest in and willingness to work with the Government on the matter I would have thought that it would have been most appropriate for either Peter Montegriffo or myself to have formed part of that delegation. I have attended conferences at Wilton Park on the EEC in 1979, and in 1984 and given that experience, I think, that I would have had something useful to contribute in the overall interest of Gibraltar on a matter on which we have already offered to work on all party basis." That was the letter on the 14th March and it was the only letter of all the ones

that I had sent the Chief Minister, Mr Speaker, that I made public. I was then interviewed on television on this matter and when the Honourable Mr Feetham came back, in fact, we knew that he had come to Gibraltar because I had seen him and we had not heard anything and I do not recall a follow-up to that attendance to the Wilton Park Conference in terms of an interview on Television or Radio. Maybe I missed it but I do not think that he did appear on Television and there has been no follow-up to that. As I say, Mr Speaker, the Chief Minister did not reply to that letter either. I did not get a reply to the one in October where we sent him considered comments on the Report and urged him to reconsider the question of the Committee and neither have I had a reply to date and that is why, Mr Speaker, a whole month having gone by that I decided about the middle of this month to give notice of this motion in order to air the matter in the House. I should also recall, Mr Speaker, that in September last year, on his return from the United States, the Chief Minister held a Press Conference and there was a report in the Gibraltar Chronicle, on the 14th September, in which he made reference to 1992 and I quote from the report "On his return from the United States Chief Minister, Joe Bossano, urged that Gibraltar should aim to be winners by 1992 when the Single European Act comes into force. We must improve our facilities and efficiency to become totally international in every way. That is my Government's top priority. There will be winners and losers in 1992 and we must make sure that we are amongst the winners" I could not agree more, Mr Speaker, Gibraltar must ensure that we are amongst the winners come 1992 and we think that we the Opposition should be there to help in ensuring that Gibraltar wins out on 1992. However the only reaction since then of a positive nature that there has been from the Chief Minister was that Members of the Opposition were invited to attend seminars that were held here in Gibraltar a few weeks ago when two speakers from the United Kingdom came out and gave a very useful series of talks on the question of 1992. They laid down a number of guidelines as to how the matter of 1992 should be approached and something that they stressed amongst the guidelines, and which struck both my colleague Mr Peter Montegriffo and myself at the time, was the slogan or the guideline "work with others" in dealing with 1992. In the coming to grips with the situation "work with others". Work with others within your environment, in your own set-up and elsewhere in Europe if possible or in your own country where there might be other people affected and who might have similar interests and indeed in the rest of Europe, try to work with others and this is what we think is essential. That the Government should not be going it alone that they should be working very closely and deliberately with others, including the Opposition. Back in 1972, Mr Speaker, when I recall that we were presented with legislation that had to be enacted before January 1973 and the relevant legislation was brought to the House of Assembly in November 1972 prior to Accession into the EEC in January 1973 and the consultation that I referred to earlier when the Foreign Office sent out an official to advise the IWBP Government and the AACR Opposition in 1971. My recollection is that there was no joint consultation on the

matter and the AACR Opposition and the IWBP Government did not discuss the matter jointly nor when we came into office at the end of June 1972 did we discuss the matter with the IWBP Opposition which you, Mr Speaker, had the honour to lead at the time, until the matter was brought directly to the House in November 1972. And as I say, we, in the Government were presented with a draft legislation with very limited time-scale in which to consider the legislation and what we are trying to do now, Mr Speaker, is to avoid a repetition. I am not saying necessarily that the wrong decisions were taken in 1972 what I am just advocating is a joint view on the matter. In 1984, when Honourable Members opposite became the official Opposition here in the House, a Committee was set up and as I recall it consisted of the Honourable the Chief Minister who was then Leader of the Opposition, the Honourable Mr Michael Feetham, Sir Joshua Hassan and myself and this Committee worked throughout most of 1984 on the need to obtain derogations from EEC Directives prior to Spanish Accession to the EEC and a joint view was taken and joint representations were made on the matter. A joint delegation visited Brussels and we held meetings with Sr Natali and the Commissioner of Social Affairs of the EEC Commission. I think there is that precedent and I can give my assurance to the Chief Minister that if the Government and the Opposition work together, if such a Committee were to be set up and if there is a need to make representations in Brussels then we are prepared to join with the Government in taking an overall view and a united approach on the matter. What we are doing is we are offering our co-operation. If we do not work together, Mr Speaker, if we do not pool our expertise there is a danger that we may disagree unnecessarily because the matter may not be ventilated to the extent that it should. It is always better, in any case, to ventilate that in Committee rather than here in the House where the natural tendency, in public, is not to suggest a constructive view but to try to see to what extent you can further your own party political interest. This is natural, this is very much the nature of politics in a democracy and there is a danger therefore that we might disagree and that there will be natural recriminations afterwards. What is needed therefore is not just for the Government to take into account the view of interested parties, which is what the Honourable the Chief Minister is offering, but to consult parties, and I am not just talking about political parties here, I am talking about the other people that I have made reference to earlier. All of us should sit around the table and discuss the matter in depth and work together in order to arrive at a joint Gibraltar view for the benefit of Gibraltar both in the run-up to 1992 and beyond 1992. Mr Speaker, I commend my motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Honourable A J Canepa.

HON P C MONTEGRIFFO

Mr Speaker, in supporting the Leader of the Opposition in this motion I want to firstly draw attention to the lack of enforcement that I think Gibraltar has given to the issue

of 1992 and the fact that this debate is really one of the first that gives any opportunity for us to discuss in any detail what Gibraltar stands to gain or lose by the changes that 1992 will bring about. As I indicated in my contribution on the Budget session yesterday evening in other jurisdictions with much less at stake than Gibraltar and which we are largely comparable, e.g. Jersey and the Isle of Man, there has been heated debates on the implications of 1992 and how that will affect the islands and the dangers for the various industries. It is a sad reflection on all of us that, in fact, we have not grappled this problem before but I am glad on my part that today we are rectifying that and bringing this issue to the public's attention in a more forceful way than it has been done before. Sir, I also want to stress that the difficulty that we see, from the Opposition benches, is that Gibraltar's position is particularly unique in that there is no other territory, as far as I am aware, within the confines of the European Community that falls in the same category as Gibraltar does. You know our membership being pursuant to Article 2274 of the Treaty of Rome and that being the case, Sir, it is impossible for us to seek the information that we need to assess about what is going to happen to us from any other source or to expect any other source to be able to help us easily. Gibraltar is very much alone in this situation.

It is even isolated from places like Guernsey, Jersey and the Isle of Man, who have actually teamed up. There were recent press reports that the Channel Islands and the Isle of Man had teamed up and were, for example, taking certain initiative together. They were going to Japan to consider the OCD position, they were looking at the implications for their various industries vis-a-vis 1992 because they are affected in the same sort of way. They are outside the Community and therefore they can pool the type of input they need and the information they need because they are in the same boat. We are in the unfortunate position that Gibraltar just cannot play a part in that process because we are alone.

Because of that, Sir, our view is that there is a need for a proper and considered analysis of the matter as it affects Gibraltar. There is another important factor, Sir, which I also want to highlight and which is, I think, at the root of our problem. That is the constitutional position vis-a-vis, whose responsibility it is to inform us and to give us the right information as to what is happening with regard to 1992. This is one of those areas that constitutionally is a little of a grey area. Certainly anything that has to do with the general economy of Gibraltar would seem to be a defined domestic matter. This despite the general commitment and responsibility the British Government has for financial stability. But clearly there is also under the Constitution, Sir, the question of Gibraltar's position to international obligations, international treaties. This is however a matter for Her Majesty's Government and the point that has to be made, Sir, and I assume that the Government agrees with this, is that either the Foreign Office has decided that it is not responsible for taking care of Gibraltar, so to speak, in the move towards 1992 or in giving us information, anticipated information, to which we need

to plan. Now if it is their responsibility then in fact they are not doing their job properly. It is clear that crucially important matters affecting Gibraltar and that might come about, as a move towards 1992, are being learned in Gibraltar only by way of things like press reports and also by way of the fact that we are a small community and the accountancy, the legal and banking professions receive information which then circulates quite quickly amongst politicians and other interested parties. But there is no, as far as I am aware, no formal arrangements either with Her Majesty's Government or anybody else for the sort of information and input required to give us the weapon and the pull that we need to prepare for that. I think that that vacuum is an enormous omission in our strategy to plan for 1992. We desperately need a structure which will ensure that we get information, not when everybody else knows it or when everybody else in the world knows it because it is published but because we are entitled to hear from Brussels. I urge the Government to consider either setting up an Information/General Representation Office in Brussels or have some other sort of arrangement with Her Majesty's Government which will give us that information at an early stage. The unique position of Gibraltar Sir, has, in fact, been stressed already by the little advice that we have had from those third parties. Mr Canepa explained the visit of Professor Usher and Mr Spencer who talked to us about two weeks ago on various aspects affecting Gibraltar and my impression on various aspects affecting Gibraltar very much was, Sir, and I am not sure to what extent it is shared by Members of the Government, that there was even at that level, at the level of an academic spending all his time looking at the EEC and having flown specifically to Gibraltar to give us advice, huge gaps in the knowledge that we needed. Huge areas that he could not give us answers to because nobody had thought about them before because they were specific to Gibraltar's needs and which would take either a full-time man, permanently employed looking at these matters, or else would require a very specific Gibraltar input to start addressing them. It was clear, Sir, that the knowledge is just not there, even at the highest level of people who deal with these matters, and there are enormous areas which are vital not only to this Government's own economic policy, but to the whole well-being of Gibraltar. This is something which we have to tackle quite urgently, Sir, in order to make sure that we do not miss out. The whole question of the Customs Unions is I think almost of secondary importance compared to other areas particularly the financial services area and the question of services generally because as a Community if we sell services principally then that is really the first area that we have to concentrate on. We know from the Government side and we welcome it wholeheartedly that there is now a clear vision of a Financial Services Commission emanating with standards regulating the industry but we also know, again purely from press reports, that there is a Financial Services Directive that the EEC is putting together. Our own plans on Gibraltar no longer depend just on London or anybody else they depend much more on Brussels that we care to think and we have very eminent local legal

practitioners and other people who in fact also feel the EEC and Brussels can kill the industry. There are enormous implications for us all and for the whole structure of the Gibraltar economy and we must put aside those issues which may at times divide both sides of the House. My information, Sir, is that in fact the plans of the Commission, of the European Commission, were that all the proposals necessary to implement the changes that 1992 represent had to be put before the Council in draft form before December 1988. Now that means that five months ago everything was to have been in draft form, almost everything, in fact, most of everything that is important should have been drafted and thought out. So we are now in the stage where people are going to be saying I will accept this Directive which says "common standards for motor vehicles if you accept the Directive on something else." We are now very much in the process, Sir, of more or less knowing, although we do not know but somebody else does know, Member States know, more or less knowing what the changes in 1992 actually involve. What those changes are and how they are in the process balancing the different Members' interests in that equation. It is obvious as I said a moment ago that in that balancing act little Gibraltar is in a difficult role and we all know that. But it not only has a difficult role it is also going to have no one speaking for it as far as we are aware. The British Government, and I would like to hear otherwise from Members opposite, is not representing our interests in any of those talks which are taking place. We were actually told by Professor Usher to team up with the Luxembourg Government unilaterally and seek support from them for measures which we thought we could jointly defend with Luxembourg because our interests are comparable with Luxembourg's more than anybody else's in the European Community. If he was urging us to do that and I think that by and large those there were receptive to that type of suggestions, Sir, it is because we all felt that we were somewhat at a loss in understanding and projecting how we were otherwise going to defend Gibraltar's position. I think Sir, the point that we have to accept in the Community in the light of this nebulous situation that we are in vis-a-vis what the UK is going to do or not do for us come 1992 and we should assume full responsibility for what happens to Gibraltar vis-a-vis 1992. We should grapple with the issue and confront it head on and then decide how it is that the matter should best be tackled. That, Mr Speaker, is in fact the thrust of the motion before this House. I would assume that point 1 and 2 would be acceptable to the Government with little difficulty. It would be preferable for Gibraltar to have a joint view and that must always be desirable to a disjointed view or a view that involves controversy. The point is, Mr Speaker, to what extent should we and can we work together on this. I was not in the House of Assembly when the former EEC Committee was established and which caused some difficulties to Members opposite and which I think resulted in Members opposite walking out from it sometime after they had been working on it. It may be easy for Members opposite to accuse me of disregarding that

incident but we now have a totally different set of circumstances, a totally different type of threat and a commitment from this part of the House that we are willing to work on the same basis than the then Opposition was willing to work with the Government at the time. The point Sir, is that we do not believe that in a place the size Gibraltar any one party, or any one institution, has all the resources or expertise to provide Gibraltar with the type of strategy which is needed. In fact, I doubt, as I said yesterday that I have serious doubts whether in Gibraltar, as a whole, we actually have the resources even to come to a considered thorough and meaningful view of what 1992 means for us. I simply do not think we have the people. It is a failing that unfortunately we suffer as a small community although if we pool our resources I think that we have enough people to at least point out the pitfalls. We will also have to draw on resources from outside Gibraltar to get the type of information and to elaborate on the type of strategy which we must ensure that Gibraltar deserves. Mr Speaker, we bring this motion very much in the spirit of hoping that the Government will be able to see its way to working with not only us but with all other sectors that have a legitimate role to play in this melting pot of ideas which we have to elaborate. If we go it alone then a lot of people are wasting their energies in conducting their own investigations into 1992 and into its implications for their own concern, their own industry without the whole team pulling together. It is very sad, for example, that you have the European Movement providing and arranging talks on the 1992 theme and you have speakers that will have something to contribute to the debate in Gibraltar, like yourself, Mr Speaker, contributing to the history, as well as the Chamber of Commerce's President, and J E Triay, and now we are going to have the Managing Director of GB Airways. But these people are speaking to a group of forty or so persons because that is roughly the number who turn up every single time. Always the same people and there is a terrible wastage of energy and thinking just being dissipated in all these different venues without any attempt to bring them together and to make the whole thing work as one unit. Sir, it is in that positive tone that I support this motion.

HON CHIEF MINISTER:

Mr Speaker, I am assuming that there is nobody else on that side that is going to try and persuade us to accept the motion. The Government is going to be voting against the motion. The proposal has already been rejected before it came to the House when the Honourable Member opposite, the Leader of the Opposition, put it to us. He did make a song and dance about my colleagues' visit to Wilton Park and let me say that when he was in Government he went to Wilton Park and also, I believe, Mr Featherstone and it was during a period when there was an EEC Committee and they went and came and the rest of the people in the EEC Committee were not told anything about what had transpired and nobody complained. That is what happened. I was in the Committee all the time so I should know. The Committee was not set

up in 1984 as the Member said in his contribution, Mr Speaker. The Committee was set up in 1980 because they defeated the motion that I brought to the House, my motion on the 14th July 1980, which sought to bring up with the United Kingdom, in 1980, the need to negotiate terms for Gibraltar well before Spanish entry. This was in order to protect us from the impact of Spanish entry and what happened then was that since the Government then felt that they could not defeat the motion without creating problems for themselves, they decided to amend it and set up a Committee to study the matter. That as everyone knows is a very effective way of not doing something. The main Opposition party at the time, led by Peter Isola said that they would have supported my original motion, I have a copy here of the debate, and that they accepted the Government's position and the Committee was set up. My own position was that I went along with the Committee not because they really said it was going to do anything but because it was better than nothing. I said that what we ought to do was to make representations to the United Kingdom there and then and get on with the job instead of being fobbed off by having a Committee. The Committee however was created with terms of reference of a study being made on how Spanish entry to the European Community would affect the economy in 1980. The Committee then met in October 1980 and had its initial meeting and then again in December 1980. The Honourable Member was on it, so was I and so was the then Chief Minister, Sir Joshua Hassan, as well as Mr Isola. We met again after December 1980 in August 1981 by then we were joined by Mr Featherstone and Mr Restano so it got bigger but it did not look much bigger. In 1981 we met twice, once in August and once in November. In 1982, the Committee met in January and it had a couple of meetings in July and that was that. In 1983 we did not meet at all because they were preparing for Spanish entry. With all the brains of Gibraltar together which is what's being proposed to us from the other side. The Honourable Member was not there, but we cannot assume that just because there is now a third force in Gibraltar politics which is rejuvenating the AACR and acting as Giminy Cricket to the GSLP, the new Committee is not going to be any different from the old Committee nor the results are going to be any better than the results in the past. And we are not prepared to follow that road after having lived through it once. But of course it got worse, because it did not meet at all in 1983. Then in 1984 we, the GSLP joined the Committee because the Committee was not created then as the Leader of the Opposition has said, what happened was that in 1984 the GSLP replaced the representatives of the former Opposition and in 1984 perhaps because we were there we met quite a lot in fact. We had one meeting in February, three meetings in March, one meeting in June, one meeting in August and a meeting in October when we packed it in. So we had quite a lot of meetings in 1984. We got a memorandum together in 1984 and we organised a meeting with the EEC in 1984 and we went to see Sr Natali in 1984. All those things happened in 1984 but what was also happening in 1984 and which we did not know because it was happening behind our backs, was that negotiations for advancing EEC rights. We had a

situation, Mr Speaker, where in 1983 before the GSLP joined the Committee, as the main Opposition party, the Government party, the AACR, already having given the green light to advancing EEC rights, and we only discovered this, Mr Speaker, because the Honourable Mr Mascarenhas, told us about it in 1984. We discovered it a year later although he was not a Member of the House at the time but as a Member of the Executive of the AACR he had been told in the Executive Committee of his party that the Chief Minister had told Sir Geoffrey Howe.... Yes it is in Hansard and it is on record and I can fish it out for him if he wants.

HON G MASCARENHAS:

Not quite Sir.

HON CHIEF MINISTER:

Not quite, well, perhaps he can tell us quite what happened. Maybe there is more information that we do not know about? We are all ears, Mr Speaker. But we were very shaken by this information because it was said in the context of showing that the Brussels Agreement had not been a sudden decision on the part of the AACR Government and that it had been something that had been in the pot and boiling for a year. It was however a pot which had been boiling for a year and there we were in the EEC Committee discussing derogations and making arrangements to present a memorandum to the European Community and to Sr Natali to say to him that we cannot survive Spanish entry and therefore you need to protect Gibraltar from the application of community rights with an open frontier and whilst we were making that case jointly the British Government was saying to the Spanish Government that they were prepared to give them EEC rights in Gibraltar before anywhere else in Europe. Mr Speaker, do I need to remind Members of what I said when we discovered this, I said that Sr Natali must have thought that we were complete idiots when we went to see him because he must have known what was going on in the bilateral negotiations between Britain and Spain. He must have thought to himself that these poor native Gibraltarians clearly do not know what their colonial masters were up to because they had come like Africans with a wishbone in their nose saying protect us from the bad wolf at our door and the bad wolf was being let into Gibraltar before anywhere else in the European Community. We granted community rights in February 1985, Mr Speaker, in anticipation of them getting them in the rest of Europe in January 1986. Whilst this was being discussed and its implementation was being negotiated and simultaneously with what was happening in the EEC Committee composed by both sides of the House and putting together the framework of an argument and a memorandum to say that we should not be doing it after 1986. So I do not see frankly how the Leader of the Opposition has got the gore to expect us to go into any Committee with the AACR ever again in our lifetime. Thank you very much but once bitten twice shy. As far as we are concerned we will listen to any proposals that they want, we will consult the interested parties in

Gibraltar, but it is our responsibility and as far as we are concerned the right to decide what is best, just as the AACR had the right because they were in Government in 1980. When I moved my motion it was defeated and the Government of Gibraltar considered that it knew what to do in the European Community and they negotiated advanced EEC rights or whatever and then they stood or fell by their policy. However, what I think was completely dishonest was to say that there would be a Committee and we were going to have a joint study and you are in the same Committee that has been studying matters and then they are doing something else behind the other party's back. That is what they did in 1983 and 1984 to us, Mr Speaker, and let me say that I do not know what it is that the Leader of the Opposition is or is going to be able to discover by setting up the Committee now that we could not discover between 1980 and 1984 because we were a Committee for four years. Let me say that the Single European Act was brought to this House by the AACR and when they brought the law here applying it in Gibraltar we opposed it on the grounds that before they brought here the Act including Gibraltar in the Single European Act they should be able to explain to us what its implications were and they could not and all that they did was ridicule our Opposition. That is all on record, Mr Speaker. They said it was ridiculous for us to say that we do not want to vote in favour of this Bill unless you know its implications. What does the Honourable Mr Bossano think? Is he going to stop the whole Common Market? That was the reaction of the AACR when we said well look should we not before we get into this know what it means?" They put us in it Mr Speaker and they fobbed us off with the Committee for four years and now from the Opposition they say they are going to help us do what they should have done but did not do when in Government. I mean how hard faced can one get, Mr Speaker. They had ample opportunity to protect us before Spanish entry and to protect us before the implementation of the Brussels Agreement and to protect us against the implementation of the payment of the Spanish pensions and they told us, in the Committee in 1984, that they had been assured by the British Government that the conditions that applied to Ceuta and Melilla could be obtained for Gibraltar at any time that they wanted. We now come into office and we ask the Foreign Office and the Foreign Office says that the situation now is, and I have told them so, and I am sure that they have been told this themselves anyway when they had meetings with Sir Geoffrey Howe when he came here, because what he said to me, he must have said to them. The position of the British Government now is that Spain has now got a veto and I certainly did not need Sir Geoffrey Howe to tell me this in 1989 because I was saying that in the House of Assembly on the 14th July 1980. I was saying then that whatever we do we have to do before Spain joined. Now whatever we do, we do if Spain allows it and we have the classical example of that in having been left out of the EEC Directive on the Air Liberalisation. Why were we left out in 1987 and why were we included in 1983, Mr Speaker? Because in 1983 nobody in Europe cared about Gibraltar being included and in 1987 the only one that cared was Spain and Spain cared enough to block liberalisation for the whole

of Europe. The scales has us on one end and the 320 million Europeans on the other and what does the Honourable Member think is going to happen to those scales? Which way are they going to tip? Or does he think that if we have him and his colleagues sitting with us on those scales we will balance the 320 million Europeans at the other end? Are they going to make a difference? Of course it is not going to make any difference. The reality of it is that what we have to do now is not see how we can change anything because we cannot and we are paying the price for their failure to protect Gibraltar and they will carry that responsibility until their dying days. The greatest disservice that the AACR has done to Gibraltar, amongst the many that they have done, has been to inadequately protect Gibraltar against Spanish entry. By going along with the Lisbon Agreement, with the Brussels Agreement, with the Spanish pensions, with the Airport deal and we were only saved from that one because they lost the election. Because the last thing they said in the election was that they were still studying it. I do not know whether they have given up or not. They may have or they may have not. Because a lot of things can happen between Monday and Tuesday when it comes to those people. The situation therefore today is that what we have to use is our brains to find out how, within the rules that are there how, we can put an interpretation and adapt our institutions to those rules in order to survive. Renegotiating our position in the EEC is now out unless any renegotiation is approved by Spain. The Committee that looked at how we survive in the EEC can only be on the basis of changing our relationship with the EEC. If that is not the purpose of the Committee then what is the Honourable Member proposing that we should have a Committee to tell the Government of Gibraltar how it must govern. We do not need that because we do not believe in the bi-partisan approach. We do not believe in coalition Government. We did not believe in it when we were on that side and we do not believe in it now. Therefore the position is that we will give consideration to any proposal that they make to us, notwithstanding what has happened in the past, as we would with proposals coming from anybody else. Just because the proposals come from the AACR, who have failed considerably in the past to come up with any initiatives or any ideas to protect Gibraltar on any of the main problems it has faced in relation to the Community, it does not mean that they may not now be able to in their rejuvenating process to come up with something that they have been incapable of in the past. If they come up in their metamorphosis state, if they come up with something new, we will listen to it and if it makes sense and it is something that is worth pursuing then fine the Government will pursue it. But certainly the methodology proposed by Members opposite as far as we are concerned is sterile and totally useless and is one that we do not support and when we have gone with it in the past it has been on the basis that it was not the initiative of the Opposition and that as far as we were concerned it was the Government's initiative and it was better than nothing. We did not ask the Government in 1980 to

up a Committee. We were asking the Government to get on with the job and do the necessary to protect Gibraltar and, as I said it was only in 1984 that the Committee really got on and produced something. Although what it produced was a complete nonsense because it run completely contrary to the position of the Government of Gibraltar in relation to the secret commitment that it had given Sir Geoffrey Howe prior to the election and subsequent to the election. We only discovered this, and the people of Gibraltar only discovered this, a year after the event otherwise they might not have got in in 1984 either.

MR SPEAKER:

Does any other Member wish to speak? If not I will call on the mover to reply.

HON A J CANEPA:

I really do not understand, Mr Speaker, what the Honourable the Chief Minister means when he says that we brought the Single European Act to this House. We brought legislation advancing the EEC implementation, EEC rights in advance of 1980. We really do not understand what he means that we brought the Single European Act to this House.

HON CHIEF MINISTER:

If he does not understand this I will tell him, Mr Speaker. The Honourable Member may not remember it but subsequent to the United Kingdom implementing the Single European Act in the House of Commons the Government of Gibraltar brought similar legislation to the House of Assembly and we, on that side of the House at the time, voted against and we were ridiculed in that debate by the then Chief Minister, Sir Joshua Hassan. Sir Joshua said if we thought that the Common Market was going to stop because we were voting against it. I am sure we can produce the Hansard of that meeting.

HON A J CANEPA:

All Bills that make provision for that to happen. Everything that is to follow was not enacted for there and then. That is not the Single European Act about which people are talking about that was only the start as it were. What has to happen prior to the process that has been underway since then and which is going to follow in 1992 is what matters, otherwise what would we be discussing here today and would Honourable Members who attended the Wilton Park Conference have bothered in attending and would the Government bother in bringing people from outside to hold seminars here. The difference between what the Honourable Mr Feetham did in March and what I did by attending in June 1984 is very simple, incidentally Mr Featherstone went in 1986 well after the event. I was the first person from Gibraltar to attend a Wilton Park Conference in January 1979. It was then about the EEC and its external relations and I went again in June 1984 to a Conference on the EEC and its enlargement. The difference

of course is that I went on my own I did not take a delegation of businessmen with me. That is the fundamental difference between the one I attended and the one Mr Feetham attended. He took a delegation of Gibraltar businessmen and in the process ostentatiously excluded the Opposition. We can now understand why after having heard the Chief Minister today. We can now understand why that was done. It was a conscious and deliberate act on the part of the Government. I feel sorry for the Honourable Chief Minister. I feel sorry that he is such a prisoner of the past, that he is bitter and cynical about the past and about all the years during which he stood here. I think it is a shame because the Opposition does have a useful function to perform and it is an honour to serve the people of Gibraltar in the capacity of a Member of the Opposition. I feel it an honour. I feel it an honour because I believe in the part that I play as Leader of the Opposition and there is nothing shameful about that. On the contrary it is an enriching experience, as I said back in April last year, it is something that as a human being I can take because it is part and parcel of my philosophy about life and my approach to life. You cannot always be at the top and in any case it is good for the soul and I believe that the soul should go through the experience of being a loser. I had hoped that by now the Chief Minister might have started to bury the ghost of the former Leader of the AACR and to have been able to break away, but he has not. I have been telling him about it during the last year or so and he should rise above the occasion that he ought to show a little bit of the magnanimity of a victor and as Churchill said "in victory magnanimity". He does not have an ounce of magnanimity in his body and I think that that is a shame. His whole approach has been one of bitterness and cynicism. What does it really matter what happened between 1980 and 1983 or even up to and including the Brussels Agreement. It does not because what we are doing here, may I remind him, is offering my good faith and the good faith of the Honourable Members sitting on this side of the House, regardless of what may have happened in the past. The Hon Chief Minister is however not willing to accept that offer of good faith and I think he is the loser for it. He demeans himself. He shows himself to be small even with his 8,128 votes behind him. He is a small, petty minded man who can only think in terms of narrow party politics and not rise to the occasion and grasp the opportunity of serving Gibraltar and looking up at Gibraltar in a united way. He will be judged for this in three year's time because there are occasions when members of the public feel that there are certain issues on which both sides of the House should rise above petty party politics and this is such an occasion. Spain is now in the Community and the past is the past and it should be buried. The slate should be wiped clean and a fresh start made and that is what I am offering here today and have been offering for the last few months. The Honourable the Chief Minister has been rejecting this offer and he is again rejecting it today in a shameful and dictatorial manner. He has worked himself up in this House this afternoon and answered in a most shameful manner. Mr Speaker, not even when the general good of Gibraltar is

concerned can he rise above it and agree to work together and says that I have the gore to suggest that we should work together. Of course it is not a question of gore, Honourable Members opposite have nothing to lose because they have a majority and on such a committee they could have a majority of three compared to our, two if it ever came to a vote, not that that would be our approach. So what is he afraid of? What is he really afraid of? The derogatory way that he has talked about my Honourable Colleague and I doubt whether our being there to fit in the scale would do a great deal because there is not much flesh between the two of us, not that he is a heavy weight himself. Because if you look at the size of him what is he going to do on his own. We have to use our brains he said. That is not what he means, Mr Speaker, what he means is, we have to use his brain, the Honourable the Chief Minister's brain because he looks down on every other Member of this House. That is the reality of the situation and again he is mean and small about it. To come into Government in the way that he did with the number of votes that he obtained and not to show that he is a bigger man than what he has shown today is indicative of what he has been doing for the last year. He has disappointed me as a person because he knows that I have a lot of regard for him as a person and he knows that I have a lot of admiration for him as a politician and he has failed in the esteem in which I have held him in that respect. I thought that there was more to him than that. It does not make any difference to what I feel about him as a person, but it does in the admiration in which I have held him in the past as a politician. No one was suggesting, Mr Speaker, that what we are going to do is to renegotiate our position. That is not what we are on about and if it came to renegotiating our position that is a matter for them because they have the ultimate responsibility. I never thought that the Honourable Mr Bossano had such hang-ups, I really did not, so we are very disappointed, Mr Speaker, by his reactions. It is a pity that he should adopt that attitude and it is a pity that he cannot think that the Honourable Members on this side of the House, three of whom are new, can really offer something sincerely, positively and constructive for the good of the whole of Gibraltar. It is a pity that what we are suggesting should be seen by him as a direct electoral challenge to the eight Members sitting opposite. What a shame, Mr Speaker.

Mr Speaker then put the question and on a vote being taken the following Honourable 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 Honourable 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 Honourable Members were absent from the Chamber:

The Hon E Thistlethwaite
The Hon B Traynor

The motion was accordingly defeated.

ADJOURNMENT

The Honourable the Chief Minister moved the adjournment of the House sine die.

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

The adjournment of the House sine die was taken at 6.45 pm on Wednesday the 3rd May, 1989.

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GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

31ST JULY, 1989

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Sixth Meeting of the First Session of the Sixth House of Assembly held in the Assembly Chamber on Monday 31st July 1989, at 10.30 am.

PRESENT:

Mr Speaker(In the Chair)
(The Hon Major R J Peliza OBE, ED)

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 J H Bautista - Acting 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.

RULING BY MR SPEAKER

MR SPEAKER:

Before we start on the Agenda I would like to surprise Members with something that I think they will welcome. I will read it because it is a formal ruling.

"Honourable Members, I know from personal experience of past years that summer heat in this Chamber tends to exacerbate differences and this is not conducive to calm and cool counsel. In the circumstances I consider that in the interest of rational debating it is wise to relieve Members of the irritations caused by sweltering heat by allowing those wishing to remove their jackets to do so when previously authorized by the Speaker."

I am not of the opinion that this will undermine the dignity of the House. Indeed, as a gesture of respect for this institution that enshrines the sovereignty of the people of Gibraltar, Members are required as hitherto to enter and leave the Chamber fully dressed at the commencement and recess or adjournment respectively. Jackets will only be removed inside the Chamber when so permitted under the conditions already stated.

As a result of this practical step that I am well aware Honourable Members welcome, I hope the House will find it possible to take another practical step and resolve, sooner rather than later to authorise, in principle, the indexation of the Hansards now many years overdue.

OATH OF ALLEGIANCE OF NEW MEMBERS

The Hon J H Bautista, Acting Financial Development Secretary, took the Oath of Allegiance.

MR SPEAKER:

I think all Members will join me in welcoming the Hon Joseph Henry Bautista to the House and I am sure he will have all the patience and erudition that is so much required.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I thank the House for your warm words of welcome.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 29 March, 1989, 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 document:

The Hotel Occupancy Survey, 1988

Ordered to lie.

The Hon the Minister for Education, Culture and Youth Affairs laid on the table the following document:

The Accounts for the John Mackintosh Hall for the year ended 31st March, 1989.

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.1 of 1989/90).
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.2 of 1989/90).
- (3) Statement of Supplementary Estimates No.1 of 1989/90.
- (4) The Accounts of the Government of Gibraltar for the year ended 31st March, 1988, together with the Report of the Principal Auditor thereon.

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.00 pm.

The House resumed at 3.40 pm.

Answers to Questions continued.

MOTIONS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, since the motion has been circulated to all Members of the House and is rather lengthy, may I have your leave to dispense with the need to read it out?

MR SPEAKER:

You have the leave of the House not to have to read it out.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Mr Speaker. The motion seeks to obtain the approval of the House for the amendment of Schedule 2 of the Licensing and Fees Ordinance in respect of three categories of the charges of fees contained therein. The first of the charges affected are office fees which were last revised in 1984 and to which paragraph 2 of the motion refers. The second category of fees being increased are the passport fees which appear under item 5 of the Schedule for the issue of passports, visas and such like services, paragraph 3 of the motion refers. Here again, these have not been reviewed since 1984. It is the practice to follow the UK's lead in fixing their level and as the UK increased its fees with effect from April this year, it is quite appropriate that we should follow suit. The new fees will, by and large, be the same as in the United Kingdom. The only variance of significance is the fee for urgent service, item (h) in the motion, for which there is no United Kingdom counterpart and which will now have to be paid by applicants requesting priority except in the circumstances mentioned in the Note which appears after the description of the Item. This fee has only been charged for attendance outside office hours, Item 5(j) in the current Schedule but it has been found that requests for priority made within office hours often disrupt office routine and more often than not result in the Government incurring overtime expenditure. The third category of fees being changed are the Customs overtime fees found in Part 2 of Item 8 in the Schedule. These fees are normally revised in line with annual pay increases as on this occasion and are designed to recoup from the trade the cost of the services provided by Customs Officers after normal working hours. Mr Speaker, I formally move in the terms of the dissolution which has been circulated to Hon Members.

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

HON A J CANEPA:

We will be supporting the motion.

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

BILLS
FIRST AND SECOND READINGS

THE INCOME TAX (AMENDMENT) (NO.2) ORDINANCE, 1989

HON CHIEF MINISTER:

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

SECOND READING

HON CHIEF MINISTER:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the Bill, which I am sorry to say has taken us longer to get here than I had hoped, because in fact, we announced our intention to move in this direction in April 1988, and again in this year's Budget I intimated that we would be moving quite quickly to introduce this kind of legislation shortly after the Budget Session. Had we had it ready for that House, we would of course have done it then, as I have mentioned already in the context of the Investment Fund. Last year we brought an amendment to the Income Tax Ordinance which provided for the sale of shares by the Gibraltar Investment Fund to be a tax deductible allowance. Because in the amending legislation it was limited to it being done in the current Financial Year we now find that effectively we have lost the last year without being able to make use of this proviso. One of the changes that we are introducing in the legislation before the House is the ability to provide for allowances to be offset against income other than in the year in which they take place, but there is still the caveat that that flexibility cannot be used to actually raise taxation retrospectively. So what we can do is to lower taxation retrospectively if we choose to, but we cannot raise taxation. This I imagine will not find any opposition from anybody, as long as it is actually making people pay less tax rather than more, I would imagine that people do not mind how far back we go. The Ordinance effectively allows us to be able to move in a situation where, as I explained in the 1988 Budget, and I will remind Members that I said that there will be an exercise carried out which I had recommended from the Opposition benches for many years to the previous administration, and that is examining how taxes are collected, so that charges are introduced in a way which relate in a consumer's point of view and the intake of the service. I was looking at a situation where we were providing a fiscal system which did more than just raise money. A fiscal system which obviously has the effect of raising money for the Government, but has primarily a use as a technical tool in economic management. One of the areas which I remember for many years in the Opposition saying to the Government, with very little success, I must say, and was fundamental to sound use of fiscal policy, was that one should examine the revenue yield of certain taxes, because at the end of the day, if it is costing you more to collect than what it is producing why are you doing it? And therefore in looking, at for example, the Qualifying Companies Ordinance, we discovered that the Qualifying Companies Ordinance which has been in service for a very long time has hardly been used at all. I think there were two or three companies making use of it. We also discovered,

for reasons that nobody seems to be able to explain to us and probably lost in the midst of time, that we discourage people from remitting their money into Gibraltar by taxing them at 18% if they send the money here and at 2% if they do not. Well that is hardly consistent with what we are trying to do now, which is to create an off-shore banking centre, where we want everybody in the world to bring their money here, and yet we tax the people who have qualifying companies if they keep their money in Gibraltar and we do not tax them if they keep it in Jersey or Guernsey. This seems a strange way of encouraging that, but of course, it is because those Rules go back in time to somebody sitting down and drawing up the Rules without any thought of whether the Rules under one area are in fact negating what you are trying to do under Rules in another area. So in looking at the situation, in looking at the attempt that was made by the previous Government a number of years ago to introduce a concept of residence for individuals who would be able to pay a reduced level of taxation, I remember when the Bill was brought to the House we in fact opposed it. Primarily because it required a residential property to be owned and occupied thirty days a year and we felt that the benefits of attracting wealthy non-Gibraltarians to register under these provisions and pay some tax in Gibraltar was going to be negated if one of the qualifying conditions was that they had to have an apartment in Gibraltar which they would use one month a year and keep empty for the other eleven months. Because that would mean that in terms of the local property market, the local Gibraltarian might find himself even more pushed out of the market by the competition from outsiders to whom the purchase of the property was not a way of buying accommodation but a way of paying less tax. So if a person had to look at the property and say to himself, "well right, I will pay £80,000 for a flat because that is the way of paying less income tax", for him the advantage of the value of the property was irrelevant. The advantage was the offsetting tax saving, whereas the local person who needed somewhere to live was not in that situation and it seemed to us that we were then looking at the situation where the property condition negated the effect. But in principle, the idea of creating a category of taxpayers that did not exist and where it would bring new revenue into the Government seemed to us a sensible thing. In fact the law, I believe, went through First and Second Reading and then lapsed and was never taken to Committee Stage. We were approached on this shortly after the election and we committed ourselves to re-introducing similar provisions in our law but without the property qualification and in fact we have tried to do it in a way which meets the requirements of the people who have been making the representations to us. There will be Rules to do this, so effectively what we are doing in this legislation is creating the possibility of a qualifying individual, as well as a qualifying company,

so rather than create a new category of taxpayer we thought well let us re-define the category that exists of a qualifying company and let us make it something that can be applied to either a corporate entity or a physical person and then we draw up Rules saying what people need to do to qualify and those Rules will be done in such a way that they are, if you like, tailor-made. What we are doing to the market that this is intended for and which is primarily the Scandinavian market where we are sure there is a great deal of interest in what we are doing and we have certainly made this known through the Financial press that we engaged in this kind of exercise. Another use that we are looking at in terms of the qualifying company which is one of the important areas that we want to implement as soon as the Bill is passed, because as I say, we were committed to do this for the last Financial Year and we missed the June deadline. This is in relation to attracting companies that will use Gibraltar as an export base. We have already had a number of companies approaching us, I do not think that we should go into the details of the product that they might or might not manufacture, otherwise I can see myself facing questions about ball-point pens, bicycles, building components and every other product that everybody else talks to me about. So I think, I will leave the products out in the future from the bits of information that I provide Members with. But there is one particular business enterprise, which is manufacturing already in Spain, the UK and in Canada, that is exporting to a number of countries and has been looking at the kind of facilities that we have in the commercial Dockyard, and so far seem very keen to come in, all that we have got at the moment is interest, but clearly the taxation of the profits of such an enterprise was an important factor. What we are doing there is that we are making provision which will enable a company engaged exclusively in exporting to be licensed as a qualifying company engaged in exports and there that company will pay a reduced rate of taxation which can be anything between 2% to 18%. What the law says is that the tax rate on corporation tax of qualifying companies will be no less than 2% or more than 18%. The reason why we have that flexibility is because in fact we have been told by some professional advisers that they have clients who will not come unless they pay 18%. Because there is a proviso for certain types of businesses called "Controlled Foreign Corporations" where if the Controlled Foreign Corporation pays 50% or more of the tax of the home country, then it does not have to pay the tax in the home country. So therefore, for example, if in a particular country this company would pay 35%, if we charge 17½% here or 18% to be on the safe side, they do not have to pay the 35%. But if we charge 17% and because 17% is less than 50% of 35% they have to pay the 17% here and the 35% on top when they remit their profits back to their home corporation, which is the parent company. Because we have been advised by people who have customers, and

this is a strange situation to be approached as a Government and to be told that we need to have our taxes higher rather than lower and it is certainly the first time I have come across this. We are therefore drafting the law in such a way, that in fact if somebody comes along with a potential business, we can actually produce a competitive rate and build it in. This is the kind of flexibility that will apply and it is a flexibility that we also intend to ensure is available to the local business community as well. We do not see why outsiders should be able to come and put a factory here to export and do so and make a profit and pay a low rate of tax because it is money that they are bringing into the economy but we do not allow a Gibraltarian to do it. Obviously we would need to be sure that this is done in such a way that it is not possible to divert business which is in the internal economy and show it as business in the external economy and therefore produce a revenue loss. But I think, if this is taken in the spirit in which the Government is doing it and I would imagine that a responsible businessman would not want in any case to abuse the position that we are giving him. This is in fact a major departure, because in the past, virtually all the drafting of the legislation giving privileged tax treatment to outsiders has been specifically drafted to make sure that the Gibraltarians cannot even be shareholders in those businesses, never mind directors or managers. We believe that that does not make sense. The other area, Mr Speaker, is the area which will allow us at different points in time to introduce different expenses which can be offset against income, on terms that will be spelt out and again as I have mentioned in my introductory remarks, this is intended to produce a situation where the expenditure that we want to encourage will be given a fiscal incentive. The clearest one is the question of Home-Ownership, where I mentioned in the Budget that we would be expecting to announce this as soon as the legislation was ready. It is our intention immediately after we pass the law to make the necessary Rules laying down what will be the criteria for people to obtain tax relief for Home-Ownership. This will in fact be replacing the existing provisions in the Ordinance on the £2,000 and which we think is, in fact, drafted in a way where a lot of people have not been able to take advantage of it. Fundamentally what we propose to do is a very simple thing, any one in Gibraltar buying themselves a home for owner-occupation will be able to claim a £10,000 deduction from their income and will be able to do it once and they will be able to choose how they do it and will be able to choose at what stage, so that it will apply to people who are already currently buying their homes. It will not apply to the people who buy for the first time. It is something that you can claim once but it does not have to be your first home because as far as we are concerned, suppose you have just sold one house and bought yourself another, then you would feel "well it is not my fault that the provision was not there before". What you cannot do is buy ten homes and

claim it ten times. But it does not matter how many homes you have owned before, you can claim it once and then we feel everybody is getting equal and fair treatment. It also means that the individual taxpayer will be able to match the relief to when he needs it most. If he wants to, when he puts his deposit down, if he wants to be able to claim against that deposit he can do it then if that is when he needs it because at the end of the day once he has claimed it he cannot claim it a second time, so we have got a safeguard in the system that will not be abused. Obviously the detailed controls that need to be introduced will be included in the Regulations. What the legislation is doing at the moment is giving us the power to introduce this kind of proviso into our law and what will happen will be that simultaneous with this coming in, the existing proviso in the Principle Ordinance will be eliminated and substituted by this one. This is why in the amending legislation that we are bringing to the House we provide that different sections can in fact be removed from the main Ordinance when the new proviso comes in and which will be brought in at different points in time. We are looking, in fact, at the entire tax system on the basis of examining which are the areas of expenses that one could argue ought to be reduced for people through the introduction of tax relief. We are taking if you like a very radical approach to the whole question of taxation. Looking at it as I have said as an instrument of Government policy to achieve the encouragement of the things that we want to achieve which we think will generate greater economic growth and greater prosperity for Gibraltar and we are prepared to take a look at how we develop the tax system with no pre-conceived ideas. That is to say, in looking at how we introduce new provisos, in looking at how we amend the law, what we are looking for is a Tax Ordinance that produces a great deal of flexibility and in the main the application of that flexibility will be in response to approaches that we get from businessmen or from professional representatives of investors who come to us and say "people would come to Gibraltar if our law allowed one to do 'x' or if our tax rate for such an activity were 'y'". As at the moment what we have is a situation where we are not collecting anything. In a way, and if I can remind Members of what we did very early last year, in May, on the Stamp Duties, we had a situation where the Stamp Duty on International Bonds was 0.13% and nobody was paying the Stamp Duty of 0.13% because it was too expensive. When we had this pointed out to us, we cut the Stamp Duty by making it a maximum of £5,000 and therefore we are now getting £5,000 that otherwise we would not have got. So the sensible thing to do with fiscal policy is, in the external market, we look at our fiscal system as a tool to make us more competitive in order that people would rather do business from Gibraltar than from somewhere else. From the internal market, we look at our fiscal system so that it raises revenue from certain activities and it encourages other activities by reducing the fiscal burden on the activities

we want to encourage and essentially that is what we hope to be able to do with this Bill. As I have said Mr Speaker, I had hoped to have brought it earlier in the life of the Government but as soon as it is enacted we propose to act very quickly in giving effect to the enabling provisions of the law and introducing specific things which we have been discussing with a number of interested parties. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, I am going to speak in very broad political terms on this Bill and then I will be followed by others of my colleagues who will be dealing with some of the more specific provisions. Let me say, at the outset, that we in the Opposition will be voting against this Bill entirely and that we are doing so because we have got great serious fundamental objections to the main thing that this Bill, in our view, is seeking to do or which if it is not so much seeking to do, it is going to achieve, and that is that it is going to take away from this House and from us Members of the Opposition, in particular, the opportunity to debate, to comment and to put our point of view across to the Government on matters to do with Income Tax and in particular with personal Income Tax at the time when those measures are to be introduced. The Government is obtaining powers in this legislation to proceed by Regulation. In other words to make changes in the levels, in the rates of Income Tax without having to bring a Bill to the House, but to do so by Regulation, by Gazetting Rules and Regulations and then tabling those Rules and Regulations in the House subsequently. The Opposition would then and only at that stage have a chance to debate the matter by introducing a Resolution in the House, a Resolution if the Opposition is not in favour of the measures taken, seeking to annul the Regulations. Here you have Mr Speaker, a Government that for years has been speaking about open Government and which is in fact moving more and more, and has done so in the past by a number of measures that have been brought to the House in the last sixteen months, moving closer and closer to Government by decree. Government by decree without having to consult the House. Government by decree without introducing legislation to make tax changes in this House. What is more fundamental to the principle of democracy than that you should have no taxation without representation and the fact of the matter is that at least 30% of the electorate whom we represent, not to mention the other 10%-12% who voted at the last General Election and are not represented here. Those people that we represent do not have an opportunity, through their elected representatives, of putting across their point

of view on legislation as and when it is introduced in this House. The House of Assembly is effectively being downgraded. This is yet another example of the fact that in Gibraltar today people enjoy and have less freedom than what they had before the last General Election. Here we have this style of Government propounded by the Chief Minister in keeping with an authoritarian dictatorial approach and it has taken fifteen months for the Bill to be brought to the House. It is nonsense to say that the sole aim and purpose is flexibility. If you look back over the years, Mr Speaker, there have been numerous occasions in the course of any legislative year when a number of Bills have been brought to this House amending the Income Tax Ordinance. It is the easiest thing in the world in a legislature such as ours which meets as and when it needs to meet. Which meets with very little requirement to give notice, which when legislation goes to Committee is not held up inordinately, unlike the House of Commons where Committees sit on legislation for ages, that does not happen here. It is possible in this House to get legislation through very very quickly. This is not a measure for obtaining more flexibility, but instead not giving the Opposition the opportunity that it is entitled to debate the matter. It was said at the time of the recent "secret tax code fiasco" that the Government was going to get flexibility by bringing legislation to this House at this meeting to deal precisely with that situation. That is nonsense, Mr Speaker, that was a deliberate attempt to mislead those who were affected. The fact of the matter is that if the Government changes the legislation in Gibraltar, so that you divert the amount that you are paying under the Social Insurance Ordinance to the Group Practice Medical Scheme, then people are not entitled to get tax relief and therefore, if the amount involved is £1 a week or £1 something, that can be £50, £60 or £80 a year which can adversely affect the code, and therefore the Commissioner of Income Tax and the Income Tax Office had to act in accordance with the political decisions and the legislation that the Government had previously passed in this House. Then what did they do, they went and they blamed the administration and it required the Gibraltar and General Clerical Association to make clear in a statement that the Income Tax Office was acting as a direct result of political decisions taken. Just as if today they were to introduce a Bill increasing Social Insurance contributions by £5 a week, then the Income Tax Office in issuing new tax codes had to give people £260 a year of additional tax relief and therefore people would be coded beneficially to them, in a manner beneficially to them, and would pay less tax. But this is the response to the situation that arose and that is nonsense, Mr Speaker. The Government took a decision last October or November to divert from the Social Insurance to the Group Practice Medical Scheme and perhaps it did not dawn on them at the time that there was going to be a negative response from the public until the tax codes

were issued. The measure that is being brought to the House today is something which you do not have in the United Kingdom. In the United Kingdom changes in Income Tax and in particular in personal taxation are an intrinsic important fundamental part of the Budget and the Chancellor announces those when he introduces the Budget. That is then followed by the issuing of many more complicated Tables of codes than what we have in Gibraltar. Again in Gibraltar, the system of issuing Tables because it is not cumulative is very straightforward. There are not that many Tables to talk about, so what is the need for that. This is just going to the fundamental root of democracy and that is why we cannot just go along with that. I speak in the way that I do, Mr Speaker, because this is not an isolated instance. This is the third or the fourth example that we have had in one legislative year which is ending now, shall we say, of powers being taken away from this House, an opportunity being denied to Members of the Opposition to put their point of view across and it is indicative of everything that happens in the House. It is indicative of everything that happens at Question Time and the attitude of Members opposite. So for this serious fundamental reason, not because we do not think, on the contrary we have been campaigning for people to have their tax cut, because we think that the Government's financial position is one which enables, or at least they could be adopting policies, that would allow for that. Not that we do not support that people should have their tax cut, but not in this way. Nor do we think that it is conducive to good Government or to good parliamentary practice that we should be expected, at a meeting of the House subsequent to that morning when we wake up, we come here to the House of Assembly and we are handed a new Gazette and in that new Gazette there are tax changes gazetted. At that meeting immediately after the publication of that Gazette we are expected to bring a motion to the House if we want to debate, if we want to discuss the measures that the Government has taken on taxation. It goes to the root of the matter. This is the reason why a civil war of independence was fought in the United States and that is why we are opposing this regardless of the merits of any other of the clauses. We will be voting against at all stages, Mr Speaker.

HON P C MONTEGRIFFO:

Mr Speaker, the general attitude of the Opposition to this Bill, I think, has been made quite clear by the Leader of the Opposition and as he has said it is rather a pity because areas that the Bill seeks to address are areas on which, simply on their own specific merits, we will have no argument with at all and in fact we support. And the general line Sir, that I wish to take in going through the Bill and expressing some views on each section is that frankly the remedy that has been sought of taking from this House the legislative role of changing the Tax Ordinance is too harsh and unnecessary for the cure that

we want, ie the greater flexibility that is required. In a system where you have, in areas like this, a willing Opposition which would enable the Government to easily pass legislative measures to give Gibraltar the competitive edge that is required without the need for these draconian measures, without the need for usurping the functions of the House in the way the Bill proposes to do. So the Chief Minister himself, in explaining how there was an amendment to the Stamp Duties Ordinance, has indicated how it can be done, how in Gibraltar where there is quick and easy access to politicians and when there is a willing ear, Rules can be changed and they can be changed much more expediently than in many other jurisdictions of our size. In fact I am convinced that with the establishment of a proper procedure, which may be the Financial Services Commission, and which could be responsible by having somebody looking at Financial Services and the taxation in the Finance Centre. That would very very much speed up the changes that Gibraltar, which has to be at the forefront of, to make sure that we are competitive. Mr Speaker, it is a pity because a lot of what is in the Bill, we could go along with but the method is so fundamentally flawed in our view or unnecessary at least, that it forces us to vote negatively on the whole proposed legislation. Sir I think it is important to say that one aspect on which, we are fundamentally opposed on, is the question of disregarding completely this House from the decisions as to what bands of tax and what rates of tax are to be charged in Gibraltar. What the Bill proposes to do in its main section Sir, is to take away from this House that very power to decide what the different rates of tax are, what allowances are etc. That is the fundamental usurpation that we feel is wrong. At the very very least Sir, one suggestion that we put forward, although fundamental in a sense that we would have to consider whether our fears were cured, is that if flexibility is required and if the Government were to say "we need the House to be out of this because the House is too much of a hassle and the House is too much of a problem, the House takes too long", and assuming there was any legitimacy to that argument, because people want laws changed in a week and not in a month, then clearly in the area of non-residence that might be a more legitimate argument than in the area of residence and I am suggesting, very much as a suggestion, that perhaps the flexibility which the Government is seeking and which is in the area of non-residence, ie the area of people not being physically here and tax resident in the normal sense of the word then perhaps there we would be a little bit more amenable to looking at a very draconian sort of change in the system but which might be justifiable in those circumstances. I think Sir, in all humility that would give the Government the quick flexibility it needs, at least on those issues, and then they would come to this House, as a normal Legislature does in any other country, to debate taxation, on-shore taxation, for residents of Gibraltar. It is a pity, Sir, because in things like for example, the

Qualifying Companies, we do not argue at all, it is also a pity as well because in the case of qualifying individuals, where the Government would be seeking to attract wealthy individuals, to establish themselves in Gibraltar in certain respects again we would not oppose that although I will say that we would like to see what the Prescribed Rules are going to be. Because it is a bit of a blank cheque at present. But we are suggesting, Sir, and I am not going to take longer in making suggestions than I have already, that the Government could do what it sets out to do by introducing two systems, one for non-residents which would be subject to regulations and which this House would have the ability to debate after the regulations have been enacted. There could even be if Government is prepared to do so a measure of consultation with the Opposition before these Rules are tabled. There would be no problem with regard to residents we would wish to preserve the present procedures where this House would have a full competence for the Regulation and where there could be full public debate before things were altered and be answerable to the people as people expect us to be.

HON CHIEF MINISTER:

I am grateful to the Hon Member that has just spoken Mr Speaker, because I think that he has at least recognised that the intention is a good one but it is the methodology that is not acceptable. All I can say to this is fine, they have got a different view of how one should do things and how one should govern and they have the right to hold that view. We are doing what we announced immediately we took office we wished to do, the need to do it and if anything, this is supported by the time that it has taken us to do it Mr Speaker. The fact that we announced it in April 1988 and again in May 1989, when I said that I hoped that this would be ready by June and here we are at the end of July, and has still not been passed shows that quite apart from anything else, one of the things that we find in bringing legislation to the House and, I do not know how the system operated before when they were in Government, is that in fact there is a situation where the time-scale between the original policy-decision to do something and the actual draft ready to go to the printers is a very long one. There are also a number of technical matters that departments seem to want to do or the Foreign Office wants done and which somehow find their way to the top of the queue and whilst you are saying that this is an urgent piece of legislation you get told "well there is all these and it has to wait because we are overloaded". The next thing is that you suddenly find yourself with a piece of legislation about which you know nothing about, nor does anybody else know why it is there. There is apparently somebody, not elected, pushing for it, and the office responsible have an enormous backlog of legislation which I wish we could implement by Rules and Regulations, Mr Speaker. When I went over

to see Mrs Lynda Chalker this time, and I think I mentioned it, in fact to the Leader of the Opposition when we were together at the CPA Conference. I was told that there were sixty-two Directives, that were urgent, and which is a very small part of the Directives that we should have implemented and have not in fact implemented. These Directives go back to 1974 in some cases, and we joined in 1973. There are Directives which have now been overtaken by other Directives and we have found drafts of legislation where for some peculiar reason in the system, before we got into office, such as the Protection of Insolvency Ordinance, 1983, with 1983 crossed and 1984 inserted and that crossed and 1985 inserted and so on. Now as far as we are concerned, Mr Speaker, we are conscious that the speed with which we want to move and the things we want to do in Gibraltar will not get done with the machinery that we have in the Public Administration or the machinery that we have to prepare Legislation and the machinery that we have to draft Legislation. But what the Honourable Member seems to have forgotten completely in his history lesson about the American War of Independence is that that was about increasing taxation. I do not imagine the United States would have rebelled against George III if he had actually reduced their taxes. They were complaining about having their taxes increased without being consulted. I think it was about the Stamp Duty on tea.

HON G MASCARENHAS:

If the Honourable Member will give way. It was the theme of no taxation, where no taxation without representation because Parliament in London was telling them where the taxes had to be levied. Not about increasing them, Mr Speaker.

HON CHIEF MINISTER:

That is right, Mr Speaker, it was because Parliament in London was telling them "we want to have a tax on tea", and they were saying why should the people in London decide the type of taxes that we pay in America or in Gibraltar or in anywhere else. But this is not about increasing taxation. It is not about putting taxes on people without giving the people the right to express their disagreement, it is about removing them. Because the law specifically says that it cannot be done in conflict with the provisions of the Ordinance, that says that you cannot introduce taxation without the matter receiving the approval of the House of Assembly. So in fact this does not allow us to introduce taxation without the House's approval. It allows us to remove taxation without the House's approval. Now the only thing that the Honourable Member can complain about is that if we removed tomorrow all income tax, I have no doubt that the AACR would stand up and say "why don't we have negative income tax, why is not the Government doing more?". Now I admit that

I am depriving them of that opportunity, that I accept but no doubt they will find some other thing to complain about, they are very ingenious on this kind of thing, Mr Speaker.

HON P C MONTEGRIFFO:

I do not know that the Chief Minister has understood it, but the terms of the Bill appear to me Mr Speaker, because the Government has complete authority under the terms of the Bill to increase tax to whatever level it wants, the only thing is that it cannot do this retrospectively. But if tomorrow the Government issued a notice under this Bill saying "from now on the Standard Rate of Tax is 99 pence in the fl" that would be law if this Bill is passed. It is of course about that, the Government's intention may not be to raise tax, we do not know that, we cannot read the minds of Members opposite as I was reminded today. But the Bill clearly empowers the Government to do what it wants with tax, subject only to reporting to this House subsequently. I think that is correct, is it not?

HON A J CANEPA:

Will the Chief Minister give way on another matter, Mr Speaker, that he has made. He has been telling the House about all the difficulties of getting legislation drafted and brought to the House. We all know of this and about the fact that all the departments have their own priorities and so forth but let me tell the Chief Minister one thing that we used to complain of and that is that when legislation for instance or any Council of Ministers Paper was doing the rounds in Government departments for ages and you could check from the file, how many departments it had been to and for how long. Then the rush suddenly started when they wanted to bring it to Council of Ministers and then Ministers, the people who needed time and the people that mattered, were given very little time in which to consider the matter and decide upon. Now we are doing something similar with this Bill, with the rights that it is going to remove. Because he has difficulties with the Law Officers, because he has difficulties with the Departments, because he has got difficulties with the EEC and their Directives, the Chief Minister says let us devise a way of trying to get legislation through more quickly. So what does he do, he says well do not take it to the House of Assembly, we Gazette it and that is the end of the matter. So we the people who are at the receiving end, at the end of it all, the Members of the House, of course, as opposed to the Ministers opposite who will have seen the Rules, the Regulations in draft in Council of Ministers before they are Gazetted and they have got a majority of eight, they are the ones that matter. That crowd in the Opposition benches, well they can be overlooked. That is the reality, Mr Speaker.

HON CHIEF MINISTER:

The reality of it is that since I joined this House in 1972, I do not recall the Government ever changing tax laws on the initiative of the Opposition and if I remember correctly, on one occasion when I tried to move an amendment, I was told that in fact the Constitution prohibited Members of the Opposition from moving amendments to legislation which would mean an increase in taxation or in fact be a burden on the public purse, a reduction of taxation, because it would increase the deficit.

HON A J CANEPA:

Mr Speaker, I remember the Honourable Member moving amendments to the rates of income tax here in this House.

HON CHIEF MINISTER:

Which were not accepted, Mr Speaker, and which in fact the Chair ruled I was not able to do and what used to happen sometimes and I admit it, was that when I had a situation for a number of years as the Honourable Member will recall, when I was on my own, I used to occasionally negotiate over a biscuit and a cup of coffee an amendment, but it was never moved in the Chamber and from that side. But I admit that there were occasions when I persuaded the AACR to do something which perhaps the people who were sitting on the same side as I was found difficult to accept, I grant him that. I think the fundamental objections that the Honourable Member has put are a legitimate political view to take. We have given this matter a lot of thought and frankly we have been trying to move in this direction for the best part of a year now with very little success. I think he has to accept that we are going to go through with this and I think we will be able to satisfy him by the way that we apply the law that his worst fears are in fact unfounded. He will not find that this is what he thinks it is. It is not an attempt to rule like George III.

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 J H Bautista

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 CHIEF MINISTER:

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

This was agreed to.

THE LANDLORD AND TENANT (AMENDMENT) ORDINANCE, 1989

HON J L BALDACHINO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Landlord and Tenant Ordinance and repeal the Labour from Abroad (Accommodation) 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 L BALDACHINO:

Sir, I have the honour to move that the Bill be now read a second time. Sir, there are a few amendments to the Landlord and Tenant Ordinance and also to repeal the Labour from Abroad (Accommodation) Ordinance and to include the accommodation that now comes under the Landlord and Tenant Ordinance. Sometime back Mr Speaker, when the AACR administration were in power they did bring in a Bill to include the Labour from Abroad Accommodation into the Landlord and Tenant Ordinance and at that time they changed the law so that accommodation that used to house more than five persons could then be included from the Labour from Abroad Accommodation Ordinance to the Landlord and Tenant Ordinance. This did not materialise because it did not go beyond the Second Reading Stage. Basically, Mr Speaker, arising out of events that have been happening in Gibraltar lately where we have had persons which come under the provisions of the Labour from Abroad Accommodation

Ordinance evicted some of these persons had been living in that accommodation for over twenty years. After representations from the Moroccan Association, the Government has considered it necessary that certain protection should be given to this class of workers. Mr Speaker, all that we are doing basically is that premises which are now included under the Labour from Abroad Ordinance will now be included and have the protection of part of the Landlord and Tenant Ordinance. That is one of the amendments, Mr Speaker. The other amendment is Section 69 of the Landlord and Tenant Ordinance and again after representations from some of the commercial tenants that if they change their line of businesses or if they sell the business to somebody else the landlord can now charge a rent of up to two years rent as a premium. Some of these persons who have made representations to us think this is abusive and all that we are doing here, Mr Speaker, is giving them the right to apply to the courts and for the courts to decide if the rent or the premium that will be charged by the landlord is abusive or not. The other amendment, Mr Speaker, is that we are deleting the Statutory provision for rent relief. This is because of the EEC commitment and about which Honourable Members opposite are, I think, quite clear. Nevertheless, Mr Speaker, the provision of rent relief will be paid just as it is being paid out now but will be paid out of the Social Assistance Fund instead of from the Consolidated Fund as it is now because it is a Statutory Provision. The amendment that will most probably be more controversial, Mr Speaker, is the repealing of Section 22 of the Ordinance and replacing it with the new provision. This amendment has been to the House of Assembly before, in fact it was an amendment that I proposed from that side of the House and which the AACR administration, at the time accepted and was unanimously passed in this House. However two months later they came back and repealed it without giving an explanation. My fears at the time and the reason why I proposed the amendments originally, Mr Speaker, were because the Ordinance as it stands at the moment gives the landlord if he carries out certain alterations to the property powers to apply for the rent to be de-controlled. What has been happening is that the Rent Tribunal in some cases has considered it necessary not to grant the decontrolling of the rent but in other instances the court has simply, Mr Speaker, for carrying out alterations, minor alterations to their properties, allowed them to be de-controlled. What happens, Mr Speaker, is that once the property has become de-controlled certain tenants have been priced out of that accommodation that they had originally rented as a controlled premises. In some instances what has happened is that the landlord has carried out eviction orders once the property was no longer a controlled property and a tenant who had enjoyed, prior to these alterations being carried out, a certain amount of protection has found that he has lost this protection. Under our amendment Mr Speaker, if the landlord carries out any alterations then whatever money is expended by them will be taken into consideration by

the Rent Tribunal and the rent can then be increased proportionately to whatever amount they have expended but in no way will the property become de-controlled. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON LT-COL E M BRITTO:

Mr Speaker, as the Honourable Minister has said, this is a bit of a hybrid Bill because it covers four quite distinct areas and I, like the Minister, will deal with them separately. Let me say from the outset that, in principle, we are a little bit concerned about the way this Bill has been presented. The GSLP had a commitment to review the Landlord and Tenant Ordinance and we would have preferred to have seen the full contents of the review presented in the Bill in order to have been able to study the GSLP's policy and the GSLP's intentions as a whole instead of a piecemeal approach, as they seem to have done on this occasion. In taking the four items separately let me take first the one of the repealing of Rent Relief and say straightaway that I certainly, and from the looks on the faces of other members on this side of the House, they have not understood the Minister's explanation about the EEC commitment and the necessity to do this. Nor do I see a watertight commitment to maintain the payment of Rent Relief out of the Social Assistance Fund. If we can be convinced, Mr Speaker, by the Minister during the course of the debate on this Bill that this is indeed the case then our attitude towards this particular clause maybe modified. But as things stand at the moment we do not feel we can support it. With regard of the Labour from Abroad Accommodation Ordinance, again let me say straightaway that we are obviously in sympathy in respect of cases of Moroccan workers, who as the Minister referred to, who are evicted after a long period of residence. But again we have reservations whether a complete wiping out of the Ordinance, as it is being done, is the best way to achieve this. For example whether the abolition of the rules in a fell stroke will in the long term protect future workers that do come from abroad and take up residence. Similarly we are concerned that by making the change in the way that it has been made and making persons who are in the premises at this moment protected tenants, as it were automatically, without, I must say, any distinction on length of time that they have been in Gibraltar, eg you could have someone who has been here for a week and someone who has been here for twenty years, the same blanket provision will apply making them protected tenants and extending the complete protection, not only to the tenants, but also to the immediate family. We wonder whether the

Government has made an in depth study of the implications of such a policy and whether they have projections into the future of what effect it will have on the housing situation in Gibraltar in the long term, and whether in fact they will not be uncovering the tip of a mini iceberg in parallel to the Spanish pensions situation. Finally, on the question of the Provision of Statutory Rent and the payment of Landlord's Premiums, again let me say, that, in principle, we are not necessarily opposed to the provisions that the Minister is bringing forward, indeed we are quite sympathetic to the tenant's position, but because of the reasons that I outlined at the beginning of my intervention we feel that we may have to abstain on this part of the Bill because we feel that it is invidious to bring it as an amendment on its own, in isolation, from the rest of the Landlord and Tenant Ordinance, which is quite a thick document in itself. As, I say we would support it if it came as a complete revision of the Ordinance but not in isolation.

HON A J CANEPA:

I would just like to devote some time to the question of Rent Relief and explain to the Honourable Minister what my understanding is as to how rent relief operates, and thereby he might understand why I have some objection fundamentally to the repeal of the Statutory Rent Relief. We have not heard from the Government any statement of policy that they intend to do away with rent relief altogether. I take it therefore that rent relief is going to continue and in particular for Government tenants because in any case, for Government tenants, it has always been an administrative scheme. Provision for payment of rent relief is paid by the voting of funds as a specific item of expenditure. This is where I am puzzled as to the EEC dimension. I do not see how any EEC citizen living outside Gibraltar but in the EEC, can make a claim for rent relief out of public funds voted by this House on behalf of the people of Gibraltar. I do not see how that can happen. Unless that were to be the case I do not see the need to repeal the Statutory Rent Relief. What now happens is, that under this Ordinance, we enable persons living in private sector accommodation, let us take the case of a family living in a flat in the private sector, a lifetime, 50 years and the married couple or a widow now has to pay a rent of let us say £15 per week and her income is such that under the formula for rent relief she is entitled to an element of rent relief. Let us say that her income is such that she is only deemed to be able to pay £5 per week. She then makes an application to the Housing Department and her income is assessed and on the basis of that, if the formula works in the way that I have said, the Government would reimburse the landlord, ie would meet the balance of £10 per week of weekly rent. That is how I think I understand the system works and I therefore feel very strongly that that system

should continue. Moreso, as I had a lot to do with introducing it when I was Minister for Labour, as it used to come under the Department of Labour at the time, and unless I can be satisfied as to the EEC dimension or unless I can be guaranteed by the Honourable Minister that exactly the same provisions which are now statutory are going to be incorporated into an administrative scheme and are going to be applied as they are at present. I am not too worried about other criticisms that I may have of the Government later on in respect to pensions and social security because in any case the people who are eligible to rent relief are very low income groups and who are assessed under what used to be the Supplementary Benefit Scheme, as in the case of pensions where Statutory Rights could be lost and perhaps an element of means testing might replace that. Means testing already exists for rent relief and that is why I do not have such fundamental objections if the Government is going to apply the same guidelines, the same policy as a scheme of social assistance. If the Honourable Minister feels that the EEC dimension is a little bit sensitive and he does not wish to elaborate, I can understand that and perhaps he can reassure me.

HON CHIEF MINISTER:

Mr Speaker, as the Honourable Member opposite has said, the provision in the Landlord and Tenant Ordinance is in respect of private sector tenants in rent controlled properties. The bulk of the recipients of rent relief are Government tenants and that is not being altered in any way by the change in the law, so in fact it is only a minority of the people who are currently receiving assistance from the Government that are affected by the Statutory provision. We are taking advantage of the fact that we are bringing this legislation to the House to pre-empt something from happening, rather than seek to prevent it, very much on the lines that Members opposite did when they removed the Statutory EPP, and for very much the same reasons, and for the same reasons that they felt at the time that the less said about it the better, the same reasons apply today. I can tell the Honourable Member that we are getting difficult questions to bat even about that, although I know that at the time the advice from Mr Hannay was that they were on safe grounds. I can tell you that we are now having doubts cast on how safe those grounds are in respect of EPP/EPA. What I can give the Honourable Member is the assurance that he is looking for, that is to say, it is not the intention to change the system, it is the intention to continue with the system with the same criteria and the same levels and if it is replaced I can give an undertaking that it will be replaced by something that is more generous and not less generous. This is not a measure intended to save public expenditure because the public expenditure in this area anyway is very small. We are not talking about that, we are talking about a situation where

potentially we are now, if you like, hypersensitive to claims surfacing and us being caught without a way out and therefore every time we look at something we are looking at it on the basis of distancing Statutory Entitlements from payments which are discretionary. The criteria that the Community adopts in distinguishing between Social Assistance and Social Security which is not limited exclusively to contributory rights but to rights that can be obtained on demand as opposed to something that is given, for example, our Supplementary Benefits Scheme is one for which there is no power in any law, even the Rules that determine what is granted or not granted are not specified anywhere, so it is a matter that is completely discretionary, nobody can claim that it is anything other than Social Assistance by any stretch of the imagination, but even there, I can tell the Honourable Member, that the distinction, for example, on the three year residence for United Kingdom citizens has been questioned by more than one individual. I think in fact in one particular case, the questioning had started even before the election and the Honourable Member may know about it. That is the explanation for that particular element. I think on the question of the points made by the Honourable Mr Britto about the overall review of the Landlord and Tenant Ordinance, this is not it, obviously, this is something that the Minister for Housing is still looking at. One of the things, and it is a difficult one, because one of the things that everybody tells you is that the Landlord and Tenant Ordinance is a mess because of the many times that it has had bits grafted on to it it has got to a stage that there are people who say that there are bits of the Ordinance that if you comply with make you break other bits of the Ordinance, but its a catch 22 situation. There are things that are pressing which we want to do, the question is do you do nothing until you can do it all or do you do something shortterm? This is in fact the reason why the Ordinance is a mess because every previous administration caught by that conflict has finished up by saying "well, let us do an emergency operation on this section, and let us look at the whole Ordinance with a global view to make a fundamental reform at a later stage". In fact, the Honourable Member must remember that the House actually set up a Select Committee which spent four years trying to come up with a new Landlord and Tenant Ordinance and at the end of the day the Select Committee which was made up of the Honourable Mr Featherstone, as Chairman, I think, and Members from both sides of the House. We had a very peculiar situation in that some of the people who were in the Select Committee, and I think some of them are now sitting on that side of the House, and they finished up voting against the recommendations of the Select Committee to which they had belonged. So clearly it is a minefield and I think there are loopholes in the law as it stands now which need closing. We felt at the time that this was one particular loophole, of somebody being able to carry out repairs to a building and then that building becomes de-

controlled. What we argued was that the fair thing to do as between the tenant and the landlord was that if the landlord spent money then the landlord should be entitled to claim a rent increase in relation to the level of investment that he has made. But not an unlimited rent increase. That is what the present amendment allows. This was originally accepted by the AACR, as my Honourable Friend mentioned, I think it was passed in June and was then repealed in July, so it never worked. We are hoping that this time round it will work and that the Rent Assessor will be able to look at such properties and come up with a compromise that will be fair to both sides. With regard to the other part the position is, as my colleague has said, that the law that was originally brought to this House, and in fact, read a First and Second time but it never went to the Committee Stage. If the house had less than five occupants it was decontrolled from the Labour from Abroad Ordinance and we argued from this side; "well, who is to stop landlords, if they have five from throwing one out and keeping four and then they are decontrolled". So, effectively, it made it possible for anybody to become decontrolled without necessarily giving them the protection that we are doing. What we are doing which is probably totally new, is to say, "the moment we repeal the Labour from Abroad Accommodation Ordinance for the purpose of those places which are currently rented under the Labour from Abroad Ordinance the official rent becomes the new Statutory rent". That is a thing that was missing in the previous Ordinance which failed to give any protection because you could have a landlord, if the Public Health thought that you must charge £9 rent, and he had five guys in a room, he would then say to himself, well I throw one out and I can charge the other four £20 rent and I get £80 instead of getting £45, and there was no way of preventing that, as the law was drafted at the time, and we say the situation where it created a new loophole and I think we argued with sufficient conviction from the other side to make the Government, the previous AACR administration, have second thoughts about it at the time and they did not proceed with it. There has however been pressure for some time for something to be done and we are hoping that effectively by bringing everything under the ambit of one Ordinance we will be able to provide equal treatment. Let me say that the whole concept of Labour from Abroad and aliens, as if they came from another planet, is quite frankly out of tune with todays world and we have a peculiar situation because as I understand the law when we joined the Community the application of the Labour from Abroad Accommodation Ordinance ceased to apply to Community Nationals. A Community National now does not need a work permit and does not need a Contract for Employment and therefore does not need to have Labour from Abroad Accommodation approved. So the moment that a Spanish or Portuguese National that may be living here, once the transition period expires, would cease to be allowed to live in premises registered under the Labour from Abroad Ordinance.

Clearly that is not the intention but that is the effect and I hope that Members will support it because although we know it is not the final answer we hope it will get us there.

HON P C MONTEGRIFFO:

Mr Speaker, there is one point which I would like to make on the Section 69 Amendment and which is the Section which deals with premiums payable to a landlord in the case of a tenant assigning his lease. Sir I think that although we again have no difficulty with that specifically I think it is bad law simply to say that if somebody is aggrieved by the amount of premium that the landlord wants to charge, that it should simply have the right of appeal to the Supreme Court for the Court to decide what is just. I say so because I do not think what we want, surely, for people to be rushing to Court. The last thing we want to do is to burden the courts and the lawyers with modifications. What we should be doing perhaps, and I do not know if the Government will have time for this, is to establish some criteria to which the courts could have regard to, but which people negotiating such premiums could have recourse to so that at least they could be given a chance to sort such matters amicably rather than what is simply now an unknown quantity. Until you have some cases, three or four at least, where the judge has said "I think just means a, b, or c", we are caught in a very odd situation. I would suggest Mr Speaker, if you simply said, "the criteria shall be for example, length of lease left, rent that is charged, the amount of premium which a landlord is earning etc" this would help landlords, tenants and the parties involved to perhaps arrive at their own just situation rather than simply saying "court you decide". Quite apart from the fact that the judge from his own point of view, is going to say, what do I think is just, if the law says ...

HON J L BALDACHINO:

If the Hon Member looks at Section 69, Mr Speaker, and if I am correct, it has nothing to do with the lease. What happens is that if somebody, for example, who has a lease it is immaterial how many years there are still left, but he wants to change his type of business ... yes, Mr Speaker, if the Hon Member looks at the law, he will see that there are two things even if the person wants to change his line of business he still has to pay the premium of two years. Even if he assigns the business, he still has to pay a premium of two years and he can check the law. I am sure that that is correct. I do not have the law with me, but I think that is correct.

HON P C MONTEGRIFFO:

Mr Speaker, with respect, the terms of Section 69 what it says is that "a tenant cannot transfer his lease unless

there is prior written consent from the landlord and in the vast majority of situations, the Minister may be indicating a point that sometimes occurs, which is that a tenant himself wants to change his line of business and the landlords consent is sometimes required. But, if you look at sub-section 3, then what that says is "that it shall not be lawful for an assignee referred to in Subsection (2), materially to change the kind of business carried on by him in the holding without the prior consent of the landlord". In fact my understanding of the law says that the landlord's ability to claim a premium does not really come into play when there is a change of use, but in fact his consent is required and from a commercial point of view, that normally means that the landlord says "I want money". But the actual mischief that the Section normally deals with Sir, is the question of the transfer of the lease, and all I am saying is that I am not sure the Government will have time and maybe it can be done through a subsidiary legislation by simply adding something that in that respect there would be no objection. The regulations determining the criteria for such an application might be more useful than to have people rushing to court without knowing what is just. For example if there is one year left of the lease and you transfer that, the premium should be less presumably than if there is ten years to run. I do not know what is best because there are a number of arguments. In one case I know of Mr Speaker, there was an actual tenant who left Gibraltar and he closed the business and said I am off, he could not surrender the lease back to the landlord because there was a penalty clause and he transferred the lease to a third party did not get a premium at all but still had to pay the landlord two years rent. That I think, Mr Speaker, is an absurdity but in the absence of some criteria, there is just a complete vagueness and it would be useful if perhaps the Government would consider putting a little flesh on this to allow people, when negotiating in such situations, to know what sort of line the courts would take. Otherwise there would simply be applications to courts until the judges themselves define a certain situation. I say this, Mr Speaker, because reading the Bill professionally, if somebody were to say "what does this mean"? It means "try the judge and if he got out of the right side of the bed this morning he will say that if the law says you can charge a landlord up to two years why should it not be two years."

MR SPEAKER:

I think this is a matter that could be taken at Committee Stage. If no other Member wishes to speak, I will call on the mover to reply.

HON J L BALDACHINO:

Mr Speaker, we will certainly look at the arguments put forward by the Honourable Mr Montegriffo, at Committee Stage, and let me assure him that this amendment is something that we have brought to the House because some of his colleagues, in the legal profession, have asked us to do so. Just one final point, Mr Speaker, in answer to the Honourable Col Britto, even though I understand that in our manifesto it states that we will review the Landlord and Tenant Ordinance, and the Chief Minister has already given an explanation on that account, at Budget time Mr Speaker, I did say that we would be bringing some amendments to the Landlord and Tenant Ordinance in this Financial Year precisely in those areas where we thought that certain sectors of our community needed the protection. Mr Speaker, after the explanation and assurance given by me and by the Chief Minister I hope that the Opposition will now be in a position to vote in favour of this amendment. I commend this Bill to the House.

Mr Speaker 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 J H Bautista

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 J L BALDACHINO:

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 House recessed at 8.00 pm.

TUESDAY THE 1ST AUGUST, 1989

The House resumed at 10.40 am.

THE TRAFFIC (AMENDMENT) (NO. 2) ORDINANCE, 1989

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 now read a second time. Mr Speaker, there was previously an independent Chairman of the then Transport Commission. Then as a result of the various problems arising with Taxis and other Traffic matters the previous AACR administration altered the law and changed the name of the Transport Commission to Traffic Commission and appointed the Minister with responsibility for Traffic to be the Chairman. We were then in Opposition and at the time said that we had a different view of matters and if we ever got elected would reverse the decision. This is what the amendment of the Traffic Commission at Section 2, of the Bill which we are considering this morning, does. The other thing is, of course, that the two main bodies representative of public transport would be each given a seat in the Traffic Commission and the third amendment arises out of an agreement with the Public Services Vehicle Association that buses, on route, would not be older than 12 years old and this comes into effect in October this year. You will recall, Mr Speaker, that I announced, at the time of the Budget that such an agreement had already been signed and was expected to lead to an improvement in the condition of buses and the service generally. I commend the Bill to the House, Mr Speaker.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, I take the view, particularly so having regard to the problems that have bedevilled traffic in the past, that the whole question should be depoliticised to the greatest possible extent and we therefore support the amendments. In particular the one creating the new composition for the Traffic Commission which we hope will make it possible for the Commission to do its work in a more relaxed atmosphere, as it were. We have no difficulty in supporting the amendments which give representation to the Associations that are most closely connected with this sort of commercial activity and again we have no problem in supporting the amendment whereby buses which are more than 12 years old will not be granted a Road Service License. I hope that the actual period in question, 12 years, may be kept under review in the light or practical experience. We will therefore be supporting the Bill.

MR SPEAKER:

If no other Honourable Member wishes to speak, I will call on the Mover to reply.

HON J C PEREZ:

Mr Speaker, I thank the Honourable the Leader of the Opposition for his support to the amendments. The question of the age of the vehicle is something that was negotiated and the negotiations stopped at 12 years on this occasion to allow the operators sufficient leeway to be able to replace their buses. It is certainly not something which cannot be reviewed at a regular basis and I take the Honourable Member's point.

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 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 UTILITY UNDERTAKINGS (AMENDMENT) ORDINANCE, 1989

HON J C PEREZ:

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

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

SECOND READING

HON J C PEREZ:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, again the amendments proposed here are quite self-explanatory. The main object of the Bill is to allow the Telephone Department to become a Company in the future so that the obligations under the Ordinance can be contracted out to a Company, but those obligations would continue to exist although on a contractual basis. As Honourable Members know, proposals for the formation of a Joint Venture Company with regard to the Telephone Service are presently being looked at. Not all of the proposals have yet been received and in anticipation of this happening we have brought this amendment to the House. On the question of the Cost Adjustment Formula, Mr Speaker, the present Cost Adjustment Formula we feel will not be able to cater in the same way for the changes that are going to take place in power generation and that other items which could in the future replace the fuel as a direct cost to the Government should be allowed for in the future and this amendment will empower the Government to be able to make the necessary changes when the situation changes from having a sole direct source to perhaps buying from a different quarter. For example, what we were discussing the previous day at Question Time in connection with the Honourable Member's reference to the new Power Station. The other amendment is the question of the data circuits and that is quite straightforward. It concerns the changes in the rates of the data circuits which is something that is decided by agreement with the receiving authority. I commend the Bill to the House, Mr speaker.

MR SPEAKER:

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

HON K B ANTHONY:

Mr Speaker, we on this side of the House will be voting against this Bill. The reason is mainly because it is to create a further Joint Venture Company and as the House knows very well we are not in favour of Joint Venture Companies, in principle, and certainly we are against creating a Joint Venture Company in the Telephone Department. Therefore I will be leaving for Committee Stage certain points, but, in principle, we are going to vote against the amendments.

HON A J CANEPA:

Mr Speaker, I would just like to add something on the question of the Flexible Cost Adjustment Formula. The Minister has said that the present Fuel Cost Adjustment Formula will not be able to meet the situation that would arise with the changes that are planned for the future with regards to power generation. He has not said very much more than that. I would like to ask him to explain whether in this Flexible Cost Adjustment Formula, which is going to be the subject of further Subsidiary Legislation in the way of Rules, what are the matters that are going to be taken into account? What costs are going to be passed on to the consumer on a regular basis? For instance, if the cost of spares used in the generating equipment goes up, is the Flexible Cost Adjustment Formula going to reflect that? If there are wage increases or indeed any other type of increases voted in this House under the numerous items of expenditure for the Electricity Undertaking, are such increases going to be included in this Flexible Cost Adjustment Formula automatically and passed on to the consumers? If this were to happen the effect would be that the Government would not have to come to the House and legislate to change the tariffs, they would be able to do so through the Flexible Cost Adjustment Formula. I am also worried that if matters other than fuel are to be taken into account, and I have mentioned a couple of examples, whether we are not in fact creating a precedent. Today it is a Flexible Cost Adjustment Formula for Electricity, tomorrow it could be for Water because the cost of spares for the Desalination Plant may also be passed on to the consumer. The cost of the wages at the Desalination Plant may also be passed on to the consumer, so I would really like the Minister, when he exercises his right to reply, to tell us a little bit more before we go into Committee as to what is exactly envisaged.

MR SPEAKER:

If no other Member wishes to speak, I will call on the Mover to reply.

HON J C PEREZ:

Mr Speaker, I will take the Honourable Mr Ken Anthony's points first, and I am surprised that they should be voting against this because they do not believe in a Joint Venture to run the Telephone Service, when they were the ones that instigated the Joint Venture to run the International Telephone Service and they were the ones that set up Gibtel.

HON A J CANEPA:

If the Hon Member will give way. We got proposals some years ago from Cable and Wireless that the whole

International Telephone Service should be privatised. We considered those proposals and Council of Ministers, in principle, were against that, whilst ideologically we have never thought that there should be, unless it was justified, wholesale nationalisation in Gibraltar, nevertheless we as a party took the view that we were not prepared to denationalise what was already nationalised. That was the view that we took with regard to the International Telephone Service affecting the Telephone Department and that view is reflected in the attitude that we adopt towards these Joint Venture Companies. We take a more limited view also than the Honourable Members opposite do in respect of the Joint Venture with British Telecom.

HON J C PEREZ:

Be that as it may, Mr Speaker, I was involved even in Opposition, because the Government did agree to consult me on it because the changeover date was very near the time of the Election and I remember clearly that the Honourable Mr Brian Perez, who was then the Minister responsible, was only reluctant to go forward with the Telephone Department because he thought he could not achieve it, because there were too many obstacles to overcome. Be that as it may, I believe what the Honourable Member is telling me, there are no two ways about it. I have already explained on various occasions that the whole concept of having a Joint Venture is to obtain the technical backup and the back-up for the purchase of equipment and for keeping up with the latest technology. If there is a serious telecommunications partner, which is a part of the Telephone Service, their participation obviously would help in the development of the network for the foreseeable future. On the question of the Fuel Adjustment Formula which the Honourable Mr Canepa has raised, it is not the intention at the moment to do anything other than to have fuel there, but there have been different changes in the way fuels are used and the introduction of the new Power Station by a UK contractor would mean that a very large proportion of light fuel would be used as opposed to the heavy fuels that we are presently using. There would be a great imbalance in the Cost Adjustment Formula as it is today which only takes into account a 10% use of light fuel as opposed to the 90% use of heavy fuel and that imbalance needs to be cured in a way that reflects the real position at the time. But at this stage, certainly, the only consideration is the question of fuel. I am sorry if I misled the Honourable Member by making him believe that we were talking about spares and things like that. It is just that the negotiations that are taking place with the Company will reflect that the cost element to the Government would be linked to fuel. I believe that answers all the queries, Mr Speaker.

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

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

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.

This was agreed to.

THE GIBRALTAR BROADCASTING CORPORATION (AMENDMENT) ORDINANCE 1989

HON J C PEREZ:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Gibraltar Broadcasting Corporation 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 J C PEREZ:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the first amendment is the question of the repealing of the Section which abolishes the power of the non-existing Managing Agents to appoint

advisory members and which is something that has not been used for many many years although it has remained in the Statute. It is just a technicality and we are changing this to clear the Ordinance of something which is no longer effective or relevant to the Gibraltar Broadcasting Corporation. As far as the question of having nine members in the Board, at the moment we have a Chairman plus seven Members, this has been kept in case we need to add representation to the Board at a future date but it is not something that requires any action because the Ordinance states that the Board may be composed of nine or less members and it is not an obligation for all nine members to be appointed. At this stage the Board will remain as it is, we have to discuss things with the Staff side and with the Management. My own thinking of the matter is that perhaps the Management and the Staff side should be represented directly in the Board, but this is something that needs to be discussed and I want to have the leeway to be able to use it if necessary at a future date. With regard to this question of the borrowing powers of the Corporation, this is something that the Corporation has been requesting for a very long time and it is something that the Government agrees with because it will allow the Corporation to become more commercially minded and be able to operate much better in the commercial world. It is a radical new step that the Government is taking but it is something which the Corporation has been after for a long time and which we feel is justified particularly in the changing climate that we are living in. I commend the Bill to the House Mr Speaker.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, we support anything that will lead to GBC becoming more viable and in this respect the power to borrow, which I think is a step in the right direction, is something which we will be voting in favour. There are a few questions that I would like to raise Sir, one is to what extent has there been consultation with GBC and perhaps the Chief Minister can let us know the position. Secondly it would also seem that if the intention is to give GBC a chance to become viable and my understanding is that the ability to create companies which would be able to independently run commercial operations like Telebingo, for example, which I think is now done with the Casino, is something which the Corporation has been seeking for a long time, and perhaps the Minister may know if there are any other further plans in the short term to further extend the possibilities of GBC in this viability. I should be grateful for any information that the Hon Minister may be able to provide.

MR SPEAKER:

Does any other Member wish to make any other observation? I will then call on the Mover to reply.

HON J C PEREZ:

Mr Speaker, as far as the first point that the Honourable Member raised on the question of consultation, this is a matter which was raised about four or five years ago by the then Board of GBC with the previous administration and the process of consultation had been gone into in depth by the time we came into office and we indeed took the matter up with the old Board and subsequently with the new Board. So yes, the matter has gone through the very long process of consultation and we are giving effect to that consultation. Whereas Members opposite, I believe, failed to do anything about it we have agreed to proceed with the matter. As far as the question of the companies that the Honourable Member has raised, the Ordinance only gives GBC borrowing power, the Government does not run GBC. There is an independent Board and there is a management that runs GBC. If through that borrowing power that it now has GBC decided to form companies so that it can operate more efficiently than that is something for the management and for the Board to decide, with no Government or Opposition interference.

HON P C MONTEGRIFFO:

If the Honourable Member will give way. My understanding is that GBC would like to create such companies, but that they do not feel that they are empowered to do so and that is why I am asking the Minister to perhaps take the matter up with GBC. At least that is the information that I have.

HON J C PEREZ:

Mr Speaker, what I am saying is that this legislation has nothing to do with what the Honourable Member is talking about. The fact that they now have borrowing powers and they might want to operate that system is neither here nor there. We are here voting the borrowing powers of the Corporation. If the Corporation then takes a decision subsequent to that because of the Ordinance it is up to them.

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 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 EMPLOYMENT (AMENDMENT) ORDINANCE 1989

HON R MOR:

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

This was agreed to.

SECOND READING

HON R MOR:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the sole purpose of this Bill is to introduce EEC Directives which have been long overdue. In fact you may recall Mr Speaker, that yesterday the Honourable the Chief Minister was highlighting the fact that there were urgent EEC Directives dating back to the 1970's. In this particular case these Directives date back to 1975 and 1976. The 1975 Directive refers to the principle of equal pay and the 1976 Directive refers to the principle of equal treatment at work for men and women. The introduction of this Bill sets down clearly the parameters laid down by the European Economic Community on how sex discrimination must be avoided in employment, but whilst it stresses the fact that there shall be no discrimination whatsoever on grounds of sex as regards treatment and as regards pay, it does however allow sufficient flexibility not to hinder cases where in particular occupational activities, the sex of the worker constitutes a determining factor. The Bill also states that any laws or administrative provisions which are contrary to the principles of this Bill cease to have any effect. The Bill also further allows that any person who has recourse to complain can do so to an Industrial Tribunal, should it be felt that there has been an act of discrimination which is contrary to the provisions of the Bill. Finally, Mr Speaker, this Bill also requires that it shall be the duty of employers to bring to the notice of employees by appropriate means, including posting at the place of employment, the principles contained in this Bill. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON DR R G VALARINO:

Mr Speaker, the Opposition will be indeed voting in favour of the Bill. The only thing I would like to say is that the Sections which have been repealed 48, 49, 50 and 51 of the Principle Ordinance incorporate to some extent part of which the Minister has already said but I fully take his point that the object of the Bill is to fully incorporate into the Employment Law the European Community Council Directives as spelt out in 1976 (207) of 1976 and 1975 (117) of 1975. Thank you, Sir.

HON A J CANEPA:

Mr Speaker, I do not know whether arising from this Bill the Attorney-General is in a position to inform the House about the whereabouts, or what is likely to happen, to the Sex Discrimination Bill which was on the Agenda and I think it was given a Second Reading in the last House of Assembly and whether it is still on the stocks awaiting further information from the United Kingdom? What are the Government's plans in respect of that piece of legislation?

HON ATTORNEY-GENERAL:

This substitutes and replaces that Bill which, of course, fell away with the dissolution of the House.

HON A J CANEPA:

This is that one entirely?

HON ATTORNEY-GENERAL:

Entirely. This one implements the Directives word for word and we will not get into the same situation as the United Kingdom Government got into by trying to change round the wording of the Statute away from the Directive and of course it fell foul of the European Court of Justice on I think three occasions. We have got the exact words of the Directive, therefore hopefully we cannot be wrong.

HON A J CANEPA:

What a pity, Mr Speaker, we did not have a legal adviser to the Government in 1976 or 1977 to advise in those terms.

MR SPEAKER:

If no other Member wishes to make an observation, I will call the Mover to reply.

HON R MOR:

Mr Speaker, I have really nothing further to say, apart from giving notice that I will be moving some very small amendments during the Committee Stage.

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 DRUGS (MISUSE)(AMENDMENT) ORDINANCE 1989

HON J L MOSS:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Drugs (Misuse) 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 J L MOSS:

Sir, I have the honour to move that the Bill be now read a second time. The Bill which we have here before the House is, I feel, something completely uncontroversial and which I hope can enjoy the support of both sides of the House in what it is setting out to do. What it is setting out to do, namely, is some kind of criteria so that we can establish for the benefit of juries what exactly is, what can constitute possession, with intent to supply and we do this not lightly, Mr Speaker. We do this because there has been increasing incidents where lawyers have been arguing that possession of what I can only term as extraordinary amount of drugs have been for the use of the person caught in possession. This is blatantly something ridiculous, but there is nothing in our laws up to now which prevent this from happening. So if the Honourable Members have had a chance to read through the Bill, they will see that whilst not draconian, the amounts that have been identified by the Legal Department in conjunction with the Police are quantities which certainly would seem to constitute possession with intent to supply and I am sure that nobody in this House can be in favour of that. Other than that, Mr Speaker, all that remains for me is to hope again that there will be support from both sides of the House and to commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Mr Speaker, we shall be supporting this Bill. We feel that it is a good Bill. There is only one small point of contention, we wonder whether the actual weights which are put out as commercial quantities, are, if anything, a little too generous. Three grammes of cocaine is a considerable amount of cocaine and it is perhaps a little generous to be the amount specified for commercial quantities. We would perhaps like to see a smaller quantity put in rather than the actual amount stated, otherwise we support the Bill.

HON ATTORNEY-GENERAL:

Mr Speaker, at the Committee Stage we can amend the amounts to reduce them. Certainly the LSD at three grammes has to be reduced. It will be reduced to 1 milligram actually. All the amounts can be amended at the Committee Stage.

HON P C MONTEGRIFFO:

On whose advice were these tabled? Was it on medical advice or was it the Attorney-General himself, is it based on the UK precedence?

HON ATTORNEY-GENERAL:

Proposals were circulated to the Customs Department here and to the Police and I think each of them consulted their counterparts in the UK, and these were the figures they came up with. But as I said the three grammes for LSD is much, much, much too high.

HON M K FEATHERSTONE:

I am glad the Hon Attorney-General takes the point.

MR SPEAKER:

I will now call on the Mover to reply.

HON J L MOSS:

Mr Speaker, I would just like to welcome the support of the Opposition on this Bill and reassure them that we will look at the quantities more seriously at the Committee Stage to see whether they can be amended downwards.

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

HON J L MOSS:

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 CRIMINAL PROCEDURES (AMENDMENT) ORDINANCE 1989

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Criminal Procedures 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. The object of this Bill is to empower the Court to suspend part of a sentence of imprisonment. At the present time the Courts may only suspend the whole of a sentence and not just part of it. Under the Bill where the Court passes a sentence of between three months and two years, Mr Speaker, it may order the offender to serve part of the term in prison and suspend the remainder of the term. The part of the sentence to be served in prison shall not be less than 28 days and the part to be suspended shall not be less than one quarter of the whole term. The Bill which is based on the provisions of Section 47 of the United Kingdom Criminal Law Act 1977 was requested and has been seen and approved by the President of the Gibraltar Court of Appeal. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, we welcome the Bill. We have no difficulty with this and it gives the Courts further flexibility in appropriately dealing with offenders as the circumstances may deem appropriate.

HON A J CANEPA:

If I may crave your indulgence, Mr Speaker, seeing that we have a Criminal Procedure (Amendment) Ordinance, I would like to ask the Attorney-General whether any thought is being given to enacting in Gibraltar similar provisions to those enacted in the United Kingdom, whereby a Court of Appeal may increase a sentence. I am referring to the case yesterday where there was a first ruling from the Court of Appeal arising from the new legislation.

Is the Government and the Attorney-General in particular giving any thought to enacting similar legislation in Gibraltar?

MR SPEAKER:

I will now call on the Mover to reply.

HON ATTORNEY-GENERAL:

It is a thing on which I will have to consult with the Judiciary Mr Speaker, and after consulting with the Judiciary to consult with the Government, but I think the Judiciary must be my first priority, to have a word with them and see whether or not they would support such a measure.

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 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 TRUSTS (RECOGNITION) ORDINANCE 1989

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to make the law of Gibraltar relating to Trusts accord with the provisions of the Convention of the law applicable to Trusts and their recognition, 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:

I have the honour to move that the Bill be now read a second time. Mr Speaker, the objects of this Bill are: (a) to enable Gibraltar to be included in the UK ratification of the Convention of the law applicable to Trusts and on their recognition and this Convention was the one that was agreed to at The Hague on the 20th October 1984, and (b) is to bring into force in Gibraltar the main provisions of the Convention. The purpose of this Convention, Mr Speaker, was to establish common principles between States on the law of Trusts and to deal with the issues concerning the recognition of Trusts. Trusts are not a concept familiar to some, indeed many Countries Mr Speaker. Their systems of law are not designed to

accept that one individual may hold assets on behalf of another. To give an example, at present if there are Trusts assets in a foreign Country and the Trustee incurs liabilities in his personal capacity, the assets of the Trusts are liable to be seized to meet the debts incurred by the Trustee. In order to avoid this and other difficulties, the Convention was negotiated. The Schedule to the Bill, Mr Speaker, contains most but not all of the provisions of the Convention. You will see from the Schedule that the Convention is split up into four chapters. Chapter I outlines the scope of the Convention and in particular it provides guidance as to whether something is a Trust covered by the Convention, and I would draw your particular attention to Articles 2 and 3 as contained in the Schedule. Chapter 2 identifies the national law applicable to any particular Trust, and you will see from Articles 6 and 7, that the law is the law that is chosen expressly or implied by the person who creates the Trust, and if no such choice is made the governing law is the law of the Country with which the Trust is closely connected. Chapter 3 deals with the extent to which the Trust is to be recognised in accordance with the governing law by States that become a party to the Convention. Such recognition involves as a minimum that the Trust Property exists as a separate fund, and that the Trustee may bring and defend proceedings in his capacity as a Trustee and as a separate Fund. Mr Speaker, the Trust Fund will have a legal existence separate from the other funds in general and the Trustees Fund in particular, thus the Trustees personal creditors will have no recourse to the Trust's assets, even though they are held in the name of the Trustee. Chapter 4 contains a number of Articles of general application. If you go back Mr Speaker to Clause 3 of the Bill and you see Clause 3(1) provides that the provisions of the Convention as set out in the Schedule shall have the force of law in Gibraltar. Clause 3(2) provides that the Bill covers not only the categories of Trusts described in Articles 2 and 3 of the Convention, but also Trusts arising (1) under Gibraltar law or, (2) Trusts arising by virtue of a judicial decision made in Gibraltar or elsewhere. Clause 3(3) provides that the Convention shall not prevent the application of the laws of the Country in which an action relating to the matter specified in Articles 15 and 16 is brought. However, Mr Speaker, if the law in that Country prevents the recognition of the Trust the Court must try to give effect to the objects of the Trust by other means. Clause 3(4) of the Bill defines the word 'State' as used in Article 17 of the Convention and Article 22 of the Convention provides that the Convention shall apply to Trusts whenever such Trusts were created. However, Clause 3(5) ensures that this is not to be construed as affecting the law to be applied in relation to anything done or admitted to be done before the Bill comes into operation. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, we in the Opposition welcome the Bill and have no difficulty with this, but we feel it is important to highlight what it is that the Bill does and does not do and the priority which we would like to see Government take in relation to legislation on Trusts generally, which we feel applies to a number of areas of more importance than in fact normal recognition of this Convention. To the point that, as we see it, that it is important to state is that the Ordinance, although informally incorporates Gibraltar's approval to recognition of the Convention thereby allowed in the UK formally to ratify it does much more for others than it does for us, inasmuch as we have no problem in that there is no difficulty for Gibraltar although UK recognising the Trust. The problem is the Civil Law Countries, Spain, France, Germany etc, that would have a difficulty in recognising with the Trustees. So in a sense our passing of the law today is not doing them a favour putting it too high, but it is really doing something to allow the whole jigsaw to be completed, but it is not something about which we are deriving a direct benefit from really. Because of that Sir, it really is necessary to point out that there are other provisions in our Trust law which require urgent attention. Ministers opposite are aware of certain of the amendments that are requested by professionals in particular as regards as a protection and a continuation of maintenance settlements. Those I will not deal with in detail because they do not relate to this particular Bill, but there is one other which in fact has a bearing on this Bill Sir and which perhaps could also be introduced quickly. That is the question of what we would describe as forced heirship? The present Bill and The Hague Convention, specifically The Hague Convention, states that the recognition of the Trust by say Spain, France or Germany is entirely without prejudice, entirely irrelevant to Forced Heirship Rules which those Countries might have. So given the law of France, the law says that a person who dies has to give his wife and his children one third of his Estate as is the case of the Civil Law Systems on the continent. Even if a Frenchman says "I have set a Trust up and I leave everything to the Red Cross in Geneva", the French Authorities would say "we recognise the Trust but only inasmuch as it does not conflict with what we call 'Forced Heirship', which means that the wife and children would get their share". Now The Hague Convention specifically says that the recognition does not affect Forced Heirship and that therefore a Frenchman cannot get away from that situation. Obviously for a jurisdiction like Gibraltar, where you might get

a Frenchman coming saying "I want to set up a Trust in Gibraltar whatever the French rules says, I want to do this, will Gibraltar do it?" And Gibraltar would then set up a Trust for him. There is some doubt as to whether even in Gibraltar if the son of a Frenchman went to Court and said "Look, this man, my father, put money into a Gibraltar Trust and therefore I have not received any money, you should not recognise the Trust, you should give me one-third of the money", that is an argument which I could accept and that even the Courts here would say, "it would be against public policy for Gibraltar to have Trusts which break French Forced Heirship Rules and therefore I am going to ignore the Trust to the extent of the Forced Heirship entitlement which the son has got". The Cayman Islands have got round the problem, by actually including in their law, Mr Speaker, a provision that says that notwithstanding what any Forced Heirship Rules may say of any Country, that a Trust set up in the Cayman Islands shall, in fact, be upheld by the Cayman Islands Court and is therefore a totally safe vehicle. That is the sort of legislation perhaps that could follow the one before us today as part of the general package of the other Trust Amendments that should be in the pipeline, because it would give investors in Gibraltar, who want to do this type of thing through Gibraltar a degree of confidence. Other than that Sir, we welcome the Bill and look forward to further amendments on Trusts generally. There is, however one concluding point perhaps, Sir, that I should make and which is the matter of general comments which I invite the Chief Minister to consider in particular. This is in connection with the arguments yesterday that amendments to the Income Tax Ordinance were necessary to give the Government flexibility to change the law quickly in order to give investors and people wanting to use Gibraltar quick solutions when they need something to be done. Now if there is merit to that argument and there is merit to that argument per se, how you do it is a different thing, the argument I think runs into difficulties in that a whole series of other legislation on Trusts, Stamp Duties, Companies Ordinance etc is subject to the same difficulties and if we are to go down the road of everything being done by Regulation, then we can abolish the House and have a dictatorship. Now the point that I thereby wish to stress is that it would be wrong to give the public the view, Sir, that by flexibility of the Income Tax Ordinance, we are giving the Government flexibility to respond to the change that is needed. In fact, in my experience, the changes most often required are outside the Income Tax Ordinance and are in the Stamp Duties, Companies' Ordinance, Trusts Legislation etc. I just mention this as an indicator Sir, to illustrate that it is not so easy to just say "we have Income Tax flexibility, that will solve our problem, we can now respond to the International Investor". When in fact a whole range of legislation requires quick updating and I end by saying that it might be more

productive if rather than taking powers away from this House, like in the case of the Income Tax Ordinance, the Government were to agree, if need be, with the Opposition or with the Commission, when that is set up, a particular procedure for amending specific elements of half a dozen or a dozen Ordinances of this nature and which would provide a speedier and more effective machinery to introducing legislative changes that the international investors may require. Thank you Sir.

HON M A FEETHAM:

Mr Speaker, I was not going to say anything on this particular Bill, I was going to leave it to the Attorney-General to respond to one or two of the observations made by the Honourable Member Mr Montegriffo. But since the Hon Member has gone out of the general scope of this Bill, I think that I should reply to the points that the Hon Member has raised. Mr Speaker, the Hon Member has failed to give recognition to the fact that this Government is moving into a situation where it wants to respond to market forces, it wishes to respond to the competition that is very possibly there from other Financial Centres Institutions worldwide and that to do so, it cannot wait around for legislation which at times take up to fifteen months to be discussed in this House. So the policy is to move into a situation where we are going to have small enabling pieces of legislation mainly governed by Regulations and where one can adapt and introduce changes. Let me remind the Honourable Member opposite that the Financial Services, the proposed Financial Services Ordinance which has now been published. This was something which had been mentioned by the previous administration since 1986 and which we the Government have taken on board and drafted in conjunction with the advice and assistance of the Financial Sector professionals in Gibraltar. This is indeed a major policy initiative on the part of the Government and in setting up the Financial Services Commission, which is going to be responsible for removing this type of legislation away from its previous Civil Service environment to be able to respond, with the necessary flexibility and do away with long winded pieces of legislation that have to come to this House every time a minor amendment is required to respond to requests from persons and institutions in the Financial Services Sector. That has to be the case Mr Speaker, and of course there are other areas of Trust Laws that at the moment we are very seriously looking at, but like everything else in the system that one is working today it has to await its priorities. As the priorities of the Government have been (a) the Financial Services Legislation and (b) the setting up of the Financial Services Commission. All other matters relating to the Financial Centre activities will now be considered by the Financial Services Commission and I am sure the general improvement of responding to

changes like Trusts Laws and Protection Trusts and so on will be taken on board by the Commission and we will be able to move at a much quicker pace in the future. Thank you, Mr Speaker.

MR SPEAKER:

If no other Member wishes to speak, I will ask the Mover to reply.

HON ATTORNEY-GENERAL:

Mr Speaker, I have noted what the Honourable Member of the Opposition had to say and so has the Honourable Minister.

HON P C MONTEGRIFFO:

Mr Speaker, it is not an erroneous impression that I have created and I am not questioning the Government's commitment to promoting the Finance Centre. What I am questioning is the methodology which is being used by the Government to obtain the flexibility which we accept is required to be able to respond to the needs of the Finance Centre. It now is clear from what the Minister has just said, that not only is the Income Tax Ordinance going to be the subject of Change by Regulation but that an increasingly number of the legislation is going to be dealt with in the same manner. The policy is generally to have more power going to the Executive and less power to the House of Assembly. I, as a matter of principle, do not think that is the correct way unless the whole system requires to be changed. I for one am on record already as having said that the system in Gibraltar needs changing. But what I am not prepared to accept Sir, is that whilst the House of Assembly, which has legislative powers, should willy nilly give up those powers to respond to what may be a requirement that Gibraltar now faces.

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 EXPLOSIVES (AMENDMENT) ORDINANCE 1989

HON ATTORNEY-GENERAL:

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

ECN ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the main purpose of the Bill is to increase the penalty for throwing or discharging fireworks in the street or other public place from a fine of £5 to a fine of £500 and Clause 2(B) of the Bill achieves this purpose. The opportunity has been taken Mr Speaker, to increase the fines payable for a breach of Regulations made under Section 4, 5 and 6 of the Ordinance from a fine of £200 to a fine of £2000. Sir, I commend the Bill to the House.

MR SPEAKER:

Before I put the question, 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 measure, we take the view however that just increasing the fines in itself is not likely to be sufficient. Enforcement is a key requirement in this respect. We noted last year that there was an improvement in the coordination between the Fire Service and the Police, particularly on November 5th, but it is not just on November 5th that fireworks are set off in Gibraltar, there is also the Christmas and New Year Festivities, and as I say, I hope that the Police and the Fire Service will be able to be effective in policing the matter later on this year before we have a tragedy that we may all have to live to lament. But we support the measure, Mr Speaker.

MR SPEAKER:

If no other Member wishes to speak on the Bill, I will ask the Mover to reply.

HON ATTORNEY-GENERAL:

Mr Speaker, on the last point just made by the Leader of the Opposition I did say in the answer to Question No.44 of 1989, that the Police, the Customs, the Fire Service and several other bodies were very conscious of the problems that arose on 5th November last year as well as whenever fireworks are to be discharged in Gibraltar and no doubt the Police, the Customs, the Fire Service will be very alert to prevent any sort of serious accident as occurred last November.

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 PUBLIC HEALTH (AMENDMENT) (NO.2) ORDINANCE 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The Bill refers in relation to dwelling houses the application of the increase in rates that would have come into effect on 1st July as a result of the new Valuation List. The Valuation List originally was scheduled to come into effect on 1st April and legislation was brought to this House to alter the date to 1st July. The measure does not affect commercial premises which will continue to be rated according to the Valuation List as already published. Sir, I commend the bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Mr Speaker, we note that the Bill takes away the liability for increases to rates for domestic premises and those would concern the retrospective effects of the Bill to the 1st July. We assume that the reason for this is that under the present law, rates should in fact be charged to domestic premises at the increased rate and the amendment in this House is necessary to cure the breach of the law that technically the Government is now involved in. If our understanding is in fact correct Sir, well then we have no difficulty with correcting it and we are glad it has come to the House and the matter has been regularised.

HON CHIEF MINISTER:

Mr Speaker, the situation is that the AACR Administration took action before the last election to bring in an increase in rates which would have been effective on the 1st April this year for domestic premises, bringing about the impact on rates of their increase in rents of 1984/85. In fact we objected at the time publicly to the Government introducing an increase which would have effect after

the general election. The first action that we took was that we decided to defer the implementation of that change until the 1st July this year because we were looking at the situation of reforming the tax system to bring the collection of rates from the Government's Fiscal Year, which is from April to March, to the Government's Tax Year which is from July to June. As I have already explained, when I moved the amendment to the Income Tax Ordinance, in the case of the sale of shares which we legislated in April last year and then found out that it was not possible to give effective legislation because of the time that it took to get the necessary requirements drafted and produced. This was longer than what we had given ourselves and in this situation we found ourselves in exactly the same position. The possibility of a uniform collection system being introduced so that it is a more efficient way of collecting revenue and less money is spent in collecting and which is a fundamental element in Fiscal policy, as I mentioned already in the Income Tax Ordinance, it does not make sense to have a system of collecting revenue if you are to spend a lot of that revenue in its collection. In order to rationalise the Government system, we decided to bring it in for July but we are not in a position to carry out any changes for July and therefore what we have done is to say, since we are not in a position to do anything about it for July and we do not agree with the increase that was introduced by the previous Government, we are leaving the date of implementation open so that it can be brought in when we are ready. Otherwise it would mean that everytime we put a new date if we are not ready by that date we then have to bring in a new piece of legislation to change the date again. So this effectively means that the increase that would have come in April has been deferred already once by changing the valuation year to July as opposed to April, and it is now being deferred indefinitely to bring it into line with any changes that we may bring into the Income Tax Ordinance.

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 BUILDING SOCIETIES (AMENDMENT) ORDINANCE 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

to amend the Building Societies 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. The object of this Bill Mr Speaker, is to enable Building Societies to make loans and investments in the European Economic Community. As the Ordinance stands, permission is needed for the purpose but given the freedom that there should be for capital movement between Member States and the opportunities that this would open to local Building Societies, the Government believes that the control should be relaxed so that our societies may participate in the larger market which the Community comprises. The Government will of course continue to monitor the situation to ensure the propriety of such loans and investments, in the absence of proper regulation over the activities of Building Societies, work on which is expected to commence shortly. In the meantime, permission will still be needed by local Building Societies to maintain offices outside Gibraltar or to advertise or solicit for subscriptions deposits or loans outside Gibraltar. Sir, I beg to move.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Sir, we support the Bill, the only point that arises, I think, is the one that has been alluded to by the Honourable Financial Secretary and which is the actual regulation of the Building Societies locally established if they do external business and I do not know what the proposals are Sir, but I would assume that the element of safeguards required in general terms of liquidity and ratios, might require amendment. If that is correct Sir, could the Financial Secretary indicate what the Government policy is? If there is a firm Government policy on how we would regard such ratios and safeguards or whether there is to be a case by case analysis of any particular Building Society that might wish to in fact lend abroad. But I think it is important bearing in mind the importance that Gibraltar gives to proper financial regulations. The positive moves that we are making in that direction to open up even a small chink in the armour, unless there is a lot of benefit it might be unwise especially bearing

in mind that the overall proper regulation of Building Societies will no doubt be forthcoming in the next few months.

HON CHIEF MINISTER:

Mr Speaker, the position is that there are two Building Societies active in Gibraltar, one that has seen little growth for a very long time and others are in the process of liquidation and disappearing and the control really comes in allowing the Societies to get established in the first place, as far as the Government is concerned. The Government decided to move on this immediately because it inherited a ridiculous situation, where a number of United Kingdom Building Societies wanted to come in and had expressed an interest to come in and I am sure the Honourable Member is familiar with some of them, since it is the Chambers in which he works that has been writing to us about this, and in fact they were being told that they could not operate in Gibraltar other than to lend on Gibraltar property. They had however been told in UK that they could operate in Gibraltar to lend on everything except Gibraltar property. So in fact a UK Building Society found itself in a situation where what it was allowed to do by the Building Societies Act in UK was what we prohibited and what it was allowed to do by the Building Societies Ordinance in Gibraltar was what the United Kingdom prohibited. In order to overcome this, it required a Section 14 Order under the Act to allow the Societies from the United Kingdom to lend on the security of property in Gibraltar. Such orders have been made in respect of Jersey, Guernsey and the Isle of Man but they were never made in respect of Gibraltar. The correspondence that there was between Gibraltar and the United Kingdom kept on referring to the requirement on the part of the Government of Gibraltar that any Building Society coming in should, in fact, be able to lend on Gibraltar property because otherwise it would be taking money out of the local economy and into external lending. This is a nonsense when you are talking about a modern Financial Center operating on a world scale. Of the fl.2billion we have got in our system, a very very small proportion gets re-invested in the Gibraltar economy. So we are talking about a situation where there is already millions going in and out of our economy, and the more millions that go in and out the better it is for us. So we looked at the history of this and it appears to us that going back for 5 years there has been a repetition between the United Kingdom and Gibraltar of the same argument with neither side making a move. Therefore what we decided to do was contact the Building Societies Commission in the UK and discuss the matter with them. This I did in my last visit to the United Kingdom. I have also raised the matter on two occasions with Mrs Chalker, in my last meeting with her and in my first meeting

in May 1988, and I have been promised swift action but nothing has happened. So at the moment what is preventing a UK Building Society from coming into Gibraltar is our law.

HON P C MONTEGRIFFO:

If the Hon Member will give way. I accept the Chief Minister's explanation, but it is not the point that I am addressing. I accept entirely that we need to cure the legislation to allow Building Societies to come, but that is not the point Sir. The danger is that in allowing them to set up in Gibraltar under the present legislation, in the absence of a supervisory framework for the Building Societies, we are in fact opening up a problem which is not here at present. Of course we would like UK Building Societies lending to Gibraltarians in the local market, but the main reason that Gibraltar has not been able to do that, apart from what this technical amendment would allow them to do, ie "please come" is that nobody says "please come and we will regulate as opposed to the UK", I assume that that is the case and the Financial Secretary will confirm this. I assume that if UK Building Societies sets up in Gibraltar and does not lend here then there is no element of regulation in Gibraltar, although, there is certainly at the moment that you have the legislation, Mr Speaker, then that actually permits the introduction of the UK Building Societies into Gibraltar and I would have thought that Gibraltar effectively is saying you are authorised to come in and we therefore implicitly accept a supervisory role" and all I am saying, Sir, is that if the Government's policy is to accept only "Blue chip" big Building Societies where we are prepared to take the political risk that nothing is going to go wrong then I assume that that is fair enough. But I am concerned only that the Chief Minister should address that fact that if we remain for too long with the Supervisory legislation there is then if not a hole at least a little chink in our armour on the whole regulation that should be in place.

HON CHIEF MINISTER:

No Mr Speaker, I do not accept his argument. I think the Hon Member has got it all wrong. First of all, Mr Speaker, the AACR already amended the Building Societies Ordinance to allow UK Building Societies to open branches in Gibraltar. That has already been done. We are not doing that now. The only thing is that the law says "a Branch can open in Gibraltar provided they lend to Gibraltar properties" and the UK says "a Branch can open in Gibraltar provided they do not lend". There is a contradiction in our law and we are removing it. We are not allowing Building Societies in for the first time, they are already allowed in. If the United Kingdom tomorrow made a Section 14 Order, Building Societies will be able to open Branches in Gibraltar without us doing anything and without these

amendments. What we are doing is removing the blockage that has existed for five years, ever since the legislation was brought to the House by the AACR. It was brought here and supported by me, I can tell the Honourable Member, from that side of the House on the argument that this legislation was a good thing because it would enable Abbey National and other UK Building Societies to enter into the local market and I thought that it was a very good idea. However it did not transpire because having created the permissive legislation nothing happened because the UK Building Societies Commission would not allow it to happen. Therefore what we are doing is removing the blockage to allow this matter to take effect and which is what the AACR announced they wished to do in 1985 and which still has not happened in 1989. So his arguments does not hold water because it is not that we are opening a door, the door was already open but there was a barrier in front of it and we are removing that barrier because it is nonsense that a barrier should be there. The second thing is, of course, something which the Honourable Member must be aware of what is happening in Europe in Financial Services and the direction in which we are moving. That direction is, that there is going to be Single European Licences for Banks in 1992 and that sooner or later there will be Single European Licences for other quasi-bank Organisations. And Building Societies already have got very wide powers in UK to act virtually as Banks. They have current accounts, they have cash dispensers, they are Banks in everything except name. In fact one of them has just converted itself into a Bank and became a Limited Company.

HON P C MONTEGRIFFO:

Are the same control of Gibraltar Building Societies in existence as with banks is that what the Hon Chief Minister is saying?

HON CHIEF MINISTER:

Mr Speaker, if the Honourable Member sits down and shuts up I will inform him.

HON P C MONTEGRIFFO:

I do not want to be talked to in that way, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, I have not given way and the man is out of order. What I am telling him, Mr Speaker, if he will listen, is that in 1992 whether we have controls or we do not have the controls is totally irrelevant because a Society or a Bank licenced in its home state does not require a second licence in its host state. So therefore what we have to make sure is that we have the controls

for Societies that are created in Gibraltar for the first time. Because those Societies with the authorisation granted by the Government of Gibraltar will be able to operate in other places on the strength of a piece of paper we give them. Therefore we must make sure that our standards are good enough, but we are moving into a situation where the problem is becoming easier not more difficult. Because for example, banks in Gibraltar that have got Gibraltar licences and the bulk of them are already community banks and if we were already operating under the Fourth Banking Directive then none of them would be licensed in Gibraltar. They would all be able to operate in Gibraltar on the basis of their existing licence from their home state. The Nat West Branch or the Barclays Bank Branch would be a branch of a licensed Bank, licensed by UK and the Authority responsible for monitoring them for liquidity ratios, for proper reserves and for everything else would be the originating licence issuing authority ie the Bank of England and not us. Now this is bound to happen with Building Societies in 1992 or after 1992. Because there is no way you are going to have a situation, in the European Community, where you have got two organisations giving equal range of services to customers in banking, one of which is subject to one set of controls and the other is not subject to that set of controls. So the position is that the fears expressed by the Member are totally irrelevant because we are not going to need to worry about United Kingdom Building Societies or United Kingdom Banks or Community Building Societies or Community Banks. We are going to need to worry about the Building Societies or the Banks that are incorporated in Gibraltar, either by non-Community sources ie people coming from Japan or the United States or whatever or from Gibraltar sources. If Gibraltarians want to set up a new Building Society then we must make sure that that Society is properly controlled because if that Society is lending outside Gibraltar and something goes wrong, then it will come back to us. Therefore the country where something goes wrong will come back and say to the Gibraltar Government "why did you licence so and so if they are not a fit and proper organisation to be doing business?" But what we are doing here is not that, all those fears expressed by the Member already apply or do not apply with this change. This change does one thing and one thing only, it enables United Kingdom Building Societies to come into Gibraltar and which at the moment we are preventing. The only thing stopping them coming in is us because for the last four years they have been seeking the introduction of a Section 14 Notice and what we have said to the representatives of the Societies that have approached the Government is "Go back to the Society and tell them that we are still pushing, all the time, for the Section 14 Notice because we want them to come in and we are anxious to welcome them into Gibraltar we ourselves are moving unilaterally in anticipation of the Section 14 Notice, so that they can come in tomorrow

if they want to and operate in Gibraltar and lend from Gibraltar into the Community". They will still not be able to lend in Gibraltar because the UK will not allow them. The ridiculous situation is that because of this constant problem that we have of definition of our relationship with the United Kingdom, a UK Building Society can lend in Spain but it cannot lend in Gibraltar. This is because it can lend anywhere in the Community without a Section 14 Notice but it requires a Section 14 Notice for Gibraltar because it requires it for the Isle of Man, for Jersey and for Guernsey, so in this particular instance we have been bracketed as being a non-Community territory instead of a Community territory. We are convinced that this will help the United Kingdom Building Societies to come in and therefore the arguments that have been used about this are totally irrelevant to the legislation we are bringing and if they have got any validity they apply to the existing legislation which is the one that was there when we came into office.

MR SPEAKER:

If no other Member wishes to speak, I will call on the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, there are a number of points that need to be clarified. The first one is that in relation to what has been said with regard to Building Societies from the UK wanting to establish themselves in Gibraltar, the position is that if they do, regardless of the fact that a Section 14 Order is needed, those Societies would not be able to lend outside Gibraltar by virtue of Section 42 of the Ordinance, which says "that insofar as that portion of their business carried on in Gibraltar is concerned, the requirements of the legislation will apply" and the requirements as it stands at the moment is that investments lending should only be in Gibraltar. Therefore the measure before the House opens the way for them to invest via Gibraltar in other EEC territories. The second point is that although authorisation is not needed to establish or commence a Building Society in Gibraltar, the Government nevertheless is monitoring the situation and immediately comes to grips with any Society which is established, pending amendment to the Building Societies Ordinance itself, which has to be substantial to take account not only of our local requirements but also of the First Banking Directive of the EEC and subsequent Directives which will verge on matters of solvency ratios. In the meantime what the Government is doing is having returns from Societies that are established, looking at their ratios and lending, to ensure their viability remains.

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 STAMP DUTIES (AMENDMENT) ORDINANCE 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Stamp Duties 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, the object of the Bill is to expressly exempt Certificates of Deposits from Stamp Duties, thereby removing the doubt that there is at the moment on the matter. Certificates of Deposit made in simple terms may be defined as Certificates issued by Banks acknowledging that a sum of money has been deposited with them for a fixed period of time. The Certificates are negotiable and payable to bearer, titled to them and can be passed freely from one person to another by delivery of the Certificate. They are basically money market instruments akin to Bank Promissory Notes which are exempt from Stamp Duty by virtue of Section 29 of the Ordinance if they each entitle their bearers or holders to the payment of sums exceeding £100. Certificates however may also be regarded as marketable securities, since they are traded in secondary markets and as such may be considered liable to Stamp Duty as the result of the all catching definition of marketable securities in Section 70 of the Ordinance. The intended amendment by Clause 2 of the Bill, Mr Speaker, is to make it explicit that Certificates of Deposits are excluded from the definition of marketable securities and not therefore subject to Stamp Duty. They are not mentioned or covered anywhere else in the Ordinance. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON P C MONTEGRIFFO:

Just to say, Mr Speaker, that we support the Bill.

There being no debate 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 IMPORTS AND EXPORTS (AMENDMENT) ORDINANCE 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Imports and Exports Ordinance 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 object of the Bill Mr Speaker, is to remove the present restrictions relating to transit goods and transshipment of goods which have become obsolete and to bring Gibraltar into line with modern practice in other countries. At present dutiable goods brought into Gibraltar and marked in-transit, are deemed not to have been imported and hence not liable to duty if inter-alia the final destination is identified by the consignor before the goods arrive in Gibraltar and the goods are removed from Gibraltar within fourteen days from arrival. These requirements are now outdated and in fact cannot be applied to certain categories of import which arrive in transit. Accordingly the measure before the House seeks to alter the situation so that to qualify for in-transit treatment, it will no longer be necessary for a final destination of the goods to be identified before arrival, nor for their removal within fourteen days. The change with the consequential increase in throughput expected will no doubt enhance Gibraltar's reputation as a transit and transshipment port. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, during the years when I was Minister with responsibility for the Port, we were very anxious to do everything that we could to promote Gibraltar as a transit or transshipment Port and therefore we have no hesitation in welcoming this piece of legislation and voting in favour.

MR SPEAKER:

If no other Member wishes to speak, I will call on the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I thank the Opposition for their support.

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 will be taken at a later stage in the meeting.

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1989/90) ORDINANCE 1989

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 1990 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. As has been established, the custom Mr Speaker, by my predecessors, I will not make any speech of the general principles of the Bill, but merely commend it to the House.

MR SPEAKER:

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

There being no debate 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.

MR SPEAKER:

Does the Leader of the Opposition object to our taking, I think it was the Public Utilities Undertaking Amendments Bill together with all the others?

HON A J CANEPA:

No, Mr Speaker.

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 Income Tax (Amendment)(No.2) Bill, 1989; The Landlord and Tenant (Amendment) Bill, 1989; The Traffic (Amendment)(No.2) Bill, 1989; The Public Utility Undertaking (Amendment) Bill, 1989; The Gibraltar Broadcasting Corporation (Amendment) Bill, 1989; The Drugs (Misuse) (Amendment) Bill, 1989; The Employment (Amendment) Bill, 1989; The Criminal Procedure (Amendment) Bill, 1989; The Trusts (Recognition) Bill, 1989; The Explosives (Amendment) Bill, 1989; The Public Health (Amendment)(No.2) bill, 1989; The Building Societies (Amendment) Bill, 1989; The Stamp Duties (Amendment) bill, 1989; The Imports and Exports (Amendment) Bill, 1989 and The Supplementary Appropriation (1989/90) Bill, 1989.

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

COMMITTEE STAGE

THE INCOME TAX (AMENDMENT) (NO 2) BILL, 1989

Clauses 1 to 5

On a vote being taken on clauses 1 to 5 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 J H Bautista
The Hon E Thistlethwaite

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

Clauses 1 to 5 stood part of the Bill.

The Long Title

HON A J CANEPA:

Mr Chairman, for the last seventeen years I have been waiting for an opportunity to vote against the Long Title of the Bill, and we do so now.

On a vote being taken on The Long Title 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 J H Bautista
The Hon E Thistlethwaite

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 Long Title stood part of the Bill.

THE LANDLORD AND TENANT (AMENDMENT) BILL, 1989

Clauses 1 to 6

On a vote being taken on clauses 1 to 6 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 J H Bautista
The Hon E Thistlethwaite

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

Clauses 1 to 6 stood part of the Bill.

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

THE TRAFFIC (AMENDMENT) (NO 2) BILL, 1989

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

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

THE PUBLIC UTILITY UNDERTAKINGS (AMENDMENT) BILL, 1989

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 J H Bautista
The Hon E Thistlethwaite

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 was agreed to and stood part of the Bill.

Clause 3

HON A J CANEPA:

Mr Speaker, we have an amendment, a very small amendment that we would like to move to Clause 3, and that is to insert the word 'fuel' after the word 'flexible' and before the word 'costs' where it so appears in the Clause. So that it would be 'flexible fuel costs adjustment formula' in line with what the Minister explained when he exercised his right to reply. In line with what the Honourable Minister has said that the intention was to more accurately reflect the proportion or the weighting of lighter fuel as against heavier fuel arising from the changes in power generation in future, the Government, he explained was bringing this legislation to the House. He gave us to understand that there was no intention to include anything else such as costs of spares and/or wages or any other cost and in the light of that I would have thought that the intention of a fuel cost adjustment formula could still be maintained whilst introducing the element of greater flexibility, and I would hope therefore that the Governemnt could propose the small amendment.

HON J C PEREZ:

Mr Speaker, although the Honourable Member is right, in that that is the intention of the Government and I think that would be the only thing that would happen in the foreseeable future, I think that we shall be voting against the amendment, so that the Ordinance itself can have flexibility to change this in the future, if it is needed. It is not intended that this should change in the future but if it ever does, the flexibility will be there in the Ordinance for this to happen. Honourable Members opposite will be able to make their views known at the time when that is changed but I do not think that we will gain anything by including the word 'fuel' and restricting the powers of the Ordinance for the future.

Mr Speaker then put the question in the terms of the Hon A J Canepa's amendment and 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 J H Bautista
The Hon E Thistlethwaite

The amendment was accordingly defeated.

On a vote being taken on Clause 3 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 J H Bautista
The Hon E Thistlethwaite

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 3 stood part of the Bill.

Clauses 4 and 5

On a vote being taken on Clauses 4 and 5 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 J H Bautista
The Hon E Thistlethwaite

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 4 and 5 stood part of the Bill.

The Long Title

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 J H Bautista
The Hon E Thistlethwaite

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 Long Title stood part of the Bill.

THE GIBRALTAR BROADCASTING CORPORATION (AMENDMENT) BILL, 1989

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 EMPLOYMENT (AMENDMENT) BILL, 1989

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

The Schedule

HON R MOR:

I would like to move an amendment. Actually just a couple of printing errors. In Section 52C on the third line, where it reads from the previous line "for the same work", it should read "or for work to which equal value is attributed".

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

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

THE DRUGS (MISUSE) (AMENDMENT) BILL, 1989

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

Clause 2

HON M K FEATHERSTONE:

I would like to move the following amendment. I beg to move that the weight of controlled drugs should be reduced as follows: amphetamines 5 grams; cannabino1 1 gram; cannabis resin 1 gram; cannabis 15 grams; cocaine 1 gram; diomorphine 1 gram; LSD0.5 of a gram.

Mr Speaker proposed the question in the terms of the Hon M K Featherstone's amendment.

HON J L BALDACHINO:

Just out of curiosity on what is the reduction that the Honourable Member is proposing based, or it is just.....

HON K M FEATHERSTONE:

Well, if you know for example amphetamines 5 grams will be approximately ten tablets. At the moment 15 grams is thirty tablets. It is quite a large quantity, so 5 grams ie ten tablets would be for your own use. And 3 grams again is a reasonably large quantity of such items as cocaine or heroin. As for lysergic acid, this is usually dispensed in micro-drops which have a weight of perhaps .005 of a gram. With 3 grams you could have quite an acid party. This is the idea behind the reduction.

HON J C PEREZ:

Mr Chairman, anything that reduces the amounts is supported by this side of the House. What I think we ought to make sure is that we are not doing anything which goes against any expert advice that we might have. What we cannot do is come back to the House and then change it again. With all due respect to the Honourable Member with his record in Government I am not very sure that he is doing the right thing although I am prepared to support it. It is just that as my Honourable colleague, the Honourable Mr Baldachino was saying, what are we basing this on? We both agree that it is too high, as it was introduced, on the advice of different organisations in Government, but I would be a bit reluctant without knowing on what it is based or without having any expert advice to go ahead.

HON A J CANEPA:

The time of my Honourable Colleague in Government is a fairly lengthy one, longer than anybody here, other than myself. He has been a Minister for Medical Services for quite some years and professionally he is also a Chemist and that is why he is able to give an assessment based on some degree of professional knowledge.

HON ATTORNEY-GENERAL:

Without wishing to contradict that, Mr Chairman, I have the list of these drugs in Australia and I have also got the Hong Kong one. They are not too far out from the Honourable Mr Featherstone's figures, except in relation to amphetamines which is two grams in Australia, cannabind was two grams, resin is 20 grams, cocain is 2 grams, diamorphine is two grams and LSD is, as the Honourable Mr Featherstone said 0.0002 grams.

HON A J CANEPA:

So my Honourable Colleague has a track record in line with that of Bob Hawke.

HON J C PEREZ:

I am afraid both you and the Honourable Attorney General are wrong. It does not come anywhere near to what there is in Australia.

HON ATTORNEY-GENERAL:

If the Honourable Mover of the amendment would read the Australian figures despite being a long way away perhaps that would be the basis.

HON M K FEATHERSTONE:

I think that would be acceptable.

HON A J CANEPA:

Provided that if they do not actually win the ashes today we may bring back an amendment!

MR SPEAKER:

So what is the position, are we going to follow Australia?

HON ATTORNEY-GENERAL:

We are going to follow Australia, Mr Chairman, yes.

HON M K FEATHERSTONE:

Amphetamine - 2 grams; cannabiol (except where contained in cannabis or cannabis resin) - 2 grams; cannibol derivates - 2 grams; cannabis or cannabis resin - 20 grams; cocaine - 2 grams; diamorphine - 2 grams; LSD - 0.002 grams.

Mr Speaker then put the question which was resolved in the affirmative and Clause 2, as amended, was agreed to and stood part of the Bill.

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

THE CRIMINAL PROCEDURE (AMENDMENT) BILL, 1989

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 TRUSTS (RECOGNITION) BILL, 1989

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 EXPLOSIVES (AMENDMENT) BILL, 1989

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)(NO 2) BILL, 1989

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

New Clause 3

HON ATTORNEY-GENERAL:

I beg to move that the Bill be amended to add a further Clause to be numbered Clause 3, as follows:

Amendment of Section 218 3. Section 218(1)(B) of the Public Health Ordinance is amended by inserting immediately after the words "certain areas" the words "as defined in such rules".

The purpose of this amendment Mr Chairman, is to enable rules to be made which will replace the seaside pleasure boat rules. This amendment, Mr Chairman, amends Section 218(1)(B), so that it reads as follows "The Governor may, for the prevention of danger, obstruction or annoyance to boats at anchor or to persons bathing in the sea or using the seashore, make rules - prohibiting the entry by pleasure boats and any person or thing in tow behind such vessels into certain areas" as defined in such Rules. As I have said, Mr Chairman, the amendment will enable the Government to promulgate new seaside pleasure boat rules to replace the existing rules which the Stipendiary Magistrate declared to be ultra vires, because neither the Ordinance nor the Seaside Pleasure Boat Rules define the areas to be protected and this amendment will enable the areas to be protected to be defined in the Rules and that is the purpose of the amendment, Mr Chairman, and I commend it to the House.

HON A J CANEPA:

We seem to be able to support this amendment, it does not seem to interfere either with the seaside or with pleasure, so we can go along with it.

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

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

THE BUILDING SOCIETIES (AMENDMENT) BILL, 1989

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 STAMP DUTIES (AMENDMENT) BILL, 1989

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

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that Clause 2 be deleted and a new Clause 2 be inserted. To renumber Clause 2 as Clause 3 and that a new Clause 4 be inserted.

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 J H Bautista
The Hon E Thistlethwaite

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

New Clause 2 stood part of the Bill.

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

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

THE IMPORTS AND EXPORTS (AMENDMENT) BILL, 1989

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 SUPPLEMENTARY APPROPRIATION (1989/90) BILL, 1989

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

MR CHAIRMAN:

Before we carry on with Clause 2 does the Opposition wish to say anything on the Schedule?

HON A J CANEPA:

Most of these are revotes, Mr Chairman, except 2, could we have some details, some indication as to, very briefly, the terms of the loan to the Pilot Boots Association? This is nothing new, there are precedents where the Government has assisted the Pilots by similar loans, similar amounts. Anyhow, I wonder whether we could have very briefly an indication of what the terms are, if they are very much in line with previous terms then there is no problem. And the other thing that surprises me somewhat is that, I think for the first time ever, the House is being asked to vote a contribution to the Commonwealth Fund for Technical Cooperation. Normally in the past, we have had a lot of assistance from the United Kingdom technical cooperation, but this seems to be something new, perhaps we could have an explanation.

HON CHIEF MINISTER:

Mr Chairman, on the question of the Port, the position is that we offered the Pilots an identical loan on identical terms to the last one they had, which they have accepted. On the question of the Commonwealth Fund for Technical Cooperation, I have already given an explanation. I gave an explanation when I returned from UK and I made a reference to that as well in the course of my answer to the Honourable Col Britto, when I explained that we had discovered that we were apparently the only place in the Commonwealth that had never made use of the Commonwealth Fund for Technical Cooperation. One of the conditions attached to making use of the Fund, is that you become a Member and that you contribute. The contribution is a voluntary contribution and it is left to the discretion of the Member State or the Dependent Territory. This, I think, was set up in 1971 or 1973, the Commonwealth Fund for Technical Cooperation. The main contributor is Canada which pays for something like 50% of the budget. It has a total budget of about £20m and the position is that each State that takes up membership is expected to pay a membership fee which is related to their size and which they are then expected to keep under review depending on how much use they make of it. We discovered, as I mentioned when I came back, in the press conference that I gave, that in fact some of the territories in the Mediterranean like Malta and Cyprus have been using the Commonwealth Fund for Technical Cooperation to help them in setting up their Finance Centre in competition with ours. So we believe that we can get very good value for this sum of money but we certainly cannot belong to the Commonwealth Fund without becoming Members and paying a Membership fee. We think that a Membership fee of £4,000 is a reasonable figure in relation to our size of economy. I think the smallest contributor is St Helena and they pay a £500 membership fee. St Helena of course has a much, much smaller population and a much, much smaller economy than we have. From our soundings this was considered to be a modest sum for a start and we are

THIRD READING

HON ATTORNEY-GENERAL:

expecting, as soon as the Membership goes through, to get a team coming out to look at a number of areas where they might be able to give us technical help. This type of help includes them paying all the costs involved for the experts' passages and their stay in Gibraltar. They are normally short-term assignments, something like three months or six months. In fact in the case of Malta, they have actually agreed to provide people to set up their Financial Services Industry on a two year secondment period with all the costs being met by the Commonwealth Fund. So the explanation is that since we have never contributed before and we have never been able to use it before and it appears that we are the only ones in the Commonwealth that have never used it.

Clauses 2 and 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.

Mr Speaker, I have the honour to report that: The Income Tax (Amendment) (No.2) Bill, 1989; the Landlord and Tenant (Amendment) Bill, 1989; the Traffic (Amendment) (No.2) Bill, 1989; the Public Utility Undertakings (Amendment) Bill, 1989; the Gibraltar Broadcasting Corporation (Amendment) Bill, 1989; the Drugs (Misuse) (Amendment) Bill, 1989, with amendments; the Employment (Amendment) Bill, 1989; the Criminal Procedure (Amendment) Bill, 1989; the Trusts (Recognition) Bill, 1989; the Explosives (Amendment) Bill, 1989; the Public Health (Amendment) (No.2) Bill, 1989, with amendments; the Building Societies (Amendment) Bill, 1989; the Stamp Duties (Amendment) Bill, 1989, with amendments; the Imports and Exports (Amendment) Bill, 1989; and the Supplementary Appropriation (1989/90) Bill, 1989, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Mr Speaker then put the question and on a vote being taken on the Landlord and Tenant (Amendment) Bill, 1989; the Traffic (Amendment) (No.2) Bill, 1989; the Gibraltar Broadcasting Corporation (Amendment) Bill, 1989; the Drugs (Misuse) (Amendment) Bill, 1989, with amendments; the Employment (Amendment) Bill, 1989; the Criminal Procedure (Amendment) Bill, 1989; the Trusts (Recognition) Bill, 1989; the Explosives (Amendment) Bill, 1989; the Public Health (Amendment) (No.2) Bill, 1989, with amendments; the Building Societies (Amendment) Bill, 1989; the Stamp Duties (Amendment) Bill, 1989, with amendments; the Imports and Exports (Amendment) Bill, 1989; and the Supplementary Appropriation (1989/90) Bill, 1989, the question was resolved in the affirmative.

On a vote being taken on the Income Tax (Amendment) (No. 2) Bill, 1989 and the Public Utility Undertakings (Amendment) Bill, 1989, 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 J H Bautista
The Hon E Thistlethwaite

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.

The House recessed at 1.10 p.m.

The House resumed at 3.40 p.m.

PRIVATE MEMBERS' MOTIONS

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 deplors the failure of the Government to safeguard the purchasing power of old age pensions and to make public details of their plans for the future of the Social Security Scheme”. Mr Speaker, it was in mid November last year that two things occurred within the space of a few days and which, effectively, underpin the two main points covered by this motion. In the first place, on Monday 11th November, the Minister for Labour and Social Security made certain disclosures to the Gibraltar Chronicle. A front page article appeared in the Chronicle of that date and the headline of which read “Means Testing Plan for Social Benefits”. I would maintain that this article and what was contained in it played

a very important part in sowing great doubts in the minds of people, pensioners, old age pensioners and contributors alike, in respect of the whole question of means testing and in the freezing of pensions which was referred to by Mr Mor in that article. Mr Mor said, and I quote from the article “that the time has come when the Government can no longer afford to give benefits to people who are already well off”. In that particular case of pensions, he cited the example of people who retire fairly early and then work again when they receive a pension. “We should give money to the people who need it most”, he is quoted as saying and then later on in that article on the 2nd page he made the reference to the freezing of pensions. This article amounts to a very large extent the only information which the public has about what the Government has in mind, other than the details of the agreement reached by the Chief Minister with Mrs Chalker, such details as were actually released later. Under that agreement the public learnt that Her Majesty’s Government would be footing the bill, on an interim basis, for the continued payment of Spanish pensions until the present Social Security Scheme is wound up and replaced by a new scheme. I will not call it a Social Security Scheme because it is not clear that it may be that in 1994. What will actually happen to pensioners or to those who become pensioners between now and then is not clear as far as the public is concerned. Nor is it clear what will happen to present contributors after 1994, i.e. those who will become pensioners after 1992. A few days later here in this House, at the meeting of the 15th November, the Social Security Insurance Ordinance was amended. By that amendment, the Statutory Formula introduced by the AACR in 1975, the legislation which was brought by myself to this House, was repealed. I would remind the House that that formula required on a Statutory basis, by law, that pensions should be increased every year in January in line with movement in average earnings on the basis of a pension for a married couple, a joint pension for a married couple having to be not less than half. The level of the average earnings for a full-time industrial as laid down in the latest available Employment Survey. The level of pension for a single person, which could be also a widow, should be not less than 33 1/3% of such average earnings. That formula was repealed here in this House and substituted by new provisions as follows: “The Minister shall at such time as shall seem to him appropriate review the sum specified in the following Sections”. In other words “The Minister shall at such time as in his discretion may seem to be appropriate, review the level of benefits and the sums being paid as old age pensions at the time which he may decide, whenever he deems it to be appropriate”. It is this, Mr Speaker, that has affected the purchasing power of pensions because if the Statutory Formula had not been repealed, pensions would have had to be increased in January last year. That Statutory Formula was repealed and removed. The Minister obtained

the powers that I have referred to and to date the Minister has not used those powers nor given any indication as to when such powers are likely to be used. In other words, there has been no indication from the Government as to when the level of benefits will be reviewed or when the next increase in old age pension will be forthcoming and therefore as time goes by the purchasing power of pensions which is totally at the discretion of the Minister, is being eroded. On the 5 December last year, the Chief Minister informed us that Her Majesty's Government had accepted the proposals put to them by the Chief Minister in the context of the problems of Spanish pensions and the agreement that I have referred to followed. As we moved towards the 1 January, and it became clear that the Government was not going to use the powers in the new Section of the Ordinance in order to increase pensions, pensioners started to wonder what was going to happen and they started to become increasingly worried about the terms of the agreement that had been reached. They wondered what exactly the new agreement meant for them and what was their future in this context of old age pensions. Aware of such concern, I drew attention to this in my end of year message on the 29 December 1988. I said that there was a great deal of concern and apprehension in town amongst present pensioners and contributors, who are the future pensioners, as to what exactly is going to happen over the next five years and after the next five years and just how they are going to be affected by these arrangements. I went on to say, and I quote "And it is not surprising that such worries to exist since the Government has not been sufficiently open and has not provided the information that people require if their fears are to be allayed". And Mr Speaker, even though we ourselves, in the Opposition had been given more information than the general public, I said that it was not clear to us, as it is not to this day seven months later, what the final outcome is going to be and exactly how pensioners are going to be affected. In his own New Year Message, on the 1 January, the Chief Minister had nothing to say that would allay the fears of pensioners. A Chief Minister, who on coming into office, had made a Ministerial Statement on television in which he had pointed out that this was the biggest cloud on the horizon where he had also indicated, if not promised, that he would be making frequent appearances on television to address the nation at three-monthly intervals. He had all sorts of excuses as to why he was not in a position to do so and why he has not done so. He has not made any similar appearances on television since that first one. In an effort to elicit some answers to the sort of questions that people were asking in the street, I tabled a series of questions in this House on the 24 January 1989 and I think I ought to quote them Mr Speaker, "Question No. 14 – Does the Government realise that because of lack of information, concern is being expressed by contributors to the effect that rather than contributing to the Social

Insurance Scheme over the years, they might have been better off by taking out a Life Insurance or Annuity Policy instead?" This Mr Speaker, is indicative of the lack of confidence in the scheme and of people beginning to wonder what has been the purpose of my contributing over all these years. "Question No. 41 – How does Government intend to safeguard the rights of current contributors to the Social Insurance Scheme in five years' time and beyond?" The sort of thing, Mr Speaker, that contributors were wondering then and are still wondering about what is going to happen with all the contributions that they have been making over the years. Also what is going to happen to the entitlement that they thought they had to an old age pension when they reached the age of 65 in the case of men and 60 in the case of women. "Question No. 42 – Having regard to the fact that old age pensions were not increased on the 1 January 1989, why has Government increased the weekly rate of contributions payable by insured persons and their employers?" Again as far as people are concerned they heard that their contributions had been increased and they felt this because of the weekly deductions that had been made from their pay packets. People were wondering how is it that contributions have been increased and yet nothing was happening about old age pensions when from time immemorial and certainly from 1975, this had been a yearly feature every January when contributions have gone up and benefits have gone up, usually by a much bigger amount. "Question No. 43 – Will the Government give an undertaking that the purchasing powers of the old age pensions payable to Gibraltar pensioners, that is, pensioners residing in Gibraltar, will be maintained at their January 1988 level?" In other words will the Government give an undertaking that at least they will take into account increases in the cost of living now running at close to 5% and increase the level of pensions so that at least they keep pace with such increases in the cost of living. The answer from the Chief Minister, Mr Speaker, to all these questions was in the negative. What the Chief Minister really did was to make an appeal to the general public for trust. That people should trust him, that he knew what he was on about and that no doubt they should continue to trust him for the next two years even though he keeps virtually dumb about the whole thing and gives very little evidence as to what that trust should be based on insofar as the subject under discussion is concerned. On the 7 March, my colleague, Mr Peter Montegriffo brought the matter up on television in a Party Political Broadcast. He referred to the uncertain future of pensions for Gibraltarians and I quote "Which we all still know very little about. Do you know what sort of pensions you are contributing for today?" he asked. Again, Mr Speaker, nearly five months later I could ask the same question to contributors "Do you know what is the sort of pension that you are contributing to? Do you know what you are going to get, if anything, when you reach the age of sixty five?" I myself went back to the charge in May also in a Party

Political Broadcast in the wake of a so-called Budget and during which the Chief Minister had once again failed to give any indication to pensioners as to what they might expect and as to when they might expect to have their pensions increased. This in spite of the provisions of £10m in the Social Assistance Fund. By then pensioners were beginning to feel badly let down, in particular, that their interests, they could already perceive were being sacrificed or had been sacrificed as part of the price which had to be paid following agreement which the Chief Minister had entered into with the British Government. I have brought the matter up here in this House during the debate on the Estimates of Expenditure and I also brought the matter up in my contribution during the debate on television between the Chief Minister and myself which followed. However throughout all these occasions the Chief Minister has pretended or preferred to pretend not to hear. He has simply refused to say if or when old age pensions are going to be increased. I posed the question then and I ask it again, "Does he intend to keep pensions frozen for the next few years, even though workers and Government pensioners continue to enjoy annual increases?" There is not a worker employed by Government who does not have the purchasing power of his wage or salary guaranteed in keeping with increased in the United Kingdom. There is not a former Government employee in receipt of a pension from the Government who does not every year in October, with three months of retrospect, get his pension increased in line with the cost of living. If the Government considers that these category of persons should be treated in this manner, I find it very difficult to accept that they are not prepared to increase pensions and protect the other categories of well deserving old age pensioners whose purchasing power of their pensions is being eroded as the cost of living goes up. Is it to be wondered that old age pensioners feel betrayed by Members opposite who promised them so much in order to obtain their votes. I last spoke in public in this vein, Mr Speaker, a couple of months ago at the AACR Conference at the beginning of June when I said and I repeat today that the Chief Minister had promised that not a single penny of Gibraltar money would go towards the payment of Spanish pensions. He said that throughout, prior to the general election, during the general election, subsequent to the general election and during the course of the negotiations he maintained that position. And whilst Britain certainly appeared to be footing the bill, it has now become clear that indirectly the people of Gibraltar, various categories of the people of Gibraltar, were paying the price for the agreement that was reached with the British Government. Because by having their pensions frozen, are not local pensioners being sacrificed as part of that deal? In deciding to wind up the Social Insurance Fund in 1994, are not the rights of pensioners and existing contributors being jeopardised? And I ask the Chief Minister and the Minister for Labour and Social

Security today, because the latter at least occasionally speaks to pensioners on the way to his office in The Haven, "are they not aware that possible hardship is being caused to this group of persons in our community?" Do they not know or care that some old age pensioners are totally dependent on their old age pension as their sole means of income?" "That living on their own they find it increasingly difficult to make ends meet?" Some, Mr Speaker, are not suffering hardship because they live with their children or are being helped by their children. "What is it going to take for the Government to make a move? What are they waiting for? Discontent exists, Mr Speaker, or does the Chief Minister want a more tangible demonstration of it before the Government acts on the need to safeguard the purchasing power of these pensions and increase them? Mr Speaker, earlier this month, on Tuesday 18th, a letter was published by the Gibraltar Chronicle. This letter had been sent by Mr John Byrne under the heading "Answers requested". Mr Speaker, let me read the first couple of paragraphs: "In these days of open Government, I venture to ask a couple of questions: We have been told often enough that the Spanish pension problem has been solved, what about Gibraltar pensions? Why are we paying towards a Social Insurance Service, a Social Insurance Fund, Social Security Fund that apparently will cease to exist? Is it true that each contributor to the Fund will receive a lump sum? If so, will it be taxed? If so, will the lump sum consist of our contributions plus interest earned at market rates? What will happen to those currently receiving pensions? These are just a few questions and I am certain that other people have many more". Mr Byrne then went on to ask what was wrong with our telephones and maybe that is why he has not had any answers. Mr Speaker, Mr Byrne was just voicing the feelings and the thoughts of very many people in our community. Mr Speaker, in the Piazza below this House there is a mini-parliament that regularly meets, particularly in the mornings. Although not this afternoon because it is rather warm and these pensioners who meet there regularly are asking precisely these same questions every day. Maybe the Government, now that they spend much more of their time in meetings in Government offices, do not have the contact with these people that they used to have when they were in Opposition. We on the contrary are now in the fortunate position that we do have such contact and therefore we know at first hand just how people feel and what they are thinking. The Government has a duty and a responsibility to answer these questions and not just hide behind and appeal for trust as the Chief Minister did last January. To sum up, Mr Speaker, we have a situation whereby old age pensions have been frozen since the 1 January 1988 as a result of the repeal of the formula introduced by the AACR in 1975. Instead the Minister for Labour and Social Security has discretionary powers but has not used them. I would say that probably because of the demands made by the British Government in the course of negotiations with the Chief Minister,

over the deal for the payment of Spanish pensions and which led to the clarion call of "not a penny to be paid by Gibraltar". I would however say, Mr Speaker, that indirectly Gibraltarians are paying and in fact, the Social Security Scheme that we have known over the years is being dismantled. At least our own three-year agreement with the British Government preserved the integrity of the Social Insurance Scheme and no payment was made in any shape or form by any category of persons in Gibraltar and we were able to continue to increase old age pensions every year at the beginning of the year. Contributors are paying the price. The price of uncertainty over the future, the shift of their contributions from the Social Insurance Fund to the Group Practice Medical Scheme in return for which they are not getting any tax relief and hence the fiasco over the codes that I referred to yesterday. Tax payers are paying the price to the tune of £10m of taxpayers money which is being put into the Social Assistance Fund and therefore the reason why the Government has ostensibly no room for manoeuvre in making tax cuts. The danger of hardship for pensioners is real and they simply cannot carry on wondering when, if ever, they are going to get an increase. The Government without a shadow of doubt is failing in its duty towards these people and questions continue to be asked by the public, the contributors, of where they stand. They need to know, Mr Speaker, where they stand if they are to make adequate provision for their old age before it is too late in 1992. For all these reasons, Mr Speaker, we deplore the failure of the Government to meet its obligations towards pensioners and contributors to the Social Insurance Scheme. Mr Speaker, I commend the motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Honourable A J Canepa.

HON R MOR:

Mr Speaker, I think that rather than bringing this motion of deploring the failure of the Government to safeguard the purchasing power of Old Age Pensions, the Leader of the Opposition should have got things in their proper perspective and should have, in fact, put forward a motion congratulating the Government for the fact that Old Age Pensions are still being paid today. Because, Mr Speaker, had it not been for the action taken by this Government in protecting the interests of Gibraltar pensioners and of the Social Insurance Fund there would not be any payment of pensions at all today and the Social Insurance Fund would have been bankrupt as a result of the Spanish pensions problem. What this Government has done, Mr Speaker, is to ensure that payment of pensions has continued which at this point in time is far more important than protecting their purchasing power. Because quite obviously if there were no pensions there would not be any purchasing power at all for pensioners. So in answer to the Leader of

the Opposition's questions of what to say when pensioners approach him, he should tell them that they should be thankful to the GSLP Government for having protected their pensions. As I say, Mr Speaker, we need to put things in their proper perspective and in order to do this we need to go back in time and look at the reasons of why we now find ourselves in the present situation and see why we have this situation today. The reason is purely the sheer negligence and incompetence of the AACR. Now, Mr Speaker, if I may go back in time to the 10 December 1970, when the then Chief Minister of Gibraltar, a Major Bob Peliza, made a statement in this House of Assembly in connection with Spanish pensions. In that statement he was proposing to hand over £4m to the British Embassy in Madrid to be given to the Spaniards in order to settle the then liability to Spanish pensioners. Well, Mr Speaker, I think it shows what a wise Chief Minister we had at the time and it may well prove that he may go down in history as having also been a very good Speaker despite what others have said. This action, Mr Speaker, that Major Peliza was proposing at the time was very actively opposed by the then AACR Opposition and from the reports of those days, I was able to deduct that the then Leader of the Opposition, Sir Joshua Hassan, ranted and raved like Rumpustilskin at the prospect of handing over £4m to the Spaniards. But what has been the eventual result? The AACR were against handing over £4m and then we subsequently find in 1988 that Gibraltar has a liability of no less than £300m and which is the situation that we have inherited. But, Mr Speaker, all this could have been avoided if the AACR administration had been more efficient. Because in 1974 the AACR introduced an amendment to the Social Insurance Scheme in order to protect the Scheme from Spanish pensioners having access to revalued pensions. The way they did this was by introducing a clause, which said that in order to get a revalued pension a person must have made 104 contributions since 1970 or be a Resident of Gibraltar. Well, Mr Speaker, it was the latter part of this clause the Residency part that eventually gave access to the Spaniards to revalued pensions because as from the 1 January 1988 when Spain joined the European Community residence in Spain, as an EEC Member, meant residence in Gibraltar for the purposes of Contributory Schemes. Thus Gibraltar inherited the liability towards Spanish pensions. As I said, Mr Speaker, this was purely through the negligence and incompetence of the AACR. Because since the early 1980's at least it was clear that Spain would join the European Community and action could have been taken long before the 1 January 1986 in order to avoid the liability of Spanish pensions. Today everything would have continued normally and the position of Gibraltar pensions would have been adequately safeguarded if they had at some stage, long before 1986, withdrawn the clause which refers to residency of Gibraltar. So if under the Pension Scheme laws you would have had a situation where a person needed 104 contributions since 1970 in order to get a revalued pension then the whole

problem of the Spanish pensions would not have arisen and the position of the Gibraltar pensioners would have been completely safeguarded. Mr Speaker, I find it strange that the Honourable Leader of the Opposition should be so vehement in pursuing the interest of pensioners when in fact there is a group of elderly persons in Gibraltar who have always been denied an Old Age Pension. Mr Speaker, this is a group of elderly persons who were born before the 6 January 1910 and they are the oldest citizens of Gibraltar and they are still being denied the.....

HON A J CANEPA:

Mr Speaker, on a point of order. What is the relevance of that? I realise, Mr Speaker, that Social Security is a highly technical matter and it is not easy for those who may not know whether it is relevant or not. This motion does two things and what is the relevance of having a group of people who are not covered by the Social Insurance in this context or.....is it that he is trying to score political points?

HON CHIEF MINISTER:

Mr Speaker, if I may take up this point. The Honourable Member who is moving the motion has talked about the poorest members of our community and the poorest members of our community are the ones who are not in the Scheme at all because they were left out by the Hon Leader of the Opposition.

HON R MOR:

In any case, Mr Speaker, what I am doing Mr Speaker, in order to put the record straight and place things in their proper perspective I propose to move an amendment to the motion. The amendment is as follows: "(1) insert "AACR" before the word Government in line 1. (2) delete all the words after the word "the" in line 2 and (3) add the words "future of old-age pensioners by not introducing legislation in 1985 or earlier, to safeguard the Social Insurance Fund in keeping with the EEC law on a non-discriminatory basis, and welcomes the arrangements that have been reached by the present Government and Her Majesty's Government, which makes possible the continued payment of existing pensions and the development of alternatives for the future". Mr Speaker, I commend the amendment to the House.

Mr Speaker proposed the question in the terms of the Hon R Mor's amendment.

HON A J CANEPA:

Mr Speaker, on the amendment, the Honourable Mover of the amendment, the Minister for Labour and Social Security,

has said not a word in his contribution about my motion, not a word whatsoever, and therefore we are going to reply in kind. We have nothing to say on this amendment. It just surprises me, having regard to what he did say, that he has not introduced a further thought in his amendment, that pensioners should be thankful, as he said, for what they are getting.

HON CHIEF MINISTER:

I would like to support the amendment of my colleague the Minister for Labour and I am not surprised that the Leader of the Opposition says that none of the Members of the Opposition have anything to say on the amendment. No doubt they have been shamed into silence at being reminded of the hypocrisy that it requires to deplore the failure of the GSLP Government in respect of the Spanish pensions when they, in this House are on record, palpably for their failure to know how to handle what they themselves had created. I remember Mr Speaker, when we were six months away from the election and I asked the Government what was their plan to deal, never mind with the situation on that would be inherited at the end of a three-year agreement, but with the situation that would be created by their failure to even guarantee enough money for the three years, because as my Honourable colleague's amendment states they failed to act in time in 1985 to protect the Scheme. And the greatest failure of the Member opposite is that the Scheme to which he feels so emotionally attached to and which he undoubtedly helped to create, he has also helped to destroy through his incompetence when the time came. I do not think he did it deliberately because I do not think he wanted to destroy the Social Insurance Scheme but he definitely did it and he carries the full responsibility for it. We have been left with the thankless task of picking up the pieces and therefore the amendment correctly points to the failure of the AACR administration to act in time and there is in addition another failure and that is when on the eve of the Accession of Spain to the EEC, because in fact, of course the agreement to pay revalued pensions, as we all know, was part and parcel of the Brussels Process and as we all know because the Honourable Member himself has said so in this House, he and Sir Joshua Hassan were totally shocked when Sir Geoffrey Howe suddenly announced that revalued Spanish Pensions were going to be paid in 1986. This was something on which they had not been consulted but it is on record in Hansard that he has said that here. And what did they do when that happened, they did what they have always done, Mr Speaker, they looked after their own skins because that is all the AACR have ever done. They have never cared about pensioners or the people of Gibraltar or the future of this place. They just care about No.1 ie themselves and that is the entire history. This is why the AACR is such a cancer in our community. They said to themselves "I must protect....."

HON P C MONTEGRIFFO:

If the Hon Member will give way.

HON CHIEF MINISTER:

No, I am not giving way. The Hon Member has got instructions from his Leader not to talk at this stage and I would not want him disobeying his Leader. There is already enough of a challenge to his leadership of the AACR without me giving the Hon Member more opportunities to challenge it.

HON P C MONTEGRIFFO:

If he allows me.

HON CHIEF MINISTER:

No, I will not allow him. As I was saying, Mr Speaker, this is why the only way we are really going to put Gibraltar on the road to sanity is to rid ourselves of all the relics we have inherited from past AACR administrations. When the AACR announced its deal with the British Government in this House and they said the British Government was going to provide £xm over the next three years I said to them "What happens if the money runs out before the three years?" And the Leader of the Opposition said "Well we will go back and talk with the British Government". And then in 1987, six months before the election, when the money was clearly running out, I said to him "What does the AACR propose to do if they get re-elected?". And he said "Well that is something that will have to be studied by whoever gets re-elected". Of course by then they were fairly confident of not having to face the problem that they had created. The situation therefore was that we came into office and we were faced with an additional failure on the part of the AACR. They had offered to use £1m of Gibraltar taxpayers money to pay Spanish pensions and the Member opposite had said that this was the most they were prepared to pay. Mr Speaker, as my colleague pointed out at the time even a child knows that if you are involved in a negotiation then the last thing you do is announce what is the most you are prepared to pay because immediately the most you are prepared to pay becomes the least you will have to pay. This is however a reflection of the AACR's poor negotiating skills and which has also been an influencing factor in their failures in the past. So we have a situation, Mr Speaker, where the Member opposite, in analysing how pensions are financed, states that we are punishing taxpayers because we are taking money from them and we are punishing pensioners because we are not giving money to the pensioners and I ask, Mr Speaker, where does he think the money comes from? Does he not realise, after sixteen years in Government, that all the money that is

paid to one group of people in a social system comes from another group of people? That they are what is known as transfer payments and what you do is you raise the money from workers or from taxpayers or from whoever and you pay it to another group. If he has not learnt that in sixteen years in Office what has he learned? Or is it that he does not care? He does not care about the accuracy of what he says and he does not care about the plans that the Government has, because of course, the situation is that notwithstanding the fact that we blame them squarely for the predicament that they have landed Gibraltar, we blame them for the insanity of the system that they produced. If he wants to answer Mr Byrne's letter about what contributors are getting, perhaps he ought to explain to Mr Byrne that it was his franchise as Minister for Labour and Social Security that produced a scheme that pays most benefits to the people who contribute less. And that by definition, as anybody can understand, the people who contribute least are the people who do not spend their entire working life in Gibraltar. Therefore the scheme that he invented is guaranteed by its very rules to make sure that the Gibraltarian that works the whole of his life in Gibraltar gets less benefits for his contribution than a Moroccan, a Portuguese, a Spaniard, an Indian, a Filipino or anybody else, because the scheme is not proportional to benefit and contributions as it is everywhere else in Europe, Mr Speaker. The whole of Europe has Social Security Systems where there is a relativity between what you pay and what you get. Our scheme has got such a relativity as well "The less you pay the more you get". In our case foreigners pay the least and Gibraltarians pay the most. Mr Speaker, the Hon Member has the audacity to come here and bring a motion after we have been more than generous to Members opposite because we came back from doing a deal in the UK and we did not come out saying "this is a victory for Gibraltar which the AACR failed to deliver", we brought the Opposition into our confidence and explained why we were doing things and I explained it to the Honourable the Shadow Minister for Labour first and I then told the Leader of the Opposition. He then asked me to explain it to the whole of the Opposition and Members opposite came into my office. Mr Speaker, on the last occasion that the Shadow Minister for Labour put a question here I said he had two choices either he put questions here asking for public explanations of they accepted the delicacy of the matter and accepted that it was in the best interests of pensioners to get private explanations. They are however not interested in private explanations because they are not interested in curing what they have left behind all they are interested in is being proved right in the attempt that they are making to exploit unscrupulously and without an ounce of integrity the feelings of pensioners. All they are interested in is worrying pensioners in order to gain political capital.

MR SPEAKER:

I must draw the Hon Member's attention to the fact that you cannot imply or impute improper motives to other Members of the House.

HON CHIEF MINISTER:

Well Mr Speaker, if I cannot imply or impute improper motives then I must say that the entire performance of the Opposition from every question and every motion that they have brought to the House are motives that are proper to the AACR, even the record of the AACR, but would be improper for the GSLP, so I would think that their behaviour would be improper if they were committed, dedicated politicians of the calibre that sit on this side of the Government. But on their side it is not improper at all, it is what Gibraltar is used to after their forty years of running the place for their own advantage.

HON A J CANEPA:

Is that why you abuse on telephones? Is that why you get the public to pay your telephone bills for you?

MR SPEAKER:

Order, order, order. When I say improper motives, I say personal improper motives. However talking generally is a different matter.

HON CHIEF MINISTER:

Well Mr Speaker, the improper motives I would say would be if I were to say to the Member opposite that when he was made the Deputy to the Chief Minister it was as a sop to his aspirations and which cost the taxpayer money for which he produced nothing. That would be in my judgement an improper motive as I would be attacking him personally like he has just attempted to do with the telephones. I am talking about their political role, in their responsibility as a Government, where they have failed as well as in their role as an Opposition today, politically they are failing because their motives are vote catching and not out of concern for pensioners. Now in my judgement, Mr Speaker, that is improper but not improper at a personal level, in the sense that they are going to make money out of it, but improper at a political level because, I believe, that the criteria by which they should conduct themselves should be the criteria that they have always expected of others when they were on this side and which they demonstrated in the sixteen years that I was in Opposition, Mr Speaker, I have never seen anybody on that side of the House behave with the bare face cheek that I have seen Members opposite behave since they went into Opposition. To some extent I can make

allowances for those who were not in Government before because after all they may feel that they would have done much more had they been there but they were not. However those who have been in Government know that I am telling the truth, and whether the people outside know it or not, they know it is true and they know that they did not have a clue how to deal with the problem in 1988. They knew when they went into the election that this was a nightmare that they were leaving behind and they did not have an answer to deal with that nightmare. Now we have produced an answer that has safeguarded the position and therefore all that we can do at this stage, Mr Speaker, is remind people where to lay the blame for the destruction of the Social Security System in Gibraltar. That blame lies fairly and squarely with the AACR and in order to be able to reassure people on this matter I will then talk at a later stage on the amended motion.

MR SPEAKER:

If there are no other speakers, I will call on the Mover of the amendment to reply.

HON R MOR:

Mr Speaker, there is nothing to reply to on the amendment.

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 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 abstained:

The Hon J H Bautista
The Hon E Thistlethwaite

The amendment was accordingly passed.

MR SPEAKER:

Members who have not spoken on the motion may do so.

HON DR R G VALARINO:

Mr Speaker, this motion arises as a direct result of the present Government's intention to freeze old age pensions, retirement pensions and elderly persons pensions at the January 1988 levels and the indication that this policy will continue during their present term in office. This in itself criticises the Government for failing to safeguard the purchasing power of old age pensions.....

HON CHIEF MINISTER:

That is the original motion which has already been amended and voted on.

HON DR R G VALARINO:

No, the amended motion has already been passed so now we go back to the original motion.

MR SPEAKER:

A vote has already been taken on the original motion and the Leader of the Opposition's motion has been defeated. We now have the motion as amended by the Minister for Labour and Social Security.

HON P C MONTEGRIFFO:

I think, Mr Speaker, there has been an element of confusion on our side on the way the original motion has been dealt with. In any event, Sir, dealing with the amended motion and which is the only motion before the House, what is clear is that the amended motion fails to deal with the concern which prompted the Opposition to bring the matter here today. In typical fashion, the Government has not even attempted a bona fide answer as to whether there will be increases and to what extent the public will be given details. We have been given a complete set of historical red herrings and secondly, what has now become very much a bore, especially in this heat, the accusations of incompetence, lack of integrity, lack of calibre etc. Mr Speaker, I want to deal first with this point because frankly the calibre of Ministers opposite is very much something which people in the street will have something to say about and I am not going to pass personal judgement on each individual Member of the Government but frankly in a Legislature where we are all concerned about the good of the people of Gibraltar, about the good of our City, to hear the Chief Minister make accusations which he would dare not repeat outside this House because they would be libelous or if he did they would certainly be

so ungenerous as not to be deserving of somebody in his position and is very sad. I say that because I cannot conceive how the Hon the Chief Minister can say that every single Member sitting on this side, including myself a young man of 29 with one child and a pregnant wife, with my profession in Gibraltar, having been educated in Gibraltar, whose family has lived for generations in Gibraltar, are only interested in standing up in this House to further our own ends, Mr Speaker. To say that I am only interested in protecting my skin and that I am part of a cancer on this community is I think scandalous. When a debate gets to this level then, Mr Speaker, it is clearly an example of a Government that is not interested in rational debate and I do not intend to make counter accusations. On the contrary, I think the Government of Gibraltar is doing what they feel is best for Gibraltar and I think the Chief Minister is genuinely concerned to protect the position. I think he has an enormous dedication in his work and I have told him personally that his example of work ethic and how he actually works personally is an example to people who aspire to those positions of responsibility. All we argue with, Mr Speaker, is the decisions he may take on matters of judgement but I would not dare to suggest, Sir, that Members opposite are masochists and are really in this without any integrity or without caring for Gibraltar. I cannot conceive that and I am not prepared to say that, on the contrary I have a lot of respect for people who are putting in the hours that they are putting in if only he was generous enough to realise that we are all humans and make mistakes and that we can recognise good on the other side then perhaps, Mr Speaker, we could have a happier environment in this House. Our concern, Sir, of course our concern is also to make sure that we reflect public opinion and that the public feels that we are giving them what they want politically. That is our job as an Opposition, but our concern is also fundamentally how present pensioners are going to be affected and the amendment does not deal with that and I invite the Government, in reply, to tell us clearly what is its policy. In their judgement, in their bona fide judgement, is it the best thing for Gibraltar, in view of the circumstances we now find ourselves in, that there should be no increases in pensions, yes or no? Then you defend that as best you can. Is that the position, yes or no? Secondly, to what extent can you feel you can make public matters? If you tell us, our view was that the deal was struck and that we cannot go public for reasons that there might be a misinterpretation of certain information. Well, Mr Speaker, we may disagree, but it is a bona fide reason, which will carry because the Government has the majority. What we cannot accept is an inability on the part of the Government to respond to reasonable requests for assurances. The Government simply says, as my colleague the Leader of the Opposition has stated, that we should entrust the people of Gibraltar's future, as far as pensions are concerned, to the judgement of the Chief Minister. Well

surely this is totally against the whole system of parliamentary democracy. There may be circumstances in which the Government cannot give us all the details but, Sir, we cannot just have a trust situation because then we might as well all go home and have a dictator, a benevolent dictator, who cares for us all and who has our good interests at heart and we simply wait at home awaiting the good news. That is not what parliamentary democracy is about. I know that Hon Members opposite believe that that is what it is all about. So, Mr Speaker, please let us not have anymore accusations of lack of integrity but simple answers to simple questions about which we may disagree but which will be rational replies to genuine concerns that are felt by the people in Gibraltar Sir. The motion, Sir, in conclusion simply seeks clarification of certain basic facts which we feel are genuinely the concern of pensioners and contributors. We are all waiting to see whether we can have a straight reply, a reply with which we may or we may not agree with but which at least will be on record so that people will be able to understand. Thank you Sir.

HON CHIEF MINISTER:

Mr Speaker, the amended motion before the House, as the last speaker, has recognised does not deal with the concern expressed in the motion that has been amended. It deals with the history of why we are where we are and the reason why it deals with the history of why we are where we are is because the motion brought by the Opposition was a motion of censure against the Government of Gibraltar for failing to do what? For failing to do what the AACR would have done? We know what the AACR would have done because they did not leave us a problem and a range of solutions, what we inherited was a problem as a result of the failure of the previous Government to safeguard the position and we had to evolve the situation ourselves. A solution which we have attempted to share with them and if the Member opposite thinks that I have been too harsh in my criticism of their behaviour then I can only tell him that they have themselves to thank for it. Because I was prepared to give them the benefit of the doubt in the beginning when they were in fact responding. Mr Speaker, let me remind the House of what the Leader of the Opposition said in January when he put a series of questions and I answered all of them together. They were Questions No. 40, 41, 42 and 43. They all dealt with the same matters that he included in the original motion and all of which had already been answered before. The response then was that he was able to understand and assess the extent of what we were trying to do over the next five years and he was able to do that, he said, because he was in the fortunate position of understanding how the Scheme worked. He however accused me of not being able to reach the average man in the street. He said "it is a particular lacuna, will the Chief Minister accept

that it is a lacuna, it is a glaring example of his not being able to do what he normally has been able to do and which is to speak frankly, clearly and bluntly to people". He accepts, Mr Speaker, that I cannot do so and then he deplores that I do not do it. I think this is, Mr Speaker, at best inconsistency, at worst hypocrisy. Because if you accept that something cannot be done then you do not condemn somebody for not doing it. Therefore the situation is that as far as we are concerned we would not want to go down the road of apportioning blame. I said that right at the beginning of this saga. As far as I am concerned it is history how we got where we are. But if the other side are going to start throwing stones they should remember the old saying that people in glass houses should not throw stones. The Hon Member should realise that what we have is not of our making although we have tried to cure it. We have prepared a way forward and we have offered to share the information with the other side particularly I recall saying to the Shadow Minister for Labour and Social Security Dr Valarino that "if he wanted to be satisfied himself about what we were doing we were quite happy to explain to him what we were thinking, in confidence, and to in fact take into account any ideas he might have". There is nothing wrong with that. That is if he is really concerned to know what is going on. I accept entirely, Mr Speaker, that in Opposition, politically one can argue: "Well, it is not my problem, I am now in the Opposition, other people are in Government it is their problem, let them find the solutions and let them have the hassle and the criticism from the public". But at the same time people should not go round with firewood throwing petrol all over the place. If one really believes that the Government is trying to come up with a solution which will not destroy us in the process because of the complications of Community Law and which we are convinced could have been avoided and this can be proved. But as I say you do not do that. You do one or two things, you either say "well, as a matter of civic responsibility I will get into the boat and paddle as well" and which I accept may not be a very sound thing to do from their political survival point of view and which I accept and respect or you say "look, I am keeping my distance". As far as I am concerned if somebody says what is the Government doing about it? I shall say "go and ask the Government". But what you do not do, Mr Speaker, is try and undermine what is being done, particularly when you have chosen not to find out. Deliberately refused the offer Mr Speaker. Under these circumstances I can only come to the conclusion that in fact the AACR, in Opposition today, is compounding their failure in Government. They failed to do something in Government and they are now failing in Opposition. Because they are, in fact, not interested in us succeeding in doing something but they are interested in tripping us up. The people that are closest to those affected have

been regularly consulting with me, let me say, and have confirmed to me, in writing, that they understand and fully support the need of not making public statements of this matter. And I can tell the Honourable Member that I believe that even if I do not have the time to stop and talk to the people who gather below this House, I have spoken to representatives of a cross section of pensioners that have come to see me and discuss our ideas for the way forward. They have also understood how essential it is to maintain the matter in the way that it is being maintained, on the basis that we do not make public statements which are open to misinterpretation for the reasons that I have explained in this House ad nauseam. It is clear that if I keep on explaining the same thing and it falls on the deaf ears on the other side and I say deaf because they do not wish to hear the truth, they are only receptive to what suits them.

MR SPEAKER:

If there are no other contributors I will call on the Mover of the motion to reply.

HON A J CANEPA:

Mr Speaker, the Honourable the Chief Minister has finished his second contribution by once again making reference to the need not to make public statements on the matter. We had been told earlier on in this House by the Chief Minister that we could not make public statements on the matter of Old Age Pensions because he had entered into an agreement with Mrs Lynda Chalker which bound him not to make statements that could be misinterpreted by Spain. We took advantage of Sir Geoffrey Howe's presence here in Gibraltar, when we had our meeting with him at the beginning of February, to bring precisely that matter up and we pointed out to him that there was the difficulty which the Chief Minister had mentioned of an agreement with a Foreign Office Minister which precluded him from making such statements. There is therefore apparently some doubt as to how much the Spaniards had been told or how much they knew. Sir Geoffrey Howe did not confirm to me or my colleagues that such an agreement existed and that the Chief Minister of Gibraltar was bound by that agreement not to make public statements on the matter. On the question of how much the Spaniards had been told, Mr Speaker, Sir Geoffrey said that at every level both political, ministerial and official, the Spaniards had been fully informed about what was proposed and that they clearly understood the British Government's position on the matter. Those are the facts as far as we understand them and as we have been able to ascertain them from the other quarter available ie the Secretary of State himself when he was here and since we do not get many opportunities to see him when we do, we seize them. Mr Bossano, earlier on said that I should explain to Mr Byrne but Mr Byrne has asked a series of specific questions, which I have

quoted here in this House, and which apparently the Government of the day does not consider should be asked. It is not very often that there are replies to letters these days but of course there are not very many letters of that type in the press these days. When Honourable Members opposite were in Opposition they used to engineer and ensure that such letters saw the light of day. But today, Mr Speaker, we have the opposite. Today we have the Opposition or a Member of the Opposition making an accusation against the Government and somebody rushing to the assistance of the Government. Sometimes a certain John H Gomez who I do not think is very well known since there are so many Gomez's in Gibraltar. Or some Alvarez or some Lopez. All apparently quite close to the Government and they reply. That is the way that the Government is dealing with the matter. I have nothing to say to Mr Byrne because I do not have any contact at all with Mr Byrne. Mr Speaker, it is their responsibility to explain because they have been in Government sufficiently long and because they have entered into an agreement as the Chief Minister has said in the House and the Minister is repeating today in which they undertook not to make public statements. The reason why he is not going to make public statements is because they can be misinterpreted and those who are in the know, the coterie of close friends of his, understand these things but poor Mr Byrne does not. He does not have that sort of relationship with the Chief Minister so he is not in the know and therefore he has to have recourse to writing letters to the Chronicle which do not get answered. Mr Mor said that if Spanish pensions were being paid out of the Social Insurance Fund, the Fund would be bankrupt today. Of course I agree with that, Mr Speaker, but who said that they were going to be paid? During the three years of our agreement Spanish pensions were not paid out of the Social Insurance Fund. They were paid from the £4½m that they had put in and not a penny more. And they would not have got another penny. Not one penny of Gibraltar's money went towards the payment of those Spanish pensions during those three years. And as from the 1 January 1989 if we had been in Government they would not have been paid in the absence of a satisfactory agreement with the British Government. So as for pensioners being thankful that they are getting a pension, Mr Speaker, I would put it to Mr Mor that he should go and tell them that. The next time that they approach him let him tell them that they should be grateful and thankful that they are getting a pension at all after contributing for so many years. There is a matter, Mr Speaker, that out of deference to you I am not going to deal with and that is the statement which you made in this House in 1970 when you were Chief Minister. I have dealt with that matter on a previous occasion, here in the House, when you were not Mr Speaker and I think that I should not in any way say anything that would involve you out of deference to you. At least I think I owe you

that. If I had not previously dealt with the matter then I would have felt bound to do so but it is on record in Hansard that I have answered that point about the attitude of the then Opposition to the proposal to hand over £4m.....

MR SPEAKER:

May I say that my presence here should not inhibit whatever you may wish to say.

HON A J CANEPA:

I understand, Mr Speaker, but I am inhibited and since you are the Speaker of this House I must treat you with the utmost respect and once you are the Speaker of this House I should not involve you in a political controversy. The Spanish pensions problem Mr Speaker, is solved, is it not? At least that is what they tell us that miraculously they have solved the matter and not a penny has been paid apparently out of Gibraltar money. However what is not clear is at what price? Perhaps a heavy one has been paid in spite of whatever the amended motion may say about the continued payment of existing pensions and the development of alternatives for the future. It seems to me that whatever alternatives the Government has for the future they contain in them a price or at least part of the price that has been paid in the end. Mr Speaker, the Honourable the Chief Minister has got it wrong as to what it is that happened in December 1985, prior to the Spanish accession and prior to the initial payment to Spanish pensioners. And I will inform him once and for all of what exactly it is that happened. We had been arguing the toss with Sir Geoffrey Howe and his officials over who was going to pay for Spanish pensions as from the 1 January, 1986, and then when we went to Madrid at the beginning of December 1985, we had on the table, something which we had rejected but the British Government had not come up with any alternative since the last offer that the British Government had made, at the time, was to pay £6m for one year and that out of the Spanish Sub-fund £4m should be paid. We were not going to fall for that trap, which was a blatant trap, we were not going to fall for that. We had as a result fallen out with Sir Geoffrey Howe and I think it was in Panorama that reference was made in an article precisely on that incident. This was when he had walked out of a working breakfast because Sir Joshua and I had dug in our heels and were not prepared to make any concessions on the matter. In Madrid at the beginning of December in the context of the Ministerial talks, Sir Geoffrey Howe had had a meeting with Senor Ordonez, prior to the plenary session in which we were involved, and at the end Sr Ordonez had brought up the question of the payment of Spanish pensions as from the 1 January 1986. Near the end

of the Plenary Session one of the officials in the retinue of the Secretary of State came up to Sir Joshua, myself and the late Mr Pitaluga and showed us a draft Press Release that it was proposed should be issued jointly by the two Foreign Ministers at the conclusions of the talks. In that draft Press Release there was a reference to the fact that Spanish pensions would be paid from 1 January 1986. Sir Joshua Hassan looked for the Secretary of State and told him that that was a matter for the British Government and if they wanted to have inserted in a joint Press Release a reference to the fact that Spanish pensions were going to be paid then that was a matter for them. He however, said that the Gibraltar delegation did not agree with this and that we would not pay a penny out of Gibraltar money. Now that was at the beginning of December and on the 22 December, a few weeks later, as a result of protracted correspondence, following our return, between Gibraltar and London that the three-year offer was made whereby the British Government undertook to pay £16½m together with the Spanish sub-fund £4½m. Now that was very much of a cliff hanger because the British Government knew that we were not going to pay on the 1 January 1986. Those are the facts of the matter, Mr Speaker, and I think that the Chief Minister should take a little bit of care about accuracy in the future because I am prepared to repeat the events again if I have to. Finally, Mr Speaker, I would like to end on the note where the Chief Minister said that the AACR was a cancer on the skin of the Community and that we only cared about number one. The degree of hatred in the heart of the Chief Minister is such that he is prepared to say things like that about Sir Joshua Hassan, about myself and about my colleagues. Usually I try not to reply in kind but I must say this, if we are going to talk about care then how much did he care about the hardship and the suffering that he was causing this Community during all the years that he used industrial strife in order to advance his own political ambitions? He was the one who was doing precisely that, looking after number one and on that note I end, 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 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 abstained:

The Hon J H Bautista
The Hon E Thistlethwaite

The motion, as amended, was accordingly passed.

The House recessed at 5.10 pm.

The House resumed at 5.30 pm.

HON G MASCARENHAS:

Sir, I have the honour to move the motion standing in my name, that:

"This House considers; (1) that the people of Gibraltar being citizens of the European Community should be entitled to vote in the elections for the European Parliament, (2) that the people of Gibraltar must be directly represented by our own Member in the European Parliament, and (3) calls upon the British Government to make the necessary arrangements immediately to recognise the above".

Mr Speaker, I sincerely hope that the motion before the House will not prove as controversial as the previous motion. It is not my intention for this motion to be controversial in any way and I have no doubt whatsoever that the sentiments expressed in the motion are very much the sentiments of the vast majority of the people of Gibraltar. It is inconceivable, in 1989, that the only citizens of the European Community who are not entitled to vote in the European Elections are the people of Gibraltar. This is as much inconceivable as it is deplorable and yet it is the reality that faces us today and starting from this House we must seek to change that. Only recently in the House of Commons, Mrs Lynda Chalker, the then Minister of State of the Foreign Office had the cheek of the "chalk" to dismiss outright the arguments being put forward by Michael Colvin, the Chairman of the AllParty British/Gibraltar Group in the Commons, to whom we are most grateful for his help and his support and that of his colleagues. But of course we are also most grateful to the Gibraltar in Europe MEP's Group that represent us and which they do so very well. But, Mr Speaker, that is not enough, it cannot be enough, we need and require to have our very own Member of the European

Parliament at Strasbourg, elected by the people of Gibraltar, at the very same time as the rest of Europe votes. This is a basic democratic right which is being denied to us at present. The argument of the size of the constituency has been more than shot down and buried with the example of Luxembourg and now Mrs Chalker has used the argument that Luxembourg is independent. What next? Are we or are we not Community nationals? Do not most of the EEC Directives apply to Gibraltar? For better or for worse Gibraltar is a Member of the Community and the people of Gibraltar are Community Nationals. Recently Mrs Thatcher in an interview during the French Republic's celebrations inter alia mentioned the Magna Carta. For those who might not be too cognizant of what that document stands for, including perhaps Mrs Chalker, it is about peoples' rights, it is about the guarantee of rights, it is about unenviable rights and I recall, Mr Speaker, and I am sure most Members in the House today will also recall, including yourself Sir, the attitude of the British Government to the Nationality Act. And that it was thanks to the help of our many friends in Parliament and through our own efforts, here in Gibraltar, that we succeeded in winning that fight. Now the message that has to go out of this House today, in relation to the question of the European Elections, is that we are united on this issue and that we shall fight just as hard and as long as we did with the Nationality Act. We also have a new Foreign Secretary and a new Minister in the Foreign Office and I hope that they will be able to view the whole matter, which is very important to the people of Gibraltar, with different eyes than their predecessors. We can but live in hope. Now without wishing to be critical of the Government during this motion what is required is a realistic course to achieve our aim and I am convinced that we require a fully-fledged lobby office in Brussels which could enable us to move to Strasbourg at very short notice. Perhaps, rather than Strasbourg because the European Parliament does not meet that regularly, but certainly Brussels is where the decisions are made. Perhaps expanding the office in London to have a more political role because if we can afford offices in America, Hong Kong, for economic reasons, and I am not criticising that, then I think that a lot of Gibraltarians would be very happy with the expense of having a lobby office in Brussels, where decisions affecting us politically are taken all the time. I think the expense of maintaining an office there where Members of this House could make periodic visits to lobby on behalf of Gibraltar would be very worthwhile because we would be fighting where it really counts. With this I do not mean doing without the London connection altogether. I am convinced that the fight has to be taken out of Gibraltar to where it counts, in Brussels, with periodic excursions into the area of Strasbourg when the European Parliament is meeting to try and put as much pressure as we can to the European Parliament on Gibraltar. We are a people and however

small we may be and we may be an accident of history, but we are here and this is our homeland and we are in Europe and for better or for worse the people of Gibraltar are Europeans. Perhaps using that catchphrase as it was used in the sixties about being more British than the British we should perhaps now show that we are more European than the Europeans. Certainly nobody can dispute that because the inter racial mixture of our blood through nearly three centuries consist of Italian, French, Germans, Spanish, Portuguese, Scottish and Irish and it can therefore be seen that all the European bloods are mixed up here in Gibraltar. Perhaps we can claim to be more European than the Europeans and yet the reality is that we are the only Europeans that are not allowed to, no matter how much blood we have running in us which is European. Mr Speaker, in conclusion, we have to change this anomolous situation and no one else is going to do it for us. We in the Opposition are ready and willing to play our part fully and I call upon the Government to react positively for the benefit of Gibraltar. To finalise, Mr Speaker, Gibraltar has once again to go on the political offensive and it has to be a major political offensive nothing else will count. I commend the motion to the House.

Mr Speaker proposed the question in the terms of the motion as moved by the Hon G Mascarenhas.

HON J C PEREZ:

Mr Speaker, I am glad that the Honourable Member opposite has come round to declaring himself specifically on how Gibraltarians should be represented in the European Parliament and I say this because I have always held the view that we should be directly represented. I was a very strong advocate of this and still am within the European Movement where both the Honourable Mr Mascarenhas and the Honourable Mr Featherstone represented the AACR and subsequently Mr Montegriffo took over. However at the time when Mr Featherstone and Mr Mascarenhas were there, and I have to make the point that we have been fighting this together as Government and Opposition when we were on different sides of the House, I remember that the view always was that we should not be asking for direct representation. The idea was that we should be asking for enfranchisement and that we should be allowing the European Commission and the British Government a certain amount of leeway on how that enfranchisement should take place. I always insisted that I thought that it was important to ask for direct representation because by doing so we would be removing the very dangerous option that could be put to us of voting in a constituency of our neighbours. I am glad that Honourable Members opposite have been swayed to the position that we have consistently been advocating within the European Movement and I must say that although we are going to support the motion, I think the Honourable Member should not say that the fight starts here because this fight started a very long

time ago. The fight for enfranchisement started a very long time ago in the European Movement with both parties participation and which has done very good work, particularly the President, Mrs Cecilia Baldachino. You will recall, Mr Speaker, that the matter went to the Political Affairs Committee and that we had conflicting reports made by a Mr Bocklet who first endorsed enfranchisement and who later, when he was canvassed by the Spanish representatives gave the complete opposite view to the one he had originally given and I think that we should be very grateful of the efforts of Monsieur Chanterie who was invited here by the European Movement and who after we had explained what had happened and in consideration that he was taking over the Chairmanship of the Political Affairs Committee in Brussels, fought on our behalf very strongly and very ably with the support of the Members of the European Parliament. We then managed to reverse the Bocklet decision and the Political Affairs Committee is firmly of the view that Gibraltar should be enfranchised and that the Gibraltarians should have the right to vote in the European Parliament. Now as in everything else because of the legislative programme of the European Parliament in Strasbourg, although this motion was passed, I think eighteen months to two years ago, this needs now the endorsement of the European Parliament. In every legislative process the matter is included and efforts need to be made by supporters of ours to try and give it the priority that it deserves. We are hopeful, because we have five years of the new legislature in the European Parliament, that on this occasion the feeling and the view of the Political Affairs Committee should be endorsed by the European Parliament. It would take effect as a resolution of the European Community and Britain would be asked to act on it. That is the process that now needs to take place after Monsieur Chanterie, as I said before, very ably managed to get the original decision reversed and get the Political Affairs Committee to come out in favour of the people of Gibraltar and in favour of the right to vote in the European election. Mr Speaker, once that process happens the matter is then put to the British Government because we are Members of the European Community by virtue of Britain's Membership and therefore a resolution of the European Parliament would then have to be put to the British Government for them to give effect to it. And in giving effect to it, I agree that what we should be saying is we want direct representation, but we have to be clear what we are saying, because when we say that we want direct representation we can either have it in two ways. We can either have it because Britain gives us one of her seats and consequentially Britain has one less seat in the European Parliament or as a matter of law we can have a seat, like Mrs Chalker said, because we are decolonised. Being a colony and being part of the European Community, as part of Britain's Membership, the only way to get direct

representation is by those two ways. Yes, Mr Speaker, I support the motion and I support that we should have direct representation. I however think it ought to be made clear that those are the two options, either Britain gives up one of her seats and gives it exclusively to Gibraltar for the people of Gibraltar to be directly represented or we become decolonised and we become Members of the European Community in our own right and an exception is made in the number of electors that constitute a seat. Those are the two only ways that Gibraltar can achieve direct representation. Mr Speaker, the struggle has been a long one and I foresee that it will continue to take a long time to get the people of Gibraltar voting rights. I am glad that we are able to vote in favour of this motion and that we can come out with a united front on this one. I say this, Mr Speaker, because I was rather surprised when we had a demonstration to The Convent on Europe Day and I heard an interview on television the following day where the Honourable Mr Montegriffo was saying "What we need here is a united front". I had always thought that we had had for many years a united front on this matter but the Honourable Member seemed not to have gathered that at that stage and I am glad to be able to demonstrate this to him in this House today. As far as the Honourable Member's suggestion of a Brussel office, its cost and everything else, I can state that the Government has been looking at that from day one and will continue to look at it. There is no comparison with the majority of the offices that we have opened in Hong Kong, Tokyo and elsewhere. Because these offices do not cost Gibraltar a penny whereas this one will because no one is going to give you free of charge and with political backing an office in Brussels. This matter has been under review not only as a platform for fighting political issues but also to obtain more information about EEC Directives and their legal implications and which is something that should have been looked into at the time that the frontier was opened and Spain joined the Community. Because ever since then we have been feeling the impact of the Community and have been reacting to its effects, when we should have been taking measures, well before Spain joined the Community, on a lot of areas. We are not going to raise them here because as the Honourable Member said we do not want the motion to become controversial. So, Mr Speaker, the Government supports the motion and is happy to see that a strong and definite stand is being taken on how Gibraltar should be represented. We have been taking this view for very long and we are glad that we can take a united stand not only on the question of the enfranchisement but on how we should be represented. Thank you.

HON P C MONTEGRIFFO:

Mr Speaker, to giggles from the other side I rise to say that we welcome the Minister's assurances that the

Government is happy to proceed on a joint basis with the Opposition on this motion. I want to just highlight a few matters why I personally consider it is important that there should be a united approach and why I rise to support my colleagues's motion today. Sir, the increasing importance of the European Parliament was recognised in the Single European Act which also set in train the 1992 changes and it is clearly the trend of the way the Community is moving to give the European Parliament increasing powers. I think that we must not be flippant in not recognising the arguments that the size of Gibraltar means that there is an element of distortion in Gibraltar having one MEP. I say this because although Luxembourg has a population of 60,000 for one MEP, 20,000 people is still a distortion, but it is a distortion which is more than justified and it is a distortion which is not really a distortion in that every other Member State, and of course we are not a Member State, but Member States normally have representation in the Community, not just through the Parliament but through the other institutions and in fact most of the powers, as Honourable Members will appreciate, do not rest with the Parliament. They rest with the Council of Ministers and with the Commission on which Luxembourg, for example, would have its own Civil Servants and have a say in the Council of Ministers with a Minister taking his seat whenever a decision is taken. So that therefore, if there was ever any arguments that in numerical terms there is an element of distortion for Gibraltar in having one MEP, in terms of representation in a global sense, it is more than justified inasmuch as Gibraltar has no voice anywhere else and the very very least that Gibraltar can aspire to is to have this single MEP in Strasbourg. He would at least be able to monitor within the supervisory and advisory role that the Parliament has whatever changes may come in Gibraltar's way and which at present we tend to get to know about very late in the day. Sir, the options that the Minister has stated, I think, are well understood in Gibraltar and clearly there is no chance about being decolonised bearing in view the Government's view that no change is required, so the only possibility would appear to be the allocation of a direct seat from the UK's own quota. The reason that I expressed some resistance or hesitance on television as to whether there was a united view on this was because despite the fact that we had worked jointly within the European Movement, there had been quite categorical and unequivocal statements by Members opposite, and the Chief Minister in particular, in relation to the 1992 Motion where the Government had stated quite clearly that they did not feel that they could work with the AACR on anything. Let alone on voting rights or anything else.

HON J C PEREZ:

Mr Speaker, we were working on this already.

HON P C MONTEGRIFFO:

Well, Mr Speaker, that statement was not qualified and I am gladdened to see that that is the case. At least it may show that through this experiment maybe some of the mistrust and some of the divisive elements in our political system can be improved so that a joint consensus, which is my style of Government or would be my style of Government, can prevail. Sir, I take the opportunity to ask the Minister, bearing in mind that the Government is prepared to confirm a joint approach if he could perhaps indicate what the Government's attitude is to an initiative which the Minister will know we hope to take to the European Parliament, of creating a European Movement, or a European Forum.

HON J C PEREZ:

Can the Honourable Member give way for one minute, please.

HON P C MONTEGRIFFO:

If it is on this point, Mr Speaker.

HON J C PEREZ:

Mr Speaker, let me elaborate on this point. This has nothing to do with the motion, Mr Speaker, because the motion is about whether we proceed on a united front for Gibraltarians to have the right to vote in the European Parliament and how that representation should be made, not a joint platform for all European matters. That is the text of the motion and that is what I have addressed myself to and that is what I think the Honourable Member should address himself to and not on every other platform that he wants to create on 1992, on the Single European Act or anything else. The motion specifically reads "enfranchisement and how that enfranchisement should take place".

HON P C MONTEGRIFFO:

Mr Speaker, I do not want to be controversial but I do not think that the Hon Minister is being accurate. The terms of the letter that we addressed to him.....

HON J C PEREZ:

I am talking about the terms of the motion and not the letter.

HON P C MONTEGRIFFO:

But we are talking about a united approach which is what the Government is saying they are prepared.....

HON J C PEREZ:

No, Mr Speaker.

HON P C MONTEGRIFFO:

Well I am replying to the Minister's statement Sir, that the Government is prepared to have a joint approach on the right to vote and how Gibraltar is represented. And what I am saying is that in having a united approach, Mr Speaker, the Minister is well aware that within the European Movement which is the body fronting this argument an initiative is being taken by the Opposition seeking the Government's consent to widening the forum so that apart from our agreement to this joint approach, we can also include the Chamber and the Trade Unions so that together if we have to chase, for example, a letter to Sir Geoffrey Howe, now to Mr Majors, it would add weight to the argument if it was said "in pursuance of the policy of the European Movement to seek enfranchisement and to seek direct representation in the European Parliament we have created a forum on this question". In fact the Minister will know that in the letter I specifically mentioned the question of voting rights as a prime example on which we could cooperate. Not about 1992, the prime example is we have a situation.....

HON J C PEREZ:

Will the Hon Member give way?

HON P C MONTEGRIFFO:

When I finish on this point, yes.

MR SPEAKER:

Before you finish otherwise you cannot give way.

HON P C MONTEGRIFFO:

Absolutely Sir. The prime example is the question of the right to vote and how we are represented and since the motion calls upon the British Government to make the necessary arrangements and we are discussing how Gibraltar should mobilise a united approach I take this opportunity, bearing in mind the Minister's positive attitude in working jointly, to see whether he can indicate at this stage whether the Government welcomes, as we suggested, the participation of the Chamber and the Trade Unions. So that we have this global approach to this issue, which in my view, would strengthen it and I invite the Minister to comment on that.

HON J C PEREZ:

Mr Speaker, if the Honourable Member wants to raise anything else other than the sense of this motion then I think he should bring a separate motion to the House on the matter. What I have told Members opposite, including the Honourable Member, is that I am glad that they have come to look at the position of how enfranchisement should take place. We have been doing this for many years and have worked jointly on this within the European Movement. Now he is talking about creating a forum of how we are going to do this and how we are going to do the other and this is not included in this motion. This motion is a declaration to be conveyed to the British Government and that is it. The forum through which the battle should continue to take place has to be through the European Movement and in the same way as we have been doing previously. No other new matters can be raised in this motion. If the Honourable Member wishes to raise other European matters then he should have amended his own motion and come up with another text. We are saying yes to this but on the matter of the letter, which he still has not had a reply although one will be sent shortly, there is nothing in the motion. This is saying, yes we agree to continue to do what we have been doing within the European Movement for a very long time and we agree to pursue the matter. We are also glad that we can now agree on how that representation should be made. But that is all. The text of the motion limits the agreement of the Government to this matter and if the Honourable Member wants to bring other points let him bring a new motion or amend the present one.

HON P C MONTEGRIFFO:

Mr Speaker, I do not want to add to the controversy but it is clear that, in my view, a more helpful attitude from the Minister would be better but if he insists on taking that strict and technical interpretation to the motion then we will all wait for their reply although it sounds to me that the answer is no, but perhaps I will be pleasantly surprised.

HON P C PEREZ:

Mr Speaker, the answer is no because the Hon Member has already been told no by the Government.

HON P C MONTEGRIFFO:

I have got my answer already Mr Speaker, and the answer is no. The question we should address then at some future date and I end my contribution on this note Sir, is that declarations of this nature whilst helping perhaps to identify the resolve of the House do not really take matters

further on a practical level and we would therefore want to, at some stage, to coordinate what further action should be taken and in that respect I am waiting to hear from the Government on the Opposition's own ideas on the matter.

HON CHIEF MINISTER:

Mr Speaker, the only thing that I am rather confused by is the last remark of the Member opposite that declarations of this nature do not really get us anywhere. If declarations of this nature are not going to get us anywhere why has he kept us here for the last half hour listening to declarations of this nature?

HON P C MONTEGRIFFO:

Declarations of this nature have no practical effect in actually taking the case forward. It has the effect, as I said, of identifying the resolve of the House. This is an important step in the people recognising that, in fact, all political forces are united in that opinion. But if we simply could resolve problems and pass some resolutions and motions then we would not have to go anywhere to argue our case. The distinction I think is understood if it is taken as a bona fide suggestion and not as a way of catching me out.

HON CHIEF MINISTER:

We have passed Mr Speaker, something like eight motions in this House when I was on that side of the House and which I had moved on the Airport. It was in fact a way of communicating to Her Majesty's Government the collective view of the Gibraltar House of Assembly. This is what this motion is for and this reflects something which we have already made clear within the European Movement through our representatives. A view that we already held and therefore all that we are saying is "we are prepared to say in public what we have already said privately and we have no difficulty in saying it publicly because we are not changing our views". If we had disagreed with this privately we would now disagree with it publicly. As far as we are concerned the motion is simply a public statement of something that has already been maintained by the European Movement and which is the right of the people of Gibraltar to vote in the European Election. A view which obviously the European Movement can only maintain because both political parties represented in the House of Assembly agree because as you know, Mr Speaker, since you are the founder of the European Movement since you were the one who brought it to Gibraltar. It started in this House and the founding Members were the Members of the House and the Constitution of the Gibraltar Branch of the British European Movement is that it has to have an even balance from the two sides of the House and independents. The independents clearly will not, in

committing the European Movement to a course of action, do something which is going to be politically controversial between the two sides represented, we all know that. All of us who have been in the European Movement since it was started know that that is how it functions. So clearly the motion that is brought here can only be supported by us precisely because we in fact supported that view within the European Movement. This motion is a public declaration of where we stand and the only element that is new, which perhaps the Honourable Mover may have an opportunity to elaborate on in his reply, is exactly what was in his own mind, when he said represented by our own Member in the European Parliament. Given the criticism of his colleague on his left that we should not be too flippant about the size because in fact the size is a material factor and given that he seems to have put a question mark over that, one could perhaps argue that we have read it to mean "that represented by our own....."

HON P C MONTEGRIFFO:

If the Hon Member will give way, Mr Speaker. The Chief Minister has misunderstood. I specifically went out of my way to show that although numerically there is a distortion, and nobody looking at the figures can deny that, precisely because Gibraltar has not got representation in any other institution in the Community where in fact more power resides, to talk of a distortion is not really correct. It in fact legitimises our arguments that we should have an MEP despite the so called numerical distortion. I am not calling to question at all that paragraph and so it was understood. On the contrary I am seeking arguments to justify just how ill-founded the arguments and the distortion is.

HON CHIEF MINISTER:

Well if the Honourable Member will allow me to remind him. In fact, what he said was not that the argument was ill-founded but that the argument was well founded and could be counted for other reasons, because we were not in the Council of Europe, and we were not in this and we were not in that. Where the colleague of his right had in fact already said that the arguments had been totally destroyed by what had been said in the United Kingdom about Luxembourg and that Cheeky Chalker had got it all wrong. I am not sure whether P.C. Monty agrees with Cheeky Chalker or she agrees with him. The point that I am making, and which I do not know whether in his own mind, having our own Member means that we would have a Gibraltar Constituency. Because what I think we have talked about before in the European Movement at least, is the question of how it fits into a UK Constituency and certainly when I have been asked before, in interviews, about this I have recognised the problem. Because if you have, for

example, a Constituency like Alf Lomas with 600,000 voters, then the 30,000 people in Gibraltar, could I suppose, if Alf had a majority of 5,000 sway the decision. Not that Alf needs this since he already has a very strong and solid majority, I am very glad to say, because he is a very good friend of Gibraltar and a very strong supporter of our cause and he himself is very committed to the idea that Gibraltar should have its own Euro MP, but I think it illustrates the argument that has been used about intergrating Gibraltar into a UK Constituency and how do you choose the Constituency? What happens if it is a marginal Constituency and the Gibraltar votes sway the balance? The logical consequence of saying "we want a Gibraltar voice in the European Parliament" is for us to have a Gibraltar Constituency and that that the Gibraltar election would take place at the same time as in the rest of Europe. It would of course be the smallest Constituency in Europe with an electorate of 17,000, but so what? It is not going to change the course of Europe whether there is one Gibraltar or not. It however requires a fundamental negotiation of the Treaty of Rome and the Accession Treaties of all the twelve Member States, including Spain of course, and we know that it is not just a question of persuading Her Majesty's Government but of having to persuade the whole of Europe. I imagine that it will be no easier to persuade them on this one that it will be to persuade them on the Airport, on the Maritime Communications and all the other things that we are being singularly unsuccessful. But that is neither here nor there. We must not allow ourselves to be discouraged by the difficulty of the task and I think that therefore in supporting this, what we are doing is saying "We are nailing our colours to that mast as well". We are not in fact saying, "We have now decided that we are a Joint Venture with the AACR", because that is not what the motion is about.

HON LT COL E M BRITTO:

Mr Speaker, I think it might be relevant to bring back the whole debate to fundamentals and into perspective. I am glad to see that we have the Government's support on the motion because, without doubt, this is one of the issues that has emerged during the past year on which, not only the Government and the Opposition, but the whole of Gibraltar, if one goes by the results of the poll in Panorama recently, are pretty well united. I would like to reiterate the point made by my colleague, the Honourable Mr Montegriffo, just as he finished that it is all very well for us to express unanimity of views on this, in this House, and it is all very well for the Honourable Mr Perez to say that it has been an on-going subject of agreement in the European Movement for a number of years and it is all very well for the Honourable the Chief Minister to say that the British Government have been made aware of our views by way of the motion being

passed in this House, but I would put it, Mr Speaker, that the time has come for actions to be made to sound louder than words and for positive action to follow this motion. I am not sure what priority the Government attaches to this in their programme but it is up to the Government to take the initiative with the support of the Opposition, and it is up to them to initiate some sort of action that will.....

HON J C PEREZ:

Mr Speaker, if the Hon Member will give way. It is not a question of what we are going to do after the motion. As the Honourable Chief Minister has said the motion is a declaration of what we in this House think. It is not a question of saying "Well we are going to start doing something now". We have been doing something for a very long time and we have to continue no matter however difficult it becomes because we have had a lot of support in a lot of forums and at a lot of levels within the European Community. We have to respect that support and the help that people have given to us at the level of the Political Affairs Committee at the European Parliament. That has now got to go through a process within the European Parliament so that it has the strength, so that the Commission can then tell the United Kingdom, "You have to give effect to this Resolution of the European Parliament on enfranchisement". That takes its time and its toll within the system in Strasbourg so that is what we are doing, we have been doing this for a very long time and we shall continue to do so but it is not a question of saying "Well now that we have got the motion we are all going to go and rally somewhere". No, we have to continue to do what we started of to do and what the European Movement with both our support has been very successful in doing. Because it has been an uphill struggle but we have been very successful in getting that Political Affairs Committee Resolution and I think we will be successful in getting that Resolution through the Strasbourg Parliament when it comes up. And now we have to get our friends, our unofficial representatives, which we want to remove, so that we can have a direct representative to help us in pursuing that motion to the European Parliament.

HON LT COL E M BRITTO:

Mr Speaker, that is precisely the point that I am making that this on-going process must be supported and accelerated and given greater impetus and greater momentum, rather than just allowing it to carry on at the somewhat leisurely pace that it has up to now been travelling. If I can take up a comment from the other side, Mr Speaker, everything gathers pace and carries on at the pace at which it is allowed to move. This is a subject where if it is allowed to carry on at its own pace it will be

blocked by Spain at some stage and nothing will happen for the next five or ten years. It is a subject which we have talked about of lobbying officials in Brussels. The Minister has talked about the good offices of the European Movement, maybe that is a venue through which support can be given and maybe the European Movement could be supported financially in order to be able to provide greater support in Brussels or greater lobbying in Brussels and which, as the Honourable Minister knows, it cannot do through lack of funds. That is the point that I am making that the process needs to be given that extra push and this motion seeks to do that.

HON J C PEREZ:

Mr Speaker, if the Hon Member will give way. What I am saying is that all that has been done already and we are at the stage of getting that resolution passed through the Strasbourg Parliament. However there are different priorities being given to different issues and the advantage that we have now is that there is a new Parliament and that because it has five years of life ahead of it we will probably get it into the Agenda some time before the five years lapse. Mr Speaker, Members opposite seem upset that we are voting in favour. When we say we are voting in favour they start to put more obstacles in its path. We are voting in favour of the motion and we shall continue to pursue the matter as we have been pursuing the matter, jointly within the forum of the European Movement. I do not know what else can be done.

HON LT COL E M BRITTO:

Mr Speaker, we both seem to be saying the same thing in different words. It would seem to me that the Minister is satisfied that by just sitting back and doing nothing and hope that everything is going to work and sort itself out.

HON J C PEREZ:

Mr Speaker, it is not that we are doing anything. We are participating in what is being done through the European Movement.

HON LT COL E M BRITTO:

Precisely, Mr Speaker, and what I am saying is that the European Movement can achieve much more and can get much more done than what it has done already if it had greater support possibly in financial terms. What I am saying is that the time may have come for that support to be given now.

HON J C PEREZ:

It has the financial support. Mr Speaker, we doubled their grant from what the Honourable Members opposite used to give them and we have subsidised several things. One of the things we have subsidised is the presence of Dr Peeters. He came to Gibraltar for three days at the request of the President of the European Movement and he is helping us in our efforts for enfranchisement and in other matters. Members of the Opposition have met Dr Peeters so we are doing these things jointly. Things are happening, Mr Speaker.

HON LT COL E M BRITTO:

Mr Speaker, I will not pursue the issue because it seems to be taken like most things that are said from this side of the House, it seems to be taken at a personal level and as criticism and as trying to knock down the Government. In this particular occasion both sides are saying the same thing but what we are trying to say is "let us do more of it and let us do it more positively". I am not criticising the Government, what I am saying is that when the Minister talks about doubling the subvention to the European Movement, I think, from £500 to £1000 it is still not enough. The European Movement has not got enough funds and the Hon Minister knows that. What I am saying is that if we are to achieve or if we are to get the European Movement to have a greater effect in Europe and to achieve more things for Gibraltar then it needs greater support and it is up to the Government to give it that support and we will support the Government in giving that support. That is what I am saying, I am not criticising them but they seem to have it under their skin that everything we say is criticism. I think in deference to the Minister I will give him one last chance, I will give way if he wants me to.

HON J C PEREZ:

No, forget it, because if he is going to be like that all afternoon it is better to forget it.

HON LT COL E M BRITTO:

Mr Speaker, there seems to be a basic lack of communication in this House and I do not think it is coming from this side. I think there are Members on the side of the Government that even when one is trying to speak positively and tell them that we are in support, they still seem to take it as criticism.

MR SPEAKER:

If no other Member wishes to speak I will call on the Mover to reply.

HON G MASCARENHAS:

Mr Speaker, I think it was important to make this declaration in this House and I will not say that the fight is starting here. Under no circumstances but what I will say is that it is important because we did have a motion and we havenot declared ourselves saying what we are saying here today. This was important for the future and what I was referring to when I said "a major political offensive" is that perhaps the level of the attack that we have been carrying out for the last few years through the European Movement and who were very very effective in getting us the declaration that we are now trying to get through the European Parliament has been absolutely essential, but what I would like and we now have unity with the Government, is that we the politicians should go at our level and canvas in Brussels. At a different level matters should be addressed more energetically. That is the only thing that I am saying. The Chief Minister quoted the size of the constituencies and I think we are both agreed that whether it is 600,000 constituents in Britain or 20,000 or 30,000 constituents in Gibraltar it should not make any difference whatsoever. I said in my main presentation, Mr Speaker, that the size of constituencies should not make any difference. We are not to blame that there are only 25,000 Gibraltarians and that we are an accident of history. We are here and this is our homeland and I have to repeat that because it is very important that we carry this argument to Europe successfully. As to the matter of the costs? Well I think that the Government should be quite clear that once that they have established an office in Brussels, and that is our aim, and we know they are reviewing the situation and from this side we are ready to play our part and we shall support the opening of an office in Brussels. Mainly for the political reasons that I stated in my main presentation. On the question of the possibility of obtaining the constituency, the Chief Minister or Mr Perez, said that we can only have that by the British relinquishing one of their seats or alternatively that Gibraltar be decolonised and we are accepted in our own right as Members of Europe, well, Mr Speaker, I do not think it is at all impossible. What would one seat for Gibraltar in the present circumstances make to the rest of Europe or to the number of seats in Europe? Would we tip the balance in the European Parliament in any way? I do not think so, Mr Speaker and I commend the motion to the House.

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

HON K B ANTHONY:

Mr Speaker, I have the honour to move the following motion standing in my name: "That this House condemns the Government for the state of uncleanliness and general neglect of the environment of Gibraltar, and calls upon the Government to state what steps they are prepared to take to reverse this state of affairs". Mr Speaker, when I tabled this motion I did it with a feeling of regret because no one likes to stand up in public and admit that he lives in a dirty litter laden community. No one relishes living in a neglected environment and no one gets any pleasure when their homeland is seen by outsiders as being dirty. No one likes or enjoys the adverse publicity when organisations, such as Green Peace, cause incidents that get us a bad press throughout Europe. Mr Speaker, these are facts about Gibraltar. We have a state of neglect that does not do us any credit and the people who must bear the responsibility for allowing this state of affairs to develop is the Government of the day. Responsibility for the cleanliness of the Rock is in the hands of the Government and the responsibility to discouraging the throwing of litter lies with the Government who have the power to apply the necessary legislation, if that is necessary, to discourage the dropping of litter. The preservation of our environment, Mr Speaker, especially with our limited greenery and in the flora and fauna that is particular to the Rock lies ultimately with the Government. Not with Committees or Organisations such as the Heritage Trust, but with the Government of the day. Without Governmental drive and initiative, without Government being the driving force in the constant battle against dirt and litter things become worse. And any cleanup campaign is bound to fail. It is on this count that I condemn the Government for doing too little too late. In my contribution, Mr Speaker, I intend to paint as clear a picture as I can of what the situation is and I am going to attempt to analyse why it has developed into such a sad situation. I am also going to make a few suggestions of the direction in which I believe that the Government should move towards finding a solution to the problem about dirt and neglect in the environment. I shall also be listening with interest to whatever is said from the Government benches about their plans to clean up Gibraltar. At the end of the day, Mr Speaker, I hope that a tentative blue print for the future betterment of Gibraltar will be elaborated for all to see. Mr Speaker, I enjoy walking and I often go for a walk around the Rock and it is a pity that Government Ministers do not follow suit because there is no better way to get a full picture of the accuracy of my words in this motion than to see the state of uncleanliness and general neglect to the environment of Gibraltar. Over the past six weeks whilst I have been walking and I have walked up the Rock and elsewhere and covered as much as I could on foot. I have been keeping my eyes open all the time and on every outing

I have found rubbish. I found it in unexpected places and I found it in places where rubbish should never have been. I am now going to list Mr Speaker, some of the things that I have seen with my own eyes. Not only have I seen it with my own eyes but I have even taken photographs which I can produce to this Honourable House, if necessary. Photographs that I have taken of rubbish around the Rock. I am going to start with the Cemetery since we will all end there, Mr Speaker. When I went to the cemetery it was weed ridden that is the only way to describe it. The more decent side was almost waist deep in weeds and bamboos that had not been cut. I found a pile of gravel lying at the side, there was a general air of neglect and not, Mr Speaker, because there were no workers. There were workmen there, they were weeding whilst I was there, but they appeared to be understaffed and it seemed to be a task that was too much for the few people that were available in the cemetery. Perhaps the establishment has fallen, I do not know, but there is a need for constant work because I believe that a cemetery is a place where we can go where there is an aura of peace if you like and it should be clean and it should be tidy. Many of our relatives are there those who passed on and it should be kept to a high standard and those Members of this Honourable House who have been to England and who have walked around the country church yards will know exactly what I mean. I have spoken of Eastern Beach so many times and I must say that the southern end of the beach to this present day is still covered with litter, rocks, broken bottles, tins and I believe that this could be cleared up in one sweep at the beginning of the season. It was not done and on the day when I went there, Mr Speaker, there were piles of rubbish in bags that had been piled up on the pavement and I had the impression that they had not been there for a minute or hours, they appeared to have been there for quite a while. Moving along Eastern Beach, Mr Speaker, to the southern rubbish tip, around this dump, and I use the word deliberately, I found old metal, chests of drawers, an old bath, cardboard boxes and even two or three old cars that were filled with cement. I do not think it was private building rubble although I stand to be corrected. Moving around to the tip off Europa on the eastern end, below Governor's Cottage Camp, I took a photograph on that day, Mr Speaker, and I have it here. It resembled more the burning gas of Bombay when I drove around there since there was dense smoke rising on the road and I had to reduce speed. I had to get out of my car and wait for the smoke to drop before I could get a photograph that was recognisable for what it was. A rubbish dip. Papers were scattered all along the roadway and there were piles of timber at the time that I was there and at the time when I took my photograph. There were also tourist buses travelling around the Rock and going by there and I do not think that this is conducive to good tourism. I know that the Minister of Tourism

is sitting opposite and smiling but even he must admit that it is not good for tourism to see that in Gibraltar. At the car tip there was a great big notice stating "No dumping of rubbish". But there was rubbish there piled up in front of the locked gates and inside of the enclosure. On to Camp Bay and again piles of rubbish that had not been collected and then we came, Mr Speaker, to the Alameda Gardens. The Alameda Gardens that I have known for many many years, the Gardens to which many of you in this Honourable House no doubt went as children and I am afraid that the general state of the Alameda Gardens is one of overall neglect. There were piles of weeds that had been cut and just dumped, not burned or taken away. Lots of tree trunks and branches lying around on the edge of the gardens, that again had just been piled, particularly on the South West corner. These have been there for a long time, so long that weeds were growing up between the branches and the cut trunks that were lying on the ground and the gutters around the buildings were weed infested. The Alameda Gardens, one would assume, would have flower-beds filled with flowers but we have flower-beds filled with weeds, filled with rubbish, filled with tin cans, filled with papers, in fact everything except flowers. I cannot honestly say that I saw one flower bed that was memorable. I next went on to the little bridge, Mr Speaker, above the small ornamental garden. At one time this had the Castle and Key set out in flowers and it had the name 'Alameda' in flowers. The word Alameda was there but it was completely untrimmed, you could barely recognise it for what it was, the Castle and Key, it was completely unrecognisable and overall it was an absolute disgrace. The Gazebo nearby had broken black plastic sheeting for its roof, it was covered with graffiti both on the woodwork, on the benches and also on the brickwork and one of the benches had its back wrenched completely off. Neglect again. A little further down there is a childrens' playground, Mr Speaker, and there is a little shelter at the entrance to the playground and there was a pile of rubbish and I took a photograph of it and it appeared to have been there for quite a while in fact I have the photograph here, the rubbish that has been there for quite a long while. In the Garden generally I saw empty soft drink cans, tins galore, papers, cartons. I do not think cleaners ever visit this garden and if they do it is very very few and far between. The overall impression was that nobody cared about this garden which was at one time one of the most pleasant places to visit in Gibraltar. With regard to the Trafalgar Cemetery I was going to criticise this place on the basis of the day I visited it but since then I have been back and I have seen that they have done a good job of cleaning the place up, though unfortunately vandals have again been at it and there were empty beer bottles lying on some of the graves that had recently been cleaned up. I really do not know what the answer to that one is, Mr Speaker. There were tourists outside the cemetery on the benches facing

the roadway and again two of these were broken and could not be used. Opposite the Trafalgar Cemetery, Mr Speaker, there are flower-beds in the centre of the road and had litter within them. The beds near the toilets were littered with soft drink cans, the ladies toilet sign was unrecognisable and I do not know how tourists are expected to recognise it for what it is because tree branches have been allowed to overgrow over the entrance. The gentlemen's toilet was lacking the men's sign there was only a little black man visible on the wall so I assume it is only for little black men to use. I am now going to go to the other end of the Rock, Mr Speaker. To Market Place and the bus shelter at the Market Place. If anybody cares to look around the rim of the bus shelter there are flower boxes all the way round but there are no flowers in them and if there were they would die because it is apparently never watered. Now, Mr speaker, what is the point of putting up flower boxes to make our community more attractive if we do not look after them. It does not make sense to me. I went into the little garden next to Smith Dorrien Bridge, Mr Speaker, I think they call it, the area where they play 'Petanca', this area was also littered with rubbish, there was a broken chair, a forty gallon oil drum lying in there and in one corner there was a disgusting pile of rubbish that was rotting. The Health Centre again has flower boxes along the front of the facade at first floor level, which contain geraniums and which certainly need more watering than they had had because they looked rather dishevelled. I then went to the Coach Park at Waterport and at the time I visited it, Mr Speaker, one litter bin at the junction was overflowing and rubbish was all over the floor. The assorted rubbish along the road included a forty gallon oil drum, whole pipes lying by the side of the road and this is the road that our tourists travel from the Coach Park into town and it appears not to be a very good invitation to Gibraltar. I must give full marks to the flower-beds outside Customs House which appear to be well looked after. I do not know whether it is done by the Customs Officers themselves as a matter of pride and that is why they were in good condition. Further on towards town on the right there is a long ditch parallel with the road and I suggest that Members on the Government benches have a look in that ditch sometime. It is overgrown, there is piles of rubbish, weeds growing through and all in all it is in an appalling state. I have a suspicion that this is one of our listed monuments, as part of our Defences, I am not certain about that, but I think it is. The road itself obviously has not been swept for a long long time because there was paper strewn around in front of parked cars and all I can say on that point, Mr Speaker, is that if I were one of the tourists visiting Gibraltar for the first time I would take one look and I would be very wary about wanting to come back again. On the Upper rock, I am going to be brief, Mr Speaker, I do not think there is one place on the Upper Rock, Queens Road, St Michael's Cave Road where if you

look over the wall you will not see tins, beer bottles and rubbish. Another point is the lack of toilets. This is part of the necessity that you need to help keep our environment clean. Even in the town area there are only two public toilets. At Europa Point there is a toilet that is so disgusting that even the bus drivers do not take their tourists to use it. There is a portaloos at the Upper Galleries which has not been put into commission yet. So tourists on the Upper Rock have to go to a private toilet behind St Michael's Cabin and which I have been assured is usually out of order two days out of three. I am quoting the words of drivers of tour buses, Mr Speaker. I do not think this is good enough because when we want tourists to come to Gibraltar and when you have tourists who have been travelling for two hours to get here and they transfer from coach to coach in our Coach Park and go for a tour of the Rock they are dying to go to the toilet and where do they go? It is a problem that must be faced because this is part of our environment, Mr Speaker, I do not exaggerate when I say that I have only skimmed the surface of this problem and if I had the time I could produce a list at least ten times as big. I would like to now turn to why I feel it is important to have a clean city and why I consider it to be important enough to bring to this House. It is important Mr Speaker, for three basic reasons. Firstly the bad image that we present to the tens of thousands of visitors who come here every year and it is a bad image. I am not exaggerating and the Government knows that I am not exaggerating when I say that the first criticism of any visitor to Gibraltar is the dirt and neglect. Tourists do not talk about buildings being unpainted and they do not complain about the high cost of going into tourists facilities. What they talk about is the dirt and the litter that exists. Secondly it is a health hazard. Dirt and rubbish left lying around in corners is a breeding ground for flies, cockroaches, rodents and everyheap of rubbish is a potential source of illness to ourselves, our families and our children. Therefore I think that that is a secondary point. The third reason is that I honestly believe that a clean litter free city which is kept neat and tidy produces a great sense of pride. If you have got a scruffy environment, people tend to say "what does it matter where I drop my litter". Well it does matter, Mr Speaker, and a clean environment goes a long way in making people think twice before dropping litter or discarding objects such as old batteries etc around every corner of the Rock. There is a fourth possibility that I also believe is more than a possibility, Mr Speaker, a clean, tidy rubbish free city and environment could be a great incentive to go beyond a simple cleaning-up programme. Property owners could well start on a programme of beautifying their properties. If there is a nice clean embellished area, they may want to do this. Estates might set out to become more attractive than others, Moorish Castle versus Varyl Begg if you like. That is a

possibility. There is so much that we could achieve once, Mr Speaker, we get the ball rolling in our campaign to make Gibraltar the gem of the Western Mediterranean. Now Mr Speaker, one of the two problems that I have been wracking over is, firstly "who is responsible for dropping rubbish and the second thing I ask myself is "why rubbish is scattered around like confetti after a wedding"? The answer is that everyone is responsible, visitors drop their sandwich wrappers, children their sweet and ice cream wrappers, adults their cigarette packets and I am absolutely amazed at the number of soft drink cans that are scattered around the Rock. I get the impression, Mr Speaker, that every adult going out buys a can of soft drink, drinks it and throws it on the floor. There are literally thousands of soft drink cans around the Rock. In fact I have a perfectly true story, Mr Speaker. I saw two young teenage girls sitting on one of these large brown rubbish cans and they were drinking out of a can and they threw it over their shoulders on the road where I was standing with my dog much to my annoyance. But the point I am making is that they were sitting on a litter bin and they did not bother to put it in the litter bin. That is what puzzled me, Mr Speaker. There is an excellent PWD Service which picks up bulky household refuse at no charge. I know because I have used it. It is an excellent service and yet I have seen items ranging from mattresses to furniture dumped on street corners. This is done usually at night when all it would take is one phonecall for a free collection service. Now why should this be, Mr Speaker, why do people drop litter? I do not believe that it is laziness or disregard for the environment, I really believe it is an unconscious reaction. It could be, Mr Speaker, that there are not enough litter bins in Gibraltar and I do not know how many of them there are but the numbers must run in their hundreds and perhaps we need thousands rather than hundreds. If this is the case so be it, Mr Speaker, let us get thousands of litter bins if that is what is needed. However, litter bins are only useful if they follow two basic criteria. They must be very noticeable so that when people look for a litter bin they see it and we have litter bins that are described as sandy colour mounted on the city walls with which they merge. It may not have been done deliberately but it is not the way to get people to use them because they need to be seen. Children, for example, could well be trained to use those large animal litter bins that they have in the UK. They must also be emptied regularly and must not be allowed to overflow with the rubbish ending on the ground. So the answer, Mr Speaker, is simple, have lots of brightly coloured bins that are emptied regularly. If necessary twice or even three times a day. I would also like to see the introduction of bottle banks because broken glass is a hazard for anybody, particularly children, so I would like to see bottle banks. Mr Speaker, I have been critical of the amount of litter and the poor environment but now a word of praise. A word of praise

for the Cleansing Department workers. Most of them, Mr Speaker, work very well without supervision and some deserve a special mention. I am going to give one worker a very special mention. He is a gentleman, I do not know his name, who cleans Europa Road. I have gone up Europa Road myself, Mr Speaker, in the early morning, in the dark in the winter, and I have nearly run this poor chap down because he is busy sweeping the road in the dark. He is an exemplary example of what can be done with personal integrity. He works without supervision and that is important. I have seen other men who sweep our roads and I think most of them are working very well. They are doing as much as they can during their working hours and possibly the Department is understaffed. Again I do not know the answer to this but whatever is the case the Government are the people who should find a solution so that our streets, our alleys, our pathways, our steps are cleaned. I must also praise, Mr Speaker, some of the workers in the Gardening Section. I went down by Casemates about six weeks ago and I saw a young man on his knees planting what I believe were petunias and he was planting them in a nice flower-bed parallel with the pavement and he was taking a great pride in his work and I stood and watched him. Unfortunately the next day there were more cans and more bits of paper on his flower-bed and although he is a hard worker and I am sure there are many many more his good work was immediately ruined. I do not know if the Gardening Section is understaffed but I do not think there is a need for highly skilled gardeners to do some of the work in our gardens and our shrubbery around the Rock. I think that what is needed is the trimming of bushes and getting a rake and clean up the rubbish around the base of the bushes. This does not require a highly skilled person and I think that this could be quite easily done by some of our less skilled workers. With regard to our beaches one hopes that by next summer we will have clean beaches although it surprises me why the Government does not consider seriously buying a beach cleaning roller which could be towed across the beach either late at night or early in the morning so that it is ready for the next day. I know that in a previous question in this House I mentioned the Refuse Section and the Honourable Minister for Government Services said that a bailing machine would be expensive but I do think we need a bailing machine, Mr Speaker, to get rid of some of the metal that is scattered around the Rock. On our litter laws I have an open mind. I have had a number of people come up to me since I tabled this motion who have said "We should do this and we should do that". I have heard of the draconian standards of Singapore where if you throw a cigarette end you are fined something like 500 dollars on the spot. I think that is going over the top. If we are to employ Litter Wardens I would not like to see them have the power of our Traffic Wardens at the moment. I would like them to follow the example of the City of Westminster which is renowned for being

a clean City. There they have Litter Wardens but these Litter Wardens are instructed that if they see somebody dropping litter they should say "Excuse me Sir you have dropped litter would you put it in the bin" ie they are given a warning. If the person says no then they are summoned and fined. I think that this may be a step in the right direction. Embarrass people or remind them that they have dropped litter. Because as I have said earlier, Mr Speaker, a lot of those persons dropping litter do it sub-consciously. You come to the end of a packet of cigarettes and you throw it and you do not think about it. I think that might be a step in the right direction. I believe that a campaign through the media, through car stickers, etc to make the people in our community more aware of the problem. Perhaps pamphlets could be handed out to our visitors when they arrive saying "Please keep Gibraltar tidy". This might be a step in the right direction. I would also like to see shopkeepers being made responsible for their shop frontage and they should keep it clean. This is done in such places as Germany and it works. Certainly our Take-away Food Shops who are getting a very adverse reputation for the amount of litter that they contribute to their areas and which is scattered all over should be made responsible for its cleaning. Another approach to cleaning up, that I thought as well, is being done already, the clearing up of derelict cars and the blitzing of an area. Maybe if they should send in a team and clean up an area thoroughly and then maintain it clean it might be a step forward. I do not know if it would work but it is a possibility. Mr Speaker, I do not want to keep harping on this much longer but I have a lot of other points that I could make but I think I have put over my ideas through this motion. Mr Speaker a little earlier, in the previous motion, this side of the House was accused of lack of integrity and trying to score political points. Well, Mr Speaker, on the lack of integrity it is for people to make up their own mind about me and whether I am making political points or not Sir. The object of this motion is that I live here and I want a clean community and I believe only the Government has the power to take the necessary steps to put things right. If we could do it from this side we would do so but we cannot since we do not have the power. So let the people see that once again Gibraltar can be attractive and let us get rid of our rubbish and let us make our paths, our gardens, our cemeteries and our flower-beds clean and beautiful again. Let us get them tidied up and let us make a concerted attempt to clean Gibraltar up Mr Speaker. Let us make it the pride of the Mediterranean and be renowned for its beauty and its cleanliness. Mr Speaker, I commend my motion to the House.

Mr Speaker proposed the question in the terms of the motion as moved by the Hon K B Anthony.

HON J C PEREZ:

Mr Speaker, I could go through the details that the Honourable Member has raised and perhaps give him an explanation here and an explanation there but I do not think that that is the proper procedure particularly since the Honourable Member has put down a censure motion. The Hon Member has very ably censured the Government and he himself has expanded on the problem that we have in cleaning our community. The Honourable Member is right we have put up bins here and there and people tend to continue, particularly tourists in the Upper Rock, to throw their cans down the rock rather than in the bins. The bins are frequently emptied and we have taken measures in different areas. We have improved the service as the Honourable Member knows for the removal of furniture and people continue to put the furniture out. I was surprised myself, I can tell you, to learn the amount of refuse that Gibraltar disposes of on a regular basis. But yes, Gibraltar has a refuse problem we do not doubt it and we have never turned our backs on it. There has been a vast improvement in the resources, particularly considering the problem that we face and we still face with the incinerator, Mr Speaker. Refuse disposal is one of the basic keys to the problem that we face and as I have said on numerous occasions in this House when we took up office we found the Incinerator in a very bad condition. It was in very dire need of repair and we found that rubbish was being dumped into the sea and we have had to continue with that practice. We have had to spend £300,000 on repairs to the Incinerator and we have had to set in motion arrangements to consider ways of disposing of our rubbish in the future. However in the meantime yes as the Honourable Member has said Green Peace has come to Gibraltar and it is very ugly to have a rubbish mountain, I agree with the Hon Member completely but that mountain is a joint venture because part of that mountain was theirs and the other part is ours. We did not start that mountain but when we came into office they had another mountain by the Coach Park at Waterport and that was eliminated within six to eight weeks of us coming into office. I am not saying "look the AACR were more dirty than the GSLP". That is not the answer. There is a very great problem of social consciousness in Gibraltar, Mr Speaker, and the Honourable Member has mentioned sites which I know are cleaned regularly and within half an hour people have dumped again and the Honourable Member cannot condemn the Government for that and I am afraid I cannot take the responsibility for what individual citizens do all the time. So I am afraid, Mr Speaker, that I can prove to the Honourable Member that a great effort has gone into cleansing and I can prove to the Honourable Member the hard work which, as he has said, the people in the Cleansing Section are doing. We found when we came into Government the difficult circumstances that we had to face with the burning of

wood. There were no facilities for burning and we had to burn it in the open air. That creates an unsightly area and alternatives have been looked at already. Alternatives in the shortterm and alternatives for the long-term because you cannot have wood burning in the open for ever more and alternatives are being looked at. We have had, as I have said, problems of a serious nature with the incinerator. In my first trip around the Rock which I took fifteen months ago with my Honourable Colleague well before the Honourable Member opposite did.....

HON K B ANTHONY:

I have never gone round the Rock with any Member of the Government.

HON J C PEREZ:

No, Mr Speaker, I went with Mr Pilcher, fifteen months before the Honourable Member did. At the time there was even a fridge dumped in the Upper Rock as well as the cans and everything else and a lot was cleaned at the time, Mr Speaker. We took over a very dirty Gibraltar and the fact that it is a bit cleaner now has been an up-hill struggle because it is a vast problem and also the fact that the services that are provided are not used properly by the general public. I agree with the Hon Member that we have to educate people more to be cleanness conscious. But what we cannot do of course is educate the 4 million tourists that come into Gibraltar every year. Because instead of spending money in Gibraltar we would have to have them all in school. The increase in cans, crisps packets, ice-cream and chocolate wrappers and everything like that is the direct result of the increase in tourists. The Honourable Member talked about Litter Wardens in the City of Westminster. Well I am sorry to disappoint him because it is not working. Mrs Thatcher herself had to launch a campaign against litter with her picking up litter as part of the campaign in a park in the City of Westminster. These publicity campaigns are initiated in different cities to try and make the public more aware of the problem of litter. However our litter problem is also imported and no matter how many public relations exercises you do and however great an effort is made, at the end of the day there is a different tourist coming in daily. You may manage to educate one but when he leaves a different one comes in. Much of the problem is that and that is why we have a particular difficulty in the summer with the added problem that personnel go on leave and absenteeism tends to increase during summer and consequently we have less resources in the summer when they are needed most. There were however less resources before and we have employed, since we came into office, fourteen extra sweeper/flushers and as a result have managed to increase flushing by 100%. In conjunction with the Police Traffic Section we have started

a programme of cleaning whole areas at a time. However unfortunately 24 hours later and I do not know how it is managed, even derelict cars are again present. I suspect that people actually move them. One simple example, Mr Speaker. The area of the Cemetery, where even the television crews were present we hosed the area down, swept and cleared away the vehicles and everything else, well within fortyeight hours the area was in practically the same state as when we found it before the cleaning and our resources are not inexhaustable. The resources are exhaustable and however much resources you put in there is a limit to the amount of things you can do. However I can tell the Hon Member that one of the basic things that has been insisted on in this programme is that the major housing estates, ie Moorish Castle, Varyl Begg, Glacis and Laguna are hosed down at least twice a year in this programme. So yes there has been increased expenditure on the part of Refuse Disposal but we are still faced with a serious problem. The Government is already looking at alternatives for the future but it takes time to consider options etc. We have quite an efficient system now and the Honourable Member I am sure will listen to less complaints about sweeping than he used to listen before we came into office particularly because we are flushing as well. And yes, Mr Speaker, the Collection System is working very well, although we are experiencing some difficulties with the Refuse Collection in some areas which are not collected very regularly but we are tackling this at the moment directly with the men and with the Union. The increase in the number of houses is a point which they have taken us to task about and we are looking into that area. But it is a sensitive area and I would not like to divulge solutions but yes there is a problem and we are not negating that there is one. The Government spends nearly £2m a year on cleansing. And if the Honourable Member is right in saying, and I have no reason to doubt him, that everybody is doing a fair days work and everybody is doing their utmost to keep Gibraltar clean and £2m is being spent, most of it in wages, then I am afraid I have to come back and say the major problem is to create an awareness in the people. At the same time I have to say that the greatest problem we have got is the visitor and that you cannot create an awareness in a visitor and I would be very reluctant to have Litter Wardens, as the Honourable Member said, fining people on the spot because I think it would be a source of great controversy in Gibraltar. We cannot have 4 million tourists coming in and fine half of them because that would really kill the day-tripper. So yes, if we have to have a tourist industry of this nature and which is the day-tripper and the masses arriving in coaches and everything else then I am afraid we will have to put up with a lot of things. I agree with the Honourable Member that there are areas of improvement and a lot of the improvements have not been affected this year because we have had a very big Road Resurfacing

Programme as well as a very big parking problem which has hindered the cleaning of Gibraltar. Cars are parked everywhere and it is best to clean when the streets are cleared of cars and then you can actually sweep and hose down and use all those machines that are used everywhere else which just pass through and collect the rubbish. I have been looking at all sorts of machines in France when I was there recently, I had a look at the machinery and equipment in Paris and I can tell the Honourable Member that most of the problem of using this equipment in our streets is our parking and traffic problems. This equipment is used at peak times in avenues where you can actually divert traffic from one place to the other and the machine goes through and clears the streets immediately or early in the morning. I am afraid that the traffic congestion in Gibraltar is such that a lot of this equipment would not work here. One of the things the Honourable Member mentioned for the beaches was these rollers that they use up the coast to clean the sand, however the mechanical advice we have from the Department is that they would not be any good. They have been tried before and the sand in Gibraltar contains a large element of rock and that the rocks get into the system and breaks the machines. We have used bulldozers which we used it at the beginning of the summer and the situation is that there is still some stone and wood at the southern end of Eastern Beach as the Honourable Member has said. But however much you remove, I do not know how it happens or why, but the situation continues the same. However, it is regrettable that the Honourable Member should have brought a censure motion. I think the Honourable Member should perhaps have said that he was concerned about the matter the same as we are, because I am concerned about the matter, and I might have been able to tell him yes, we are looking into the matter and trying to create public awareness and trying to overcome the parking problem as I have said. However since the Honourable Member has decided to censure the Government we are obviously going to vote against the motion although we are not saying that Gibraltar does not have a problem because Government does have a serious refuse problem. What we are saying is that there has been an improvement, that the Government is not satisfied with the improvement, as I have said in answer to Question No.17 of 1989 from the Honourable Mr Featherstone. I said "the level of cleanliness in Gibraltar has improved since the 24 March but that does not mean that the Government is satisfied with the level of cleanliness as it is at the moment but it is certainly much better than what it was" and I continue to insist on that. It has to be much better because more resources have been provided and because there is a concerted programme of flushing and cleaning which was not there before. And because quite apart from the fact that flushing has increased by 100%, we have fourteen more sweepers and we can cover the areas better. The personnel has been reorganised and the areas better covered and a lot of

the rubbish that we took over when we came into Government has been cleaned. The matter needs to be looked into further and the Government is constantly looking at ways of trying to alleviate the problem but always bearing in mind that we have already spent £2m and we cannot continue to spend and spend and spend because you never see the end of it, Mr Speaker. We are looking into how best to use the resources that we have and also looking at new machinery and looking at the time when different parking arrangements can be made and looking at the time by September or October when the resurfacing programme will have been completed and we shall have a further improvement and we shall look indeed at the whole concept of the cleanliness of Gibraltar in that light. I would like to add before I finish, Mr Speaker, that although I accept that the Honourable Member is a new Member and therefore not responsible for what happened in the past, I think he should, as a matter of fact, because he belongs to the party that was previously in Government, he should not shy away from the responsibility of how the AACR left the cleanliness and refuse problem. It was in a dire situation, Mr Speaker, and improvements have been made and we are looking at improvements for the future and we hope to have a cleaner Gibraltar by the end of our term in office. We shall certainly try to do so before that but certainly by the end of our term in office we hope to have proved to Honourable Members opposite and to the people of Gibraltar, at large, that we can not only clean Gibraltar better, but that we can keep it clean, which is the main problem. It is not difficult to clean Gibraltar but it is difficult to keep it clean and to make people aware. The dumping sites are continuously cleared and continuously dirty because you get people putting out more and more stuff. I would not say like the Honourable Mr Featherstone used to say on more than one occasion that Gibraltarians are a dirty lot. But certainly that the people at large are less consciously aware of environmental issues is true and yes I agree we will have to do a bit of educating. The Tourist Office has already started that doing some campaigning but as I have said before a lot of the problem in the summer is imported and that I am afraid you cannot do anything about it. Thank you Mr Speaker.

HON LT COL E M BRITTO:

Mr Speaker, the Honourable Minister throughout his contribution has highlighted one or two points. Firstly, that the number of the areas mentioned by my Honourable colleague were cleaned regularly and yet they were dirty half an hour later and he has attributed the greater part of the fault to tourists during the summer months, imported, I think he called it. He has defended the Government's position by saying that there has been an increase in staff and an increase in cleaners and that there is an on-going effort to improve the situation. Mr Speaker,

I am going to narrow my contribution on the motion to the effect on my responsibility as a spokesman for Housing and the effects that is having on two particular areas of Housing. I have mentioned the things the Minister has said because none of the arguments that he has used apply to the points that I am going to highlight. And I am going to concentrate purely on two points which are of great detriment to the environment and to public health of the people in the area. The first one is the state of the toilets and the showers in the communal block at the Philippino Hostel. I know that the Minister for Housing is on record as saying last week in the Gibraltar Chronicle has been "that within a month of coming into office those toilets has been replaced and that subsequently they had been damaged again and that they were replaced on a second occasion". I therefore have to assume that at the same time that they were replaced, that the communal toilets and showers were cleaned out. Well, Mr Speaker, I saw those toilets sometime last week before a certain article appeared in the Gibraltar Chronicle and I must say that I have never in my life seen anything more disgusting or more dirty or a greater danger to public health than those toilets in the Philippino Hostel. I think it is of no defence for the Government or for the Minister to say that and I quote "that the toilets were replaced". Mr Baldachino is quoted in the Chronicle as saying that one of the first decisions that he took when the GSLP were elected into Government was to install new toilets and after a month they had been smashed and were again in a filthy condition. Mr Baldachino said a second set of toilets had been installed and had encountered the same fate. He added that Government was not going to be indefinitely furnishing the hostel with toilets if these were not properly looked after. Mr Speaker, whoever's responsibility it is whether it is the tenants, the Government's or anybody else's, those toilets are in such a state that they cannot be left as they are. The Public Health Department has I understand been there although I have not been able to confirm this. I cannot believe that if they had been there they would not have closed off the area. Those toilets and they were pictured very graphically in the Chronicle are over-flowing with dark black shit and there is not other word for it, if you will excuse the language Mr Speaker. They are broken and leaking and the floors are flooded. There are rats, dead rats, lying on the floor and these are toilets and showers that are supposed to be used by the inhabitants of the area. There is such an indescribable and sickening stench that permeates into an area all the way around that people near the toilets and near the showers have to close the windows of their houses because the smell is so unbearable. Now I do not care whether it is the tenants' or the Government's responsibility but those out-houses especially because they are used by a very small number or hardly at all should either be condemned and closed or alternative facilities provided. It is

something that either the Public Health or the Government should look into and take some action. It is no good saying that the tenants are responsible and it is no good saying that people should look after it. The state in which they are is a disgrace to Gibraltar and a danger to health and something should be done about it. Secondly I will quote again from the Chronicle on the question of the invasion of rats in the area. A Mr Martin is quoted as saying that on more than one occasion he has switched on his kitchen light and seen rats eating the food. Another neighbour, a Mr Parody, has said that rats had eaten through the cardboard of a powdered milk box and even through the plastic of the individual tins to get at the powdered milk. Another tenant, a Mr Cornelio, said "we are overrun by them and that neighbours had seen dead rats dropping under their beds". The terrible conditions in this place are beyond description and in fairness the Health Department is quoted as having implemented rodent control measures in the area but these are said to be proving ineffective after a few weeks when the rats return. This sort of situation, Mr Speaker, cannot just be left pending indefinitely. If it is true that the rats return within two weeks in these staggering and frightening numbers then something has to be done on a daily or weekly basis. However this is something that is not being cured by greater increases in staff and increases in cleaners. This is not attributable to the number of tourists coming in. This area is not being cleaned regularly. This is an on-going situation that needs to be looked at as a matter of urgency and something needs to be done quickly. The one worrying aspect, and I ask the Minister to disclaim this, is the fear or the feeling expressed to me by residents in the area that because the Government, and I am not quarrelling with them, wants to clear the area and demolish the whole hostel and move the people elsewhere, and apparently there is some resistance because there are some people who either do not want to be moved or who do not want to be moved where the Minister wants to move them, and I sympathise with this problem. But there is a feeling, and I stand to be told that it is wrong, at least I hope that it is wrong, there is a feeling that there is a deliberate "policy" of not doing too much in clearing out the rats or cleaning out the toilets so that people are encouraged to move. At least this is the feeling amongst the residents. The second point I want to cover and I am sorry to see that the Minister for Government Services is not in the Chamber because it affects him directly is the refuse collection at the Vineyard's Housing Estate. This again is not one of the areas that they clean regularly Mr Speaker, because I am reliably informed by the Management Committee of the Estate that there is an on-going problem with the collection of rubbish dating back to November of last year. That rubbish is not being collected on a daily basis and is not even being collected on a regular basis. It needs the prompting and complaining of the Members of the Management Committee for the rubbish collection

vehicle to come into the Estate and collect the refuse. There is, Mr Speaker, the ridiculous situation where residents of the Estate have to daily take their rubbish bags in their private cars to their place of work and dispose of the rubbish there because otherwise the rubbish would pile up in the Estate. Let me say straightaway, Mr Speaker, that we are not talking about rubbish like mattresses or old refrigerators. We are talking about daily refuse which has been put into the refuse bins provided. It is these plastic bags that are being taken by residents to their place of work because they are not being collected. I assume that it has something to do with the trouble referred to by the Minister towards the end of his contribution on the difficulties with the refuse collectors. If this is so all I can say is that it dates back to November and that it is a problem of health and it is a problem that should be resolved quickly. We have heard nothing about it and one must presume from what one hears from the residents that it is not apparently being tackled with any degree of urgency. Maybe because the residents themselves are disposing of the rubbish. And finally.....

HON J C PEREZ:

Mr Speaker, Vineyards and another area are the places to which I referred in connection with my reference to the Refuse Collectors. It has not been as serious at the beginning as it is at the moment and we are actually trying to resolve the matter with the people concerned. The Management Committee of Vineyard have been informed of the situation and that we are trying to resolve the matter but it is the Vineyards and the Casemates Hostel which are most affected. Mr Speaker, some weeks there is no problem and then on others the collection is not carried out as regularly as it should be. I honestly think that the least said the better in order to try and resolve the problem. Because if one starts discussing the matter here then the problem gets bigger and since we are talking to the people concerned I hope that we may resolve the matter quickly.

HON LT COL E M BRITTO:

Mr Speaker, the only thing that I would add to that is that the Minister says that the Vineyards Management Committee are aware of the problem and I see he is aware that they wrote to him in, and I have a copy of the letter here, in late May last year and they are still awaiting a reply. So according to my information they have certainly not been made aware as to what the problem is. What I can certainly say is that I took the trouble of finding out whether the neighbouring Rosia Dale Estate had any similar problems and I was told that they did not and since it is the same vehicle and people who collect the

refuse from both areas I presume that the problem must be fairly localised. All I can say, Mr Speaker, is that the residents of Vineyards do not seem to be very confident that the problem is going to be solved in the immediate future as the Minister has just said. Because presumably if he took any positive action or pressurised the people concerned that could probably spark off a general strike in Gibraltar.

HON J C PEREZ:

I did not say that, Mr Speaker. Why deteriorate the situation further? The matter is at present being considered and discussed and the Hon Member should know by now that once there is an industrial problem we believe that the least said about it the better and we try to resolve problems like that. Once it is resolved then the Honourable Member can judge whether the solution is the right one or not but at the moment the least said the better at this stage.

HON LT COL E M BRITTO:

I accept the Minister's point, Mr Speaker, I would not want him to disclose any details which might prejudice the negotiations but all I can say is that he knows from the letter sent by the residents of Vineyards that they are fast losing their patience and arguing that they should have the extra expenses involved in the disposing of their rubbish. Apart from having to dispose of their rubbish in their own cars, they are also having to pay overtime to cleaners to come in to clean the refuse areas. I will not labour the point apart from saying that this is something that cannot be attributed either to the past or to action already having been taken. Finally all I would say, Mr Speaker, is that I was watching the Government benches as my Honourable Colleague was making his contribution, especially as he was going to fairly great pains to detail fairly minutely the individual areas and giving all the information on how bad the litter and other associated problems were in different areas and what struck me, as maybe, indicative of the overall state of affairs was the lack of interest that Members on the Government benches seemed to be paying to his contribution. They seemed to be more interested in talking amongst themselves than in making some notes of the areas affected. That is all Mr Speaker.

HON J L BALDACHINO:

Mr Speaker, I have to take up the points raised by the Honourable Col Britto about North Gorge. First of all, Mr Speaker, North Gorge was a hostel and it was converted into something to which is it totally unsuitable by the AACR administration. If he had seen the state of the toilets and the muck and shit, as he put it, before the

28 March, Mr Speaker, then he wouldn't have been very surprised at the state that they are in now and shown in the Chronicle. Because their present state is nowhere compared to what it was at that time. I have also visited North Gorge, Mr Speaker, prior to the election and after the election and as a matter of fact since being elected I have been there more than five or six times. As for the three names that the Hon Member has mentioned and which were also in the Chronicle as the persons that are complaining, and which are the occupants of the top block of North Gorge which have communal toilets and showers, and what I can tell the Honourable Member is that I have gone into great pains to make the inadequate facilities that do exist in North Gorge, and which I am not denying, more suitable for their needs. But what I cannot have, and what the Government cannot have, Mr Speaker, is that the moment that we provide new toilets and we clean the area that people start vandalising them in the way that the picture in the Chronicle shows. Because if you look at the picture in the Chronicle you will see that the toilet is a fairly new toilet and therefore, Mr Speaker, when the Hon Member says that the Government is trying to pressurise people by not doing anything that is totally incorrect. I know that the Honourable Member says that he went last week and he saw the toilets but he should have gone the week before. Because the week before I had sent the Warden to North Gorge to clean the toilets out and they were clean the week before he went there. Yes they were, Mr Speaker, because they called me at my home and they said that the toilets had become blocked Mr Speaker. The system is connected to the MOD system and because the MOD infrastructure is different to ours they sometimes become blocked when the pump is stopped. I therefore gave instructions for the toilets to be unblocked and they were by the Emergency Section, unless they are lying to me. I will however find out if they are lying. I will now give way to the Honourable Member, Mr Speaker.

HON K B ANTHONY:

Thank you very much Mr Speaker. I did in fact go to North Gorge the week previously and I have not entered into the North Gorge controversy because I am more concerned with the overall environment than housing in particular but I can assure the Honourable Minister that the previous week the toilets were blocked and there was broken brickwork and the pans were broken and they were no better or no worse than they were last week when my Honourable colleague went there.

HON LT COL E M BRITTO:

If the Honourable Minister will give way, Mr Speaker, I think there might, be some slight confusion in the Minister's mind as to what I said. When I quoted from

the Chronicle and I quoted the names in the Chronicle I was referring to the problems of the rats. When I was talking about the communal toilets and the Minister has referred to these three gentlemen as living in the top Block, I was referring in particular to the middle Block, Block No.2. All I can say is that if by any remote possibility the Cleansing Section had been there before me the state would have been so impossible before that it is just unbelievable. There is no way that it could have been cleared before and the picture in the Chronicle, if anything, is by comparison clean to what I saw. I mean here there is a bolt on the toilet at the back of the bowl and the toilet looks in one piece. The toilets that I saw were virtually without exception without wooden boards or any kind, broken and overflowing in solid whatever it is.

HON J L BALDACHINO:

I understand that, Mr Speaker, but what I am telling the Honourable Member is that we changed all the toilets in North Gorge and they have been vandalised and what the Honourable Member cannot expect is that the Housing Department everytime that the toilets are vandalised should be immediately fixed. Because this is something that is for their own personal use and therefore they should be looking after them and see that they are not vandalised. Mr Speaker, the idea of North Gorge being used as residential accommodation is totally out of this world, it is crazy, it does not have the commodities for that sort of thing and therefore to have originally converted what was a hostel into residential accommodation with communal toilets that were supposedly for single persons and are now used for whole families is totally out of this world and what I have said is that this Government's objective is to remove everybody from North Gorge. We have to start somewhere and I have already removed three families. Therefore the decanting procedures that should have been carried out a long time ago, because North Gorge was not built today, it was built twenty years ago. My Department is doing its utmost to keep the place clean but it is up to the tenants to also keep it clean. There are tenants who have their toilets inside and I have even looked at the possibility of removing the communal toilets and putting toilets inside the top Block because that is the Block that is most affected, but it is impossible to do so, I am told, due to the fact that it has not got the grading to carry out to the drains. So therefore it cannot be done, but I have even gone as far as that. Some people living at North Gorge have been there for more than nine years or ten years and what I am trying to do is to offer them a pre-fab when they are completed but whether they accept or whether they do not accept they are not going to be forced to accept. Neither am I

going to force them in any other way so that they accept. But they must understand and I have already explained to them that the situation that exists in North Gorge with the toilets because sometimes the pumps do not work and they are connected to the drainage of the MOD is difficult to resolve. Mr Speaker, I will even send another team to clean the place up and then I will invite the Honourable Member to go up there so that he can have a look at what has been done. I will then invite him again in two or three weeks time so that he can see the state they are in again. I am willing to do that. I am willing to go as far as that.

HON LT COL E M BRITTO:

If the Honourable Member will give way. I accept the Honourable Minister's position on the suitability of the buildings for families as opposed to single people but the point that I am trying to make and I have tried to make from the beginning Mr Speaker, is that these toilets and these showers are used by a very small minority of the people in the Estate if I can call it that for a want of a better word. Therefore the sense of pride or of cleanliness or effort or whatever, of responsibility or whatever one wants to call, it can only be attributed to a small number of residents. The only possible solution is to limit the use of those communal facilities and access to those communal facilities to the people who really need them because the majority of them have their own facilities within their houses. Then if the Minister cleans them out and he goes in a week or two weeks or a month later and finds them in a bad state then he can fault the keyholders. But what is not acceptable from a public health point of view or from a Gibraltar point of view is that we should shrug our shoulders and look the other way and say there is nothing we can do about it because the people of the area are not looking after them properly. There is a health problem.....

HON J L BALDACHINO:

I have not said that, Mr Speaker. I wish to clarify something. What the Honourable Member has said is what happens in North Gorge that people do have their own toilets and they even have their own keys but some of them have their doors and locks broken. But I will do it again, Mr Speaker, and when I clean the toilets and when the toilets are done up I will call the Chronicle in and they can take their photograph. Then when the toilets are back to the state that they are in now I will call them again and they can take another photograph. Now coming back to the Estate, Mr Speaker, because something was said about the cleaning. Prior to my coming into office the roads and pavements in the Estates were only swept they were not flushed because they did not have flushers. Under a new wardens structure the Estates are now being flushed. So therefore that is another improvement in the cleaning of the Estates, Mr Speaker.

HON M K FEATHERSTONE:

Mr Speaker, when I was Minister of Public Works, I undertook perhaps the first Joint Venture that we ever had with the Shell Company of Gibraltar to build and get functioning the fountain at the Piazza. The Shell Company put in a fair amount of money and the PWD put the rest and promised to keep the fountain in decent condition and working satisfactorily. This unfortunately over the past eighteen months has not been the case. The fountain seems to be the receptacle for all ice-cream cartons, coca cola cans, cigarette ends and anything that people have to throw away. The water does not run and whatever water there is is smelly and stagnant and it is a disgrace that this item which should be a show piece in the centre of our city should be left so derelict and in such a bad state. I was interested to read only recently in a letter from a former Minister of Public Works on the same subject and she said that did not seem so difficult to be able to keep such a small fountain, as an amenity, working properly for those people using the Piazza. I wonder whether the Public Works can once again get that fountain working sensibly. It does not take very much to keep it reasonably clean, to keep the water flowing and to make this one of the beauty spots of Gibraltar. At the moment it is a derelict and an eyesore and I feel it is a disgrace which the tourist must frown upon very considerably.

MR SPEAKER:

If there are no other speakers, I will then call on the Mover to reply.

HON K B ANTHONY:

Thank you, Mr Speaker. Mr Speaker, I have listened carefully to the contributions that have been made in answer to my motion. The Honourable Minister spoke of the social consciousness of people of Gibraltar. I have a similar phrase, civic pride. I think it is something that we need to restore. The civic pride, the awareness of where they live and how clean it could be. We all know that inside every front door of every flat and of every house you will find a clean house and a clean flat and I would like to see that extended out into our streets, our alleys and our environment. I do not think it is an impossible task and the Honourable Minister mentioned cleaning and re-dumping within twentyfour hours or even less. It all comes back to what I suggested in my initial contribution that I feel that the Litter Laws and Litter Wardens should be seriously considered and legislation enacted if necessary. I did not say that there should be on the spot fines in my contribution. I said that in the City of Westminster Litter Wardens warned people if they saw them throwing rubbish and only if they refused to pick up what they had thrown were they issued with

a summons. They do not fine on the spot. It is a case really of embarrassing people into picking up their rubbish. Public awareness is possibly the root of this whole problem and there is a need to re-educate people. I suggested that one way forward could be a publicity campaign by TV, Radio, Press, Car Stickers or whatever and I hope that that would be seriously considered by the Members opposite. When the Honourable Minister said that we cannot re-educate tourists then perhaps he did not hear what I said. I believe he was talking to one of his colleagues at the time when I said that it might be an idea if we issued every tourist whether they came by coach or by car with a little pamphlet saying "Throwing litter is an offence within the environment of Gibraltar. Do not throw litter. Use the litter bins". Print that in several languages and it might be a step forward. It would not cost a lot and it would be a step forward to that clean Gibraltar which we all want.

HON J C PEREZ:

They would then throw that leaflet to the floor, Mr Speaker.

HON K B ANTHONY:

Then get our Litter Wardens to say to them to pick it up or take a summons. The Minister mentioned the Beach Roller and said that this would not work because of the rocks and perhaps if we do ever get newly dredged clean sand onto our beaches then we could use it because there would no longer be any rocks in it. That is something for the Minister to think seriously about. But what has impressed me, Mr Speaker, is that although the Minister has said that they are going to vote against my motion because they regard it as a motion of censure, the underlying fact is that all Members of the Government bench are aware of the social problem that we all face and I think that although the motion is going to be defeated we are all united in this House in one intent and that is that we want a clean Gibraltar. I believe that the trend can be reversed. I cannot believe that it cannot be reversed because we all want to see a clean tidy Gibraltar. I live here and that is what I want. I commend my motion, Mr Speaker.

Mr Speaker 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 following Hon Members abstained:

The Hon J H Bautista
The Hon E Thistlethwaite

The Motion was accordingly defeated.

HON A J CANEPA:

Mr Speaker, I have the honour to move in the terms of a motion standing in my name:

"This House condemns

- (1) The infringement of British Sovereign territory by armed Spanish Customs Officers, who landed at Eastern Beach on the 30 June 1989;
- (2) The decision by the Spanish Government instructing the Customs Officers not to recognise the jurisdiction of the Gibraltar Courts,

and urges the British Government to lodge a protest note with the Spanish Government over the incident".

Mr Speaker, since I gave notice of the motion, we have also given notice of our intention that my colleague, the Honourable Mr Peter Montegriffo, will move an amendment in order to insert an additional sub-paragraph that will up-date this motion. Because by the date when I gave notice of this motion, we were not aware first of all, of the frontier delays that occurred subsequently and secondly of the reason and the linkage that there has been of those frontier delays. So in order to set the historical record straight and to include that point, my colleague will be moving an appropriate amendment. Mr Speaker, the main object behind my bringing the motion is really to place on record the view that we consider this House should take over the incident in question. The desire is not one of exacerbating feelings or adding wood to the fire and getting people more excited than they already are about these incidents. I am fully aware about the depth of feeling that there is in very large sectors of Gibraltar's population and the frustration that people feel in what they perceive is basically Madrid, the Government in Madrid, getting at the people of Gibraltar

and the frustration that people have because they know that we cannot get back directly at Madrid. If we were to do so, if we were to take any form of retaliatory action, we would probably be affecting innocent people, who are not to blame of what is happening, innocent people living in the neighbourhood. In the same way as the consequences of the Spanish attitude, and shown most clearly by the frontier delays that they have imposed, those actions are really also affecting innocent people who come to Gibraltar to work and innocent people who come to Gibraltar as tourists. Fortunately, and I will be saying a little bit about this later on, there is awareness on the other side of the fence, in journalistic circles in particular, about the reality of that situation and that the frontier is being used in a most unfortunate manner, in a manner that goes against basic human rights, that really only does harm to innocent people who have nothing to do with what has happened. The events and the incidents which are covered by this motion are well known and therefore perhaps they do not require over-elaboration. One of the infringements that actually took place, the actual landings in Gibraltar and the appearance of the Customs Officers at court and their subsequent failure to appear and more recently the frontier delays which is not yet covered in my motion and finally the need for the British Government to really take the matter up. I want to anticipate the amendment because I think that the House should also take this opportunity to praise the Gibraltar Police for the intelligent, imaginative and very successful manner in which they have coped with what would otherwise have been very serious traffic congestion, and which was initially very serious traffic congestion, but which as a result of the intelligent way that they have adopted is ameliorating the problem to a very large extent and enabled citizens in Gibraltar and others to be able to go about their business in the vicinity of the airport, Eastern Beach and Devil's Tower Road with relative ease. I think the Police are to be congratulated right at the outset. Sir, from time to time Spanish coast guards or Customs launches have come pretty close to our shores and have chased fast launches and other crafts to our beaches. This has happened both at Camp Bay and on the East side. From time to time there have also been other incidents such as the one involving the GSL Refuse Barge and there have been other interceptions in the Bay or in the Straits by Spanish Coast-guard Boats, more commonly known as "La Tabacalera". Indeed after the 30th June, there was also an incident at one of our beaches on the Easter side when a helicopter hovered so low that it actually disturbed dingys out at sea as a result of the down-draft of their rotors. So this is a feature of life that we experience from time to time and which we have become relatively accustomed to over the years. What was particularly reprehensible about the incident in question were some of the features that it had. First of all, the fact that the Gibraltar launch was chased

right up to Eastern Beach. Secondly that the Spanish launch was deliberately run ashore and the Customs Officers came ashore armed, that they seized and tried to take away the occupants of the Gibraltar boat, that shots were actually fired and a gun, a pistol, was held to the forehead of a particular individual. Since the incident the person involved has been to see me and gave me a graphic account of the incident. It is alleged also that the residents of the Mediterranean Hotel were also threatened in some shape or form. Therefore, I think it is true to say that no previous incident has quite matched this one. This has been therefore in very many respects something much more serious than anything that we have been accustomed in the past and that is why I was frankly surprised to read that it was alleged by the Foreign Office, or at least it was alleged that Mrs Chalker, had expressed some regret about the manner in which the Gibraltar policemen on the scene had reacted and the way in which they had carried out their duty and apprehended those involved. I do not think that it is true that Mrs Chalker expressed some regret about this, at least I do not think that that is the way that a British Foreign Office Minister should react to one of the most.....

HON CHIEF MINISTER:

If the Honourable Member will give way. It is not true, Mr Speaker.

HON A J CANEPA:

I am very glad to hear that, Mr Speaker, because I was going to say that it surprised me that a British Foreign Office Minister would react in that way to what is a very serious infringement of British territory, knowing as I do full well the attitude that the Foreign Office takes to the issue of sovereignty, not just for the whole of Gibraltar, but including the isthmus. Mr Speaker, the men then appeared in court on Tuesday 4th and they were remanded on bail charged with illegal landing and possession of firearms. I would say that in the context of what occurred and having regard to the fact that shots were fired, these were relatively mild charges. They were the least, I think, the least of the charges that could be preferred against the men. Already the circle of "Parliamentarians" who gather below this House were forecasting what would happen. People were wondering if Gibraltarians, at one of our beaches had fired shots, whether they would have been granted bail. That was the attitude in Gibraltar immediately after the incident. The following morning they returned to the Magistrates' Court and the bail conditions were amended. They were required to appear in Court two weeks later and the vox populi in Gibraltar was that they would not turn up for whatever reasons. Perhaps people did not anticipate the reason that was subsequently given, but that was the view

of the ordinary man in the street, that the Customs Officers would not return. I think we ought to note at this early stage that they had already submitted themselves to the jurisdiction of the Gibraltar Courts on two occasions by appearing in the Magistrates' Court and that bail had been paid to the Magistrates' Court as required. No doubt the diplomatic contacts were initiated I venture to say, the very morning that these men were detained, at five o'clock or so in the morning. Very soon after the incident there must have been diplomatic contacts between the Governor's Office here in Gibraltar, the Foreign and Commonwealth Office, and the British Embassy in Madrid. Someone or other, perhaps the Desk Officer at the Foreign Office had had his beauty sleep disturbed that night. But perhaps, Mr Speaker they are used to this as they very often hang around waiting patiently for news from the entourage of the Secretary of State for Foreign Affairs in his worldwide travels. Madrid really came into their own later on, Mr Speaker, when the men did not appear, when they did not make a subsequent appearance in the Magistrates' Court and when they did not submit themselves to the jurisdiction of the Gibraltar Court on that third occasion. Because it was alleged or it was stated by the Government in Madrid to the Foreign Office that they do not recognise as British territory Eastern Beach. What would have happened, I venture to ask Mr Speaker, if instead of Eastern Beach, which I would submit and I will make the point in a moment more vehemently that it is not, in my view, part of the Isthmus. What would have happened if instead of the landing having taken place at Eastern Beach, they had landed at Camp Bay, if they had landed at Governor's Beach or even closer into town, if the landings had taken place at Michael Feetham's Beach within the Bay. It could very well have happened because the Gibraltar launch could have come into the harbour and they could have been followed and the launch could have been run ashore at the Reclamation Site. Would the same attitude have been adopted, would the men not have appeared at the Magistrates' Court because that was not British Sovereign Territory. The beach in question is directly below the Northern Cliff face. It has been historically without a shadow of doubt since 1704, or since 1713 when Sovereignty was ceded, part of British occupied territory and I do not see that there has ever been a dispute about Eastern Beach. There may be a dispute on the part of Spain with regard to the Isthmus, but I would say that Eastern Beach is no more part of the Isthmus than the place at North Front where our forefathers are buried. Surely that is British Sovereign Territory. I think it is unquestionably as British as La Atunara is unquestionably Spanish Territory, and therefore they ought to have submitted themselves to the jurisdiction of the Magistrates' Court on the third occasion, if that was the excuse which the Spanish Foreign Office was giving. I know full well what the attitude of the British Government is, as I say, about this matter. Not only do they hold firmly the view that Eastern Beach is British Sovereign Territory, but

the British Government has no doubt whatsoever, let me state categorically about British Sovereignty over the Isthmus. They have no doubt and they would be prepared, and have been prepared in the past, to put the matter to the test. Now we think, Mr Speaker, that the British Government all along, should have issued a Note of protest on two matters. The actual infringement at Eastern Beach by armed Spanish Customs Officers and that has got nothing to do, it is quite a separate issue from the jurisdiction of the Gibraltar Court. At the political and diplomatic level, there is a need for the British Government, because of the nature of the incident, because it is unlike any other incident that we have been subjected to over the years. There was a need for the British Government or the Foreign Office to have issued, through the proper channels, a Note of protest. And secondly, there is a need to do the same in respect of the reason that has been given for the non-appearance of the Spanish Customs Officers when they jumped bail, namely that that is regarded by Spain as being Spanish Territory. This is an affront that should not be allowed to go unchallenged and in my view it is more serious than the original, the initial act itself. I hope, Mr Speaker, that commonsense is going to prevail on this matter and that relations between Gibraltar and Spain which have undoubtedly deteriorated recently and that an attempt should be made to really put the matter on a sensible key. I say that because ultimately it is two innocent Communities that have already suffered enough over the years that suffer in this respect. The people in Madrid, and that is why they are not particularly popular in certain regions of Spain, like Andalucia and Catalonia, because they take decisions in vacuum, they take decisions which affect the poor people living four or five hundred miles away, and they can sit in their offices in Madrid without being affected in any way by the consequences of those actions. I know that there is the view in Gibraltar today amongst many people, that nothing has changed, that we are back to the situation that obtained before November 20th 1975, that is before Franco died. That is not the reality of the situation, thank God, the Spain of today is not the Spain of the days of Franco and we need to work with calmness to bring an end to the needless punishment and harassment of innocent people. I say that it is not the same Spain because today in Spain people, journalists, are able to do what they could not do in the days of Franco. If Jose Luis Llague had written the two articles that have appeared in Area on the 26th July and more recently, which I think was reproduced in English in Panorama last Monday, and the second one which is an even stronger one on the Sunday 30th, I think that Jose Luis Llague would have written his last article for many years to come on the 30th, because he would now be in prison, and that is why we have to take note of the fact that things are different in Spain. That there is considerable freedom, that there are considerable democratic freedoms, not the least freedom

of the press and in his first article this man who headed the article as "The frontier of punishment" - "Una frontera de castigo", is assuming that the reasons for the delays are insufficient resources. In other words that there was no vindictive retaliatory intent behind that, but that there was more traffic and they did not have enough resources, he was however pointing out in that article that Gibraltar is of great interest to Spanish tourists, that they come from all parts of Spain to the Costa del Sol for their holidays and Gibraltar attracts them like a magnet. It attracts them like a magnet thanks to the publicity which the Spanish Foreign Office has so gratuitously given us over the years and because it is part and parcel of the history of Spain and they want to see what it is all about. It is also terribly attractive to other visitors to Spain and therefore the man was making the point that in the same way as hundreds and thousands of people, for instance, on Pentecost Monday or Sunday visit El Rocio near Seville and measures have to be adopted to cope with that, then this man was making the point that people should not be subjected, in the heat of summer, to these delays for lack of resources. But then when he learns a few days later what the real reason is, then he heads his article "The frontier as a means of vengeance". "La Frontera como arma de venganza" and of course he condemns this action that is being taken out of hand and he goes on to say that in fact those responsible are playing with fire, and that they may get burnt. Because he says that the patience of people who are queuing for hours in the heat of summer has got to break at some time and that there is a possibility that at the frontier one of these days this will happen since people are fed up of waiting and that there is going to be a serious incident involving very many people. It does not take very much, Mr Speaker, in the light of what I said earlier about feelings locally, and it does not take very much to ignite a spark which could lead to a serious incident. I think that if Political and Trade Union Leaders in Gibraltar had wanted to exploit what was happening there could very well have been an incident even greater than that of November 1987. We are all however trying to restrain ourselves in this respect. I could have said a great deal more, Mr Speaker, but really as I have said initially my purpose is to place on the record of this House what I hope will be the united view of this House on the matter, because we need to do so. If we allow a situation such as this one to go by without placing this on record, I think we are then neglecting our fundamental duties. It is the sort of motion that from time to time the Honourable Mr Bossano used to bring and sometimes the vote was fourteen to one against. On some occasions he had a little bit more success and I would hope that on this occasion our Motion with my colleagues amendment might carry the House fifteen love. 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 P C MONTEGRIFFO:

As my Honourable colleague, the Leader of the Opposition has indicated, I have the honour to move an amendment to the motion which takes account of the deliberate action taken by Spain to allow frontier queues to occur in direct retaliation for the issuing of the warrant of arrest for the Customs Officers. The terms of the amendment is as follows: Add sub-paragraph 3 "The attitude of the Spanish Authorities in deliberately allowing frontier queues to occur in direct retaliation for the issue of warrants of arrest for the Spanish Customs Officers". Mr Speaker the reason why it is framed in the terms of condemning the attitude to the Spanish Authorities in deliberately allowing the queues is that our understanding is that it was originally at least the union of the Customs men who were apparently responsible for the action, but it seems clear to us on this side, that such action is clearly supported, aided and condoned by the Spanish Authorities since they have done nothing to take any action which in normal circumstances they might have been able to. So let it be clear that as far as the Opposition is concerned, in moving this amendment, we are placing the responsibility for the queues directly with the Authorities who we feel have deliberately allowed the situation to occur. So the importance of bringing the amendment is basically for the reason given, or at least it was reported, that the Deputy Governor had issued a statement in Gibraltar a few days ago, the Acting Governor, I beg your pardon. The formal reason given was that Spain was actually retaliating as a result of the issue of the arrest warrants. As far as we are aware, this is the first time that it has actually been confirmed that Spain is using the delays at the frontier as a retaliation to action taken. This has been something which we have long suspected but we had not really had basic confirmation of this before. As the Leader of the Opposition has pointed out, Mr Speaker, the decision taken appears also to add weight to the whole attitude of the Spanish Authorities that the landings took place on territory that did not appear to be British Territory and that they did not recognise Gibraltar's jurisdiction. The precedent that this would set is of course very serious and if it is not corrected, as we assume it will be, then the frontier queues are going to be used in retaliation every time that a serious misunderstanding arises between Gibraltar and Spain. Spain might even be prepared to not accept Gibraltar's jurisdiction in other things, like for example, the Chief Minister mentioned this morning the question of the single licence within the EEC. A single licence issued in Gibraltar would be recognised in France and Germany and that is a recognition of Gibraltar's jurisdiction as an

Authority and as an entity, and the Spanish argument might well be of not recognising our jurisdiction at all. I think we have to understand these points and for that reason we have to place on record our protest at the attitude of the Spanish Authorities. Sir, I hope we will be able to emerge this evening with a joint agreement to this motion, a joint venture. I want to endorse the fact that we hope that sense will come out of this episode and that we are dealing with a Spain that we believe is different to Franco's Spain but that in fundamentals we still have to clearly protect Gibraltar's position and in this sense the type of declaration that this House can give effect to by a Motion we feel is one of the steps that should be done in this respect. Thank you, Mr Speaker.

Mr Speaker then proposed the question in the terms of the amendment as moved by the Hon P C Montegriffo.

HON CHIEF MINISTER:

Mr Speaker, am I talking to the amended motion or to the original motion?

MR SPEAKER:

Well you can speak to both now.

HON CHIEF MINISTER:

I do not intend to say a great deal, Mr Speaker, because in fact as far as I am concerned, the views expressed in the motion are shared by the Government and unlike similar Motions it will not be defeated by 14 to 1 or even by 8 to 7. The Leader of the Opposition's expectation will be fulfilled and we will be voting in favour of the motion as it stands. We will not try to amend it. We take it as it stands now and also accept the amendment moved on the question of the delays at the frontier, Mr Speaker. I do not think there is any doubt about the fact that the frontier delays on this occasion are centrally inspired and certainly it has been difficult to track down the supposed union involvement. I think certainly some informal contract that were made on the other side to find out what union was telling the officers to take this action. It turned out eventually that the alleged union was the union of the bosses of the officers in Madrid that was doing it. That is how they explained that it was coming from Madrid and it was still the union. I suppose they could have a union of the Senior Officials in the Foreign Office also giving orders at the end of the day. I think we need to make clear what it is that we are doing. I think what we are doing is more than putting something on record here and we are doing it with our eyes open. Certainly I do not know whether everything the Leader of the Opposition has said will get reported back to Madrid, but I have no doubt that the text of the

Motion will. I am saying that and at the same time I am saying that we are supporting it, because I do not feel that fear of retaliation should inhibit our right to free speech in this House. Otherwise we might as well have given up in 1968, and although there has been a democratic change in Spain which is very fundamental, regrettably for us, it seems to stop at the Isthmus and when it gets to it, it gets stuck and I know they see it differently from the way that we do. I can tell Members that I was in London when the incident happened and I was approached by the Foreign Office to be warned about what was taking place as well as by the Acting Chief Minister, who rang me up to tell me how they were handling it at this end and the initial supposition from Spain apparently was that an apology on their part and an explanation supposedly along the lines "that the Officers involved were from Cadiz and not from here and were unfamiliar with the territory and did not realise that they had actually landed in Gibraltar until they suddenly found themselves facing Gibraltarian policemen and that they were sorry that it had happened and that it would never happen again". They thought that that would be sufficient, apparently this is what the Madrid Authorities thought, that it would be sufficient for the matter to be terminated at that point and the whole thing forgotten as a regrettable incident as between two friendly cooperating Member States, except that we are not two friendly cooperating Member States, because they are not cooperating on maritime communications, they are not cooperating in allowing us to make use of the Air Liberalisation Legislation that has just been introduced for Regional Airports. They have tried to put conditions on us which do not apply to anybody else in the original Directive and they even claim to have opened the frontier in exchange for talks on Sovereignty and not because they had to because they were joining the Community. So in fact, nothing that happens between us is the same as if it were to happen between France and Spain or Portugal and Spain. It is different, and it is going to be different for a very long time to come, and we have to live with that reality. They have to live with it and we have to live with it and at the end of the day, it is not our desire anymore than it is not the Opposition's to stoke up fires of hostility or enmity - this is not in the interests of either the Gibraltarian people or the neighbouring towns. But we are absolutely clear-cut in our own mind that we must not be seen to concede an inch on fundamental principles for the sake of peace and quiet. We are firm believers that once you get on the slippery road of making compromises to buy peace, to buy over a blackmailer, to buy over a bully, to buy over a declaration of war, then that process only ends when you are down to your socks and your underpants and it is a question of giving and giving and giving, and therefore we have to make absolutely clear, as I think the motion does,

and we are not seeking to change it because we think it collects very accurately the sentiments that have already been expressed privately by the Gibraltar Government when they have been asked for their opinion. This is what the Gibraltar Government thinks is the feelings of the people of Gibraltar. Therefore we have to have it on record as the Member opposite says and it is in fact in keeping with the tradition of this House. Because, Mr Speaker, whether we have talked about negotiations on the airport or anything else, I have always felt there was a need to put the thing on record so that the position of Gibraltar in its elected forum should be there as a matter of historical record for the future. I do not think that there can be any doubt either that the Foreign Office would consider this to be a regrettable addition to the obstacles and add to their efforts in trying to cool down the situation, but be that as it may, it is better I believe for the Foreign Office to make it clear to the Spaniards that we are absolutely convinced that we are in the right and that they are in the wrong, and if we are going to avoid repetitions in the future, then however long it takes them to come to their senses and we hope it will not be very long, it is a matter of us sticking to our guns and pulling through this one like we have pulled through other crises in our relationship in the past and therefore the Government is very happy to support the Motion as it stands.

HON A J CANEPA:

Just one very minor point, Mr Speaker. It becomes necessary to place the matter on record and to protest about the attitude that has been taken because we are in the right and there is not a shadow of doubt that we are in the right. If we were on doubtful territory, then perhaps the matter would be different, but this is a fundamental matter and until Spanish Authorities accept the view that we take about British sovereignty over Gibraltar is uncompromising, unless we start from that premise, really they will never reach a greater understanding of our position, which I would hope that they would have done by now and that is why the Motion has got to echo the sentiments of the people of Gibraltar, because the people of Gibraltar take a very simplistic view of the matter. The matter does not have any shades of grey. It is absolutely clear-cut, we are 100% in the right and therefore regardless of what feathers we may or may not ruffle, we have to make the stand.

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

The following Hon Member was absent from the Chamber:-

The Hon E Thistlethwaite

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I beg to move that the House should now adjourn sine die.

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

The adjournment of the House sine die was taken at 9.00 pm on Tuesday 1st August 1989.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

9TH NOVEMBER, 1989

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Seventh Meeting of the First Session of the Sixth House of Assembly held in the Assembly Chamber on Thursday 9th November, 1989, at 10.30 am.

PRESENT:

Mr Speaker (In the Chair)
(The Hon Major R J Peliza OBE, ED)

GOVERNMENT:

The Hon J Bossano - Chief Minister
The Hon J E Pilcher - Minister for GSL and Tourism
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 K W Harris - Attorney-General
The Hon J H Bautista - Financial and Development Secretary

OPPOSITION:

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

The Hon P C Montegriffo

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

ABSENT:

The Hon J L Baldachino (who was ill)

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 31st July, 1989, having been previously circulated, were taken as read and confirmed.

ANNOUNCEMENTS

MR SPEAKER:

I'd would like to make two short announcements. First of all, I think, to welcome the Hon Ken Harris to the House in his new appointment as Attorney-General. We have known Ken for some time now and I think we all wish him a happy and effective performance in the House.

HON ATTORNEY-GENERAL:

Thank you very much, Mr Speaker, for your kind remarks. I do not anticipate being as vociferous as the Members on either side of the House in this particular building but I hope I can play something more than a passive part and contribute usefully to the proceedings of this House. I will certainly endeavour at all times to do so. Thank you, Mr Speaker.

MR SPEAKER:

The next announcement is regarding the Hon Mr Peter Montegriffo. He has informed me that he no longer takes the whip of the GLP/AACR and that he wants to be considered as an independent Member.

DOCUMENTS LAID

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

- (1) The Tourist Survey Report, 1988.
- (2) The Chairman's Report and Accounts of the Gibraltar Museum for the year ended 31st March, 1989.

Ordered to lie.

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

The Employment Survey Report, October 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.9 of 1988/89).
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.10 of 1988/89).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.3 of 1989/90).
- (4) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.4 of 1989/90).
- (5) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No.5 of 1988/89).
- (6) Statement of Supplementary Estimates No.2 of 1989/90.

Ordered to lie.

MR SPEAKER:

Perhaps at this stage I should announce that the Hon Mr Baldachino is ill and therefore is unable to attend the meeting today and that in his absence the Hon Mr Feetham, Minister for Trade and Industry, will do his best to answer the questions. May I add that if any Member is not satisfied with the answer given, the matter can either be pursued by letter or, if necessary, if not fully answered, the question could be asked at the next meeting again.

ANSWERS TO QUESTIONS

The House recessed at 1.00 pm.

The House resumed at 3.35 pm.

Answers to Questions continued.

BILLS

FIRST AND SECOND READINGS

THE EMPLOYMENT (AMENDMENT) (NO. 2) ORDINANCE, 1989

HON R MOR:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Employment 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 simply a consequential amendment as a result of a Bill I, previously brought to the House. Due to an oversight there were parts of the Ordinance which still refer to sections which have been renumbered and this Bill is just intended to correct this. Sir, I commend the Bill to the House.

MR SPEAKER:

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

There being no debate 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 PENSIONS (WIDOWS AND ORPHANS) (AMENDMENT) ORDINANCE, 1989

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Pensions (Widows and Orphans) 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 ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the basic idea of this Bill is to lead to the winding-down or, should I say, winding-up of the present Widows and Orphans Scheme. The Bill is

really self-explanatory and as Members will have seen, it does two things. Firstly, Clause 2, prohibits entry into the existing Scheme of persons who joined the Government Service after the effective date of the proposed Ordinance which, as will have been seen, is the 26th October, 1989. There is no special significance in that date, Mr Speaker, it merely happens to be the date on which the Bill was published. Clause 3, entitles any existing Government servant participating in the Scheme to opt out of it, if he or she wishes, and to obtain a refund of contributions which he or she has made during the period of his or her participation in the Scheme. The word is 'refund', Mr Speaker, and not 'refused' which you may have noticed inadvertently appears in the published Bill. This is merely a slight printer's error which I do not think the House need worry about because if the Bill is approved and enacted, the entire explanatory memorandum will disappear. Mr Speaker, can I add, that the Government has instructed me to prepare and present this Bill in response to a request from the Trade Unions, who feel that it is in the interest of their respective members to alter the existing law. The Government is confident that many of those eligible to contract out of the existing Scheme will elect to do so. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, the Hon the Attorney-General said this morning in response to a welcome that he received on being appointed substantive Attorney-General, that he would be somewhat passive. I wish he would have been rather more active in moving the Second Reading of this Bill because he has really said very, very little and what is being done is a major step. A Scheme that has been in force for many decades and which is an integral part of the terms and conditions under which the Government employed its non-industrial, is being effectively wound up and the only reason that has been given is that it has been at the request of certain trade unions and that the Government has no difficulty in agreeing to that. I would have thought that that is really not a sufficient explanation of why, in fact, the Government considers that it is not necessary to have such a Scheme. The onus is now going to be on public officers employed by the Government to make provision for their widows and orphans and I say, Mr Speaker, that given my intimate knowledge, over a number of years in the field of pensions, and knowing people's attitudes both during the time when I

was a Minister and during the time when I was active in the Gibraltar Teachers' Association, I doubt whether as many persons, as many Government employees, will make provision for their widows and orphans as we would like to see. I think in practice many will not and therefore their widows and orphans could become and are likely to become a liability on public or social assistance in the future. Invariably, Mr Speaker, there are persons who do not think ahead, who imagine that it is not going to happen to them and that, in fact, no serious problems of hardship are going to be caused in the event of their dying before the natural order of things. We are not going to oppose the legislation because if the unions have raised the matter themselves and they seem to be generally agreed, who are we in the Opposition to do so and in any case it does not matter. But we do not support the measure and we will therefore abstain on the Second Reading of this Bill and time alone, I think, will tell whether in fact it is not a mistake to abolish the Scheme. Perhaps interim arrangements could have been introduced over a period of a year or so allowing for some flexibility so that people could decide during that interim period one way or the other but instead what is effectively happening is that the Scheme is being abolished. I think that people get a good return for their money. They contribute 1½% of their salary, I am not sure whether in return for that sort of contribution they would be able, in any case, to obtain that type of cover in the private sector, a life insurance scheme, that would be totally commensurate with what the government has been giving over the years. Of course, the 1½% contribution that they make is tax deductible and therefore in real terms that has reduced the level of contribution. I knew, having regard to the question that my Hon colleague, Dr Valarino, had made in the House in June, that there was a move within certain quarters, particularly a group of employees who apparently were being non-industrialised, their jobs were being non-industrialised, for them to be allowed to opt out but I had no inkling, until I saw this Bill, that there was a general move afoot within the trade unions in Gibraltar and which the Government was agreeable, to wind up the Scheme entirely.

HON CHIEF MINISTER:

Mr Speaker, the situation is quite simple. We do not feel that as an employer we should impose conditions on our employees which are ostensibly for their own good but which they do not want and therefore the situation is that it was raised by the non-industrial unions in SACC. The argument that the Hon Member has put seems to forget one very important element. The position under the Widows and Orphans Pensions Scheme is that it applies to salaried staff, it does not apply to weekly paid staff and it never has done. In all the year that the Hon Member was in Government, which was sixteen years, if he thought this

was such a good thing then I am surprised that he did not seek to extend it to all the weekly-paid workers whose widows, presumably, were even more vulnerable than that of the highly paid managers. But it is the people in the higher salaries who are the people who are protected and who say they do not want to be protected and the people at the bottom are not protected anyway and have never been protected. This is why since we had already agreed to a union claim coming from all the white collar unions saying through SACC that they did not want to continue with WOPS we thought "Well, if the people who have it do not want it, why should we force it on the people who do not have it". This is why when they were non-industrialised in a number of areas we told them: "Look, you do not have to join the Scheme because, in fact, we are going to give the option to those already in it to leave it". The legislation ends the requirement for people to join WOPS when they get promoted and become non-industrial and the bulk of non-industrial recruitment in the Government is from within the Service. There are very few jobs where the vacancies are filled from outside because those jobs seem to be jobs which require specialist qualifications, things like teaching or a few other jobs where you do not normally get internal applicants but the bulk of the non-industrial jobs in the Gibraltar Government are advertised internally as the Hon Members knows and are filled internally and are filled quite frequently from the ranks of the industrials who have never had WOPS so it did not matter what happened to their widows until they got promoted. We had to take a policy decision on whether we should say 'yes' or 'no' to what the Staff Associations were asking for and we could not, frankly, produce a good enough argument simply on the basis of saying, as I think the Hon Member is saying, that it is better for them to be in if they insist that in their judgement it is not better for them to have it. Who are we, Mr Speaker, to impose our criteria of what is good or bad for them when they are old enough to know for themselves what it is that they want. It is they who are paying for it and they do not want to continue paying for it and, in fact, the system that we have is that we are recognising the rights of those in the Service and we will know by the numbers that apply really, to what extent the Staff Associations are accurately reflecting what the majority want or not by whether we get a majority of people wanting to opt out or whether we get a minority wanting to opt out. This is accepting representations from the Staff Associations, through SACC, saying that they do not wish the Scheme to continue. They believe that they are not getting good value for their money and we have not done an exercise, comparatively speaking, to show whether what is provided for the 1½% is good value or not good value. We have simply, in analysing the claims, said: "Look, it is not that they are asking the Government to pay them more, it is just that they are saying they want to make their own provisions for their widows and their orphans in the case of death of the breadwinner

and that is already the case for the vast majority of people in Gibraltar". That is to say, within the Government we are talking about a situation where we have 3,600 employees of whom 2,000 are white collar workers and who are in WOPS and 1,600 who are manual workers and who are not in WOPS and it is the 2,000 who are in who want out and we cannot say 'no'.

HON DR R G VALARINO:

Mr Speaker, as you know we will be abstaining on the Second Reading of the Bill. The new Attorney-General, and I congratulate him again on his post, may not be acquainted with question No.136 of 1989 which I had previously put and therefore I feel that I should ask if it is in his judgement correct that 4(a) should read "the 1st day of June 1989". Perhaps once he has read that particular question and its answer he could tell us if the date I have quoted is the right or the date inserted. The indication was that previously people had been employed as from that date and were not paying WOPS at the time and therefore in many ways it would seem far more legal, it would seem, to comply with the law if we went to the "1st day of June 1989" to deal with the actual law rather than to the "26th day of October 1989" and retrospective back to when they were employed. I leave the matter entirely up to the Attorney-General. I do not know if he has the full question with him and if he has any qualms on the matter and he feels that I am right. Perhaps, Mr Speaker, we could have an answer at Committee Stage. If necessary, perhaps, the Committee Stage and Third Reading could be left for another meeting. With regard to what the Hon the Chief Minister has said, this is in many ways comparable to the social security system that we have in Gibraltar and if social security were not to be compulsory then many people would not pay their contributions. Thank you, Sir.

HON LT-COL E M BRITTO:

Mr Speaker, I would like to develop one of the arguments put forward by my Hon Friend. We have taken on board the arguments raised by the Hon the Chief Minister about representations from the unions and the fact that a certain number of people do not want to belong to the Scheme but we feel that it is perhaps unnecessary to axe the whole Scheme at this stage without assessing what the real position is. It seems to us that there is a very easy way of doing it without limiting the Government's options and that is to implement, at this stage, that part of the Bill which gives the present people within the Scheme the chance to opt out but not to automatically disqualify new entries. In other words, new entrants into Government Service should be given the option of whether to enter the Scheme or not. It would achieve the same objective and nobody would be forced to be in the Scheme against

their wishes and then after a given period of time, for example a year or eighteen months or whatever is considered suitable, in the light of the experience gained and in the light of what the people actually do would prove one way or the other whether people want it or do not want it.....

HON CHIEF MINISTER:

If the Hon Member will give way, Mr Speaker, otherwise I cannot answer the point. The position is, Mr Speaker, that the people who are at the moment industrials cannot join WOPS. We have not had any representations from the people who cannot join that they want to join. What we have had was complaints from the people that had been promoted that they were being obliged to join. That has been the history of this not just now but for as long as I can remember, people who had never had to pay always complained about having to join the Scheme and pay. They were told that they had no choice because it was a compulsory scheme. When we find that not only do we have the people who are being forced to join not wanting to join but the people who are in the Scheme wanting to opt out, then obviously what you cannot do is run a Widows and Orphans Pension Scheme for maybe a minority of people. Because if we go back over the last eighteen months from the evidence that we have we know that all the people who have joined in the last eighteen months would not have joined if they had been given a choice. So we stopped forcing people to join and the people that we stopped forcing to join did not say "we want to join, give us a chance to come in". So we already have the kind of evidence to which the Hon Member is referring. We have had this evidence for eighteen months, Mr Speaker.

HON LT-COL E M BRITTO:

Fair enough, Mr Speaker, if the evidence is already there it is achieving what I was suggesting. I accept that, Mr Speaker.

HON P C MONTEGRIFFO:

Mr Speaker, as far as I see the position, it is clear. I do not see why people should be forced to contribute to something when they feel they can make more adequate provision in the market for the people that they care for. I see no difficulty with this Bill and I will be voting in favour.

HON J C PEREZ:

Mr Speaker, one point I should mention is that when the Scheme was actually introduced there were no Life Insurance Policies in the market and now there are and I think this has influenced the non-industrial unions to ask for the

option to opt out of the Scheme. They think that they can make better provision through Life Insurance Policies with the added tax advantages that they get out of it.

MR SPEAKER:

Does any other Hon Member wish to speak? I will then call on the Mover to reply.

HON ATTORNEY-GENERAL:

Mr Speaker, can I first of all, thank the Hon Member Dr Valarino for his kind remarks, I greatly appreciate that. Can I say also, Mr Speaker, that it is not for me to suggest to the Government what the effective date of an Ordinance should be. My task, as I see it, is to implement Government's policy by drafting the appropriate legislation when I am requested to do that. If I am asked to do anything which I feel is not lawful then I will jolly well say so. If it is lawful however it is not for me to argue whether it is or it should be this thing or the other. That is for the Chief Minister and his fellow Ministers to determine. Can I say also, Mr Speaker, that as a contract officer of the Gibraltar Government and someone who has never been eligible to participate in the WOPS Scheme that I am very delighted that I have always been in the position, virtually all of my professional life, to make my own retirement arrangements with private insurance companies in the sector.

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 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 K W Harris
The Hon J H Bautista
The Hon P C Montegriffo

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 Dr R G Valarino

The following Hon Member was absent from the Chamber:

The Hon J L Baldachino

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 PENSIONS (INCREASE) (AMENDMENT) ORDINANCE, 1989

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Pensions (Increase) 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 ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, this is a small Bill as Members of the House have seen which, in my view, requires very little explanation. As the House is aware, Government policy is to restructure the Civil Service and deploy staff to maximise the use of resources wherever Government considers it is expedient and appropriate so to do. This, ultimately means, Sir, that some positions in the previous structure become obsolete. The Bill provides a financial incentive to a person to leave Government Service on abolition of the office or post which he or she holds. Accordingly, it is necessary to add to section 3 of the Pensions (Increase) Ordinance which deals with the qualifying conditions for an increased pension, a new paragraph in subsection 2. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, we have no serious objection, in principle, to supporting this Bill because we are aware of the fact that there are a number of circumstances, other than when an officer retires at normal pensionable age, let us say 60, and becomes entitled to annual cost of living increases, we are aware that there are a number of circumstances, for instance, retirement on medical grounds where there is provision for the pension to be increased every year and it does seem to us that, in principle, it is fair that if someone is retired on abolition of office he should not be penalised by having the pension frozen until the age of 60. But we would like to have a little bit more information than what the Attorney-General has given. How many persons are likely to be affected immediately as a result of this? Have there been any instances that have come up recently which have therefore necessitated this amendment to the Ordinance? Also does the Government have any indication, having regard to the plans for restructuring which it has, of how many persons are likely to be affected, let us say, within the next twelve months or so? So we really would like to know are there persons immediately affected by the provisions of this or likely to be affected over the next year or so?

HON J C PEREZ:

Mr Speaker, taking into account the points that the Leader of the Opposition has raised. It is not a question that there is a targeted plan of posts that the Government has in its little black book and which are going to be affected within the next year or so. There are, as a result of the restructures that have already taken place, some people who are awaiting this legislation and which one could say have been unfairly penalised already and who would benefit of it automatically. I think the idea behind this legislation is basically as a result of those groups which have already been affected and who have used an argument which has convinced the Government that it is wrong to penalise them for the Government's plans but it is not that we have, as part of our restructuring policy, a number of posts targeted and that we are doing it to implement the plan. As part of the implementation of the plan there have been some people caught by this and they have made these representations and we have accepted those representations and they will be automatically affected by the provisions of the Bill.

HON P C MONTEGRIFFO:

Mr Speaker, whilst reserving comment on the general restructure of the Civil Service and the manner in which it is being undertaken, I see the Bill as a sensible and fair provision for people who are affected in this way. My only query arises from something that the Hon Minister has just mentioned and which is to what extent the Bill is designed to have retrospective effect. Perhaps the Attorney-General will be able to clarify for me whether there is a problem at all. However, if there are people who have been affected as a result of having left employment in the circumstances mentioned, then it will obviously be quite wrong for them to lose out whereas people who would subsequently be retired would not. The Bill states "has been retired" and I think that the matter should be put beyond doubt and clarified to make sure that we do not treat people unfairly or unequally.

MR SPEAKER:

If no other Hon Member wishes to speak I will call on the Mover to reply.

HON ATTORNEY-GENERAL:

Thank you, Mr Speaker. I have taken note of what the Hon Members have said and particularly what the Hon Mr Montegriffo has said and I will take instructions with a view to preparing, if possible, amendments to the Bill at Committee Stage.

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 the adjourned meeting of the House.

THE PENSIONS (AMENDMENT) ORDINANCE, 1989

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Pensions 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 ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Again, Mr Speaker, this is not a complicated Bill and as Members will have seen, it consists of only three clauses. The purpose behind Clause 2 is to expedite the procedure, in applicable cases, by substituting the necessity to obtain the requisite permission locally from His Excellency the Governor rather than from the Secretary of State in London. Clause 3 relates to the additional pension which a person with at least ten years service is eligible to receive on being retired on medical grounds. As Members will also note, section 5 of the Pensions Ordinance considered in conjunction with the relevant Pensions Regulations, provide that a person in such circumstances is entitled to be treated as having twenty years service in Government for the purposes of an enhanced or increased pension. Mr Speaker, there have been a number of cases where former Government employees have been retired on medical grounds and have in some instances made a rather remarkably quick recovery thereafter and entered into employment apparently as demanding as their previous Government employment from which they were retired as being unfit. I am sure that Members will understand, without further explanation from me, as to why Government considers that such persons who are fortunate enough to recover from their illness and which led to their retirement, should have no further need of the additional benefit arising out of their original incapacity to continue in gainful employment. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, we support this Bill, indeed, I will go further and say we welcome it. I say that because I recall a decision that we took in Council of Ministers in 1987, I think it was, that did precisely what is being done here by this Bill, namely, that the law should be changed so that people who retire on medical grounds with less than twenty years service but more than ten, instead of automatically having the difference between their actual number of years service made up to twenty, should only become entitled to a pension based on the actual number of years of service. We decided this because we were getting a spate of cases of people taking that sort of early retirement on medical grounds with slightly more than ten years and having, under a very generous scheme, the pension made up to twenty and subsequently we also discovered, as the Attorney-General has said, that they

made a remarkable recovery. In many cases they could not see their way to take up alternative employment within the Government but they were able to leave the service, make an extraordinary recovery and take up, perhaps, more onerous employment in the private sector than what we were offering them. We welcome this and I think it is a pity that the legislation has not come earlier. The reason is perhaps because of the problem which the second clause is seeking to eradicate and which is that the matter had to go to the Secretary of State and either the Administration here sat on it or the Administration there sat on it because I do not think that the Secretary of State himself used to come in to the FCO every morning and say: "What have you got for me from Gibraltar in respect of people wanting to take early retirement?" I do not think that that was the problem and therefore the legislation, which ought to have seen the light of day a couple of years ago, did not do so. So we welcome it and we support it because we know that it is going to stop the abuse that there is in certain areas of Government employment.

HON LT-COL E M BRITTO:

Mr Speaker, there is only one additional point to what my Hon colleague has said and that is referring specifically to subsection (3)(c) of section 3. It seems to us that the object of the Bill could be defeated if someone subsequently to being invalidated out of the service takes on employment which is slightly inferior in either status or responsibility or emoluments and that would defeat the whole object of what is trying to be achieved here. Secondly, that the difficulty of establishing the exactitude of things like status and responsibility probably cannot be underestimated. I think it might be worth looking at that wording a little bit closer in order to strengthen it, possibly by inserting 'or' in between to read "status or responsibility or emoluments", or even "substantially inferior". But I leave that to the Hon and Learned Attorney-General who is obviously much more expert than I am.

HON P C MONTEGRIFFO:

Mr Speaker, I agree with everything that has been said but I wonder whether the Bill goes far enough inasmuch as I think it is, and perhaps I have not understood the Bill totally, and if so the Attorney-General will correct me, but I think it discriminates against the person who takes up employment as opposed to the person who then takes up self employed activities and I think that that is a problem that, in fact, does occur where somebody who retires from Government service in the circumstances that the House is considering, actually then set themselves up as a consultant in something or other or does private

work because he has acquired that expertise in Government, he would still be eligible to his full pension but a poor fellow who perhaps then does what everybody else has been doing and obtains employment is going to get hit. I think that if the Government were to accept that that conceptually is right, then thought could be given to broadening it so that self employed people are also caught by what this is designed to do.

HON DR R G VALARINO:

Mr Speaker, a minute change for the Attorney-General to deal with, 12A(2) should read "A person" and not "A peson".

MR SPEAKER:

If no other Hon Member wishes to speak I will call on the Mover to reply.

HON ATTORNEY-GENERAL:

Mr Speaker, I am beginning to wonder if the Government printers can spell. Can I, first of all, apologise to the Hon Members on the other side of the House for not having drafted the Bill earlier but I was only appointed substantively to my present post six days ago and I have done it as fast as I possibly could. I do not think, in response to the points the Hon Mr Montegriffo has raised, that the Bill is discriminatory in the sense of contravening section 14 of the Constitution which contains the most applicable discrimination provisions which apply in our Gibraltar Laws but I am always very amenable, Mr Speaker, to any proposals which will tighten legislation and save the enthusiasm frequently shown by the lawyers in private practice in Gibraltar to suggest it is ambiguous in some way. With that objective in mind I most certainly will take instructions from Government with a view to effecting any amendments considered necessary at the Committee Stage. I am very pleased indeed that I have got something right insofar as the Hon Members of the Opposition are concerned in the sense that they are supportive of the Bill and I do not feel there is anything further I need add.

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 the adjourned meeting of the House.

THE CRIMINAL PROCEDURE (AMENDMENT) (NO.2) ORDINANCE, 1989

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Criminal Procedure 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 ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, can I begin by saying that when I first came to Gibraltar five years ago I was most surprised that the provisions which this Bill seeks to implement into our laws did not then exist. The power to defer sentence in criminal cases has existed in the Courts of England and Wales since 1973 and, regrettably, I have to say, the former Attorney-General was not amenable to the proposal I made soon after my arrival in Gibraltar to enact the provisions I now seek to do. I am happy to say, however, that following consultation with the President of the Court of Appeal, the Chief Justice and the Stipendiary Magistrate, they very much support the Bill. The Bill does effect, Mr Speaker, an important and in my view, as I have said, rather of an overdue amendment to the Criminal Procedure Ordinance. I have personally always felt that Judges and Magistrates dealing with criminal cases should have as much flexibility as possible in matters of sentencing. This Bill, if approved and enacted, will enable the Criminal Courts to defer for a maximum period of six months the passing of sentence upon an offender instead of having to sentence him immediately on conviction. The Bill also provides, however, that if the offender on whom sentence is deferred is convicted of another criminal offence within the period of deferment, then the Court does not have to wait until the period of deferment expires but can then proceed to sentence on both offences. That is, Mr Speaker, of course, the offence in respect of which sentence was deferred in the first place and the further offence he has committed. I would suggest, Mr Speaker, that the type of case in which deferment of sentence is probably most appropriate is in the case of a first time offender who between the commission of the offence and conviction by the Court as expressed and shown remorse and who has indicated his willingness to take positive steps to resolve any problems existing in his life which may have contributed to the commission of the offence and the Court feels he should be given a chance to prove that he intends to do what he says. The Bill has the support, Mr Speaker,

as I mentioned already, of the members of the judiciary in Gibraltar and the new power the Court will be given is, of course, without prejudice to any of the Courts' existing powers in relation to the type of sentence which cannot be imposed. Mr Speaker, at the Opening of the Legal Year Ceremony, just about five weeks ago, in my address to the Supreme Court I indicated then that I hoped to have an early opportunity of introducing these provisions to this House for enactment. I am delighted that I have been able to have that opportunity and it is my pleasure to commend this Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Yes, Sir, we support this Bill. It follows the practice in the United Kingdom and it does give a little joy to the convicted person that where a sentence is deferred it will mean unless he really blots his copybook in the meantime, when sentence is passed it will not incur a prison sentence. I have this from a high legal authority. I think that it is very reasonable to give a person convicted the opportunity, during the period of deferment, to do his best to make amends and I am sure that the person convicted in most circumstances will take this into account. Where he does not and where he commits another offence then he only brings any extra sentence on himself. We support the Bill.

MR SPEAKER:

If no other Hon Member wishes to speak I will call on the Mover to reply.

HON ATTORNEY-GENERAL:

Thank you, Mr Speaker. I confirm that what the Hon Mr Featherstone has said is absolutely correct, that an offender upon whom sentence is deferred can certainly expect not to receive a custodial sentence if he behaves himself and complies with any conditions implied or expressed which the Court attaches at the time it defers the sentence. It also does another thing, Mr Speaker, the Magistrates' Court when passing sentence has power, in appropriate cases, where it feels its powers of punishment are insufficient to commit a person convicted of a criminal offence to the Supreme Court for sentence. But if the Magistrates' Court in accepting jurisdiction to deal with the matter in the first place then after hearing the defendant or his counsel in mitigation, feels

it is an appropriate case in which to defer a sentence then after the deferment period has expired the Court has to decide then the appropriate sentence to impose. There is a case authority in the UK to establish the point that the Court then cannot commit the defendant for sentence, it must sentence him within its own sphere of authority.

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 the adjourned meeting of the House.

THE DRUG TRAFFICKING OFFENCES (AMENDMENT) ORDINANCE, 1989

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Drug Trafficking Offences Ordinance, 1988 be read a first time.

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

SECOND READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, this is a Bill to effect important amendments to the Drug Trafficking Offences Ordinance of 1988. Members will recall that the Bill which lead to the enactment of the Ordinance which it is now proposed to amend, was introduced into this House on the 16th November, 1988, almost a year ago, Mr Speaker. It went through its remaining Stages on the 29th November, 1988, and was subsequently brought into operation on the 1st May of this year by Legal Notice No.32 of 1989. The Ordinance provides for financial investigations to be carried out in relation to persons suspected of having engaged in drug trafficking and for the confiscation of any traceable money or other assets acquired from drug trafficking. The Ordinance was modelled when the former Attorney-General drafted it, upon the UK Drug Trafficking Offences Act of 1986 which has recently been complemented or perhaps, Mr Speaker, I should say supplemented in some of its provisions by the Criminal Justice Act of 1988 in the United Kingdom. This Bill if approved and enacted by this Honourable House, will enlarge the Courts' powers

to make restraint and charging orders in sections 9 and 10 of the Ordinance. Under section 11, Sir, the Courts' power to make charging orders in relation to land and other securities is proposed to be extended. And there are amendments also to section 14 which deals with the application of the proceeds of realisation and a minor amendment to section 18 which deals with the winding up of companies holding realisable property. Clause 9 of the Bill, Mr Speaker, introduces a new Section 18A into the Ordinance and this contains provision relevant to insolvency practitioners dealing with property which is subject to a restraint Order and is provisionally additional to the Courts' powers under existing legislation, for example, the Bankruptcy Ordinance. Clause 10 amends the Courts' powers to award compensation to persons acquitted or pardoned by His Excellency the Governor who have suffered financially by reason of having been prosecuted. Clause 11 extends the scope of the powers of the Governor in relation to enforcement of external orders and their registration. Mr Speaker, can I present the Bill on the basis that it is a further instrument to be used in Gibraltar's participation in the international fight against trafficking in drugs and the large financial rewards it clearly brings to those who engage in such unlawful enterprise. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Yes, Sir, we support this Bill, in principle, since it tightens the regulations under which a person who is dealing in drugs can have his property taken into consideration and confiscated, etc and we consider this to be a good thing. We give it our full support.

MR SPEAKER:

If no other Member wishes to speak I will call on the Mover to reply.

HON ATTORNEY-GENERAL:

Mr Speaker, again can I say how very pleased I am to hear that the Bill is supported by the Hon Members of the Opposition and in view of that I do not feel it is necessary for me to add anything further.

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 the adjourned meeting of the House.

THE BORROWING POWERS (1988-1992) (AMENDMENT) ORDINANCE, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Borrowing Powers (1988-1992) Ordinance, 1988 be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The Bill, Mr Speaker, seeks to raise the ceiling of Government borrowing from its present level of £50m to £100m. It also seeks to remove the existing limit on the time for borrowing which is no longer a justifiable constraint. The Government requires this flexibility to tap funds at short notice for its investment programme in furtherance of its restructure of the economy. The additional borrowing capacity, coupled with the removal of the time limit on the exercise of those powers, will also facilitate the re-financing of costly loans by cheaper borrowing. Mr Speaker, the new ceiling of £100m does not necessarily mean that the public debt will permanently operate at that level. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON G MASCANREHAS:

Mr Speaker, the Opposition will be abstaining on this Bill because, quite frankly, after listening to the Hon Financial and Development Secretary we have not been given a sufficient explanation as to why the borrowing powers of the Government need to be doubled from £50m to £100m.

In the first place it goes well beyond the lifespan of the present Government and I do not agree with the Hon Financial Secretary when he says that this should not mean a doubling of the public debt. Of course it will. What will be the price of Gibraltar's public debt? It will, in effect, be doubled and he has failed to mention what projects or what investments. We need to know, we need to have a few more details from the Government side before we, the Opposition, can make a considered analysis of the situation. It is therefore our intention to abstain. Mr Speaker, I sincerely hope that if there is to be any other intervention on the side of the political Government and they explain the matter then perhaps our position might be changed.

HON P C MONTEGRIFFO:

Mr Speaker, I concur with the view expressed by my Hon Friend. The worry that I express is that I do not understand why there was a projection, only fourteen months ago, of a certain borrowing capacity and why that projection has now been revised so significantly. I think if I had heard from Members opposite what has caused that, then it might change my view but what this amounts to is really a blank cheque, for another £50m, without really any explanation as to why the extra funds have been deemed to be necessary over and above what was voted for only several months ago, Sir. So I will also be abstaining unless I hear some other explanation.

HON CHIEF MINISTER:

Mr Speaker, the decision to raise the borrowing limits of the Government arise out of the upgrading of the forecast level of investment from the Improvement and Development Fund which I gave in this year's Budget. The Hon Member will remember that in the first year I said we would go from the £4m that had been spent in 1987/88 to £8m in 1988/89 and then £12m, £14m, £16m and £20m. That was the projection that we had made for the four years making a total expenditure in infrastructure of £56m in four years. In April this year, in fact, I increased that forecast from £56m to £70m and we have, as Members know, moved this year not from £8m to £12m but from £8m to £22m. The policy of the Government is that the money that we raise from long-term capital has to be for long-term investment and this is why on the recurrent budget we are taking the deficits by reducing the Consolidated Fund rather than by using borrowing to produce a wiping out of the gap between expenditure and income. The view of the Government and in fact, last year and this year, was that rather than this somewhat antiquated system of having to establish a ceiling, we should use a ratio and say "The level of national debt we consider to be, say, 35% or 40% of GNP" and therefore that would give us a rolling ceiling in the sense that

the bigger the economy the bigger the borrowing we could support. I think because the actual calculations in Gibraltar of GNP today are no different from what they were in the past and involve a fairly large amount of balancing items, the reality of it is that the calculation is not rigid enough to be able to put in the law because it is not well enough defined. The advice we had before from UK, and after discussing it with the former Financial and Development Secretary and the former Attorney-General, was that you cannot just say "35% of GNP" without really establishing how you get to the GNP and the way we get to the GNP is the way that has been done, and which I am sure the Leader of the Opposition is well aware the way the Statistics Office have done it for many years, is that there are a number of elements in it which are very accurate because they are based on things like imports and Government and Ministry of Defence employment and then there are other things about which there is quite a big question mark. Things like Tourist Expenditure which involves surveys of a few hundred people in the Coach Park. Our system of GNP calculation is therefore not sufficiently rigid for us to be able to link to the National Debt. Therefore we had to make a professional assessment and taking advice of where it was reasonable to target the National Debt in relation to the current Estimates of GNP and the projected growth of GNP and this figure is considered to be a figure that is compatible with the sort of conservative criteria that I have mentioned of 35% to 40%. There are many other Members of the European Community that have internal debt ratios of 70% and 80% and I think in most places, in fact, most nations do not worry particularly about their internal debt, what they tend to worry about is their foreign debt because their foreign debt impacts on foreign exchange earnings. Obviously we are talking about sterling debt predominantly. We have looked recently at the possibility of debt denominated in other currencies as has been done in the past but really with the uncertainty about sterling and whether it is going to join the EMS or not join the EMS, what we could save on interest charges we could expose ourselves to a very large exchange risk and on the whole we are unlikely to even dip our toe in that area. We certainly would not want to take foreign debt on other than as a minute proportion of the total, if at all, and on balance we feel that the present international exchange rates situation is not conducive to taking an exposure of foreign exchange risk of this nature. So, essentially, what we are doing is we are saying that we want to have the authority to increase the outstanding debt at any given time up to £100m and we are removing the year "1992" because, frankly, it is not logical to have a situation where you say "Gibraltar may have a National Debt up to £100m but if it does not need to borrow the money before 1992 then it cannot borrow it afterwards". I am not quite sure why the Loans Empowering Ordinance in the past has had a date by which you had to borrow or you lost your

borrowing powers and nobody seems to be able to explain to me why it was there. There might have been a very good reason in some remote past which nobody has a record of any longer and it has simply been carried on into every subsequent Loans Empowering Ordinance. Simply because that was the way it used to be done. We have, however, looked at the matter and technically it seems an unnecessary inhibiting factor because, in fact, the logic of the situation is that if you are able to increase your borrowing powers provided you borrow before 1992 then the logical thing to do would be to say: "Then we will borrow before 1992 because if we do not borrow before 1992 we will not be able to borrow after 1992", even though from a purely domestic balancing position of the I&D Fund and the capital expenditure programme the loans might not need to be drawn. Most of the recently negotiated loans, in fact, have been on the basis of a revolving facility. For example, if we have a situation, as recently happened, when some of the money from the sale of the reclaimed land came in and we can actually reduce our debt by repaying the money of the revolving facility then if we have too high a level of liquidity, because there is no point really in paying interest charges if you are not using the money. But we feel that £50m as a ceiling is not enough in the context of the level of expenditure that we are planning over the next 24 months.

HON A J CANEPA:

Mr Speaker, we cannot entirely support this measure so we will be abstaining. We consider that the level of borrowing that the Government has in mind is very much based on an act of faith and if the Government's economic policies are successful then Gibraltar will have no difficulty in facing up to the commitments that are being undertaken as a result of the borrowing powers which the Government is obtaining. But if anything goes wrong either with the domestic policies for the economy which the Government is implementing or if anything goes wrong in the field of external affairs then Gibraltar could be landed in a very serious financial situation and we cannot support that because we do not entirely agree with Government policy and we cannot have a situation in which were that to happen the finger would be pointed at us in that by voting with the Government we were supporting what they had done. We would also then have to take a large share of the blame for having supported the proposal. One thing is to have a National Debt of £20m or £30m or £40m or £50m, but we are now talking of a very considerable sum, far in excess of anything that has ever been envisaged in the past and it is really, as I say, very much based on an act of faith. They are able to make the act of faith but we are less confident in their abilities because we are not creatures of the same faith and therefore we have to abstain. We are more sceptical, Mr Speaker.

HON P C MONTEGRIFFO:

Mr Speaker, may I just say that I understand and accept the reasoning of the Chief Minister but I think the matter is not quite as simple as whether it is an act of faith or otherwise. I think it is a question of what Gibraltar's requirements are going to be in the next two or three years. I think the matter is sufficiently complex and important.....

MR SPEAKER:

I must call you to order. You can only speak once.

HON M A FEETHAM:

We are not at Committee Stage.

MR SPEAKER:

The Hon Member may speak at the Committee Stage.

HON P C MONTEGRIFFO:

I will then speak at the Committee Stage, Mr Speaker.

MR SPEAKER:

If no other Member wishes to speak I will call on the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have very little to add to what the Hon Chief Minister has said because I think he has answered most of the questions. Indeed, the question of financial management and borrowing is a quasi fiscal and political matter and not just purely an accounting one or a financial one. The Government has decided, in its wisdom, to borrow for investment and enhance Gibraltar's infrastructure, in other words, it is looking forward to the future with its Development Programme rather than simply carrying on perpetuating the straightjacket policies we had in the Gibraltar economy in the past where we only depended on certain revenues together with aid and support from HMG. Gibraltar can be carried forward in the same way as any well-run commercial entity which has to borrow. Borrowing does not necessarily mean you are going to go bankrupt. The comparison between bankruptcy.....

HON CHIEF MINISTER:

Then why are we bringing the Bankruptcy (Amendment) Bill to the House?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, the comparison with an individual situation in bankruptcy has its fault but I doubt whether Gibraltar will ever become bankrupt. All we are talking about at the moment is really whether or not we are able to meet the servicing cost. This is the crucial element, Mr Speaker, because ultimately the right arbiters of the situation are those that lend the money. They are the ones who will look at the Government and see whether its policies are sound and there are prospects of returns and this is what the Government has borne in mind and is doing. Thank you, Mr Speaker.

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

The Hon J 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 K W Harris
The Hon J H Bautista

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 Dr R G Valarino
The Hon P C Montegriffo

The following Hon Member was absent from the Chamber:

The Hon J L Baldachino

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.

MR SPEAKER:

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

The House recessed at 7.00 pm.

FRIDAY THE 10TH NOVEMBER, 1989

The House resumed at 10.40 am.

THE BANKRUPTCY (AMENDMENT) ORDINANCE, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, this Bill deals with what in the Financial Services Industry are termed 'Asset Protection Trusts'. These are Trusts which are set up by professional people such as lawyers, doctors and accountants for the protection of their wealth against claims in later years, say, for negligence. The market analysis shows that there is a significant demand for such Trusts especially from the USA. Other Common Law Finance Centres, such as the Isle of Man, Guernsey and Bermuda, are already servicing these demands. Gibraltar is likewise well-placed to provide a home for such Trusts which would open the door to further growth in the Finance Centre, particularly in the legal, accounting and banking sectors. There is, however, a barrier which has first to be overcome if this business is to be attracted to Gibraltar and that is an Elizabethan Act of 1571 called "The Fraudulent Conveyances Act" which still applies here. This Act provides that every conveyance of property made

with the possible intention to defraud creditors is voidable at the instance of any person thereby prejudiced. It is the effect or result of such a disposition which determines whether it is subject to potential avoidance under the Act irrespective of the actual intentions of the settler. Thus the Act impinges and is seen to work against the creation of bona fide Trusts by persons who would wish to dispose of their wealth or property to others without any intent to defraud. Mr Speaker, the Bill therefore aims at attracting Asset Protection Trust business to Gibraltar by amending the law so that the assets of such Trusts are protected from potential avoidance as a result of the Elizabethan Act. The measure is only being introduced in relation to non-resident individuals and is further qualified by the conditions that the settler must not be insolvent at the date of the disposition nor become insolvent in consequence thereof. These conditions are considered to be sufficient to ensure the genuineness of such Trusts. The measure will not prevent the continued application of the Elizabethan Act in other cases. For instance, if the settler had notice of a claim and made the disposition with intent to avoid meeting his obligations under the claim. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, the Opposition will be supporting the Bill.

HON P C MONTEGRIFFO:

Mr Speaker, the Bill as it stands is one which I will support but I am aware of differences of opinion within the industry of the method that has been used in actually saving the effect which we are all seeking to ensure our legislation can provide. Without wanting to pre-empt what view the Government may take on some of those representations which are pending, can I say at this stage that one issue which I think is valid and which I would like to identify myself with, at this initial stage, is the restriction, Mr Speaker, that the Bill should only apply to non-resident Trusts. There has been the view expressed that if it is proper for somebody to be able to protect his wealth in a bona fide way against the claim which he cannot anticipate today, is there any real justification for limiting that provision simply to people outside Gibraltar? Why should it only be created for a non-resident and deprive people here of that ability. I think that is a valid representation and it would not

affect the market that Gibraltar is seeking to attract at all and would give people in Gibraltar that sort of possibility as well. One other point I would like to make, Sir, is that I would ask the Government to consider that in considering possible amendments to the Bill as it is drafted, I would not like to see legislation being presented which basically throws the whole question of whether a Trust should be made void on the idea of intention which would have to be subsequently proved in a rather difficult way. Let me explain myself, Mr Speaker. The present Bill as it stands which I like because it is quite definitive in the steps that have to be undertaken before a Court could say: "That Trust is void". The Bill is very clear. If you are solvent, if you have no intention of defrauding, etc you are in. If you have notice of a claim then you would be deemed to be defrauding somebody. If you have not got actual notice then you are not defrauding anybody. The rules are clear and I think could be used by Gibraltar's industry with a measure of safety. There is an argument that instead of using that sort of clear criteria, one could draft a Bill which would simply leave the whole question of intention in vague terms. For example, the question of notice would be excluded from the Bill so that even if you were to have notice of a claim it could be argued subsequently that you were aware of facts which you thought could give rise to a claim at a later stage. I prefer certainty in an area like this because at the end of the day you have got to ensure the investor of the safeguard that Gibraltar is introducing in this legislation so I would ask the Government to consider the value of certainty in the legislation if it is minded to make amendments to the Bill as it presently stands. I am prepared to elaborate in little more detail the type of thing I am talking about. It is a little technical, Mr Speaker, but that is a point which I think should be made. The Bill as it stands certainly has my support and I declare an interest only inasmuch as I know there are clients of the firm for which I work who are, together with other people, anxiously awaiting the passage of this legislation.

MR SPEAKER:

If no other Hon Member wishes to speak I will ask the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Mr Speaker. I thank Members opposite for their support to the Bill and especially the Hon Mr Montegriffo's contribution. We did and are aware of the differences of opinion. There have been representations made which will be considered between now and the Committee Stage. I agree, and I am sure my colleagues do, with the point

raised by the Hon Member on certainty and this is what the words "notice of the events" which is included in the Bill is expressly intended to convey. There must be certainty of knowledge that there is a claim. Thank you, Mr Speaker.

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 the adjourned meeting of the House.

THE INCOME TAX (AMENDMENT) (NO. 3) ORDINANCE, 1989

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 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 explanation here for the purpose of the Bill is a simple one and I draw on the Explanatory Memorandum which is that the purpose of the Bill is to effect consequential amendments necessitated by but omitted from the Income Tax (Amendment) (No.2) Ordinance, 1989. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, if I had any doubt as to how the Opposition should vote I have two notes here. One, the fact that this is consequential to a Bill that we have voted against previously, and secondly, after the explanation we have finally decided because in the absence of any explanation our decision is going to have to be that we are going to vote against the Bill because it is inadequate. It

is not just good enough to refer Hon Members to the Explanatory Memorandum. There is very little in it. There is nothing, in principle, in the Explanatory Memorandum simply "To effect consequential amendments", so what? What is the import of these consequential amendments, Mr Speaker? As I say, this is consequential to a piece of legislation that we did not support when it came to the House. This is the second Bill, Mr Speaker, on the Agenda where legislation that should have been included on a previous occasion and was not and is now being brought to the House. If it happens once, one can perhaps think that it is an unfortunate oversight, a human error, something that happens to everybody but for it to happen a second time from eight or nine Bills that have been presented it inevitably makes one wonder whether legislation is not being somewhat rushed. Whether it is not being properly prepared and therefore all the implications that need to be carefully considered are really being taken into account. A one off is a one off, but twice in the same meeting can only lead one to suspect that that is the case. I must also be critical of the way that the Government has been presenting and moving the Second Reading of Bills on this occasion. It is invariably being done almost entirely by officials, so much for taking political responsibility and if the reason is that the legislation is of a technical or quasi technical nature then the official concerned should give a more satisfactory explanation so that we can understand the import of the Ordinance. I think that they have a role in trying to assist the Opposition in understanding what the legislation that is being brought to the House is about if we are going to be objective in our consideration of the legislation. Otherwise in the absence of a better explanation I think we will just have to vote against all the legislation.

HON CHIEF MINISTER:

I am astonished, Mr Speaker, by the reaction of the Hon Member opposite. There is no policy involved in this Bill. The technical explanation is self evident. If the Member gets the previous legislation and looks at the fact that a number has been left out or a word has been left out then what does he expect us to do? To go into a debate because somebody has left a number out of the last law? Of course we are pushing laws harder than ever before. If we did not do so we would do what the Hon Member did in sixteen years and which was nothing' The reality of it is that we are making demands on the Attorney-General's Chambers and on the Law Draftsman because we want to get things done and if in getting things done somebody leaves out a comma or a full stop then we come back with an amending legislation two months later saying: "We forgot to put a comma in line 2 and the explanation is that it is consequential on the original one" because if the original one says 'delete section 37' you cannot have

in another clause a reference to section 37 which no longer exists. So if section 37 exists one hundred times in the Ordinance and we have eliminated it ninety-nine times and we have discovered that we left it behind once, we come back and we say: "Look, the last time we voted to eliminate it ninety-nine times and somebody forgot that it was also included in the back page. We have now discovered it and for the sake of clarity and logic we are now eliminating it in the final clause because we are making reference to a clause that no longer exists". The Member opposite can vote against it because he voted against it being eliminated the first ninety-nine times and logically he should vote against it being eliminated the one hundredth time but what he cannot do is say that we are hiding behind officials or not giving logical explanations or that it is a technical matter. It is not a technical matter. It is a matter of simple English which somebody capable of doing the eleven-plus should be able to understand. I advise him to get the original one and read the Explanatory Memorandum and he will be able to discover this for himself without any help from us.

HON LT-COL E M BRITTO:

The eleven-plus went out before he became a Member of the House.

HON CHIEF MINISTER:

I know, Mr Speaker, but he was still a school teacher at the time so he will know what I am talking about.

HON LT-COL E M BRITTO:

Mr Speaker, the Hon the Chief Minister has used his usual tactic of reducing things to the ridiculous. We are not talking about removing a comma or introducing a semi-colon. We are talking about a matter of principle and we are talking about, for example, clause 2 where there is a change of words "for rules made hereunder" which was the basic objection we had to the original legislation and the provisions of the section. And that is what we are talking about, principle, and not the removal of a comma. A lot of us undertook the eleven-plus as well, Mr Speaker.

HON J C PEREZ:

Mr Speaker, I am afraid we come back to the same thing. If the Hon Members opposite had done their homework they would have checked out what the amendments are in relation to the Ordinance. They would have known that what the Hon the Chief Minister has said is true. The Hon Member however goes on arguing about words again without checking

what those words mean in relation to the original Ordinance that was passed in this House. That is what they should do rather than make an issue of something very simple like that.

HON LT-COL E M BRITTO:

If the Hon Member will give way. I think it goes further than that, Mr Speaker. There is a responsibility for the Mover of the Bill to give a detailed explanation of what is being done and that is what has not been done.

HON J C PEREZ:

Mr Speaker, there is no detailed explanation necessary. I do not know how they do their homework but certainly when we were in Opposition we used to get amendments to Bills and relate to the original Bill to see what the amendment was about and not depend on the Explanatory Memorandum. There is no detailed explanation necessary, nor are we like the Hon Mr Canepa said, hiding behind officials. If you look at the record of what happened yesterday where Hon Members did not participate and the Opposition agreed to support the Bills. When a point was made by the Opposition which we disagreed with then the political Government has stood up and replied. So there is no truth in what the Hon Members are saying. They are, quite frankly, stirring things up, Mr Speaker.

HON P C MONTEGRIFFO:

Mr Speaker, I will be voting against this Bill for the reason that it really follows from a former piece of legislation which we voted against at the time when I was sitting with my colleagues. I think it is important to understand that the amendment falls within that part of the Income Tax (Amendment) (No.2) Ordinance which gives the Government power without coming to this House to fix tax rates for different classes of individuals.

MR SPEAKER:

We cannot revive the whole matter again. You must concentrate on the amendment.

HON P C MONTEGRIFFO:

Mr Speaker, I am talking about the amendments included in the Bill.

MR SPEAKER:

You cannot revive something that has gone through the House already, otherwise I will have to rule you out of order. That is the rule.

HON P C MONTEGRIFFO:

Mr Speaker, I am talking to the amendment but to the amendment.....

MR SPEAKER:

Then stick to the amendment and do not start going into the general Ordinance.

HON P C MONTEGRIFFO:

Mr Speaker, the amendment actually talks about the piece of legislation which was brought to the House previously.

MR SPEAKER:

No, the amendment talks about the amendment and you have got to follow the amendment if you want to speak.

HON P C MONTEGRIFFO:

Well, Mr Speaker, the point in any event is that the amendment seeks to amend something which we voted against. There were other parts which we did not vote against at the time but because of the reasons I have explained and which obviously the Government is not going to change its mind on. I will be voting against.

MR SPEAKER:

If no other Member wishes to speak I will ask the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Mr Speaker. I do not think there is much I can say to enlarge on what the Government side has already explained to the House. The amendments are very simple and I wish to reiterate that. I thought, if anyone had sinned it had been myself for trying to save everyone's time in explaining what should be obvious to everyone. But if it is wished I can add a few words. Basically, that in clause 2 all we are doing is just adding the words "Rules made under" instead of where the section 6 says "the provisions of section 37(b)" now that those provisions

will be reflected in Rules rather than in the body of the Ordinance. The second clause is a simple one, rather than say "rate specified in section 37(b)" again arising because of the omission of section 37(b) from the body of the Ordinance, it is now the prescribed rate. And the final one is that there was an omission and this is the omission referred to in the Explanatory Memorandum that we have to introduce a stand and rate of tax. It is already inside the body of the Ordinance and rather than have it inside the body of the Ordinance and the band rates outside in rules, we are also adding the standard rates into the rules. Sir, I commend the Bill to the House.

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

The Hon 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 K W Harris
The Hon J H Bautista

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 Dr R G Valarino
The Hon P C Montegriffo

The following Hon Member was absent from the Chamber:

The Hon J L Baldachino

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 FINANCIAL SERVICES COMMISSION ORDINANCE, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to establish the Financial Services Commission be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The rapid acceleration of Gibraltar as a Finance Centre renders a radical change in the administrative machinery which the Government provides in the support of the industry. Casting back our minds ten years ago when there was little talk, if any, of Gibraltar as a Finance Centre, who could have predicted then that Financial Services could one day be the mainstay of the economy. Mr Speaker, for credibility and acceptance the Finance Centre must be seen to be effectively administered, moreso in the case of legislation which purports to control or supervise with wide powers of intervention of financial activities. The body charged with those responsibilities must likewise be seen to be properly structured, staffed and financed for effectiveness and autonomy. There is equally another important aspect in the supportive role given to the Centre, that of steering its path along further orderly development and improvement which requires a more active part to be played by those best in a position to know what occurs in the industry itself and in the Financial Services role generally. That aspect, Mr Speaker, is vital to our survival as a Finance Centre. We have to mobilise and draw on whatever expertise is available locally especially when it comes to analysing prospective European community legislation and giving effect to it. There is no doubt that the Single Market in 1992 will bring with it increased activity within the Community for greater harmonisation on laws and administrative practices in the area of Financial Services. This may prove to be quite a formidable task. The Commission will take on board all the administrative and supportive functions I have referred to. It will be a body corporate with perpetual succession capable of suing and being sued in its corporate name. Its duties and functions have been set out in Clause 6 of the Bill. The Commission would provide advise and assistance to the Government and recommend on the regulation of financial business and the introduction of legislation appertaining to the Finance Centre. It will be headed by a Commissioner

as Chairman, and it will have six other members, all of whom will need to have previous knowledge and experience of financial business. Three of them will be a lawyer, a bank manager and an accountant. The Commissioner will be expected to refer to the Commission all matters coming to his notice or attention which fall to be dealt with by the Commission and any matters of policy or principle arising in the course of the exercise by him of any function vested on him along. Originally, and as the Bill was drafted, it was thought that the Commission should regulate its own proceedings including how it would deal with applications but as a result of representations made, the relevant provisions in Clause 6 will be amended during Committee Stage to expressly provide that applications will only fall to be dealt with by the full-time executives of the Commission. A member of the Commission having any personal or indirect interest in any matter coming before the Commission will have to declare his interest on each and every occasion the matter comes up and will not take part in the proceedings of the Commission in relation to such a matter, this is in Clause 10. No personal liability, however, will attach to a member of the Commission in respect of anything done or omitted to be done in good faith in the exercise of his functions. The Commission will be empowered, inter alia, to acquire and hold property and to employ staff for the proper discharge of its functions and in case of need to delegate any of its functions to other persons, including a Government Department or authority. Steps will be taken to trawl for a suitably qualified person for appointment as Commissioner. Once he is in place he will be consulted as to the persons who are to be appointed as members of the Commission and as to the structure and staffing of the Commission itself. To ensure autonomy and permanency, the Commission will be financed independently of the Government, having the power to raise fees and charges. Initially the Government will, of course, provide whatever support, financial or otherwise, that the Commission may need to get off the ground. The Commission will be required to keep proper accounts which will be audited and submitted to the Minister for Trade and Industry together with a written Report of its operations. A copy of the Report and of the audited accounts will be laid before the House. An eye will be kept on the Commission's income and expenditure by the Financial and Development Secretary. This will, amongst other things, ensure that the Commission always remains solvent, if need be by means of a subvention from public funds which would, of course, have to be voted by the House. This is provided for in Clause 13(1)(b). The Commission, on the other hand, will be exempt from income tax and all taxes, duties, and rates levied by the Government. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, in November, 1986, in reply to a letter from the Bank of England, an official of the Department of Trade and Industry in the United Kingdom on behalf of the Secretary of State for Trade and Industry, replying to the Bank's letter made reference to the situation, as we saw it in Gibraltar, in respect of businesses being controlled in Gibraltar. I am referring to the Report on Barlow Clowes by Sir Godfrey Le Quesne. A Report to the Secretary of State for Trade and Industry and I would like to quote a sentence from that reply by way of introduction. He said: "I have no concrete reason to worry about Barlow Clowes offshore expansion although one naturally tends to look askance at businesses controlled from Gibraltar and harbour unworthy thoughts about the real motives in moving there". I would submit that in this sentence alone there is a whole justification for the legislation which the Government is bringing to the House today. So we on this side of the House, in broad general terms, are very much in favour of this legislation. It is clear from this reply that I have quoted that in certain quarters we have been held in absolute contempt and that that attitude underlines the overriding need for tight and all-embracing legislation to be put on the Statute Book. We therefore support in particular the duties which the Commission to be set up under this Bill, the duties which are going to be given to the Commission as set out in clause 6 of the Bill. We think, though, that there are amendments that could be brought in at Committee Stage which will strengthen the legislation further. It is part and parcel, or it has been in the past, of the practice of many pieces of legislation, for instance, to do with the Companies Ordinance to include in the legislation the concept of a fit and proper person. We on this side of the House do not think that it is just good enough, Mr Speaker, that a person be appointed a member of the Commission. I think that a great deal of care has to be taken and in the body of the Ordinance the concept of a fit and proper person should be introduced and therefore we would commend to the Government that they should give consideration to that aspect of the matter and amend the appropriate clause to require that it be a 'fit and proper person'. And the same thing, of course, but to an even greater extent, applies to the Commissioner himself. It is vitally important that the legislation should require that the Commissioner be a 'fit and proper person'. Likewise, Mr Speaker, in clause 12 of the Bill where functions are delegated, as the clause stands at the moment, 'the Commissioner may delegate the discharge of any of the Commission's functions to any person'. Again,

we do not think that that is good enough. We think that it should be 'to any fit and proper person'. This is an important aspect of the matter, Sir. The Hon Mover of the Bill made reference in his address to the requirement for a member of the Commission to declare an interest and therefore take no further part in the proceedings of that meeting. This is clause 10, Mr Speaker, the requirement is 'and any matter coming before the Commission where a member has a direct or indirect personal or pecuniary interest, he shall on each and every occasion on which the matter comes before the Commission, declare his interest and thereafter take no further part in the proceedings in relation to such matter and shall not vote on any such matter'. Again we think, whilst we support naturally the intent behind this, we think that it should be taken a step further. We do not think that the person concerned should just declare the interest, not take part in the proceedings, not vote, but sit back and remain there present whilst the matter is being discussed. We think that there should be a requirement for him to withdraw from the meeting whilst the matter in which he has such an interest is being discussed. Again materially it may not appear to be terribly important but presentationally I think it goes to the root of the matter that he should not be aware either of what are the considerations which the other members of the Commission are taking into account in arriving at their decision. We notice, Mr Speaker, and perhaps the Hon Mover when he exercises his right to reply, could go into a little bit more detail then or perhaps in Committee whether that would be acceptable, if he just indicates to us that it will be explained more fully in Committee, because we notice that the Commission seem to have powers to set their own remuneration and we would like to have details about what is envisaged. The Commission has got powers under section 7(c), pay expenses properly incurred by the Commission. We would like to know a little bit more about this. We wonder whether it is a case of setting remuneration for themselves taking account of loss of earnings because of their involvement as members of the Commission and, if so, what would be envisaged in return for what work and what yardstick will be used. Perhaps we can have clarification on that. It seems to us, Mr Speaker, that the fact that the Commission is going to be able to employ persons indicates that what is being created is a separate arm of Government and that this Commission, for instance, is not going to operate as the Development and Planning Commission does. Perhaps we could have some more details about what is envisaged in that respect, in that if it will be an employing agent of Government. And likewise about the fact that section 7(a) empowers the Commission to have property. "They may purchase, lease or otherwise acquire and dispose of any such property no longer required for such purposes". Again, could we have some more details about that aspect of the

matter. My colleague Colonel Britto who now has shadow responsibility for commerce will probably be going into more detail than I will. At this juncture I am speaking on behalf of my colleagues. We support the legislation in broad terms and in Committee we will also be considering the matter in much greater detail. Thank you, Mr Speaker.

HON LT-COL E M BRITTO:

Mr Speaker, I will try to avoid any overlap on matters on which my colleague has already dealt with but some might be unavoidable. We on this side of the House fully agree and support the opening comments from the Hon the Financial and Development Secretary on the essence of this legislation, not only being watertight, not only inspiring confidence and credibility but being seen in circles, in and outside Gibraltar to have and to inspire this confidence and credibility. Therefore I stress from the beginning that what we are saying and what we will say both on this Bill and on the subsequent Bill, should be taken in the constructive vein in which it is intended because we, as has already been said, support this legislation and what we are trying to do is to reinforce so that the final product is as strong and as watertight as possible in the interests of Gibraltar in general and the credibility of the Finance Centre in particular. With that in mind, I respectfully submit, Mr Speaker, that what we have in front of us at the moment in the present Bill and the Bill that will follow this one, the Financial Services Ordinance, is not the completed product in the normal sense that a Bill usually comes to the House, it is still at the framework and planning stage and a fair degree of work still needs to be done to it in order to achieve the objectives which have already been expressed on both sides of the House. I will avoid going into detail because this obviously can be done at Committee Stage but I will just give three examples of what is meant. The Hon Financial and Development Secretary mentioned, in fact, that the Commissioner is nominated as the Chairman and this is an example of three things that I want to highlight: contradictions, repetitions and omissions. In between clauses 3 and 5, we have in one of them the Commissioner being named as the Chairman, fine. In the subsequent clause we have powers given to the Commission to nominate one of their own members to substitute the Commissioner in his absence during the course of a meeting which seems totally logical and perfectly fair. But then in the third clause we have a situation where the Commissioner is named as being part of the quorum of the meeting. In other words, the meeting cannot be held if the Commissioner is not present, so if the meeting cannot be held because the Commissioner is not present, there is not any need to nominate a Chairman to substitute the Commissioner. We come on to other repetitions and I will highlight, in particular, the immunity of the Commissioner

and members of the Commission, which has already been mentioned by the Hon the Mover of the motion, Mr Speaker, there are three different sections, two in this legislation and one in the subsequent Bill, which deal with the matter of the exclusion of personal liability of the Commissioner and Commission members and, in some cases, their employers. And all three, depending which way you look at it, either have different versions of almost the same thing or the same version of different things but there is a certain amount of duplication. In fact, I will go one further because if one looks at section 18, we feel that possibly there the wording of the section goes a bit too far, and the section reads: "No personal liability shall attach to any member of the Commission in respect of anything done or omitted to be done in good faith under the provisions of this or any other Ordinance", and I stress "or any other Ordinance". I submit, Mr Speaker, or at least it has been put to me, that if a lawyer or an accountant or a bank manager, for that instance, acting as a member of the Commission contravenes the law outside the provisions of this Ordinance, in any other Ordinance, it could be said that he is not liable because he is protected, as the Commissioner, against the laws of Gibraltar. I put it, Mr Speaker, that that clause needs further examination. Furthermore, Mr Speaker, we do not think that Commission members or the Commissioner should be given blanket exclusion or blanket immunity against acts of negligence and against criminal acts and because of the different wording of the three clauses it would appear that in some they could do and in some they do not. As I am saying, I put it to the Members opposite to study what I am saying. Thirdly, on omissions, as has already been mentioned, we feel that just as in the comparable case of a liquidator under section 167(3) of the Companies Ordinance, it has to be a fit and proper person and we feel, as has been pointed out by my colleague, that the words "fit and proper person" should appear in those places in the Bill where it has already been pointed out. Coming on to the Commission and the Commission members themselves, expounding on what has already been said, we would like to see possibly at the Committee Stage explanations, or more indication of the duties of the Commissioner. We feel that maybe it should be legislated that the Commissioner should be independent of all financial institutions locally. That there should be no direct connection with any trading entity be it a bank or whatever. We would also appreciate some indication of whether the Commissioner is intended to be a full-time employee or whether his duties can be part-time and, presumably in the case of members of the Commission one takes it that they will be part-time. The level of remuneration, if any, has already been mentioned and the responsibility for setting this level and one takes it that when the Hon Mover of the motion says that the Commission is exempt from income tax, he is referring

to the Commission itself and not to the Commissioner or to the Commission members. But, again, we would appreciate clarification of that point. On the question of disclosure of interests in section 10, I support what has already been said by my Hon colleague. I would take it slightly further that as in the case in Channel Islands legislation such declarations of interest that are made should be recorded in the proceedings of the Commission and not simply just made verbally. Obviously I support the contention that the person who declares an interest should not only not take part, which can imply staying in the room, but it should be declared that he should be absent from any further proceedings dealing with the subject or question. Finally, Mr Speaker, on the question of Accounts in section 15, we feel that the time-scale envisaged in the Bill needs to be tightened slightly because as it stands at the moment, conceivably the time between the year end and the time between which the Accounts are formally laid on the table in this House could, in theory, drag on, if not forever, but certainly for a long time. I will explain what I mean by that. In section 15, subsection (1), it is said that 'the Accounts must be prepared within three months of the year end'. No time limit is set for the conclusion of the auditing of those Accounts. In Section 15, subsection (5) it is specified that three months after the end of the audit an annual report must be submitted by the Commission to the Minister for Trade and Industry and then the onus is on the Minister to lay the accounts and the report "as soon as practicable" before this House. The point I am making, Mr Speaker, is that there is no link between the preparation of the Accounts and the end of the audit period, so the Accounts could be prepared and the audit could take one month or three months or six months or nine months or a year but there is no legal obligation for the audit to be finished and it is only then, when the audit is finished, that there is a legal obligation of three months for the Report to be prepared. That is the first point. The second point is that we feel that the words "as soon as practicable" are not entirely acceptable on their own, that it should be "as soon as practicable and not later than" whatever it is, a month or three months, "from the date of the conclusion of the audit" or "the conclusion of the Report being submitted" or alternatively that it should be as in other pieces of legislation, it should be "at the next meeting of the House". But we think that "as soon as practicable" as we had earlier on in the proceedings at Question Time concerning the Hon the Minister for Medical Services, this could be interpreted to be whenever, and we feel that that should be tightened slightly. In conclusion, Mr Speaker, as has already been said, the Opposition will be supporting the Bill and we hope that the Government will take into account our comments on possible amendments and I would request that if possible, as has been done

with this legislation which has been circulated earlier than normal and thereby has given us on this side of the House, much more time to prepare and hopefully to make a more valid contribution towards this legislation, that similarly notice of the amendments could be given with due time to avoid duplication at the Committee Stage and to allow us to prepare for the task. But as I said at the beginning we will be supporting the Government in bringing forward what is a much needed piece of legislation. Thank you, Mr Speaker.

HON ATTORNEY-GENERAL:

Mr Speaker, can I take up three points which have been raised by the Hon Leader of the Opposition and the Hon Colonel Britto. Firstly, Mr Speaker, the suggestion that the powers of the Governor to appoint a person should be extended to oblige him to appoint 'a fit and proper person'. With respect to those views, Mr Speaker, I do not think it is necessary to include the words "fit and proper". It is an implied obligation in law that anyone who is bound by Statute to appoint a person to a particular post has an obligation to ensure that anyone whom he appoints to fill that post is a fit and proper person. It is a matter for his discretion and his opinion, of course, Mr Speaker, whether the person whom he appoints is fit and proper and duly qualified to discharge the duties of the post to which he is appointed. Let me give you an example, Mr Speaker, if I may. Section 71, subsection (1) of the Constitution of Gibraltar empowers His Excellency the Governor to constitute whatever public offices he considers fit and appropriate and there is a mandatory obligation placed upon him to constitute the offices of Attorney-General, Financial and Development Secretary, Principal Auditor and Commissioner of Police. The Constitution itself which is our supreme law in Gibraltar, Mr Speaker, does not include the words "fit and proper" in that subsection which obliges the Governor to create those offices. And the reason is clear, Mr Speaker, and I suggest it is because the Governor is entrusted to ensure that the person whom he appoints to fill those offices is, indeed, in his considered view, of course, a fit and proper person. I suggest, Mr Speaker, it is appropriate to give the same latitude and afford the Governor the same privilege in his appointment of the requisite persons under the provisions of this Ordinance. If that be accepted then in my respectful view it is not necessary to include the words "fit and proper". If I can turn next, Mr Speaker, to the legal aspects arising from clause 10 of the Bill which was touched upon both by the Hon Mr Canepa and the Hon Colonel Britto, I go along with what they have said and Clause 10 of the Bill, Mr Speaker, as you will have seen, deals with disclosure of interests and it includes the words "thereafter take no further part in the proceedings". I recall

well, Mr Speaker, a case in 1985 which reached the Gibraltar Supreme Court in Judicial Review Proceedings involving a decision taken by a Statutory Body in Gibraltar which membership included a local lawyer whose client was involved in a particular matter which came before the Body that day. He quite properly declared that he had an interest as the applicants in the proceedings were his clients but instead of withdrawing from the room entirely he merely sat at the end of the table and remained in the room whilst the application was considered and dealt with. In Judicial Review Proceedings alleging a breach of natural justice in those proceedings, the applicant for Judicial Review was not successful but the Supreme Court did make it clear that there had been almost, I think, "perilously close" were the words the then Learned Chief Justice used which had arisen from a mere presence of the member having an interest in the room where the proceedings took place. I think that certainly is what is worrying the Hon Leader of the Opposition and what he is suggesting in the amendments he proposes should be made to clause 10 of the Bill. I agree with him, Mr Speaker, and I will certainly discuss this with the Hon Chief Minister and the members of his Government with a view as to what amendment, I advise, is appropriate to make to clause 10 of the Bill to cater for that. My personal policy in dealing with legislation, Mr Speaker, is now, and will continue to be, let us be absolutely safe now rather than run any risk of being sorry later on. I do respectfully support the views of the Hon Members of the Opposition that each and every aspect of this Bill should be made as watertight as possible. Can I turn finally, Mr Speaker, to clause 18 and the points raised by the Hon Colonel Britto on that. That is the clause giving, perhaps immunity is too strong a word, but removing any question of personal liability attaching to members. This clause, Mr Speaker, has nothing to do with criminal liability which the Hon Member seems to think. It deals with civil liability only and the clear clue to that, Mr Speaker, is gained by looking at the inclusion of the words "good faith". What it deals with, Mr Speaker, is protection to members of the Commission against possible mistakes they make, negligence in other words, has nothing whatever to do with criminal liability. The commission of a criminal offence, Mr Speaker, is I think you will be well aware, involves very basically two things. It involves the guilty intent, the dishonest intent and, of course, the performance of the dishonest act and therefore if a member of the Commission does something dishonestly and he intends to do what he does dishonestly, then he cannot avail himself of the protection sought to be given by clause 18 of the Bill. If on the other hand he makes an honest mistake if he is careless but he does not intend to do it and what he does is in good faith but nevertheless because it is a mistake somebody suffers financial loss, then normally the member of the

Commission would be answerable for that financial loss and would have to compensate the person who had suffered loss thereby but clause 18 protects him from any civil liability arising out of such a potential action.

HON P C MONTEGRIFFO:

Mr Speaker, in broad terms I wholly welcome the legislation which has been like a difficult birth since I was hoping it was going to come to the House earlier. However I realise it has had to wait for people's input in order that the final product could get as close as possible to what Gibraltar requires. Having said that, I support the Bill in broad terms. There are however a few matters that I would like to raise since this Bill will not go through its Third Reading at this session but at the adjourned meeting. So maybe in favour of a more open debate between now and the other Stages, those with an interest will be able to get involved in considering the matter further. I would like to make a few points that I would invite Members opposite into account. I have still some reservations, Mr Speaker, about the concept that is involved in the way the Commission has been structured. My understanding, Mr Speaker, and I will be corrected by Members opposite if I have got this wrong, is that the Commission will have the members from the industry which have been referred to here, ie a lawyer, an accountant and a banker and then below the Commission there will be the professional employees who will actually do the day-to-day regulating of the different Financial Services and which will be charged with the task of processing applications and granting licences. The role, therefore, of the part-time commissioners, for want of a better word, at this stage to me appears a little nebulous. Nebulous because we do not know to what extent there is going to be a delegation of the functions of the Commission, as defined in the Ordinance, to the committees or to the professional staff at the third level of the Commission, so to speak. I am however concerned about the fact that the concept of having part-time commissioners is almost a form of self-regulation and that, if the Commission is ultimately charged as a corporate body with the responsibility of policing the Finance Centre, if there is a problem in any particular case of recommending what action should be taken, really the concept of having the full-time Commissioner and six part-time commissioners is a form of self-regulation. We are really introducing in Gibraltar a form of self-regulation for the industry and although I am the first to acknowledge the enormous contribution that professionals in the industry, jointly, can make in advising Government what is best for the industry, I am anxious about whether in a place of Gibraltar's size and bearing in mind our closeness and the inevitable conflicts of interests that could arise even without there being a direct interest,

ie because somebody has a person directly affected, whether the concept of self-regulation which really is what, as I understand it, this Bill is introducing, is the best thing. I would be entirely happy with incorporating some form of advisory body from the industry which had its specific role of advising Government, that is one thing, but unless we know to what extent the Commission's overall duties are going to be delegated to the professionals underneath, ie the officials underneath, at this stage, it appears that the Commission itself with those part-time commissioners will have overall responsibility for supervision, regulation etc, and it is only delegation that removes them of that responsibility. I am not entirely convinced but I am open to persuasion, that that is the best system for a place of our size. I wonder whether it is not possible, Mr Speaker, that the actual Commission should be made up not of the full-time Commissioner and the part-time commissioners, but the full-time Commissioner and those officials who in their respective capacities are going to have responsibility for the different areas of the finance industry, for banking, for insurance, for collective investment schemes, etc. Why not have the collective body of those individuals with a Commissioner at the top, constitute the Commission as a body, the Commission as an entity to regulate matters on a macro scale, if there is a big problem or something that requires a global approach. In the individual areas, obviously each official will have responsibility within insurance or banking or whatever. As I say, I am open to persuasion, but I would feel happier with the concept of people who are at arm's length of the industry, having that sort of role rather than people within the industry itself. As the Bill now stands and subject to more clarification of the degree of delegation, being involved in what could be supervision of a problem, self-regulation if there is some instant that refers to Gibraltar and even although there are provisions that say 'I may have a direct interest', everybody has an interest in a place of Gibraltar's size, virtually. If there is a banking problem in one of the big banks the other banks stand to gain because there is a loss of business and I am suggesting that Gibraltar is perhaps too small for that type of structure. Even in the UK where the Financial Services Act introduced a system of self-regulation, there have been a lot of difficulties because it is not easy to police oneself and the City is an enormous area where the possibilities of conflict should be reduced. I think that in the UK a lot of thinking now is geared towards the view that maybe there has been an element of a mistake in relying too much on self-regulation. In a place like Gibraltar we do not need that. I am not saying we need more bodies but I think if we restructured the players involved in all this, we could end up with an input from the Financial Services side for the actual industry. But at the same time not involve them in the natural formal

role of supervision which involves an element of self-regulation. As I say, Mr Speaker, I am open to persuasion but that is my gut feeling. The second point, Sir, is one of a broad nature and I do not know if there is a solution to it and, again, I stand to be corrected if I have misunderstood the position. My understanding is that the activities which the Commission is seeking to regulate including banking, insurance are non-defined domestic matters and I am concerned only to the extent to which Gibraltar and the Government is making itself responsible in terms of the Gibraltar Government, for activities which are not clearly within the compass of defined domestic matters. I note that it is the Governor who appoints the Commissioner and although the Governor appoints certain individuals because constitutionally those individuals have a split loyalty, so to speak, they are answerable to different masters, in the case of the Financial Services Commission to whom is the Commissioner answerable? I note with pleasure and I am glad to see that under the provisions of the Bill the Commissioner is charged with making a Report to the Minister for Trade and Industry in relation to the Commission's activities at the end of every year. So in one sense I see, as I would like it to be the case, the Commissioner responsible to the Government, responsible to the Minister who then has an overall responsibility for policy. But the Governor's appointment of the Commissioner in the first place, Mr Speaker, raises a question mark for me. Is it just a quirk in that that is the way that legislation is drafted even although there appears to be no constitutional reason why such a new appointment should be made by the Governor other than the fact that it is clearly not defined domestic matters? I would much prefer to see the Minister for Trade and Industry after taking consultation with the Governor, appointing a Commissioner. That is what I think proper regulation of this industry by Gibraltar means. That we take our own responsibilities, we take our decisions and we stand by them. If the clause were to be amended to say that the Governor makes the appointment on the recommendation of the Minister for Trade and Industry then fair enough, I could accept that if that is the formal way things have to be done. But I see very much of this being a question of responsibility without control. If something were to go wrong, despite the immunity, the one that would be with a problem would be Gibraltar, ie the Gibraltar Government and the people of Gibraltar. However the actual appointment is made by His Excellency, presumably exercising his own independent discretion, ultimately or is he going to be open to the advice that Ministers will give? I think if at this stage we are now imposing a proper system of regulation for which Gibraltar is going to be responsible then I would like to see the Government clearly having the reins of appointing a Commissioner and that Commissioner being responsible to the Government and be answerable to the Government and not have this rather nebulous situation

in which I think we will otherwise find ourselves in. The important thing of the Commission obviously will then be the actual staffing and how the Government intends to put flesh to the basic framework. At this stage our voting for the Bill is an act of faith that the Government will provide the adequate trained staff to make the Commission work well. I know I do not have to remind Members of the Government that the moment that this piece of legislation is enacted and therefore Gibraltar is purporting to regulate which we have not really purported to do before, if something goes wrong then notwithstanding all the immunities in the world we have a problem because we are telling the outside world that we have a system which regulates that industry and if it goes wrong therefore they are going to come knocking at our door saying 'You assumed the responsibility'. So it is a responsibility which we want to assume but one which has to be backed with the proper staffing and the proper resources. At this point I would like to make sure that that commitment is there and that we will not have a dangerous situation of having accepted the responsibility without being able to discharge it. There is the question as well of the exemption from taxes which I want to raise briefly, Mr Speaker. The Commission, as far as I understand it, and I would like the Government to confirm, will hopefully be largely funded from the private sector and nobody has a greater interest in this than the industry itself and therefore it is only proper, in my view, that it is not the taxpayer that should foot the bill, although there is provision for borrowing from the Government, but the industry and in that respect I would be interested to know why there should be a complete exemption from taxes as far as the Commission is concerned? The Government may wish to feel that, alright the Commission will not pay income tax, since it is not a profit making institution, but say the Commission acquires property, it leases property, why should not the Commission pay rates to the Government? As far as I am concerned, let the industry pay for a Commission and let that Commission be run, if not as a profit making institution, then as an institution which has to be commercially solvent and let it pay its way. Let its employees pay PAYE, let it pay its rates, etc. Therefore the present clause that says 'the Commission shall be exempt from income tax and all taxes, duties and rates levied by the Government'. I leave it for the Government's judgement whether it wants to exclude income tax. But I think other duties, if the Commission acquires a lease and has to pay stamp duty on that lease then why should not the Commission pay stamp duty on that lease to Government? Why should it not pay rates on its property? I think that there is no reason why we should subsidise the industry anymore than any other? GSL has to pay rates and everything else, presumably, as a commercial entity. Why should the industry through its policing machinery not also have that responsibility? Mr Speaker, my final point is that under

this Commission Bill, as in the case of the Financial Services Bill that will follow, Rules will have to be published to give flesh to the basic framework which the legislation is providing. Can I have a commitment from the Government that although those Rules may be published in the Gazette, by way of subsidiary legislation, that there will be a close level of consultation with Members on this side of the House and also with the industry generally? Because, Mr Speaker, I think the Government will accept that the actual nitty gritty of how things are going to operate is not really in the Ordinance but is in the Rules which are going to follow. And because of the importance of getting it right, could there be a commitment that before Rules are published and we find them appearing in our Gazette when we pick it up on a Thursday morning, that there is an element of open consultation with other Members of the House and with sectors in Gibraltar that can provide an input. Subject to clarification on those points, Mr Speaker, I will be supporting the Bill.

HON M A FEETHAM:

Mr Speaker, I would like to take up some of the points that the last speaker has put to this side of the House. First of all, I think it is necessary to understand the philosophy of the Government in setting up the Financial Services Commission. Financial Services in Gibraltar is the growth market in the economy and it is not simply a question of the impact of transaction of Financial Services, it is also a vehicle for increased development in property, increased development of skills for the people of Gibraltar and increased wealth for the economy. It is clear that if this is going to be one of the mainstays of the economy then what we have to do is to ensure that we have a reputable framework of legislation in place that will attract the right people to Gibraltar to do those services. So that the small investor, the person who has saved money all his life and wants to put it into a pension fund to get his retirement pension, that that investment as much as the investment of a major corporate company is protected against dishonest people. If we are going to be serious about this in terms of marketing Gibraltar as a Financial Centre, then we have to take the responsibility that that entails. It is no good talking in hypothetical terms. The thing is we have to get to grips with the problem if that is the course that we want to take. Therefore we have to measure our suit by the sort of cloth that we have available to do so. I am a firm believer, as a Gibraltarian, in the integrity and the potential of the Gibraltarian to do a job that needs to be done in the best interests of Gibraltar. So I stand from that premise and in Financial Services then, I am

a firm believer that the professionals in the field in Gibraltar have to be put in a position of taking responsibility and being allowed to expand their potential in that area. My own and the Government's view is that since Financial Services is primarily a product of the private sector then it should be the private sector that should have the major say in financing, running and policing the Financial Services Sector in Gibraltar. It is the Government's task to ensure that it has in place the proper legislation and the proper framework to protect the public interest. Therefore we approached this problem, when we were faced with the situation of looking at Financial Services legislation, how we were going to introduce to Gibraltar the competent authority that would ensure that Financial Services in Gibraltar was carried out in a fit and proper manner. We examined then how best we could introduce the system of regulation that the Hon Mr Montegriffo was referring to and which I feel he never really opted for any particular method because he kept on contradicting himself to a point. Therefore let me explain as I saw the situation.

HON P C MONTEGRIFFO:

If the Hon Member will give way.

HON M A FEETHAM:

No, I am not going to give way because it puts me off and therefore I do not think it is correct. When we examined what form of self-regulation we should introduce, taking into account that we felt, as a matter of policy, that the professionals in the private sector ought to get themselves involved, we looked at the possibility firstly, of having a self-regulation system within the industry itself, ie a system which is applicable in the UK today, for example, the SIB situation where associations themselves vet people that want to participate in Financial Services. Clearly, that situation is out in Gibraltar primarily because at the moment we have a small Financial Sector and the different component parts of Financial Services in Gibraltar are not self-regulatory anyway. They are small associations and we really could not take that course of action. The next one was whether, in effect, we should introduce a system whereby Government itself, by appointing individuals with the Executive Officers introducing regulations, but that, I am afraid, went against the spirit of what we believe is the right course to

take and that is that the Financial Sector itself ought to be more involved. Therefore we examined all the other Financial Sectors that compete with Gibraltar, that we intend to compete with, and we felt that at the end of the day that the setting up of the Financial Services Commission as portrayed in this Bill was the right way to go about it. The essence of it is, and it is obviously subject to comments that will convince us to change, but this is what the House is for and there is plenty of time at Committee Stage to look at it but we are convinced that if we need to change we will change because what we are looking at is, and both sides are clear in their support for this Bill, so it is a question of what is best for Gibraltar. So at the end of the day if amendments have to be made, we will do so. Because at the end of the day what is it that we are doing? We are giving responsibility to the private sector for its own policing, in terms of the Commission, that we are setting up and they are participating in it. And in the areas of conflicting interests, of course, members would stand off. But the professional input, and Gibraltar is a small place that has a wealth of knowledge and potential that needs to be drawn into the development of the economy of Gibraltar, and it is important therefore in examining financial institutions, that want to come to Gibraltar and in looking at new legislation and in looking at promoting Gibraltar, that we have the best people in Gibraltar working alongside people who are appointed by the Government to promote the Financial Sector in Gibraltar. Therefore we believe in drawing from that wealth of knowledge and experience and therefore what we have said is that we are appointing members of the legal profession in Gibraltar and others into the Commission for the benefit of their advice and for the benefit of formulating policies for Financial Services, working alongside executive people who will be full-time paid unattached from any financial institution in Gibraltar. This answers the point made by the Hon Mr Britto. The Commissioner will be full-time and unattached from any interest in Gibraltar. Of course, the other executive persons like the banking supervisor, the insurance supervisor and others are, of course, completely independent as well. We feel that that is the right balance to strike in a situation where Gibraltar is a small financial centre and needs really to take off. We may want to in future, and that is always a possibility, that in future once we have put all our efforts together in pushing forward the financial sector, we may wish to change the structure at a later date to meet the demands of existing growth. At the moment we all need to get together to get the thing going effectively. That is what we believe should be done. But, of course, I take the point about responsibility. If we want to have a Financial Sector in Gibraltar the Government, at the end of the day, directly or indirectly, is responsible because people will always ask responsibility from the Government and these things are clearly defined in the way that we are proceeding with the

Services legislation that we are putting into effect. Another point put by the Hon Mr Montegriffo was the question of non-defined domestic matters and its conflict with the role of the Commission in terms, for example, the question of banks. My answer to that is very simple. If Gibraltar were to wait for somebody to pursue policies under the non-defined domestic position that the Constitution defines, I tell you that nothing would ever get done in Gibraltar. We are on our own to all practical terms and it is up to the Government of Gibraltar to push its policies forward and for others to follow us. So the Governor in many respects has a constitutional position in Gibraltar which is respected and defended by the Government of the day but at the end of the day, the Governor also has to understand that Gibraltar will have to look after its own livelihood and maintain its own economy. Therefore it is really a technical issue that the Hon Member was really discussing because even today we continue to receive banking applications and we continue to progress with our Financial Services. As the Hon Member is fully aware, since quite a lot of applications from Banks come from his particular Chambers. Other points raised by Members opposite were the question of Barlow Clowes and it is unfortunate, of course, that the 1976 letter which the Hon Leader of the Opposition mentioned, a long time before we came into office, that the DTI did not take much more note of this and discussed and consulted far more determinedly with Executive Members of the Government at the time. However, the whole essence of this, of course, is that what we are trying to do is to prevent those things from happening. But let us be quite clear and members of the legal profession on the other side will agree with me that no matter what we do, no matter how much legislation we put into place, there is no guarantee that at the end of the day that something which should not do go through. However, it is important that we be seen to be doing this, and to introduce a system that will prevent these things from happening as far as it is possible. In that the Government will take its responsibility like everything else. Let me say as well that I am proud and I am very pleased because, in fact, it has taken a very short time for the Financial Services and the Financial Services Commission legislation to be brought to the House since. It was something that had been talked about for years by the previous administration and I think I have to pay credit, and this that is why perhaps I am so much defending the participation of the professions of Gibraltar, to getting this off the ground. Because when we set up the Working Party with people in the professions in Gibraltar, I can tell you that it would not have been possible in the short time that we have dealt with this matter, a matter of five months, in getting two important legislations which have been waiting there for years, if it had not been for the efforts of the present Financial and Development Secretary and of the Working Party drawn up from members of the profession.

They have spent a lot of their time in assisting me and ensuring that these two bits of legislation come to the House. It is something, Mr Speaker, that I wish should be recorded. I am very pleased with the support that I and the Government has received in this respect. With regard to staff resources, let me say that the Financial Services Commission will be self-supporting like everything else and it will not be an arm of the Government. It will be an independent body working to the policies and to the guidelines as empowered to them by the present legislation. The Commission will decide the staff resources that it will require to carry out its function in the best interest of Gibraltar. Therefore they will be responsible for staff resources and will be responsible for the revenue raising measures. Of course there is a transitional period between that actually happening whilst the Commission is set up. The Government will assist the Commission during the transitional period.

HON P C MONTEGRIFFO:

If the Hon Member will give way, Mr Speaker. Can I clarify this question of self-regulation because I think they were talking a question of structure. I know the professionals have been very involved, and I would also like to extend the praise to them as well, because they are the people who are pushing this since it is in their interest, as much as anybody else, however if I could clarify the point. As I understand it the Commission itself, the whole body which includes the part-time commissioners, is that body and those people are going to be principally charged with doing everything which the law now says the Commission will be responsible for, Regulations, Supervision the lot? Where will the power, Mr Speaker, for some of those functions be specifically delegated? The day-to-day supervision of Banking will be the Banking Supervisor, the day-to-day supervision of Insurance will be the Insurance Supervisor. My only worry is that unless the specific delegation of every single item of a regulatory matter is laid down, there is a danger of the part-time commissioners, in the Commission at the top of the structure, have a residual regulatory function. The Minister has not really actually said that he looks towards the professionals for that sort of day-to-day regulatory function but that he looks towards them to provide the sort of input in terms of promoting Gibraltar and in terms of advising the Government on what legislation is required and on advising Government what direction is proper. Could then that not be done therefore by having a Commission which would not include these part-time professionals but which would include the officials in a global capacity and then actually delegating out to a specific Advisory Committee or a specific Advisory Group which would include the professionals, those specific duties and those specific functions.....

MR SPEAKER:

I am sorry I have to stop you there but all those things can be gone into at Committee Stage. We cannot go into Committee now. You can discuss all those points and you can talk more than once at Committee Stage.

HON M A FEETHAM:

Mr Speaker, if I could answer that point. In fact, we gave some thought to that possibility initially. The only problem was that we could not go into so much detail because we would be taking up too much of the House's time. However, the proposals that the Hon Member is putting over were considered but the conclusion that we reached was that we were going, in many respects, to be duplicating the work and of there not being proper coordination in the information and in the decision process. Therefore we discarded that because the last thing that we wanted in a small place like Gibraltar, and which is something that can be seen all round, is a massive duplication of bureaucracy. That was one of the things that we wanted to prevent and that is why we did not go into a two separate type of organisation as the Member opposite has said.

MR SPEAKER:

I must say we are talking on the general principles and merits of the Bill and we have already gone into too much detail. This we can do at the Committee Stage. It is much more practical to do it then than now. If any other Member wishes to speak.

HON G MASCARENHAS:

Mr Speaker, the Opposition already welcomed this long overdue legislation but there is a point that I would like to highlight once again. The Hon Mr Michael Feetham has said in his contribution and it is an important factor, and is something that we must not kid ourselves about. This legislation will not cure any future scandals. I think that it is important that a message goes out from this House and that we are not curing anything that might happen in the future. Just take, for example, what has now exploded in the United Kingdom. With all the legislation that they have there, the Blue Arrow situation exploded last night. Where there is money and big money is involved let us be clear about one thing, that people will use any little loophole and try and use it. As I say, we welcome this legislation, it was long overdue but it is important to know that we are not curing all the evils in the world.

MR SPEAKER:

If no other Member wishes to speak I will call on the mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Mr Speaker. I am grateful for the very constructive and very welcome support which has come for this Bill from the other side of the House. Just one or two points. Certainly notice of amendments will be given. In fact, at the conclusion of dealing with this Bill amendments are already in the pipeline as a result of other valid contributions and comments which have come into us during the time that the Bill has been for consultation. These will be circulated to Hon Members. There are two points I would like to dwell on very briefly and that is the question of the accounts. I am afraid that whatever you put down in the legislation to control the submission of accounts reality catches up and at the end of the day it is always as soon as practicable. Whatever date we set down for the submission of accounts it has always to be prolonged and delayed. It will not act as any spur to anyone to produce and deliver. If in reality a person is not able to do his functions or do, let us say, in this case the Auditor is not able to perform his functions within a specified time, then it might be considered that we are imposing a constraint on the Auditor in doing his work, putting him under pressure to deliver something which he might need time to reflect on. I am afraid that on that one I do not share the views coming from the other side.

HON LT-COL E M BRITTO:

If the Hon Member will give way. I think I may not have been clear or the Hon the Financial and Development Secretary has not quite understood the point. The "as soon as practicable" does not apply to the Auditor, it applies to the Minister because the way I understand the Bill. "The Minister for Trade and Industry shall lay a copy of the report and the audited accounts on the table of the House as soon as practicable". The way I see it there are two distinctions in that paragraph. One is that there is no time limit on the conclusion of the audit and I suggested that there should be. I take the point the Hon Member is making but I still think that there ought to be, even if it is a generous time limit. There should be some indication. But even if there is no time limit on the conclusion of the audit the Bill then goes on to say that "within three months of the end of the audit". So by that stage the audit has been concluded and there are no constraints being placed on the Auditor. What it says is "within three months of the conclusion of the audit" then the report shall be submitted to the Minister and it is only then that the Minister has the obligation to lay it before the House. The point I am making is that the

Minister should be obliged to lay it before the House, at the next meeting of the House and not merely "as soon as practicable" which could be forever.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I thank the Hon Member for that clarification. I had taken it on board. There is another aspect which is not very obvious and that is that it is not just a question of the accounts. The reference to the Accounts includes the report on the functions of the Commission during the year and this has also to be considered by the Minister and as a result of that consideration there might be changes to implement and discussions to pursue and therefore we are not thinking just about a situation where you.....

MR SPEAKER:

Could I intervene again. All those details can be gone into at the Committee Stage. The Member is not going to be satisfied and he will want to stand up and reply to you. It will be better at Committee Stage because if there is a difference of view it can be settled then.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Mr Speaker. I therefore 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 the adjourned meeting of the House.

THE FINANCIAL SERVICES ORDINANCE, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to regulate the carrying on of investment business and certain other activities, including the promotion, establishment and operation of collective investment schemes and the establishment and operation of investment exchanges and clearing houses be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the words I have just said are not merely paying lip service to Parliamentary parlance or tradition. They truly reflect my own sentiments. The measure being introduced to the House is of transcendental importance to Gibraltar's future and success as a Financial Centre. Through it, by it and with it, all investment business carried on in or from within Gibraltar will be regulated. Equally so, a number of other related activities which it is also desirable should come under the ambit of supervision. Although it is true to say that many of the provisions contained in the Bill and also found in legislation enacted elsewhere - notably the Financial Services Act of the United Kingdom - the Bill and the Regulations which are to follow, have been elaborated with great care to ensure that we meet our obligations to investors and to the international community generally, without over-regulation. This is absolutely vital if we are to compete successfully as a Financial Centre. Equally vital, is that the controls over the strystry should be second to none so that the industry itself is likewise second to none and thus recognised abroad, particularly by other supervisory authorities in countries where Gibraltar Financial Services firms may care to operate. Account has also been taken of the basic right of establishment there already is in European Community arrangements for those providing Financial Services. Indeed, the legislation is already geared to cater for the removal of barriers to trade in the Single Market that will come about in 1992. Mr Speaker, for credibility, acceptance, and effectiveness, the legislation has to be administered and enforced by a properly organised and funded independent body having wide powers. This will be the Commission. The Financial Services Bill is principally an enabling measure which sets out the parameters for the Regulations being made. The Financial services Industry is a complex industry encompassing a number of difference disciplines, each of which requires special separate attention. Accordingly the Regulations may also be expected to be complex for they will focus more finely on the various aspects of activities within the various disciplines. Examples are conduct of business; handling of clients monies; the contents of advertisements; the maintenance of proper records and cold calling. But I hasten to add, in a manner which should only make reasonable demands on resources for compliance, without detriment to the effectiveness of the intended controls or the services provided, by those affected. Fortunately, many of these disciplines have much in common and this allows for a standardised set of Regulations. These are almost ready and expected to be certainly so before the commencement of the Ordinance. Whilst on the subject of Regulations, I would like to

mention, Mr Speaker, that those appertaining to collective investment schemes, that is, to unit trusts; open-ended investment companies etc, will pronounce on the constitution and conduct of such schemes, their formation documents and the powers and duties of their operators, trustees and custodians. They will also give effect to EEC Directive 85/611/EEC of 20th December, 1985, which harmonises the laws, etc in Member States relating to undertakings for collective investment in transferable securities - in the trade referred to as UCITS. These Regulations will also make it possible for those sections in the Companies (Amendment) Ordinance, 1987 which relate to open-ended investment companies to come into operation, thus permitting the formation of such companies in Gibraltar. Mr Speaker, the Bill is divided into different parts for ease of digestion. It has a rather lengthy and exhaustive explanatory memorandum which spares the House from having to listen to a long-winded exposition of its provisions clause by clause. There are, however, certain aspects of the Bill which merit special mention. I will deal with these as briefly as I can. The basic tenet of the legislation is that no person may carry on any of the regulated activities, in or from within Gibraltar, except under and in accordance with a licence or, in certain cases, recognition, granted by the Auditority charged with its administration. A person who contravenes this will commit a serious offence. A clear concept of the scope of the legislation is paramount. Hence for this purpose "investments", "investment business" and "controlled activities" are exhaustively defined in Schedules 1, 2 and 3 of the Bill, pages 212 to 220. Investment business will basically comprise

(i) dealing or arranging deals in investments;

(ii) managing or giving investment advice; or

(iii) establishing, promoting, operating or winding-up a collective investment scheme, including acting as trustee of such a scheme. A "collective investment scheme" is the terminology used to describe a unit trust, an open-ended investment company, or an offshore fund in which persons participate but do not have control over the day-to-day management of the property involved.

The activities initially being controlled and referred to as "controlled activities" are:

(i) company management, ie providing managerial services for profit or reward, whereby a person is a drector for, or a shareholder of, a company or when the control over the assets of the company is vested in a management company;

(ii) professional trusteeship: holding out as a professional trustee for profit or reward; and

(iii) insurance broking: carrying on any business which takes or uses the title of "insurance broker" or "insurance agent".

Few people will be exempt from the licensing requirements. For instance, banks, building societies, insurance companies, lawyers and accountants carrying on any investment management activities will require a licence. The list of exempted persons is found in Schedule 4 on pages 220 to 222. Those listed in Part 1 of the Schedule are mostly officials in their official capacity. However, Part II of the Schedule deals exclusively with EEC nationals, thereby paving the way, as earlier mentioned to their recognition, subject to their satisfying the prescribed requirements. Recognition is also given in Part III of the Bill to collective investment schemes constituted in Member States which market their products in Gibraltar in an acceptable manner. Other overseas schemes will only be recognised if, broadly speaking, they meet the same criteria as for local schemes. Investment Exchanges and Clearing Houses may be recognised under Part IV provided they meet the requirements which will be prescribed by regulation. A very important feature of the legislation are the powers of intervention, in Part V, which will enable the Authority to obtain information and give directions to prohibit a licensee from entering into transactions, soliciting business or disposing of or dealing with specified property or assets. Such powers will only, of course, be capable of being exercised on certain justifiable grounds. Such as when there are grounds for cancellation or suspension of a licence. The Authority will also be able to apply to the Supreme Court for the removal of the manager, trustee or custodian of a collective investment scheme, or for the appointment of a person to wind up such a scheme. It will have the power to appoint investigators to look into the affairs of a person suspected of carrying on activities either in contravention of the legislation or in a manner prejudicial to the public, to investors or to Gibraltar's reputation as a Financial Centre. The investigation may extend to the affairs of the operator, trustee or custodian of an authorised or recognised collective investment scheme. There will, of course, be the right to make representations and appeal against the decisions of the Authority. This is provided for in Clauses 46 and 47 of the Bill under Part VI, Miscellaneous and Supplementary. Clause 55 in this Part will empower the Governor to make Regulations for the purposes of carrying the Ordinance into effect and enabling the Authority to prescribe Rules. Such Regulations may, inter alia - (a) provide for a fund to be established to compensate investors for loss arising from the inability of a licensee to meet any claims in respect of civil liability incurred by him in the course of carrying out his licensed business or activity; (b) prescribe the fees payable to the Authority; and (c) provide for the winding up, or other dissolution, of persons carrying on or applying for

a licence. Clause 61 introduces savings and transitional provisions so that persons who immediately before the enactment of the Ordinance are carrying on investment business or a controlled activity, may continue in business while their application, if made within two months of the coming into force of the Ordinance, is determined. Mr Speaker, a Bill of this nature, has to be published well in advance of its presentation to the House in order to allow for comment and improvement. That has been the case with this Bill which was published on the 21st July. Valuable comments have been received from various quarters - in regard to which I would like to voice the Government's appreciation. As a result of this consultative process there are a number of changes and improvements to the Bill which, together with those originating in-house, I propose to circulate to the House after this contribution so that there may be ample time for them to be considered before moved in Committee Stage. Finally, Mr Speaker, I wish to thank publicly, all those who have helped with the preparation of the Bill. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, I am glad to see Moreso having regard to the concluding remarks of the Financial and Development Secretary regarding the date of publication of the Bill and the actual date of its introduction in the House for First and Second Reading and what has happened in between in the sense of the representations that they have received, I am glad to see because of all that, that the Government has resisted the temptation which they had of introducing the Bill in the House at a much earlier date. This became clear from some comment which I think the Hon Mr Feetham had made over GBC that the Government was thinking, at the time, about possibly bringing the Bill to the House in September and perhaps even trying to take it through all its stages then. I can understand that the Government was very anxious to try and introduce the Bill in the House at the earliest opportunity given what was happening and as a declaration of intent and in order to set minds at rest that the Government really meant business in this important field. But I think that time has proved that that would not have been wise, certainly not to have taken it through all stages then and that as a result of the time that has now been allowed of about four months before, more in fact because we are going to take the Committee Stage and Third Reading in December, five months will have gone by before the Bill actually goes through all stages in this House and therefore as a result of all that the piece of legislation that will finally see the light of day will be far better than what it otherwise

would have been. Mr Speaker, broadly speaking we welcome the vast majority of the provisions of this legislation. It is a piece of legislation which is really long overdue. I am not going to say that it was somewhat hurried in the sense of producing the Bill but obviously in drafting such a complicated piece of legislation, it is not always possible to see all the implications and that therefore the Government knew beforehand and that is why they have not put down the Bill for Committee Stage at this meeting, the Government knew that there were representations that were coming which they really had to take on board. I was asked to Chair a Financial Sector Think Tank back in November, 1986, Mr Speaker, and the presenting Acting Financial and Development Secretary was my adviser in that body. I think that had I been given the job much earlier than I was, in the event I was only given about a year, something might have emerged before the end of our term of office. I was fully conscious of the need for this sort of legislation to be brought to the House and I think that I am also confident of my ability to have given the matter the necessary impetus, particularly once I had found my feet on what was then for me a new field. We were working towards this legislation. It is very much in line with our thinking then and I think that it is the sort of legislation which any Government of Gibraltar worth its salt would seek to get onto the Statute Book as readily as possible. As the Financial and Development Secretary has said, it has been drawn up on the advice of lawyers and other experts who are working in the financial sector in Gibraltar and who, by and large, know and understand our problems and therefore what is required. He has also confirmed the view that we had made beforehand that the legislation was probably modelled on legislation elsewhere. But having said all that, Mr Speaker, we do not agree with everything in the Bill and there is one particular matter of principle which we are concerned about. In fact, which we are very unhappy about and which on present thinking, unless something were to be said from the other side that might cause us to change our thinking, on present thinking there is one point of principle which I am going to elaborate on which will mean that instead of voting in favour of the Bill we will feel bound to abstain. The Financial and Development Secretary said that the Bill, by and large, is an enabling measure for Regulations to be made and we do not quarrel with that. That it should be an enabling measure and that further subsidiary legislation will be required but, unfortunately, it seems to us that the definition of the Ordinance contained in page 171 of the Bill really takes the matter further. The definition says "this Ordinance includes any Regulations and Rules made under this Ordinance". So it appears as if the Regulations and Rules which are to follow will become part and parcel of the Ordinance and that is something that we are not happy about. The upshot of all that can be that subsidiary legislation, Rules and Regulations to follow, could amend the Ordinance almost entirely and that therefore the

legislation which will have emerged from this House next month could at some time subsequent to that be entirely amended by the Government without subsequent reference to this House. If subsidiary legislation is going to become part and parcel of the Ordinance then instead of actually bringing a further amending Bill to the House, effectively, there will be no opportunity for Opposition Members of the House of Assembly to debate such rules and regulations. This amounts to, in our view, Sir, yet again, to an erosion of the functions of this House, a matter that we have been complaining about and sometimes bitterly over the last eighteen months. The Executive is effectively being empowered to amend overnight, without further reference to the House, the legislation which we have had a part to play in framing and the Hon the Financial and Development Secretary had some kind words to say about the positive role and the contribution that we have made in the earlier Bill and on this Bill, I think, our contribution is also of a positive nature and if that is valuable then why should rules and regulations be made subsequently that will not give us an opportunity, effectively, to do the job for which we are being paid. Mr Speaker, I have taken the trouble of consulting the Bible of Parliamentary Procedure, Erskine May, and the Chapter 22, on the question of Delegated Legislation, namely, Subsidiary Legislation Rules and Regulations. In the United Kingdom it has become the practice over the last fifty years or so in order to lighten the burden of Parliament which has got a very heavy legislative programme, to provide in the legislative machine ways and means of lightening Parliament's burden and hence there is a wide body of subsidiary legislation which does precisely that. But the considerations that apply in Parliament in the United Kingdom I do not think are applicable to Gibraltar. It is not necessary in Gibraltar to confer legislative power on the Executive to the same extent as in the UK because we do not have a heavy legislative burden here in this House. The House is able to meet as and when required, for a particular purpose, we are accommodating, we are helpful to the Government and in between the Government has considerable time to get on with its executive business without having to spend more time in the House than is necessary something which does not happen in the United Kingdom. In the United Kingdom Statutory Instruments can be amended by delegated legislation but the major provisions of an Act of Parliament are not amended by subsidiary legislation. To do that, in my view, makes a mockery of the whole process of the passing of legislation and the main function for which we are elected and which is to be legislators. This is a debating chamber but by and large this is the Legislature. This is the body for enacting legislation. So because what is at stake is a very important parliamentary principle, we feel that we are not going to be able to support the measure and vote in favour of the Bill. My colleague, the Hon Colonel Britto, is going to deal with many more of the details than I am going to concern myself

with but there are two or three that I do want to mention. I am particularly glad to note that the Bill is going to make provision for the contents of advertising to be covered, this is a matter which was of concern to the Financial Services Think Tank, as I am sure the Hon Financial and Development Secretary can confirm, that I had the honour to Chair, at an important stage in our proceedings. It was something that we really wanted to do something about and to get straight because we were already concerned about the nature of some advertising both in the press and on television. We have some misgivings about the provisions in respect of exempted persons and in particular the question of an agent. We think that there is a possible loophole here and we would like the Government to look at the matter more carefully unless there is already a proposed amendment which I have not had a chance to look at in the second batch of papers that has been circulated, perhaps there is. So we will look at that in Committee. The immunity which is conferred under Clause 49 is, in our view, far too wide and greater protection needs to be given to the public, really, in this respect. As I say, Mr Speaker, both in what is to follow my colleague will go into many more of the details and we will also be making our contribution in Committee. So whilst, generally, we welcome the Bill, we regret that for the reasons that I have stated which has to do with the enactment of legislation and rules, we cannot go all the way and we cannot vote for the Bill.

HON ATTORNEY-GENERAL:

Mr Speaker, can I deal with the point made by the Hon Leader of the Opposition insofar as Government making subsidiary legislation is concerned. This is, indeed, as the Hon Financial and Development Secretary has said, principally an enabling piece of primary legislation. It is, if you like, Mr Speaker, the skeleton and Government will have to put the meat onto the bones by means of subsidiary legislation. Mr Speaker, it is a matter for Government to decide in the exercise of its policy, whether it wants to implement that policy by means of primary legislation or by subsidiary legislation. If Government has decided, as is the case, it wants to implement its policies largely by subsidiary legislation, then it becomes my duty to consider three things when Government approaches me and instructs me to draft subsidiary legislation for a particular thing. I have to, firstly, Mr Speaker, decide whether the subsidiary legislation I am instructed to draft is proper legislation of a subsidiary nature made under the enabling provisions of the Ordinance. In other words, is the enabling provisions in the Ordinance adequate to cater for the subsidiary legislation desired to be made. If the answer to that is no then that is the end of the matter and we have to do something different. If the answer to that is yes, Mr Speaker, the next thing I have to consider is does the prospective subsidiary legislation conflict in any way with EEC legislation? If the answer to that is no, the third

thing I have to consider is does the subsidiary legislation conflict in any way with the principles of the Constitution and especially the fundamental rights and freedoms afforded by Sections 1 to 14 inclusive of the Constitution? If the answer to that question also is no, then the subsidiary legislation, once drafted and once published, is of course perfectly valid law. Mr Speaker, all those points were canvassed at very great length by myself in the case involving an appeal under the Fast Launches (Control) Ordinance in the case of Jose Manuel Rodriguez Cortes which was determined by the Chief Justice in 1985 and he supported each and every one of the points I have just made to this House. So, I hope that what I have said will allay any fears the Hon Leader of the Opposition may feel about any possible invalidity subsequently or challenge to subsidiary legislation which Government makes in the implementation of its policies under the enabling provisions of this Ordinance.

HON LT-COL E M BRITTO:

Mr Speaker, with the greatest respect to the Hon and Learned the Attorney-General, our immediate reaction on this side of the House, without a chance of further consultation or study, is that the highly technical explanation that has immediately been given does not allay the fears that have been expressed from this side in the introduction to our reaction to this Bill. It is, of course, up to the Government to lay down the policy and as the Hon the Attorney-General has said, for him to implement the policy. But we feel for one that the Government is departing from normal practice in what they are doing and that secondly the net effect is to allow a body outside this legislature to enact what is tantamount to laws which are the responsibility of this legislature to debate and enact. We feel that that is not something that we can accept. The Hon Attorney-General referred to the Constitution and I would have thought that Sections 32 and 33 of the Gibraltar Constitution were relevant to the matter that we are discussing and, in particular, amongst other things, to the definition of "Ordinance" in that Constitution. I would submit that "Ordinance" is defined in the Constitution of Gibraltar and that this legislation seeks to, in a way, modify or change the definition in the Gibraltar Constitution. And I put it to the Attorney-General whether that is in fact the case and whether that can be done. The net effect, as I say, is that we feel that the Bill would usurp the powers of this House and as such we still maintain our objections to it. I will not repeat, Mr Speaker, a lot of what I said in my introduction to the previous Bill except to repeat that, obviously as has been said, that we welcome it and that what I will say will be constructive. Once again to point out minor details that illustrate the fact that a certain amount of work needs to be done before this Bill can be completed and maybe some of it is already being done in the substantial amendments that have been

circulated. In Clause 8, for example, there is reference to non-existent subsections. In Clause 60, subsection (3), there are references to non-existent subsections of other sections. In Clause 26, subsection (2)(b)(iii), there are references to non-existent regulations. As I say, it is illustrating the point that I was making in a different way on the previous Bill. Coming to more detail and to particular areas, sections and principles of the Bill, the question of custody of customer investments dealt with in Clause 2, subsection (2)(b), we feel is too vague as it stands in allowing any person to be a custodian and we feel that the Isle of Man legislation which specifically lays down that only banking institutions shall be used as custodians is much better and one that should be followed. We feel that however tight the legislation that we are trying to enact may be, however effectively the Commission is working or the members of the Commission are working, at the end of the day what we are trying to achieve is to safeguard the investments of the people who could be affected adversely by a rogue company or by someone who breaks the law. However effective, I repeat, Mr Speaker, that legislation or that Commission may be, if at the end of the day those assets which that rogue company is holding or has passed on to a third person to hold, are not there there is not much point in having effective legislation if the person still loses out because the assets cannot be traced. We feel that the security that a banking institution can offer as opposed to the looseness which at present exists in that any person can be nominated as custodian is desirable and we must commend it to the Government very, very strongly. Secondly, on the question of exempted persons covered under Clause 4 and under Schedule 4, I have taken on board the Hon the Financial and Development Secretary's explanation on aiming ahead towards the Single European Market but it would seem to us that there is a possible loophole there in allowing a company to be registered in other EEC countries and then not being subject to the full rigours of the licence in Gibraltar by being exempted. Similarly, under the exceptions of Part I of that Schedule, subsidiary companies exempted we feel, as is the case in the Guernsey legislation, we feel that it should be obligatory and laid down by law that such subsidiary companies should have the necessary resources and expertise. At the moment the only requirement is that they should have an agreement with the parent company. A thought that occurs to me very much as I am speaking and to which I have not given detailed consideration but which I nevertheless could put to the Hon Attorney-General is that maybe the answer might be for exempted persons and subsidiary companies still to need to be licenced if not necessarily and I am not entirely certain why the exemption is necessary and why they are exempted from the licence, whether it is a question of fees or whether it is a question of administrative burden but the answer might be for them to be exempted from the fees but not from the licence. The third point is on the Commission's ability to grant or refuse a licence given under Clause 8.

It is a slight technicality but the way I understand it, the Commission must, because the word in the Ordinance is "shall", the Commission must either grant or refuse a licence within a period of six months and we would have thought that it might be sensible to allow provision for the Commission to defer that deadline of six months if the circumstances were such that such deferment were needed in order for the case to be either pursued further or considered further whereas at the moment it seems that it must either decide within six months on either a positive or a negative answer. But I stand to be corrected on that if that is not so. My understanding is that under Clause 8 there are only those two options and that there might be a case for further consideration in a positive way before saying no to a licence or, indeed, in a negative way further consideration before saying yes. Another point I want to make, Mr Speaker, is on the avoidance of the exclusion clauses in Clause 23 and again it would appear that the example contained in the Guernsey legislation is probably better than what we have ourselves and that the wording is not as watertight as it could be. My colleague, the Hon Leader of the Opposition, dealt with advertising regulations which, of course, we support and agree on the detail and effectiveness but to expand slightly on what he said, we feel that these advertising regulations could be considerably weakened by the definition of prospectus on page 171 of the Bill, specifically on the content of the words "detailed information" in reference to that prospectus. I am sure the Hon Attorney-General will agree with me that 'detailed' is subjective and difficult sometimes to define but we feel that the word 'detailed' could weaken the whole section on advertising regulations. Finally, Mr Speaker, on controlled activities and specifically on company management in Schedule 3, again our feeling is that the provision of nominee shareholders not having in aggregate more than 2% of the issued capital of the company is another possible loophole that needs to be studied more closely to avoid a possible rogue company setting up under the provisions of that exemption. A final point, we notice that trust companies have not been defined in the legislation in any way and we wonder whether this is a deliberate omission and whether the Attorney-General considers that it might be worthwhile to have them defined especially in relation to what I have just said, in relation to company management. In conclusion, Mr Speaker, I will repeat what I said in reference to the previous Bill on thanking the administration for the time that we have had in being able to work on this Bill and, hopefully, to make a positive contribution on it and thanking them for circulating the amendments at this point in time and asking them that if there are further amendments that will be coming up at the Committee Stage to let us have sight of them as early as possible before the date of the next meeting. Thank you, Mr Speaker.

HON P C MONTEGRIFFO:

Mr Speaker, I think it is difficult to underestimate the importance of this legislation and how desirable it is that Gibraltar should be seen to be passing an Ordinance of this type. The Bill is a marriage with the previous Bill that we have discussed and in that sense one without the other is not feasible or practical because both go together. The detailed comments which I have on the Bill I will expand on at Committee Stage because I would like to consider what amendments have been made by the Government itself. I would like to ask the Government, perhaps for a commitment on, is the question of timescales. As has been indicated, this Bill is very much a framework, very much just the skeleton and the details of how things will actually be regulated will be done by way of subsidiary legislation. Frankly I would not like to see the Bill pass all its stages unless there was some fairly clear indication of when the Rules are going to be published because we are providing a framework, technically in law, of regulation both with the Commission and both Financial Services proper without the actual flesh being attached to it and that is a dangerous set of facts. I would prefer a commitment from the Government that even if this Bill was passed it would not come into operation until the whole framework, the whole flesh had been put into place and comes in as a complete package and at the same time. I do not know what the Government's views are but I would have thought that you would have to have set up the actual Commission with a Commissioner and an element of infrastructure or an alternative to that infrastructure in order to make sure that the legislation could be policed. The important thing about this legislation which I think it is necessary to say, is that it is designed to comply with EEC Regulations and therefore the examples that some of my colleagues on this side of the House have quoted on Jersey and Guernsey and of which I directly have not had sight of, may not be that relevant because I think what Gibraltar has to do is to not follow Jersey and Guernsey necessarily but to follow the outlines and confines of European Community Directives which in some respects may be more onerous but in other respects may allow us to do things that other jurisdictions do not do. That is the basis on which I understand this legislation has been drafted and, certainly, as far as UCITS are concerned of which I have some personal contact and personal knowledge, that is the way clearly the Rules are drafted.

HON LT-COL E M BRITTO:

If the Hon Member will give way. Mr Speaker, I tend to concur with the feeling that we do not need to go the Guernsey and Channel Islands way but that we want to go more towards the Common Market way, but in quite a number of instances the actual wording of the legislation that we are discussing now and in the previous Bill, is a direct copy of

- I see the Financial and Development Secretary shaking his head, I can actually quote him chapter and verse, not here and now, but if we go through the legislation together I can point out where whole clauses.....

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Hon Member will give way.

MR SPEAKER:

I think, again, these are matters that we can sort out at Committee Stage.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

It is a short one, Mr Speaker. The Hon Member will trace the source to the Financial Services Act whichever legislation you look at: Isle of Man, Guernsey, Gibraltar or whatever it is. That is the one that is laying the parameters.

HON LT-COL E M BRITTO:

Fine, Mr Speaker, be that as it may, the point I am trying to make is that if in drafting this legislation it has been thought fit and proper to use the same words in quite a number of clauses, and I mean exactly the same words for the whole clause as we have seen the Guernsey and the Isle of Man legislation, that is why I, in the example, said that we felt it would be better. But I am not saying that the policy should be towards the Channel Islands philosophy but, of course, to the EEC philosophy.

HON P C MONTEGRIFFO:

I am grateful for that clarification, Mr Speaker, because the point I was going to go on to make is that, in fact, our major competitors very much in the main areas in which this legislation addresses itself are places like Luxembourg and Dublin. Because Dublin has now established an offshore centre in the centre of Dublin to cater for work like collective investment schemes so it is only proper that we should look towards Europe as the framework. I just want to make a final point, Sir, which is on the question of the Rules. In my former contribution I asked the Government if they could give me some commitment that when the Rules were published in that Bill the Government would allow us on this side and allow people in the industry, sight of them for consultation before those Rules were published. I do not feel so strongly as some of the other Members on this side about the fact that the Ordinance includes any Regulations or Rules because I think that although I have opposed Regulations being used to flesh out things that I think the House should debate, in highly technical matters like legislation on this type of area the people who have to get to know are the people with an interest and people with the

natural input and I do not think that it is an abuse of the process of legislation for this type of legislation to be done through regulation. But what I think would be unfair would be for us not to have sight of the Rules before then and for the industry, in particular, also not to have sight of those draft Rules. If the Government can confirm that it is their intention that a draft set of Rules will be prepared and then circulated to people who have an interest in that, that would certainly satisfy me since it will ensure that their contribution would be taken account of. Thank you, Sir.

MR SPEAKER:

It is one o'clock now so we will recess for lunch and come back at 3.15 this afternoon.

The House recessed at 1.00 pm.

The House resumed at 3.20 pm.

MR SPEAKER:

Does any other Hon Member wish to speak on the Bill?

HON M A FEETHAM:

Mr Speaker, one of the main issues that has come out clearly from the Opposition has been the question of the legislation being put to the House in such a way that will not allow them in the future to have an input into subsidiary legislation and I can understand the views being expressed. But I think that what is important is that we analyse the spirit in which the legislation is brought to this House. When we looked at the Financial Services legislation one of the advantages we have had is, in fact, that we have been able to look at the experiences of the United Kingdom from the date that they introduced Financial Legislation. One thing that all interested parties in Financial Services in the UK and in Gibraltar are unanimous about is that the Financial Services legislation in UK has been proved to be extremely cumbersome and has, in fact, not assisted the industry as much as it was aimed to do. Therefore what we decided was to look at a short piece of legislation that would draw its main business from the introduction of subsidiary legislation which, in effect, is what happens in UK. Most of the enforcement is done by subsidiary legislation, it is a major part of the Financial Services legislation in UK. So in effect we are not attempting to do anything different than what exists in the United Kingdom taking on board the experiences that we have learnt and that we have been able to make best use of in Gibraltar. I think that having said that and having put over the background to the thinking behind the Government having made the decision to bring the legislation in its present form, I hope that Members opposite who clearly support the Bill should not

use, on this occasion, and an important aspect of it not to support the Bill and take the decision to abstain having made clear the reasons why we have brought the legislation in its present form. But there is another point in this as well and that is that we are in a very competitive business and in a business which we need to react at times to plug a loophole in anything that we will come up against that requires immediate action. We cannot do that if what we want to do is to have to come to the House to amend legislation. Therefore one aspect of the reasons of enabling legislation is to allow us to do that but also to be able to react quickly to any changes in other financial centres that are competing with us and we need to react quickly. The best way to do that is to have a situation where we can be far more businesslike in our approach to Financial Services in Gibraltar. Those were the main reasons why we went into the enabling legislation. Certainly not to produce a situation where the Government was going to be introducing Rules and Regulations in order to keep it away from the Opposition because at the end of the day we are going to have a Financial Services Commission which is independent and which is going to advise Government on legislation. Which is going to propose legislation and therefore what we are trying to do is that the industry itself is putting policies forward in the best interest of the industry. It is not a question of keeping the Opposition more or less informed or more or less involved. I think we are all clear that what we want to do is in the best interest of Gibraltar. The other point that I think needs to be answered is that, in fact, the point made by the Hon Mr Montegriffo, and that is that the Rules for Financial Services.....

HON A J CANEPA:

If the Hon Member will give way on the point about the need for the Government to react quickly through enabling legislation. I said this morning that I had scrutinised very carefully the chapter on delegated legislation in Erskine May. There is provision in the Houses of Parliament for what is termed 'the negative procedure' and that is that where there is subsidiary legislation then it will take effect forthwith or on some named future date but it shall be subject to annulment in the event of a resolution of the House. What I am saying to the Hon Member is this, the Government could consider proceeding as they intend to do, having the power to make Rules and Regulations to be able to react, as the Hon Member is saying, thereby amending the legislation but to be tabled here in the House and it shall come into effect forthwith unless at a subsequent meeting of the House the House would then be given an opportunity to annul it in pursuance of a resolution. We would have the power to bring a resolution to the House seeking to annul it if we are not in favour. I would commend to the Hon Member - it is page 381 of Erskine May, 'the Negative Procedure', we can make a copy available - and that, I think, would meet the intention which he has in his mind and the objections,

in principle, that we have. I think that would be a very reasonable way of proceeding.

HON M A FEETHAM:

Mr Speaker, I will take note of what the Hon Member has said and perhaps at Committee Stage I will be in a better position to look at the implications of what he has, in fact, said. But the point I am making is that we will be moving forward on the basis of having carried out full consultation (a) with the Commission and (b) with the entire industry in Gibraltar in introducing new Regulations and Rules and amending anything that needs to be done. This is not a particular industry where it in any way serves the Government politically to try to keep the Opposition at bay, that is not the case, this is a case where the industry itself, it is in their interest and in the interest of Gibraltar to work with a united effort in promoting Financial Services. I would say no to what the Hon Member has said but we will have a look at the point that he has made. With regards to the Rules, I have no quarrel with giving copies of the Rules well in advance to Hon Members opposite because at the end of the day if matters of a technical nature can be assisted by efforts from Members opposite there is no problem, I think we are all trying to do the best we can for Gibraltar in this area so that is alright with the Government.

MR SPEAKER:

If no other Member wishes to speak I will call on the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I thank everyone for their contributions. As my colleague, the Minister for Trade and Industry has said, note has been taken of the suggestions for amendments, these will be dealt with in detail in the Committee Stage. One point, however, I must clarify which I hope will also sway Members opposite to vote in favour of the Bill and that is that the expression on which both the Leader of the Opposition and his colleague, Mr Mascarenhas, is the reference to 'this Ordinance including any Regulations and Rules made under this Ordinance'. If they care to look with more attention at the preamble of that section it says: "in this Ordinance" meaning that that is the only application of the definition which has been inserted for ease of drafting so that wherever there is a reference to the Ordinance in a section it is not repeated by the words "or any Regulations or Rules made thereunder". Other than that, Mr Speaker, I commend the Bill to the House.

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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 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 K W Harris
The Hon J H Bautista
The Hon P C Montegriffo

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 Dr R G Valarino

The following Hon Member was absent from the Chamber:

The Hon J L Baldachino

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 the adjourned meeting of the House.

THE SUPPLEMENTARY APPROPRIATION (1989/90) (No.2) ORDINANCE, 1989

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, 1990, be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The House very well knows the purpose of a Supplementary Appropriation Ordinance and therefore I feel that my explanation should be a brief one. The purpose of

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the Bill is to appropriate further sums from the Consolidated Fund and the Improvement and Development Fund during the current financial year as shown in the Schedules to the Bill in Parts I and II respectively. As is now the tradition, my colleagues on this side will be answering any points that arise in any detail of the Schedules. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON G MASCARENHAS:

No, Mr Speaker, just to say that we shall be supporting the Bill and we will have a query on Head 9 but that we can do at the Committee Stage.

MR SPEAKER:

I will now call on the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have nothing further to add.

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 Employment (Amendment) (No.2) Bill, 1989; the Pensions (Widows and Orphans) (Amendment) Bill, 1989; the Borrowing Powers (1988-1992) (Amendment) Bill, 1989; the Supplementary Appropriation (1989/90)(No.2) Bill, 1989; and the Income Tax (Amendment) (No.3) Bill, 1989.

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

THE EMPLOYMENT (AMENDMENT) (NO.2) BILL, 1989

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 PENSIONS (WIDOWS AND ORPHANS) (AMENDMENT) BILL, 1989

Clauses 1 and 2

On a vote being taken on Clauses 1 and 2 the following Hon Members voted in favour:

The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J I Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon J H Bautista
The Hon P C Montegriffo

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 Dr R G Valarino

The following Hon Member was absent from the Chamber:

The Hon J I Baldachino

Clauses 1 and 2 stood part of the Bill.

Clause 3

HON ATTORNEY-GENERAL:

Mr Chairman, there is a slight amendment to make. It is, in fact, a three clause Bill, Mr Chairman, and not a two clause Bill. The new section is Clause 2, the amendment to section 13 is meant to be Clause 3 but when the Bill was printed the figure '3' is missing. Can I apply, Mr Chairman, for that very minor amendment to be made at this stage.

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

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 K W Harris
The Hon J H Bautista
The Hon P C Montegriffo

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 Dr R G Valarino

The following Hon Member was absent from the Chamber:

The Hon J L Baldachino

Clause 3, as amended, stood part of the Bill.

The Long Title

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

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 K W Harris
The Hon J H Bautista
The Hon P C Montegriffo

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 Dr R G Valarino

The following Hon Member was absent from the Chamber:

The Hon J L Baldachino

The Long Title stood part of the Bill.

THE BORROWING POWERS (1988-1992) (AMENDMENT) BILL, 1989

Clauses 1 and 2

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

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 K W Harris
The Hon J H Bautista

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 Dr R G Valarino
The Hon P C Montegriffo

The following Hon Member was absent from the Chamber:

The Hon J L Baldachino

Clauses 1 and 2 stood part of the Bill.

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

THE SUPPLEMENTARY APPROPRIATION (1989/90)(NO.2) BILL, 1989

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

Schedule

Part I - Consolidated Fund

HON G MASCARENHAS:

Mr Chairman, clarification on the House of Assembly - Recording of Proceedings, Head 9, an explanation of what exactly it is.

HON J C PEREZ:

Mr Chairman, Hon Members will note that these gentlemen that are at the back recording the proceedings used to be part of the Public Works Department and they are now a private company and therefore the work that they do for the House is now contracted directly from the House and the expenditure needs to be voted for in order for the company to get paid for their services. That is the explanation.

HON A J CANEPA:

Mr Chairman, Head 26 - Pay Settlements, could we have an indication as within what areas of Government employment the pay awards have been in excess of the norm that have been provided for previously by Government?

HON CHIEF MINISTER:

In most of the areas of white collar employment. The industrial settlement was a flat rate of £8 a week for non-craft workers and £9 a week for craft workers which came within the kind of range of the amount that we had provided. We provided £2½m which is related to a pay and salaries bill of £42m. And I think the industrial settlement worked out at an average of 6½% except that it was not quite the same percentage for everybody because it was a flat rate so, in fact, a Band 2 labourer got the most. The only additional element on the industrial side which we had not provided for was the consolidation of craft allowances which is being phased in at different stages during the year. The craft allowance structure in UK in the MOD is virtually being done away with and there is a rate of, for example, technician which is going to be on a basic wage of something like £169 a week which would be the equivalent of the old basic craftsman plus level 3 craft allowance. Of course, this means that in terms of earnings and in terms of shift allowances the consolidation of the craft allowance into basic pay has an on-going effect. But this is only a very small part of the £750,000. The bulk of it is the restructuring exercise that has gone on in the administrative and in the technical side as well as the nurses where there was a totally new structure created in the National Health Service last year and part of the payment this year, in fact, in the Nursing Grades was backdated to April, 1988, because the 1988 pay review in the Nursing Grades involved, first of all, an interim payment and then the matter was referred to a Commission that did a study and a restructuring exercise and when they finally reported and we finally got the DHSS thing here and applied it we were well into 1989. Members opposite will remember the problem and the strikes that there were in the United Kingdom because some nurses were graded 'G' and some nurses were graded 'H' and they had previously been on the same rate of pay. So what we did, in fact, was we negotiated directly with the union here to apply an average which had

the same effect rather than have the problem of having people who were previously doing the same job on different wards, one being upgraded and the other one being downgraded which had caused so much problem in UK. It meant that by the time we actually settled the 1988 Pay Review we had to implement April 1988 and the April 1989 Pay Review and therefore in this financial year in terms of nurses there is two years of pay involved, there was over a year retrospection. And we have had the regrading exercise of the PTO's, the final stage of that which in fact was started when the Hon Member was in office which is when the basic PTO grade replaced the old PTO TII and we had people who were temporarily graded at TG1 and who then had to be staff inspected and analogued. This year we are getting in addition staged increases for the clerical grades and a spinal column covering HEOs, EOs, AOs and AAs with the same maximum and then spinal points which are discretionary depending on the recommendations of Heads of Department all of which, I think, is going to create quite a lot of complications for us in Gibraltar because frankly the move in UK now is away from national pay bargaining and the main advantage with parity was that we would apply whatever was agreed outside London. But if you have to apply one rate of pay in Devon and another one in Scotland and another one in Wales, logically everybody will want the one in Devon. This is really where the effects have been. In terms of basic pay, we are not talking about increases of more than 7% or 8% but because people are moving up the scale at the same time as the scale is moving sideways, in practical terms in earnings we are talking about much bigger increases.

HON A J CANEPA:

I am very grateful, Mr Chairman.

Part II - Improvement and Development Fund

HON P C MONTEGRIFFO:

Mr Chairman, there is a reference to General Services. Can the Minister for Government Services perhaps give a breakdown of what the figure of £157,000 represents?

HON J C PEREZ:

The Hon Member should have the breakdown attached to the Bill. Both are revotes, one is for the Sandy Bay pumping mains and the other one is the part of the refurbishment of the refuse incinerator which was not spent in the last financial year.

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

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

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

THE INCOME TAX (AMENDMENT) (NO.3) BILL, 1989

Clauses 1 to 4

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

The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J I Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon J H Bautista

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 Dr R G Valarino
The Hon P C Montegriffo

The following Hon Member was absent from the Chamber:

The Hon J I Baldachino

Clauses 1 to 4 stood part of the Bill.

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Employment (Amendment) (No.2) Bill, 1989; the Pensions (Widows and Orphans) (Amendment) Bill, 1989, with amendment; the Borrowing Powers (1988-1992) (Amendment) Bill, 1989; the Supplementary Appropriation (1989/90) (No.2) Bill, 1989; and the Income Tax (Amendment) (No.3) Bill, 1989, have been considered in Committee and agreed to, and I now move that they be read a third time and passed.

Mr Speaker then put the question and on a vote being taken on the Employment (Amendment) (No.2) Bill, 1989, and the Supplementary Appropriation (1989/90) (No.2) Bill, 1989, the question was resolved in the affirmative.

On a vote being taken on the Pensions (Widows and Orphans) (Amendment) Bill, 1989, the following Hon Members voted in favour:

The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J I Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon J H Bautista
The Hon P C Montegriffo

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 Dr R G Valarino

The following Hon Member was absent from the Chamber:

The Hon J I Baldachino

On a vote being taken on the Borrowing Powers (1988-1992) (Amendment) Bill, 1989, the following Hon Members voted in favour:

The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J I Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon J H Bautista

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 Dr R G Valarino
The Hon P C Montegriffo

The following Hon Member was absent from the Chamber:

The Hon J I Baldachino

On a vote being taken on the Income Tax (Amendment) (No.3) Bill, 1989, the following Hon Members voted in favour:

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 K W Harris
The Hon J H Bautista

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 Dr R G Valarino
The Hon P C Montegriffo

The following Hon Member was absent from the Chamber:

The Hon J L Baldachino

The Bills were read a third time and passed.

PRIVATE MEMBERS' MOTIONS

HON A J CANEPA:

Sir, I have the honour to move the motion standing in my name, that:

"This House welcomes, in general terms, the proposals for further constitutional advancement for Gibraltar drawn up by General Sir William Jackson".

Mr Speaker, it is not my intention this afternoon to discuss in any great detail the merits of Sir William Jackson's proposals. I do not think that this is necessarily the time or, indeed, the place to do so but I consider, nevertheless, that it is important and useful that the matter should be given an airing in the House. In the first place, Sir, I think that the credentials of the person who has drawn up these proposals should be given some consideration. This is not the case of a well meaning but perhaps eccentric crank who is trying to tell us what is good for us. On the contrary, the proposals have been, yes, Mr Speaker, from time to time we do get letters from people who think they know best, drawn up by someone who knows Gibraltar very

well; who understands the Gibraltarians very well; and who has identified himself with our interests and our aspirations, not just during the four and a half years that he was Governor, and let it be stressed that he was one of the most active and justifiably popular Governors, but that he has done so subsequent to serving his term of office, by the interest which he has continued to take in the affairs of Gibraltar and, particularly, Mr Speaker, in the course of writing his history of Gibraltar so aptly titled "The Rock of the Gibraltarians". Sir William Jackson, Sir, saw his role as Governor, perhaps to a more pronounced extent than most Governors, as being one of supporting the views of Gibraltar's elected representatives and naturally given his position, supporting the views in particular of those of the Government of the day. Also of helping us to fight our corner against all comers and assisting us and again fighting our corner with a Foreign and Commonwealth Office whenever that became necessary. Insofar as the latter is concerned, so much so that perhaps close to the end of his term of office, one could sense that London was becoming somewhat suspicious of his advice. Since his departure, as I have said previously, he has continued to take a very close interest in our affairs, perhaps in a more active sense than any of his predecessors. So, Mr Speaker, given these personal credentials and giving his almost unique record of observation from the inside as it were, the proposals that he has drawn up are worthy of the fullest consideration and should be generally welcomed by all shades of public opinion in Gibraltar. The timing of them is also, in my view, well judged for none of the other interested parties could reasonably take offence or pretend that they damaged in any way relations between them. Twenty years after the promulgation of the present Constitution, it is clear to us that constitutional change for Gibraltar cannot be ruled out and is, if anything, required as we move into a new decade. In the context of everything that has happened, vis-a-vis Britain during this period and in the context of developments in Europe during that time and further developments to be expected in Europe during the next few years, it is our view, Mr Speaker, that Gibraltar must be seen to be pressing for a more modern and for a more relevant relationship with Britain and that Gibraltar also requires to move in line with the rest of Europe rather than clinging to a Colonial framework which in reality and in practice we have long outgrown. In many respect the present Constitution is archaic and requires updating. Previous AACR administrations, and indeed the present GSLP Government, have both in practice, gone beyond the narrow framework which was envisaged in the early 1970's. Sir, many of us who have been involved with the working of the present Constitution over the years, have attested to the fact that as a community we cannot remain constitutionally stagnant and that the Constitution has, in fact, outgrown Gibraltar's needs. This has really been the gist of the reaction that there has been within Gibraltar, to the publication of Sir

William Jackson's proposals. When we, in the AACR, received Sir William Jackson's draft paper at the beginning of September, rather late in the event was proved to be the case, because it did not make it possible for our reaction to be included in the definitive document that was published by the Conservative Party's Monday Club, we immediately welcomed and supported his recommendations. We see these recommendations as being very much in line with our thinking of further constitutional reform for Gibraltar and very close, in general terms, to our traditional concept of Free Association with Britain. At an appropriate stage detailed discussion will, of course, be required on the specific proposals. That is why we have suggested to Sir William that for a start it would be useful if he were to follow up his initiative with a subsequent presentation in Gibraltar. I am sure that such discussion in Gibraltar would be both stimulating and inspiring particularly held against the background of our own proposals of Free Association which as is well known, and following the initiative taken some three years ago by my former colleague on the far left, to not breach the Treaty of Utrecht. Incidentally, Mr Speaker, it would be interesting and perhaps valuable, to try to discover, which we on this side of the House do not know, what actually transpired at the Monday Club to be able to consider in the light of whatever occurred, what further step or initiative should take place, as I have suggested, by way of presentation and discussion in Gibraltar. We on the Opposition benches, Mr Speaker, the official Opposition, warmly welcome the work and the effort of Sir William. We strongly feel that as Gibraltarians we must actively seek to define what we want for our future; for it is my view that our quest for economic self sufficiency would make even greater sense if there were to be running parallel to it a clear and realistic appraisal of the directions which further constitutional advance for Gibraltar should make. 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 P C MONTEGRIFFO:

Mr Speaker, this is the motion which I would like to feel that I have played a part in bringing to this House. It is a motion which I strongly welcome because I think that we must shake off an element of inhibition which sometimes exists in discussing our constitutional future. I think there is sometimes the impression given that discussing it is premature at this stage and puts more at risk than what we stand to gain. I believe strongly that the proposals that General Jackson has made, whilst not having to encapsulate in the framework that it is proposing what we necessarily want, contains ingredients which the vast majority of the people of Gibraltar would like to see as the next stage of their development constitutionally. Increasingly we are living in a framework of European integration where the

concept perhaps, the traditional concepts, of solutions which we have always discussed as being ways in which Gibraltar could develop will have to be amended. The truth is that nobody is going to be able to foresee now how Western Europe is going to look within the next ten years let alone even Eastern Europe and, therefore, the traditional frameworks, the traditional decolonising frameworks, that basically come out of the decolonisation of the 1950's and 1960's, I think, will have to be amended in particular in the light of where we are, which is a European framework. However, notwithstanding that, I think we do wrong not to welcome it and therefore I feel strongly that we should welcome it because it provides those ingredients which within a larger European framework we should be able to achieve. This morning we have had an example, Mr Speaker, of one area where Gibraltar's crucial interests, financial services, is in a grave situation; where banking, insurance and that type of area are not defined domestic matters and where we have an element of having to work with the Governor in a wholly colonial set up. The idea that the UK, in 1989, should be responsible for Foreign Affairs and Defence, although I have reservations on the Foreign Affairs question, is perhaps palatable, but the idea that we have to stand as politicians and to represent to the electors policies which economically are going to see Gibraltar move forward, policies which have to do with the welfare of our nation and at the same time be fettered by not being able to control such an important section of our internal economy, is absolutely untenable. In fact, when we commonly talk about Gibraltar being self governing and the UK having the responsibility in the two areas I talked about, it really is stretching the truth a little, and the only reason that we can give credence to that view, that the manner practiced we tend to extend that the Constitution actually says. I for one although, I like to think that I am a pragmatist, think that the constitutions and written laws are supposed to mean something and if they do not mean anymore what you think should be right, then to some extent we should do our own thinking in amending that. Another clear example is that example, of the Financial and Development Secretary, and the present role of the Financial and Development Secretary, constitutionally. There seems no doubt, Mr Speaker, that the role of the Financial and Development Secretary, as envisaged in the Constitution, is no longer something which politically, in 1989, is something Gibraltar is happy with. That is the sort of area where Gibraltar is living in a transition situation, again, where the letter of the law is saying one thing and where practical politics is changing it. I perhaps because of my legal background and, again though I try to be pragmatic, I do not intrinsically like the idea of somebody saying in a Constitution, which is our highest form of authority, this is the way Gibraltar should be run, and then as a matter of practical politics, we start doing things differently. There is a need therefore for a proper debate to start, and I would ask, since we are talking generally, I would suggest, Sir, that it is not impossible for us to look

at amending certain aspects of our internal administration which I think today are at a fetter on practical politics without at this stage bringing to arguments the macro level of the Constitution in terms of whether you remain a Colony or not. I mean things like the position on defined domestic matters where banking and insurance should become a local responsibility and enshrined as such, things like the position of the Financial and Development Secretary. Both of these issues are areas where, frankly, we should be able to sit down with the UK, as partners, and say right, we are not talking about today, changing the whole constitutional framework, because that requires a process which we have not yet started but I think we can start today to change the internal structures to actually make sure we have formal responsibility for the things that Gibraltar is slowly de facto assuming. In that respect, Sir, and if that argument were to find favour with other Members of the House, I feel strongly that there should be a Gibraltar view, a fairly united or as united as possible, Gibraltar view on those types of changes which could be implemented. The truth is that it would be very difficult for, or undesirable certainly, for one particular party or one particular set of individuals, to try and push through reform of this nature and it would do Gibraltar no good. If we want to be broadly agreed that these reforms, even at an internal level initially, are desirable then I think there could be a case for putting our heads together and trying to find some common ground in approaching the UK with a united stand. It is interesting to see, Mr Speaker, the Foreign Office reaction to the Jackson proposal which as would have been expected is simply a "no" although it says in formal language "that there are no present intentions, present plans, to change Gibraltar's Constitution". They stick by the present 1969 text. Bill Jackson himself has rightly pointed out that the Foreign Office is hardly going to say "What a good set of ideas, when does Gibraltar want it?" Nothing is gained without a certain amount of representation. Although I reiterate, as I close, that I am not convinced that the structure, the formal structure, that Bill Jackson is suggesting is necessarily the one that Gibraltar will be moving into in the next decade, I think there is a need to argue a case, in those things that are affecting practical politics today, and that case should start now. That would commence to form the basis of a foundation where we could then develop our own ideas of what we think, and how we think, the constitutional issue should evolve at a higher formal level. Mr Speaker, in conclusion, I very much welcome the motion. I hope that it will keep alive the idea of reform and I hope that thought can be given to considering practical reforms for the running of Gibraltar in the internal sense that I have suggested without necessarily going to lock, stock and barrel change at this stage. Thank you, Sir.

HON CHIEF MINISTER:

Mr Speaker, the Government will be supporting the motion of the Leader of the Opposition. In fact, the Hon Member knows that I have already welcomed, in general terms, what Sir William Jackson said and it is printed in the paper he produced on constitutional advancement. I think I need to deal, first of all, with the points that have been made by the Hon Mr Montegriffo. First of all, I do not know what difficulties the AACR had in Government, in their relationship, when dealing with the running of Gibraltar. I can tell the Hon Member that they often claimed, in this House, that there were two sides to the Government and that if he goes back over the Hansards of the past sixteen years, when I was sitting on the extreme left where he is now, he will find that on many, many occasions when I criticised an omission or an action on the part of the AACR the then Chief Minister would stand up and say that it is the other side of the fence and make a sideways glance in that direction. I can tell the Hon Member that now, as far as we are concerned, all the Members sitting on this side of the House, elected and appointed are part of one Government and have one policy and with one voice and if it ever came to the situation, as far as I am concerned, that there was a question as to which policy was being defended by the Financial and Development Secretary and the Attorney-General then there would only be one policy for them to defend, the policy of whoever was left in Government, because we would not form part of a divided Government. It is that simple. At the same time I can confirm, as I have already said on a number of occasions, that we have never found that to affect our Government since 25 March, 1988, and therefore I have got nothing to complain about. There has not been one single occasion when the Government of Gibraltar has taken a political decision which has then been blocked by the so-called Official Side. As far as we are concerned, we do not know how it operated before we came into Government, but we have seen no evidence of that dichotomy. I mean we have in fact just seen the House passing a piece of legislation which has shifted power from the Secretary of State in the United Kingdom to the Governor in Gibraltar in respect of pensions which the Leader of the Opposition has recognised that that may mean that things will not take as long now as they used to in the past on pensions. That has not required a major effort - I have not even discussed with the Secretary of State - we just simply said this made sense and everybody said "Yes, let us do it". So in terms of the day-to-day running, the position of the Government of Gibraltar is, that if we ever get to the stage where we are inhibited from being able to carry out the policies on which we were elected, then we will come out and say so openly and we will say look we are not prepared to carry on governing on this basis because at the end of the day when we go to the next elections we are going on the basis of what we have done or what we have not done, assuming full responsibilities, and we cannot assume responsibility if

somebody in the back room is stopping us from doing things. So that is how we see the question of internal reform. I do not agree with the Hon Member because, as far as I am concerned, I have had no experience of the kinds of problems that he has referred to, although I used to hear about that kind of problem very, very many times in the past.

HON P C MONTEGRIFFO:

Mr Speaker, I accept that point has to be made, that although at a practical level the Government may not be finding any difficulties because it is being allowed to do what it is doing, there is no doubt that in constitutional term, for example, banking and insurance for which we are assuming responsibility like, for example, having a Financial Commission this remains a non-defined domestic matter and all I am saying is that maybe the Chief Minister does not feel as sensitive about the point as I do and I accept that, that is his opinion, but I just feel it is odd that you have a Government that is doing what is doing within a set of rules that says something else. I believe that if you have a Constitution either it reflects reality or then do not have rules at all. Laws and Constitutions are to reflect reality, and although I am the first to accept that in practice you start to extend the boundaries of the Constitution, it gets to a point that what the Constitution says is so out of step with reality, you have got to say, because I think that it is an important document and I believe in things being done in that way, or I simply do what I can until I am stopped. That is the point I am trying to make. I totally agree with the Chief Minister in the fact that he can extend the Constitution but I think there is a stage where you have to formally implement things.

HON CHIEF MINISTER:

Well, Mr Speaker, as I understood what he was saying and I was relating it to the way we have experienced things in Government and the way the previous Government, elected by the people of Gibraltar, claimed to be experiencing under the same Constitution. It is not that the Constitution was changed on the 25th March, 1988, that is the point I am making. I am telling the Hon Member that in 1987 with the same Constitution and a different Government there was supposed to be problems which I am telling him in 1988 did not exist. I can also tell the Hon Member that if he goes back to the time when he used to belong to the AACR he will remember that when he tried to move the Party into putting the need to go for Free Association, as part of an election commitment in 1988, the then Leader of the Party, Sir Joshua Hassan, publicly stated that in everything except name we already had the Free Association. He is on record publicly as having said that. But that is not what I am talking about, I am talking about the constitutional relationship between Gibraltar and the United Kingdom. I do not agree with him that what the Constitution says about the

relationship between the Governor and Commander-in-Chief as Head of the Executive and the Chief Minister of Gibraltar as Head of the elected Government, is written in tablets of stone which need to be broken and remodelled every time the relationship is amended. De facto the interpretation put on to what degree the Governor acts on my advice and to what degree he disregards my advice, is something that depends, to some extent, on the nature of the philosophy of the Party in power irrespective of the nature of the Constitution and we have experienced, in our running, of the Government of Gibraltar, that there is nothing that we want to change. And we have said publicly that if we discovered that this was not the case we would want to change it. If the Hon Member ever gets to being in Government he might find that there is a requirement to change the Constitution. I do not think you can go into the business of changing the Constitution of Gibraltar simply for the sake of saying, well in order to have everything nicely slotted in place although I can do whatever I like I am going to go into a major constitutional debate with the United Kingdom, just to make sure that what I am doing is what the Constitution says that I am doing because it may well be that another lawyer comes along and looks at the same Constitution and disagrees with him. I can tell the Hon Member that the question of putting forward a Gibraltar view, on the future constitutional relationship with the United Kingdom, makes sense and it certainly would be easier today to try and find common ground with him now that we no longer subscribe to the Brussels Agreement, than it would have been in the recent past when he still subscribed to the Brussels Agreement. Because as far as we are concerned if you subscribe to the Brussels Agreement you subscribe to a view of constitutional change which the GSLP was elected to oppose. The Brussels Agreement clearly lays down that there should be negotiations with the Government of the Kingdom of Spain, about resolving all the differences between the Kingdom of Spain and the United Kingdom, on all matters, including sovereignty and taking into account the United Nations Resolutions which make reference to the element of territorial integrity under the United Nations Charter which was the agreement put forward by Spain and which is unacceptable to us.....

HON P C MONTEGRIFFO:

Mr Speaker, can I explain that, because I do not accept that my position is as explained by the Chief Minister on the Brussels Agreement.

HON CHIEF MINISTER:

Well, Mr Speaker, if it is not as I have explained then, fine, it means that it is difficult to reach common ground with him now as it was a few weeks ago. So that has got rid of the problem then.

HON P C MONTEGRIFFO:

Mr Speaker, if the Hon the Chief Minister is prepared to listen I will explain my position.

HON CHIEF MINISTER:

Mr Speaker, I have listened to the Hon Member explaining his movement on the Brussels Agreement and I have heard him say that the Brussels Agreement was the right thing to do, at the time, but that now it is no longer pertinent and that we need to move beyond the Brussels Agreement to a new basis for negotiation. That necessarily means that he no longer subscribes to the Brussels Agreement as it was done at the time.

HON P C MONTEGRIFFO:

If the Hon the Chief Minister will give way I will explain.....

HON CHIEF MINISTER:

Mr Speaker, what I am saying is that I heard the Hon Member say, in an interview, and what I am responding to is the Hon Member's suggestion that we need to have a Gibraltar view. There are, as far as I am concerned, in this House two Gibraltar views, the view of the AACR and the view of the GSLP and if the view of the Hon Member is no longer the view of the AACR then there are three Gibraltar views. As far as I am concerned, certainly there cannot be a Gibraltar view based simply on what the Hon Member thinks and what the Government thinks without the Official Opposition, it would be meaningless. So to some extent what he thinks is really academic because it does not really matter, it is what the Leader of the Opposition thinks that really matters. But since he appears to have shifted his ground, from his original support in the 1988 election on the Brussels Agreement when he defended it on many occasions during the campaign, he has now seen the light, a little bit, not entirely because he still has one foot in and one foot out, probably not to upset too much the Life President. Mr Speaker, I am just making clear what we would consider to be the necessary qualifying conditions for a platform on which we could move forward with a possible Gibraltar view and unless the Official Opposition and ourselves were to find common ground on where we stand on the Brussels Agreement, I do not think we could find common ground on where we stand on the Constitution. The position, I think, as regards the actual proposals put forward by Sir William Jackson - I would agree with the Leader of the Opposition that they are of the nature that the AACR has advocated since they went to the United Nations in 1964 and said that they were in support of Free Association and that they were returning to Gibraltar and that they would start work immediately to prepare Constitutional Proposals in 1964 in order to put to

the United Kingdom, I mean, it is only a mere twenty-five years ago. But I agree that Sir William Jackson has taken up the mantle dropped by Sir Joshua in 1964 at the United Nations. Mr Speaker, it is only when we become octogenarians that we are in a fit state to start making Constitutional Proposals. The Leader of the Opposition said that it is a question of knowing in the direction that further constitutional advance should take. Well, we all know in what direction we do not want it to go. I do not think that it is something which we need to discuss because there is total unanimity in Gibraltar that we are not talking about bringing Gibraltar closer towards integration with Spain. So really if you are talking about a relationship between Gibraltar and the United Kingdom where Gibraltar is a dependent territory of the United Kingdom, then there are only two possible directions: either we become more dependent or we become less dependent. There is no other way that we can go. And becoming more dependent is another way of saying becoming closer integrated and if there ever was a chance to do that and I believe that there was in the 1960's, then that chance, I think, disappeared when Roy Hattersley made it clear that a Labour Government would not accept such proposals and a Conservative Government would not accept such proposals. So really what I am talking about is a move towards greater independence, or greater self Government, or greater autonomy, whatever label we want to put in it. Therefore, the question of being a Dependent Territory of the United Kingdom, over which the United Kingdom is responsible, becomes if you like diluted without in any way weakening the bonds of friendship and culture and identity that binds us to the United Kingdom. That is the direction in which I think we all want to go, I think the Gibraltarians have an increasing sense of nationhood and an increasing sense of national pride. And one of the restraining factors in that development has been lack of self confidence and lack of belief in our capacity to, not only govern ourselves, but pay for ourselves. I also think that the changes that are taking place in our economy through the reduction of Ministry of Defence expenditure means that more and more people realise, in Gibraltar, that it is not a question of choice, it is not that we can choose to be more economically dependent on the United Kingdom or less economically dependent on the United Kingdom, it is that we choose to either find alternatives to dependence on the United Kingdom to maintain and improve our standard of living or we accept that our standard of living declines as our dependence declines because the United Kingdom is clearly embarked on a worldwide retrenchment policy which has been going on since 1945, we are now the third biggest Colony left and when Hong Kong goes in 1997, we will be number two, after Bermuda. Bermuda has got 63,000 and we have got 30,000 and we are now the second biggest bit of the Empire. That is to what it amounts to. At this rate we will be the whole of the Empire!

HON A J CANEPA:

The Empire strikes back!

HON CHIEF MINISTER:

Sometimes the way I behave one would think they are our Colony. So I really agree with the Leader of the Opposition that it is not something that we can ignore and say it is something we do not need to face and I also agree with him that there is no reason why we should not be looking at this, in parallel, to the striving what the Government of Gibraltar is doing and I am sure the AACR would want to do when they were in Government to make it all viable and self sufficient. I do not think that anybody in Gibraltar wants anything other than that. It is a matter of judgement whether what we are trying to do to bring it about are the right things to do and whether they would be successful. We have been elected to do that job and we are trying to do it. But there is nothing to stop us at the same time considering, in parallel with that, politically where do we go. As far as the Government is concerned we said during the election campaign and immediately after the election campaign that this was not a matter that was a priority on our agenda and that we would not be seeking constitutional change with UK during our first term of office. That as far as we were concerned the first thing we had to do was to put our house in order economically. But that does not mean that we are not prepared to look at it until we have achieved that. We just think that genuine constitutional change in terms of total self-government is very difficult unless you can demonstrate that you can survive, I mean a lot of small Colonial Territories have had problems in achieving independence because, in fact, from the United Kingdom point of view, the view that has always been taken is you cannot have your cake and eat it. And if you want to be independent then do not say to me we want to be independent but you want aid from me and defence from me but you want to be independent, so that means that you want to do whatever you do but then if things go wrong you want to be able to come running to me for help. That has held back the independence of many of the small territories that were left in the Commonwealth and we believe that we can create a very sound basis for our economy to lead us into the future. There is, of course, another aspect to this which we cannot ignore and I think it is right that we should put it out in the open and that is that the lukewarm response from the Foreign Office to Sir William Jackson's ideas and to any ideas of constitutional advancement for Gibraltar are not because they dislike us more than any other Colonial Territory and therefore they mind us developing and they do not mind anybody else, but because in their judgement this can only lead us into increasing hostility from Spain. That is their view. Their view is that if we push for greater constitutional reform in Gibraltar then the consequence of that will be that Spain will take a harder line towards us

and that is, of course, consistent with what happened in 1969. We must not forget that the 1968 restrictions were started because Spain accused the United Kingdom that by giving us the 1968 Constitution and by creating a House of Assembly to replace the Legislative Council and by creating Ministers, they were giving Gibraltar more self-government and putting it on the road to independence, which they claim was in fact, in practical terms, an infringement of the Treaty of Utrecht because although there had been no transfer of sovereignty to the Gibraltarian people, by giving the Gibraltarian people a say in their affairs it meant that British sovereignty was being diluted and, if you like, Gibraltarian sovereignty strengthened. I do not think anybody can dispute that that is, in fact, an accurate reading, there is no question of the fact that today the Government of Gibraltar governs in Gibraltar, to all intents and purposes, as an elected Government does in any other country of our size and there are smaller countries than us in the Commonwealth that are independent and have to have some of their external affairs handled by somebody else because they are not big enough to do it any other way. So the course to determine how this is going to happen, clearly, needs to be determined because we are talking about a situation about which the view in London is that to embark down this road carries with it dangers, in terms of our relationship with the neighbouring State. I am saying that because at the same time the Government of Gibraltar is clear that it is something that it is prepared to risk, like I said before in another motion in the previous House of Assembly, if at the end of the day we are not going to be able to speak our minds openly in this House for fear of upsetting our neighbours then what is the point of having the right of free speech in Gibraltar? I do not think we should go out of our way to upset our neighbours, if we can avoid it, but if they need to be said then they need to be said. Therefore, it needs to be said that we welcome proposals for further constitutional advancement and that we are saying it in the knowledge that they probably will not like it.

HON G MASCARENHAS:

Mr Speaker, there can be very little doubt left today that, certainly in political circles, we have come a long way since the 1969 Constitution and we have a lot of witnesses: we have witnesses of the Peliza administration from 1969 to 1972 and four successive AACR Governments from 1972 to 1988 and now we have the GSIP administration which is quite happy to work within the existing framework. I agree with the Chief Minister that there is certainly an amount of colonial outlook still about in Gibraltar and we have to get rid of that one hundred percent. Gibraltar Governments have been allowed all along to get on with their business, that has been my view in Government, certainly on the last AACR administration, without hardly any interference whatsoever. In effect what I am trying to say is that Gibraltar has

ceased being a Colony if not de jure then certainly de facto. In practical terms we are no longer a Colony and the actual governing of the territory is no longer a colonial situation, in our view. From the individual point of view since the moment that we earned the right to British citizenship we were no longer colonials in that respect. But returning to the subject under debate, Mr Speaker, what Sir William has set out to do simply is to put the practicalities of the real situation into a formal proposal. Of course, we welcome it generally, from this side of the House, because these proposals in themselves are very much in line with our aspirations on Free Association. Although, as far as I am concerned, it does not really matter what you call it, whether you call it Free Association, Dominion Status or anything else for that matter. The keyword, as far as I am concerned, is decolonisation and that is something that goes very deep into the hearts of all Gibraltarians. What we have in practice, Mr Speaker, really needs to be put formally and what Sir William's proposals do is to take us a little bit further, perhaps, than we would like to go, we have not gone into details and it is not my intention to do so, whether the Government of the day should be responsible for the Police, rather than come under the Governor. Internal Security, etc are minor details that would have to be looked at on the day and I really do not think it should be dealt with now. This debate will take place both inside this House and outside this House and I think it is important that as many Gibraltarians as possible take part in this debate because I do not think it is just the province of the elected Members, the people of Gibraltar should express their views, certainly through the media. The Hon the Chief Minister mentioned the Foreign Office and what the Foreign Office have already said is virtually a veto. Mr Speaker, our attitude has to be that the exercise is worth carrying out and we have to proceed irrespective of what the Foreign Office says, the people of Gibraltar have to be clear on their own minds where they are going in the future. It is absolutely essential. Nobody is going to do it for us. We have to lay on the table that this is what we want, Mr Speaker. What is happening in East Germany, if one were to have two two months ago with the Wall supposed to have come down last night, well there is still a chance that the Spanish Government might change their minds on the Gibraltar problem and tolerate further change. Who knows? I think there is hope for us for the future. Mr Speaker, the Hon Mr Montegriffo also mentioned the question of Europe and I think we have to take that into account. Eastern Europe is a prime example. The way things are changing there is nothing to say that Spain might not change in its attitude towards Gibraltar and I think they are already changing, certainly at certain levels. But I think it is important that we in this House, and I welcome the Chief Minister's view on this, that we have to present a Gibraltar view. That we have to know where we are going for the future that is absolutely essential.

MR SPEAKER:

If there are no other contributors I will then call on the Mover to reply.

HON A J CANEPA:

Mr Speaker, I think that the shape that the debate has taken this afternoon has shown that it has been a very useful exercise indeed. I would like to dispose, in the first place, of the valid point made by the Chief Minister regarding the lukewarm response of the Foreign Office and his understanding as to why that has been the case and I would not quarrel with his analysis that it is because of their perception of increased hostility on the part of Spain. I would not quarrel with that. Perhaps for the record, I should say, rather more accurately, that the response that we had from Spain in 1969 culminating with the closure of the frontier, I do not think that it was so much the fact that we were getting in Gibraltar a great devolution to the Government of Gibraltar as seen by the creation of Ministerial office because that had actually occurred in 1964. The Landsdowne Constitution, which was an interim measure if you like, in fact created the office of Ministers and created a Council of Ministers without any distinction as between defined domestic matters and non-defined domestic matters which is odd. I remember when we came into Government in 1972, notably people like Aurelio Montegriffo and the late Abraham Serfaty, were somewhat surprised that matters were going to Gibraltar Council which in their days between 1964 and 1969 had actually gone to Council of Ministers because there was not this separation of powers. But nevertheless I do agree with the Chief Minister that the reaction from Spain was very much a reaction to what they saw as provocation on the part of Britain in that not only were they conferring powers on the Gibraltar Government which were moving us away from the status quo in a direction in which the Spanish Government did not want to see, but also I would submit, a reaction to perhaps what the Spaniards call "el broche de oro" of the Constitution which was the Preamble to the Constitution. That, I think, was an affront to Spain in the context of what they have been trying to do. The Chief Minister spoke in response to what the Hon Mr Montegriffo had said about difficulties in Government in running the affairs of Gibraltar and I think the reality, Mr Speaker, is that it is a continuous process of progress in the day-to-day running over the years. I remember when we came into Government in 1972 and there were certain measures that we brought to the House, certain matters had been implemented, I remember that there was an element of surprise from the then Opposition. Some of the Ministers who had served under you, Mr Speaker, when you were Chief Minister, notably Mr Maurice Xiberras, mentioning to me on two specific matters I remember, where I had been able to make progress which was the question of

Sponsored Patients and something either to do with Supplementary Benefits or with Family Allowances and he expressed surprise as to how I had been able to get these measures through the Treasury when he had been trying to do so and had not succeeded. And really I think there were two reasons why I had been able to make progress on matters which he had not been able to. First of all, because I did not take on the Treasury head on. I did not go to the then Financial and Development Secretary, Alistair Mackay, who was a bit of a no man, instead I went to somebody else whom I knew well and whom the Director of Labour and Social Security knew even better and whom we knew that Mr Mackay would take some advice from. So by clearing the Council of Ministers Paper in draft with this person one circumvented the Financial and Development Secretary, you had a friend within the Treasury and when the proposals were referred to the Financial and Development Secretary, on advice, to this other top official whom I will not name, but whom I know the Hon Mr Bautista knows perfectly, the battle had been won but in the eyes of Mr Xiberras, who was by then the Leader of the Opposition, this astounded him and no doubt something similar must be happening today as between what the Hon Mr Bossano is saying and the line that perhaps was taken by the then Chief Minister. On the question of non-defined domestic matters, however, and that is the setback in the eyes of the people of Gibraltar in respect of the point of view which this House, and with hindsight, we in the Government made a mistake in allowing ourselves to be persuaded by the very eloquent person occupying the Chair today and by Mr Peter Isola on the question of the hours on which the frontier opened, at the time of the pedestrian opening, because our initial reaction was to say nothing. But we were carried along and what happened really, the assessment that I have made as to why, first of all, let it be said that the then Spanish Foreign Minister, Senor Moran, we are led to believe, made a telephone call to the then Secretary of State, who was not Sir Geoffrey Howe, this is important, it was Mr Francis Pym, and this was in December 1982 and I can tell Hon Member, because I was present and Mr Peter Isola was present, it was the first occasion when I accompanied Sir Joshua Hassan and Mr Peter Isola came along because that was the time of the bilateral approach on foreign affairs, I was present in September 1982 at the meeting with the then Secretary of State, Mr Francis Pym, where Sir Joshua Hassan, believe it or not, and it was the second or the third occasion when I had really seen him over the years lose his cool, had one hell of a row with Mr Francis Pym. I remember that he had to stay behind after the meeting was over to try and mend fences. I do not know to what extent he succeeded but it would not surprise me for one moment if in the light of that row Mr Francis Pym had not been very forthcoming and therefore his disposition to accommodate the Spanish Foreign Minister may have been greater than what it otherwise would have been. These are realities which have to be stated because we get a better understanding as to why matters sometimes occur. The reality of the matter is that in those

days of 1982, I do not know what the position would be today, I think very similar. I think the reality is that the Gibraltar Government then, or today, under the Constitution, does not have powers to lay down what the opening hours at the frontier should be. Moreso, having regard to EEC Directives, etc on freedom of movement and so on. That, I think, Mr Speaker, disposes of the point which the Chief Minister made and which I felt it necessary to react to. I agree, Mr Speaker, with what the Chief Minister has said about us today in Gibraltar having an increasing sense of nationhood, the Chief Minister is perfectly correct. But let me also add that in the early 1970's we, and when I say "we" at least the philosophers, as I like to call them, within the AACR, were fully conscious of this, the doctrine of our right to our land which was espoused by Aurelio Montegriffo and myself, I remember a key phrase that Aurelio Montegriffo used and he spoke about this doctrine as being "a concept of nationhood", that was in the early 1970's. The pity of it all is that not everyone understood what we were trying to say not the least within my own party and hence we did not make much progress on the matter. I feel, Mr Speaker, that what we have today is a situation which, as my colleague George Mascarenhas has said and as Mr Montegriffo hinted, Europe is on the move, who would have said, certainly when I was involved in the Debating Society of the Grammar School, who would have said when I was seventeen or eighteen years old that in our lifetime we were going to see the dramatic events of the last few months and few years in Eastern Europe. Dramatic because of their input, because of their extent and even more dramatic because of their rapidity, the short period, the incredibly short period of time in which these events have occurred. Therefore what is clear to me, what must become clear to all is that we in Gibraltar simply cannot stand still. Quite honestly I do not think that we are going to be allowed to stand still and if we tried, we would fall into the trap of becoming isolated and of being bypassed by the breathtaking events that are unfolding on the broader canvas of the Europe of the 1990's and of the Europe of the 21st century. Therefore I welcome the constructive line that has been taken in this debate, I am glad that I have brought the motion to the House and that the motion has clearly received so much recognition and support of the realities about which we have been speaking.

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

The following Hon Members abstained:

The Hon K W Harris
The Hon J H Bautista

HON A J CANEPA:

Sir, I have the honour to move the motion standing in my name that:

"This House considers that the role of the House of Commons British/Gibraltar Group is to defend the interests of the people of Gibraltar, as expressed to them by Gibraltar's elected representatives".

Mr Speaker, the House of Commons All-Party Gibraltar Group was created and set-up essentially because of the Spanish restrictions against Gibraltar. In the 1960's, as the restrictions escalated leading to the closure of the frontier in 1969, a number of Members of Parliament who had visited Gibraltar, sometimes as part of a Commonwealth Parliamentary Association delegation, and I have in mind, Sir William Teeling, Sir Frederick Bennett and George Jeger amongst others, formed a Group in Parliament which took a very close interest in Gibraltar. A Group who supported us and identified themselves with our struggles and aspirations. I remember only too well how in the late 1960's and early 1970's, George Jeger who was the Labour MP for Goole, being referred to as Gibraltar's own MP. He frequently came to Gibraltar, officially and informally, and on more than one occasion at the Party Conferences of the AACR. During the 1960's the help that we received from these Members of Parliament was a vital factor in the development by successive British Governments of the policy of "support and sustain" for Gibraltar, it was also an important contributing factor in the lead-up to the present Constitution and most important of all in creating a climate of opinion, in Parliament, that was amenable and helpful in achieving the Preamble to the Constitution. Throughout the 1970's, Mr Speaker, we knew that there existed a body of Members of Parliament, in both Houses of Parliament, that one could count on. People who were receptive to our views and aspirations as a people and who were always ready to welcome, at Westminster, visiting Members of the Gibraltar House of Assembly in order to acquaint themselves with the mood of our people. You yourself, Mr Speaker, are in a unique position to confirm what I am saying given your close association with many of them during the years when you were an elected Member of this House living in London. Perhaps the most dramatic episode that could be cited as evidence of the role traditionally adopted by Members of Parliament was during the successful campaign to obtain full United Kingdom citizenship for the people of Gibraltar through the historic amendment to the 1981 Nationality Act, moved in the House of Lords. On that occasion Gibraltar's many friends in the Upper House who had known us from their days as Members of the House of Commons, some of them, indeed, had been Ministers, in fact, Secretary's of State for Commonwealth Relations, who had direct responsibility towards Gibraltar and who rallied to our assistance because they saw matters

as we saw them. Notable too in that campaign, in the succeeding years, were Sir Albert McQuarrie, Chairman of the Group, and Lord Bethell, the latter being both a Member of the House of Lords and a Member of the European Parliament and lately Chairman of the Gibraltar in Europe Representation Group. I think, Mr Speaker, that anyone who has followed events closely over the years will have no doubt that Albert McQuarrie during all the years that he was Chairman of the British/Gibraltar Group never said or did anything that was not fully in accord with the interests of Gibraltar as seen by their elected representatives. His close family links with Gibraltar naturally helped, but then he is not alone in having such links. We know and we accept that Members of Parliament are very jealous of their autonomy, moreso as individuals and we would not want it otherwise. We would not dream, as individual Members of this House or collectively, to do anything that would detract from that perception which they have of their role and functions as Members of Parliament. But there is a difference, in my view, between the line or the attitude which is adopted by an individual Member of Parliament, on any issue, and that taken when he is a member of a group and speaks for a group, particularly as its Chairman. Moreso when that group, as in our case, styles itself the House of Commons All-Party British/Gibraltar Group. An individual Member of Parliament can write to the Secretary of State for Foreign Affairs and express whatever personal views he may have to put to him about any matter including Gibraltar as long as it is clear that such views are personal. But the Chairman of a particular group, I would submit, can hardly claim that he is putting across the views of that group and representing views on behalf of others when that group has not met and base it on the basis of assumptions or on the basis of the fact that such views had been put into a letter and that letter had been circulated to Members and there had been no comeback, during a period when Parliament was not, in fact, in session, that that was alright. By not having consulted other members of the Group fully and not having obtained their agreement, I would submit that those representations are not validly the representations of the Group. I would also add, Mr Speaker, that in a political context the representatives of the people are not the commercial interests, be they general interests or specific ones, but those who have been elected at a General Election. For instance, the Confederation of British Industries does not represent the people of the United Kingdom in a political sense or in a constitutional sense. It is Parliament that has that function and no one would wish that that principle should not apply to Gibraltar. I do not accept the view that is held in a certain quarter that simply because the All-Party British/Gibraltar Group represents all parties and "because of the exigencies of political life" it would be wrong for that Group not to bear in mind the views of other bodies and individuals who may have the wellbeing of their countries at heart, in this case Gibraltar. Matters which closely affect the national

interests of a people, of our people, are matters for those who have put their views to the electorate and who are therefore politically responsible for them. In any case, how can we put to the test whether other bodies or individuals actually have the wellbeing of their countries at heart and not their own interests particularly insofar as their pockets may be concerned? Any Parliamentary Group cannot surely be out of step with the majority view. Also thrown at us in support of what has happened has been the time honoured definition of the role of an MP of a prominent MP and write of the eighteenth century, Edmund Burke. He has been quoted at us in reply to our comments about the views put to the Secretary of State. Edmund Burke held the view that "Your representative owes you not his industry only but his judgement and he betrays instead of serving you if he sacrifices it to your opinion". Again, Mr Speaker, the difference is that we are not talking about the role of a Member of Parliament vis-à-vis his constituents in the UK but of the role of the British/Gibraltar Group whom we the people of Gibraltar did not elect vis-à-vis us. Sir, we have taken advantage of the recent visit of the four Members of Parliament who formed part of the recent CPA delegation that visited Gibraltar last month and we have put to them our views on this matter. I think that they understand our point of view and trust that they will be in a position, at Westminster, to help in getting the Group to see their role in the traditional way that I have described this afternoon. The Group's role, their effectiveness to our benefit as in the past, can only be a success if Gibraltar is totally behind them. There is also the real danger that views expressed opposite to our own can convey, can only send wrong signals to Spain. There may be, Mr Speaker, a need to clear the air on this matter and to clarify the role of this Group as we in Gibraltar see it. In that case we in the Opposition would only be too ready and available to help the Government in every way that we can. Even to the extent that if a visit to the House of Commons were to be necessary to discuss the matter with the Officers and Members of the Group, if that were to be required, in the interests of maintaining the close relationship, the beneficial relationship, that we have had over the years, then I would be willing and happy to accompany the Chief Minister to achieve the objective. 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 P C MONTEGRIFFO:

Mr Speaker, as you are aware, I have given notice that the House should consider an amendment to the Hon the Leader of the Opposition's motion. The amendment is about to be circulated, Mr Speaker. The motion before the House has the undesirable effect of only giving the impression that the British/Gibraltar Group has not acted in the way that we

feel it should have acted and about which we are all unanimous but does not, I think, go further to recognise the value of having a closer collaboration with them so that this type of incident, does not reoccur. If we want a British/Gibraltar Group then I think to some extent they require our input to make sure that there can be no doubt as to how we expect them to perform. I feel, Mr speaker, that there has been too little contact with the Group over the last few months although very recently that may have started to correct itself. I, however, think that it is fair that we should recognise the value of greater collaboration with them so that every element of influence which they require to properly represent a Gibraltar view is given to them so that we are there to correct, if that requires any correction, any type of misapprehension which they might have. What is very dangerous, Mr Speaker, is to have a British/Gibraltar Group operating other than within the views of Gibraltar's elected representatives. Therefore if we want a British/Gibraltar Group, and I think we are all of the view that we want that, let us recognise the value of that closer collaboration so that there can never be the accusation that we have not given enough input and support and expressed what views we expect them to project. I hope the amendment will not be controversial and the House sees its way to approve it because I feel it will tend to balance the Leader of the Opposition's motion. My amendment provides that the following words be added at the end of the Leader of the Opposition's motion: "and to this end recognises the value of greater closer collaboration between Gibraltar's elected representatives and the members of the British/Gibraltar Group". I move the amendment, Mr Speaker.

Mr Speaker proposed the question in the terms of the Hon P C Montegriffo's amendment.

HON CHIEF MINISTER:

The Government will be opposing the amendment, Mr Speaker. As far as I am concerned, the Government is in no doubt about the desirability of close collaboration between Gibraltar's elected representatives and the British/Gibraltar Group but I believe that to introduce that, at this stage, is to suggest that there was justification for that letter because the degree of collaboration has not been as great as it could have been and that it should be greater. I, Mr Speaker, do not believe that that is true at all. I believe that the Chairman of the British/Gibraltar Group had every opportunity to take account of our views because they were well known to him. I heard about the letter in the media before I received a copy and I do not see how one can do anything but damage to the Leader of the Opposition's motion by adding the words that the Hon Mr Montegriffo has proposed at the end of the motion. These words, Mr Speaker, can only be interpreted, and we interpret them, as a weakening of the criticism in the Leader of the Opposition's motion which is a criticism

that we share. It is wrong for the Chairman of the British/Gibraltar Group to put views in the knowledge that they are in conflict with our own. It is not that the Chairman did not know what we think, it is that he does not agree with what we think. Mr Speaker, he has a right not to agree but he does not have the right, as the Leader of the Opposition has said, to put his personal opinion in his capacity as Chairman of the British/Gibraltar Group in the knowledge that that view is not shared by the people of Gibraltar through their elected representatives. I can inform the House, Mr Speaker, that I made it absolutely clear in my first address to the British/Gibraltar Group in the House of Commons with the Chairman beside me, that in the view of the Gibraltar Government he had no right at all to go round drumming up support for the Airport Agreement when the Airport Agreement did not have the support of the elected Government of the day. Mr Speaker, the Chairman of the British/Gibraltar Group may think that the Agreement is a good thing but we do not think that it is a good thing and we think he damages Gibraltar's cause by lending his weight to it. The Government is therefore not prepared to support an amendment which gives the impression that part of the responsibility for the letter that was sent to the Secretary of State is borne by a failure on behalf of Gibraltar's elected representatives to collaborate with the British/Gibraltar Group to a greater degree than it is doing already. All I can say is that the Government of Gibraltar is quite happy about the degree to which the British/Gibraltar Group in Parliament is aware of the Government's views because every single time I go to London and I go quite often, I make it a point of visiting the House of Commons and telling them what our views are. Mr Speaker, I am speaking on the amendment and when we speak on the motion I will reply to the Leader of the Opposition as to his ideas and whether we could act together on this.

HON A J CANEPA:

Mr Speaker, speaking to the amendment. It seems that we have, what I could describe, a little local difficulty. That, Mr Speaker, is how Harold MacMillan once termed a wholesale sacking of the Cabinet. We, in the official Opposition, are concerned in trying to get a consensus motion to emerge from the House and therefore in an effort to do that, having regard to what the mover of the amendment said and having regard to the Chief Minister's reaction that he sees this amendment as being an implied criticism or a reflection of there not having been enough collaboration. Particularly what he has said about the way in which he learned about the letter and which I think is regrettable. In an effort to reconcile views I wonder whether an amendment to the Hon Mr Montegriffo's amendment might not be acceptable to both the mover and the Government. If my amendment were to remove from Mr Montegriffo's amendment the words "greater and closer", the amendment, Mr Speaker, would then read "and to this end recognises the value of

collaboration between Gibraltar's elected representatives and Members of the British/Gibraltar Group". This in no way expresses an implied view about the collaboration that there has been and I think it is in line with the historical development that I made in my previous contribution and its relationship with the people's elected representatives. Such an amendment, Mr Speaker, would not cast an aspersion one way or the other. I would therefore, Mr Speaker, move an amendment to the Hon Mr Montegriffo's amendment deleting the words "greater and closer".

HON CHIEF MINISTER:

Mr Speaker, we do not see the need to alter the original motion at all. If we thought that there was a need we would not have waited for the Hon Mr Montegriffo, we would have amended it ourselves. As I have said we are quite happy, Mr Speaker, with the way that the Leader of the Opposition has put the matter to this House. We think it reflects what we all feel and we feel that adding anything to it makes the original motion worse. We are therefore not prepared to accept Mr Montegriffo's original amendment and we do not see the need to placate him or satisfy him so we do not accept the compromise proposed by the Leader of the Opposition either. We will vote against it and then pass the Leader of the Opposition's original motion.

HON P C MONTEGRIFFO:

Mr Speaker, I am happy with the amendment proposed by the Hon the Leader of the Opposition in an effort to try and find a compromise and therefore arrive at a united view in this House. I do not see what all the fuss is about because if the Leader of the Opposition does not feel that his motion is weakened by the amendment to the amendment, I do not see why the Hon the Chief Minister is so concerned. In my view it should be the Leader of the Opposition who should decide if the amendment weakens his motion and not the Chief Minister. I agree with the Leader of the Opposition that it in no way implies a criticism of Gibraltar but simply stresses the value of cooperation.

HON A J CANEPA:

Mr Speaker, perhaps the most expeditious thing would be if the amendment to Mr Montegriffo's amendment was put to the vote.

Mr Speaker then put the question in the terms of the Hon A J Canepa's amendment to the Hon P C Montegriffo's amendment and on a vote being taken the following Hon Members voted in favour:

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

The following Hon Members voted against:

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

The following Hon Members abstained:

The Hon K W Harris
The Hon J H Bautista

The following Hon Member was absent from the Chamber:

The Hon J L Baldachino

The amendment was accordingly defeated.

HON P C MONTEGRIFFO:

Mr Speaker, I am surprised at the Chief Minister's reply because I do not see any weakening at all in the motion by what the amendment is seeking to do. I happen to believe, Mr Speaker, that there is room for greater and closer cooperation and collaboration and that if there is room for closer collaboration then there is nothing wrong in us recognising that and therefore influencing the British/Gibraltar Group further. I would simply say that if at the end of the day the Government continues in its present mode of saying no to the amendment and vote against it that I will vote in favour of the original motion because that encompasses at least half of what I would like to see. It would, however, be with regret that the extra link which I think is a sensible extra link has been thrown out.

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Mr Speaker then put the question in the terms of the Hon P C Montegriffo's amendment and on a vote being taken the following Hon Member voted in favour:

The Hon P C Montegriffo

The following Hon Members voted against:

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

The following Hon Members abstained:

The Hon K B Anthony
The Hon It-Col E M Britto
The Hon A J Canepa
The Hon M K Featherstone
The Hon G Mascarenhas
The Hon Dr R G Valarino
The Hon K W Harris
The Hon J H Bautista

The following Hon Member was absent from the Chamber:

The Hon J I Baldachino

The amendment was accordingly defeated.

MR SPEAKER:

So now we can proceed again with the original motion.

HON J C PEREZ:

Mr Speaker, the Chief Minister made a slight mistake in his contribution when speaking to the amendment when he said he had actually read the matter in the press before he received the letter. He got the communication that I had actually received because the Hon Member was in Tokyo at the time and I read the contents to him. Basically I am explaining that that is why I am responding to the motion on behalf of the Government because I was Acting Chief Minister at the time and the initial remarks to Mr Colvin's attitude came from me. Let me explain, Mr Speaker, that at no time was there any attempt at all to get in touch either with any Member of the Government or any Member of the Opposition or to discuss in any way either through a telephone conversation or through a letter or through friends or relatives what the Hon Mr Colvin intended to do. I think quite mistakenly he has taken the role of Chairman of the British/Gibraltar Group to mean that he represents what he thinks is better

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for the people of Gibraltar in the British Parliament and that conceptually is not what the Gibraltar Group is about. We have had other Members of Parliament in the past taking a view on Gibraltar outside the Gibraltar Group which none of us have shared, however to belong to the Gibraltar Group and particularly to lead the Gibraltar Group, must be on the basis that one leads a group in defence of Gibraltar and comes here and talks to the elected representatives, then looks at the political position that the elected representatives are taking and with that position then defend it in Parliament. It is not a question of saying: "Well, it is matter of status for me that I can stand up in the House of Commons and claim to represent Gibraltar and now I am going to represent Gibraltar without regard to the elected representatives' views there but as I think fit". That is not what the Gibraltar Group has done in the past and that is not what the Gibraltar Group should do. By virtue of its existence it exists because there are Members of Parliament in the House of Commons that agree with the position of the elected representatives of the people of Gibraltar and are prepared to raise important matters in the House of Commons in defence of the position of the elected representatives of the people of Gibraltar. Mr Speaker, I agree totally with what the Hon the Leader of the Opposition has said in introducing the motion and how we see the role of the Gibraltar Group in Parliament. Since I have not spoken on the amendment to the amendment, Mr Speaker, or on the amendment I have taken your point that we could speak once and that was it so I have left the question of collaboration for now, and if the role of the Gibraltar Group is to represent the views of the elected representatives then the question of collaboration does not exist. Either you defend the position of the elected representatives of Gibraltar or you do not but it is not a question of collaborating. We have had Members of Parliament, Mr Speaker, very good friends of mine, in the Foreign Affairs Committee, taking a view on Gibraltar that was not our view but it was taken independently from the view of the Gibraltar Group. So if Mr Colvin has strong views about what he feels is the Airport Agreement then he can quite rightly, like the Hon the Leader of the Opposition, express that view in Parliament but not in representation of the people of Gibraltar. He can express it as an individual MP with a view on Gibraltar but certainly not in representation of the elected representatives of Gibraltar. Mr Speaker, I take the point of what the Leader of the Opposition has said and his offer that perhaps, in the future, we might jointly take an approach and visit the MP's. However, as the Hon the Chief Minister has said already in his contribution in the previous motion, I think there are things that we need to clear ourselves, particularly on the Brussels Agreement and I come to that now because the motion reads "as expressed to them by Gibraltar's elected representatives". When there has been a bipartisan approach by the House that has worked to the extent that the Group has been representing a view. When we

were in the Opposition and there was not a bipartisan approach because we were against the Brussels Agreement and the previous Government was in favour of the Brussels Agreement, the Gibraltar Group quite rightly defended the majority view in Parliament and the majority view was in favour of Brussels and the line that was pushed was the one in favour of Brussels and we as an Opposition never complained because we understood that the role of the Group, if it could not get a united front in Gibraltar, was to defend the majority view in the Gibraltar Parliament. I think that that distinction needs to be understood and perhaps if we at one stage or another agree on a joint approach then the matter that divides us, which is really the Brussels Agreement, then we can have a joint approach on the way forward by the Group and on other matters as well. I would just like to add, Mr Speaker, also and I emphasise the point, that there are other members in the Group and that its leader decided not to consult them either and that he was not only acting without the approval of the elected Members of the people of Gibraltar but he was also acting without the approval of the members of the Group because he did not see it fit to consult them. I think we need to put our point of view quite clearly to Mr Colvin and certainly we on this side of the House are going to. So it is up to Mr Colvin then to decide whether he can eventually defend the position that we all believe in or give up being leader of the Gibraltar Group and express whatever views he wishes and which he is free to do in Parliament, but his views as a Member of Parliament, not as the leader of a Group in Parliament which is there, specifically, to defend Gibraltar's interests. Thank you, Mr Speaker.

HON IT-COL E M BRITTO:

Mr Speaker, I would like to make a short intervention and apply the old time honoured principle of the five "w's", what, when, where, why and how, or rather an abridged version of it, I will quickly add and to put into context the situation. I think we have to try to avoid the debate turning into a witch hunt or even planting the seeds of discontent or discord between us and the All-Party British/Gibraltar Group. I think one should try to think positively on the situation. We all regret what has happened, we all regret the incident of the letter but I think we should be looking at it positively as, indeed, the motion sets out to do. As such we have to see what do we have here? We have a group of British MP's who are linked to Gibraltar by various reasons be it the fact that they have been here in Gibraltar, be it that they are interested in Gibraltar, be it that they have family connections with Gibraltar or be it for any other reason. But they are Members of the All-Party British/Gibraltar Group on a purely voluntary basis. They have no actual remuneration except an interest in associating themselves with the people of Gibraltar and as such, as you well know, Mr Speaker, they

have done excellent work in the past. That is the sort of situation that one has to look to foster and try to ensure that it continues. In that the Group needs every encouragement and every good word that we from this House in Gibraltar can say. And now, to get to the final 'w', how should this be done? There is no doubt that we all agree in this House that the Chairman of the Group, when he speaks as Chairman, should speak voicing the opinions of the elected representatives of the people of Gibraltar and the point made by the Hon Member just now that whereas in the past the Group represented the view of the Government of day in reference to Brussels, we entirely accept on this side of the House, and that the Group in the case of conflict between views on either side of the floor of this House, should express the view of the Government of the day. We feel that the onus is on us to make sure that the members of the Group are kept informed on day-to-day developments in Gibraltar and on our feelings - when I say 'our feelings' I speak collectively of this House - rather than expecting Members of the British/Gibraltar Group to come to us to try to find out what is happening. As such I would submit that the onus is very much on the Government of the day to make sure that that lines of communication are kept open and fostered at every opportunity. I fully support, of course, the suggestion made by the Hon Leader of the Opposition on the question of a joint approach to the House of Commons. But, again, I would submit that that is, as was said earlier on in a different context, "el broche de oro". It is the continuing contact, the maintenance of that flow of information to and from the Group via the Chairman, on a much more frequent basis, that is desirable and, in fact, essential if one is to avoid the sort of regrettable situation that we have had recently of letters being written without consultation. In conclusion, Mr Speaker, I wish to reiterate what other speakers have said, that whereas British Members of Parliament have no direct allegiance to either this House or to the electorate in Gibraltar and they are, of course, quite free to speak their own minds on any matter in the House of Commons, and if at any time either the Chairman or, in fact, for that matter, any of the members purports to be speaking or writing on behalf of the British/Gibraltar Group then it should be quite clear that he should be voicing the opinion of the elected representatives of the people of Gibraltar. Thank you, Mr Speaker.

HON K B ANTHONY:

Mr Speaker, I am not going to add a great deal to this debate because so much has been said by Hon Members already that they have almost pre-empted everything I had jotted down. I do however feel, Mr Speaker, that the British/Gibraltar Group in Parliament is vital for this House and although I have only been a Member of this House for less than two years, I do have a knowledge of many Members of the British/Gibraltar Group because of my

previous employment in the media, there was George Jeger who did such valuable work in Gibraltar; Sir Frederick Bennett who I met on a number of occasions; and of course Albert McQuarrie who in his time in the House of Commons was almost a monthly preacher standing up and waving his Order Paper asking questions on our behalf. Over the years the British/Gibraltar Group has always maintained strong links with this House and it is important, Mr Speaker, to remember that although they are a Group it is made up of individuals who have their right to their individual views and their individual approaches and each member of the British/Gibraltar Group has the right to talk to any member or any sector of our community. They have the right to express their views but what they express in official circles in Parliament in London must be the views of the Group as a whole, that is vital, not the individual view of any one Member expressed unilaterally without consulting the rest of the Group. There is no doubt, Mr Speaker, that minority sectors of our community may hold views that might differ from the views of the majority. And, again, this is right, we live in a democracy, anybody can express any views they wish. But I think it is important, Mr Speaker, that if individual members of the British/Gibraltar Group talk to any sector of our community or any individual they must make certain that the views that they obtain are the views of the majority as expressed normally through the Members of this House and they should make certain that if they support a minority view it is for the betterment of Gibraltar as a whole and that must be confirmed in this House of Assembly, they cannot do it unilaterally. No one man in London can come here and say: "I know better than the elected Members of this House". We are in this House because we were elected by the people of Gibraltar to express their views and that is a very important factor. Everybody in this House has said quite clearly that we appreciate the work being done by the members of the Group and, certainly, when we met the recent delegation of Members of Parliament who came here, they all showed their support for the work of the Group. In fact some were not members of the British/Gibraltar Group and they expressed the desire to become members when they returned to London and I welcomed that very much. There is a delegation coming out in December, as you know, Mr Speaker, and we will all be welcoming them and we are going to support them and they will work in Parliament on our behalf just as they support us. I feel, Mr Speaker, by all means, let individual members talk to whoever they wish but let them consider whatever they are told and let us make it quite clear that we will not accept nor tolerate any diminution of our responsibility to our electorate. We represent the people of Gibraltar and the British/Gibraltar Group in Parliament must understand that they are a Group whose role is to fight for us in Parliament in fields that we have approved not in fields that they unilaterally think is best for us. On the recent case of the famous letter, I prefer to be generous and feel that it was a major error of judgement. I may be wrong but I am going to be generous and say I hope that it

was an error of judgement and it will be the last time that such errors of judgement concerning our relationship occur. But I am certain that if our arguments are put forward sympathetically and as was said by the Hon Member on the Government bench, a bipartisan approach, if possible, because if we disagree with the Government's policy, then the majority view will have precedence. I would however like to see a bipartisan approach because I would like a united Gibraltar view expressed, through this House, to the people in London. I am sure that if we continue with the strong links that we have forged over the years with this Group then we are going to benefit by the fact that we have a very strong proxy voice in the Mother of Parliament and I think that is vital. Thank you, Mr Speaker.

MR SPEAKER:

If no other Hon Member wishes to speak I will ask the Mover to reply.

HON A J CANEPA:

Thank you, Mr Speaker. I agree with the Hon Mr Juan Carlos Perez about the point that he made that over the years there have been a number of Members of Parliament who have had contrary views. In fact, on some occasions those contrary views have been expressed publicly and sometimes they have been views which have been sympathetic to Spain and they have been publicly expressed and on other occasions they have been views which have been held by Members of Parliament who have had a role to play, such as in the House of Commons Foreign Affairs Committee. In fact, there was one notable one, from our point of view in Gibraltar, Mr Frank Hooley, and most Gibraltarians subsequently rejoiced when he was deselected and had to contest a seat in Oxfordshire and he very nearly lost his deposit, he only got something like 5,000 votes and we all rejoiced as did the people of the Falkland Islands. Even here in Gibraltar, Mr Speaker, we have had visiting Members of Parliament who have expressed views which have been somewhat unpalatable. For instance, the last time that we hosted the CPA Conference, Mr Douglas Hoyle of the Labour Party expressed some views which had it not been for the fact that we were hosts, I think that I would have bitten his head off because I honestly did not like such views that were too accommodating towards our neighbours. But we are conditioned to the exercise of democracy and we respect the views that such people have as individuals provided they do not think, which in none of these instances which have been mentioned were spoken on our behalf. I would dearly express the hope, Mr Speaker, that the motion, in spite of the defeat of the amendment and the amendment to the amendment, will have unanimous support. As the motion stands, I think, that it is absolutely clearcut, it is a very simple clearcut motion and if it does not get unanimous support from this House, I feel that outsiders who will only see the end product, if it were not to be

unanimously accepted, as a dissent from what is a very simple clearcut motion. Mr Speaker, once again I commend the motion to the House.

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

The following Hon Members abstained:

The Hon K W Harris
The Hon J H Bautista

The following Hon Member was absent from the Chamber:

The Hon J I Baldachino

ADJOURNMENT

HON CHIEF MINISTER:

Sir, I have the honour to move that this House do now adjourn to Tuesday the 12th December, 1989, at 10.30 am.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Tuesday the 12th December, 1989, at 10.30 am.

The adjournment of the House to Tuesday the 12th December, 1989, at 10.30 am was taken on Friday the 10th November, 1989, at 6.30 pm.

The House resumed at 10.30 am.

Mr Speaker(In the Chair)
(The Hon Major R J Peliza OBE, ED)

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 K W Harris - Attorney General
The Hon J H Bautista - Financial and Development Secretary

OPPOSITION:

The Hon A J Canepa - Leader of the Opposition
The Hon G Mascarenhas
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

The Hon P C Montegriffo

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

PRAYER

Mr Speaker recited the prayer.

MR SPEAKER:

I understand that it has been agreed between the Chief Minister and the Leader of the Opposition that the laying on the Table of the Accounts for Gibraltar Shiprepair Limited for the Year ended 31 December 1988, the Gibraltar Register of Building Societies Annual Report 1988 and the Motion asking in the House to note the Gibraltar Shiprepair Limited for the Year ended 31 December 1988 will now be taken on Tuesday 19th December 1989.

This was agreed to.

BILLS

FIRST AND SECOND READINGS

THE PUBLIC HEALTH (AMENDMENT) ORDINANCE, 1989

HON M A FEETHAM:

Sir, I beg to move under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the First Reading of the Bill to amend the Public Health Ordinance.

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

HON M A FEETHAM:

Sir, I have the honour to move that the 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 M A FEETHAM:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the purpose of the Bill is to permit Government to charge fees to meet the cost of time spent on the examination of Building Applications. With the advent of an increase in development possibilities in Gibraltar, the situation has changed quite rapidly from the position where perhaps members of the Department could spend time in examining Building Applications which would be normally outside their responsibility. In the past with Gibraltar being such a small place, one tried to be as helpful as possible, unfortunately this is no longer the case and the result was that officers were finding themselves spending an enormous amount of Departmental time in regularising and putting Building Applications on a proper footing. This is something that would normally be done by the Consultant employed by the applicant. In the circumstances it is our view, at this point in time, that what we are doing is something that we should charge for. The fee involved is going to be based on the same rate which is charged to Government by private consultants when we have a situation when we have so much work that

we have to put some of it, I am referring to the Building Application, to be undertaken by private consultants. It will also, I think, assist in identifying the serious applicants from those who are not so serious, because the House should note, that the officers spend quite a long time in processing Building Applications which get nowhere once the Planning Permit is issued. Besides it is so cheap to go through this process that perhaps there is a need to make people stop and think, and if they are to be charged a reasonable amount, people might not be prepared to spend even a reasonable amount if at the end of the day they are not really going to proceed with the application. I also think that it will put the onus, at least some of the onus of responsibility, onto the applicants and not to employ what one could term as cowboys to prepare their Building Applications. Because as some of the Members opposite are aware these applications are full of technical clauses which sometimes require the Department to spend a lot of time in seeing all the details. Therefore these fees which we will introduce will assist in the efficient running of the department and help those serious applicants that really want to have their application looked at and considered as quickly as possible. At present there is no real priority since all the applicants are considered from the moment the application is received. So for a number of reasons we feel that this is a necessary innovation that we want to introduce in the best interest of the public and the Government. I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, unless I have not understood the Honourable Minister very well, I do not think he has made it quite clear whether the fees that it is intended to charge under 5B(1) are the reasonable cost of examination of such plans by experts employed by the Government for a purpose and whether these experts are to be permanently employed by the department or whether they are going to be Officers of the department or whether the Government is going to put that work out to consultants? For instance Mr Speaker, there have been difficulties over the years in getting the services of a Structural Engineer to check such calculations and sometimes the work has had to be put out to someone in the Private Sector. In those instances, I would have certainly no objection to the Government charging fees to reimburse itself for the cost that the Department would have to pay out to such Consultants Engineers. But the Minister, as I say, has not made it clear whether in fact it is going beyond that and where it is not necessary to employ such Engineers or such Consultants, because the Government has adequate staff whether it is also intended to charge a fee in those

circumstances. Perhaps in exercising his right of reply the Minister might clarify the matter for me. It also seems to us that this could well be taken as a step along the path of privatisation of the Crown Lands Department however notwithstanding² our fears that this could well be the beginning of such a process and we are of course opposed to that, and we have already made that public. Nevertheless at this stage we are looking at the legislation on its merits and insofar as the merits are concerned, we have no problem really in supporting the principle that the Government should be able to raise fees for this.

HON P C MONTEGRIFFO:

Mr Speaker, in looking at the Bill I have a few queries that perhaps the Government could clarify before I am able to indicate how I would be voting on the matter. The point made by the Leader of the Opposition as far as experts are concerned, I think, raises the question also as to whether the Government itself intend to employ a company, specifically, on a long-term basis or even on a permanent basis. And whether they would then be considered experts and who in turn would then be allowed to charge a fee which the Government would then recover from the developer. I think I would like clarification of that Mr Speaker. I would also like the Minister to perhaps give me indication as to how it might be possible for him to ensure equality of treatment between all developers? Is the intention that there will be a standard procedure, whereby all Building Applications would be affected by this procedure? Will all applications be the subject of fees? Or will the Government only at its discretion decide if in particularly complicated matters fees would be justified? I think that it is important to see exactly how in practice it is going to be implemented. Whether it is going to be across the board or if it is going to be a one off situation. Finally, Mr Speaker, I am not sure whether the Minister is able to indicate, at this stage, but I would certainly find it useful if he could and to specify whether this particular amendment is part and parcel of a more general strategy, whereby Licenses Permits and Consents granted by Government, or granted on behalf of the Government, would be the subject of payment by those seeking those Licenses. I am not in principle, opposed to that but, I think, it would be useful for this House to know whether this is a one off situation which is just arisen because of particular circumstances affecting this area or whether it is part of a larger strategy, eg tomorrow somebody might seek an Insurance License and there could be a specific fee for the processing of that, or if somebody seeks some other License in another capacity will there be a specific fees. As I say, I do not object necessarily to that type of method but I think it would be useful for us to know whether this forms part and parcel of type of approach to Licensing and Consents or whether it is a one-off matter.

MR SPEAKER:

If no other Member wishes to speak, I will call on the Mover to reply.

HON M A FEETHAM:

Mr Speaker, first of all I think what we ought to do is to pinpoint exactly what we are talking about and, I think, that the Honourable Member has highlighted the issue involved. First of all, Mr Speaker, we get Building Applications which are certified by Structural Engineers and that is dealt with by the department in the normal way. There are a lot of Building Applications which are not supported by a Structural Engineer's certification and therefore this has to be undertaken by the Department. Now there are times when the Department is not able, because of the volume of work, to do this and it has therefore to be put out to Private Consultants. What we are saying Mr Speaker is that the cost of this must be paid for by the applicant. Because we are not in the business of subsidising development of any sort. That is the issue involved. We will therefore be drawing up Rules which will make it clear what we will be charging fees for. There is nothing else that I can answer about the intention behind this. Insofar as the point which has been made about the privatisation of the Crown Lands Department, the Government is not at this point in time in any case in a position to make a statement about that particular aspect. However I can assure Members that this is something which was processed a very long time ago and it just happens that it has now come to the House. So, quite frankly, one thing has got nothing to do with the other.

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 CONSUMER PROTECTION (PROPERTY MANAGEMENT)

(AMENDMENT) ORDINANCE, 1989

HON J L BALDACHINO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Consumer Protection (Property Management) 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 J L BALDACHINO:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the first thing that this Bill does is that it transfers the powers that the Consumer Protection Officer has under the Ordinance to the Rent Assessor. Secondly, that it is the intention of the Government that an offence committed under Section 33 of the Landlord and Tenant Ordinance will also fall under Section 29 of this Ordinance. Because as Section 33 now stands it is a criminal offence for landlords to charge key money. There is however no provision under the Landlord and Tenant Ordinance for any person to be responsible for carrying out any investigation. Therefore Sir, by inserting that Section 33 of the Landlord and Tenant Ordinance under the Consumer Protection Ordinance, people who are being charged rent key money may proceed to somebody who will then be able to investigate if an offence has been committed. Under the Ordinance Mr Speaker, the Rent Assessor will not have the power to decide whether to prosecute or not. This is something that falls squarely on the Hon the Attorney General. So basically, what we are doing is that we are now clarifying the matter and if anybody has a grievance and thinks that they have been charged key money he can now proceed to the Rent Assessor who can then investigate the matter and then pass it on to the Attorney General to see if there is a case for prosecution. That basically, Mr Speaker, is all we are doing by this amendment. I therefore I commend the Bill to the House.

MR SPEAKER:

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

HON LT COL E M BRITTO:

Mr Speaker, the Opposition supports, in principle, the intention of the Bill. Although I must say that we have doubts about how effective the measures that the Government is trying to bring will be. Obviously when parties agree to the payment, or to the receiving, of key money it is normally done to suit both sides and it is therefore not likely that the matter will be aired. But inasmuch as it provides a vehicle for redress and for giving people a chance to recover what they should not have paid in the first place, we support the principle of the Bill. I would like to make a second point to illustrate that once again we have an example of not enough forethought, or of muddled thinking on the part of the Government, in the way this legislation has been brought to the House. In the earlier part of the meeting we went through the preliminary stages

of Bill No.41 of 1989, which sought to achieve the same as we are trying to achieve by this Bill. By in fact incorporating the whole of Section 29 of the Consumer Protection Property Management Ordinance into the Landlord and Tenant Ordinance. This to my mind was a clumsy way of doing it and obviously someone on the other side has realised this and the Bill is not now being proceeded with and instead we have a new Bill which hopefully achieves the same purpose in a much neater and elegant way. I am however illustrating the matter because it shows the hurriedness with which Government is pushing through its legislation and obviously not enough thought is being given to these matters.

MR SPEAKER:

If no other Member wishes to speak on the Bill I will ask on the Mover to reply.

HON J L BALDACHINO:

Mr Speaker, on the last point that the Honourable Member made Mr Speaker, the Bill was published and like the Honourable Member has said and it was then brought to our attention that it would have been better to have incorporated Section 33 under the Consumer Protection Ordinance and therefore Sir it is better for us to legislate properly rather than proceed with something that even though intended to achieve the same purpose could be done in a better manner. Mr Speaker, I remember when the Honourable Members were on this side of the House and they produced Bills galore which were then not proceeded with. One that comes to mind is the Labour from Abroad Ordinance and how it affected the Landlord and Tenant. Even though the Bill was published it was never proceeded with. Even though we have not proceeded with the Bill that the Honourable Member has mentioned we have introduced another which achieves exactly the same that what the other Bill did but in a better manner. It is also true, Mr Speaker, what the Honourable Member has said, and I have said this publicly as well, that very few cases will be able to be taken to court precisely because this involves the changing of money between a tenant and a landlord without any receipts. Nevertheless, Mr Speaker, there might be someone who will make a mistake and we must have that protection for that tenant to be able to go to a particular person, in this case the Rent Assessor, who can then investigate and if there is a case and the Attorney General thinks there is, a landlord might be taken to court. I think the objective of the whole Bill is for there to be protection of a tenant and this is what we are doing. If the matter is investigated it can be taken to court if it cannot then at least the possibility is there. We are here to legislate and to protect the weaker, in this case the tenant, and despite the criticism of the Honourable Member on the Bill and I am grateful that the Opposition will be voting in favour.

HON J L BALDACHINO:

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 (GIBRALTAR HEALTH AUTHORITY) (AMENDMENT) ORDINANCE, 1989

HON MISS M I MONTEGRIFFO:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Medical (Gibraltar Health Authority) 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 MISS M I MONTEGRIFFO:

Sir, I have the honour to move that the Bill be read a second time. Mr Speaker, this Bill is one which I have already informed the House I would be presenting and as the Explanatory Memorandum says it extends the same format for presenting the Health Authority Accounts that all Government Departments have and as indeed the Medical and Health Services used to have. Again Mr Speaker, as I have already fully explained at Question Time to the House, three months is simply not enough time for the Health Authority to present their Accounts to the Principal Auditor. We also have to depend Mr Speaker, on other Government departments like, for example, the Treasury and the DLSS to pass on information to us and I am not able to do this simply because they do not close their books until six months after the Health Authority is required to. When we took up office, Mr Speaker, we were confronted with this anomaly and therefore we knew that we would need to change the law. We did not provide additional funds for extra staff to allow Health Authority to expedite the presentation of the Accounts because we did not consider that that would be a prudent manner of spending money in this area simply to have the Accounts prepared two months earlier. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Sir, we do not support this Bill and the reason is that the law states that the Accounts should be prepared within

three months of the end of the year. We accept that in the short period of time, although they did vote for this when the Bill was actually promulgated, they cannot present the Accounts but they should keep it in line with the normal Government system of nine months. They however want to go further and they want to have "or such longer periods as the Governor shall allow". In other words they can have twelve months or fifteen months or twenty four months or even ten years if they wish. We shall be moving an amendment to delete the "or such longer period that the Governor should allow". We will support the nine months period, Mr Speaker. We consider that is reasonable, although it is interesting to note that in the Financial Services Commission Ordinance, which we will be taking at Committee Stage later on, in Section 15 it states "that the Accounts shall be prepared within three months after the end of that year". I presume they will be coming sooner or later to ask for that to be nine months. This shows the slipshod method in which Bills are being presented these days with not sufficient and due care being taken in their preparation. Although we will vote against the Bill as it stands, if they are willing to accept the deletion of "such longer periods as the Governor shall allow" we will support the Bill.

MR SPEAKER:

That will have to be at Committee Stage.

HON M K FEATHERSTONE:

It is just to give the House notice of the intention of the Opposition that we support the nine months period but we do not support the unlimited period that this Bill proposes to put into effect.

HON P C MONTEGRIFFO:

Mr Speaker, I will not be able to support this Bill either. In its present form and for the reasons that the Minister has given which are reasons which are surprising because reference was made both by her and in the Bill itself to bring the Health Authority into line with Government Departments. Now the Health Authority per se is not a Government Department and the whole idea was to liberalise Health Authorities, ie giving it certain freedoms and powers to administer the funds which this House of Assembly votes for in the best interest of medical care in Gibraltar. Therefore to equate the Health Authority to other Government Departments, I think, is misconceived. If the Minister comes here and says for other reasons of a practical nature that they need more time, well that is one thing but, I think, to argue that it should be brought into line with Government Departments betrays perhaps what the Government considers Health Authority to be and which is another Government Department and not what it should be, an autonomous

administration caring for health and medical matters. The matter is also important from the point of view of accountability and I would ask Members opposite to consider this point. By virtue of the fact that the Health Authority is not a Government Department, we vote in this House a block vote at Estimates time for the Health Authority. So as it does not fall into the same system of Government Departments where funds are specified and itemised expenditure elements. We vote in this House on the basis of a block amount of money for the Health Authority and then it gets on with its job. Therefore the reasons for Accounts eventually coming to this House as expeditiously as possible surely has a bearing on the question of public accountability or the accountability of funds that this House votes and which we are entitled to some extent to be able to follow through in Accounts on an arrears basis, so to speak. The deferment of the presentation of the Accounts to the Minister, which the Bill would involve, would also imply further deferments of the time that those Accounts come to this House. Because the Minister knows there is a set procedure of time-scales before which the Accounts can be tabled here, so you could very easily end up with the situation Mr Speaker, as I see it from here, where you vote for funds in any Financial Year for the Health Authority on a block vote basis and we do not know what we are voting for until the Accounts are prepared and presented at the end of the Financial Year to this House. It would be quite reasonable if they were presented within the terms of the Bill as presently drafted, an extension of three months afforded by the Governor in Council. So we in this House see the Accounts literally a year or a year and a half effectively after funds may have been voted. That I think is most undesirable as a matter of principle, and although nobody would want to, from a practical point of view, to pressure the Health Authority in the preparation of Accounts it must be at least within nine months particularly where we are voting funds in block: I have not heard enough yet, Mr Speaker, to convince me that there is a good case for deferring the time for presenting Accounts to the Minister and subsequently to the House. At present we would simply remain in the dark for much longer than would anyway be the case. So as a matter of principle Sir, I think that this type of Bill is undesirable and unless I am persuaded by much stronger arguments as to the practical reasons why it is so difficult for the Health Authority to prepare Accounts within three to six months as opposed to nine months "or such time as the Governor may decide" I think the Bill is undesirable and we are simply voting funds and only getting to know a year and a half down the line how those funds are spent. There is one other point which the Minister has not alluded to and it may be totally innocuous. But if she could address in her reply the element of retrospection in the Bill. The only amendment that I can see from the former Bill which has not been proceeded with and the proper Bill now before the House is the element of retrospection back to April

1989, 1st April 1989. Now I assume that to be the case that the time-scale will start running from the 1st April 1989 for the purposes of what is considered the Financial Year. Has there been an element, and I put it no higher, of irregularity and therefore we are correcting it in this way. I am not making necessarily any fundamental points on that element at this stage Mr Speaker, except to say that I think that before we are asked to vote on a Bill which has retrospective effect, again as a matter of principle, I would require some clarification from the Ministers to why the second Bill had to be issued with a retrospective element and not with the first one. I think that the House is entitled to some comment on that aspect of the matter as well. Thank you, Mr Speaker.

HON ATTORNEY-GENERAL:

Mr Speaker, thanks to the legal qualifications of the Honourable Mr Montegriffo, he seems, with respect, to misunderstand the legal implications of this Bill and the amendments which are being proposed to the Ordinance. Firstly it is perfectly correct to say Mr Speaker, that the Health Authority is a Statutory Body and is not strictly speaking a Government Department, but sight must not be lost to the fact that the Honourable Minister who proposes this Bill and indeed many Government servants have duties in connection with the administration and the running of that Health Authority. Secondly Mr Speaker, the Bill proposes in fact per se that the time for presentation of the Accounts be extended to nine months. That is the time Mr Speaker, and if further time is desired, then the Health Authority has to go to the Governor and seek his Excellency's permission for an extension of that time. Now the relevant phrase "or such longer period as the Governor shall allow" does not impose any mandatory obligation upon His Excellency, Mr Speaker, to allow a period of time beyond the nine months but it gives the Governor a discretion to say "yes" or to say "no". And like any discretion, Mr Speaker, that discretion must be exercised fairly.

MR SPEAKER:

If no other Member wishes to speak I will ask the Mover to reply.

HON CHIEF MINISTER:

Mr Speaker, let me clarify one thing for the Honourable Member who spoke last from the other side of the House. Since he said that if anybody could give him any reason why the arguments he was putting forward were not valid, then he wanted to hear them. Well quite simply nothing that he has said about the Accounts coming to the House has any relevance to what is being amended. Because 15.1 does not deal with what happens to the Accounts after they have been prepared. It deals with the time that the Finance

Officer in the Hospital has to prepare the Accounts. The rest of Section 15 leaves the Authority with unlimited time, so even if we had no change at all in the law, there is currently "no time limit in the law" to bring the Accounts to this House. It says that they have to be prepared in three months which is considered to be too short, but then after they have been prepared it says they shall be taken to the Principal Auditor as soon as practicable, and there is no definition of how soon that is, so that does not change.

HON P C MONTEGRIFFO:

Will the Chief Minister give way?

HON CHIEF MINISTER:

Yes I will give way.

HON P C MONTEGRIFFO:

Mr Speaker, whilst appreciating the point. I feel the point also is that if you give somebody further up in the process more time to do something which initially has to be done before you can get to the bottom, I mean Accounts being tabled in this House, then what you are doing is encouraging delay, as opposed to hoping for things to come to the House quicker. There may be no mandatory provision to bring the Accounts to the House within a certain time limit, but if Mr Speaker, we are allowing, at this stage, an extension of time from between three to nine or such further time as may be considered necessary, then we are extending from a practical point of view the ability of the Government to eventually table those Accounts here.

HON CHIEF MINISTER:

No Mr Speaker, when the Honourable and Learned Attorney General stood up to try and clear the Honourable Member's mind, the Attorney General referred to the Hon Member's legal expertise but it seems to me that not only does he seem to be shaky in his legal expertise but it certainly appears that he is shaky on his mathematics as well because an indefinite period is not made longer by making it an indefinite period plus nine months, instead of making it an indefinite period plus three months. The Hon Member is arguing not about the time it takes to prepare the Accounts, but the time it takes to bring the Accounts to the House and the Bill before the House seeks no change in that. The Ordinance remains totally unchanged in the requirements for bringing the matter to the House. What is being changed is how long somebody in the Health Authority has to prepare the Accounts. He is not addressing himself to that problem and to suggest that because it may take six months instead of nine months, it means that we are

going to bring it here six months later is nonsense because in fact what he was saying before that it could be brought here after an indefinite period is still true, even without the amendment. If we did nothing to change the law under the original Ordinance there is no time limit, so therefore since there is no time limit, there cannot possibly have an extension of the time limit, it does not exist, Mr Speaker.

MR SPEAKER:

If no other Member wishes to speak I will call on the Mover to reply.

HON MISS M I MONTEGRIFFO:

Mr Speaker, we have given an explanation as why we want to bring this Bill to the House. I would however like to answer the Honourable Mr Featherstone on the question of actually agreeing on the nine months and yet the Opposition do not seem to favour the clause which says "or such longer periods as the Governor should allow". I think Mr Speaker, that what we are doing is coming into line with what all other Government Departments have and therefore what the Health Authority is doing now is copying exactly what happens under the Public Finance (Control and Audit) Ordinance. As I have said before if the Health Authority were to prepare the Accounts earlier, it would mean that the Government would need to employ more people in the Health Authority to do this and we do not think, as I said before, that this is prudent because the money could be used much more effectively for something which is more important. We think that that money can best be deployed in other areas within the Health Authority because it has been an area which has been neglected for many years. All that we are doing is bringing the Health Authority in line with the privileges that all other Government Departments have 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 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 K W Harris
The Hon J H Bautista

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 Dr R G Valarino

The Hon P C Montegriffo

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 (EMPLOYMENT INJURIES/INSURANCE)

(AMENDMENT) ORDINANCE, 1989

HON R MOR:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Social Security (Employment Injuries 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, in November 1988, the benefits and contributions related to the Social Security Employment Injuries Insurance were reviewed. At the time I drew attention to the advice given by the UK Government Actuary who had carried out an actuarial review of the Employment Injuries Fund. According to this advice and the recommendations of the Actuary, given that the Employment Injuries Fund represented about thirteen and a half times the yearly expenditure of the Fund, this was considered to be a sufficient reserve and no need was seen to build up the Fund to a higher level relative to expenditure. Consequently Mr Speaker, the recommendation by the Actuary was that the Fund be maintained at the level of thirteen and a half times the yearly expenditure and that contributions should be increased by approximately the same percentage as benefits, in order to ensure that all

expenditure during any one year could be met from the yearly contributions without the necessity for supplements to be drawn from the reserves. The Fund was seen by the Actuary as a means of acting as a buffer in an emergency situation of where we had the number of claims increased sharply or if there were to be a substantial drop in employment, which would obviously result in less contributors and less payment into the Fund. The projections made by the Actuary insofar as contributions were concerned indicated that for 1989 the joint adult contribution required in order to balance costs was 25p. The joint adult contribution was in fact already 30p in 1989, which represented 20% over what the Actuary was recommending, so this was the reason why in November 1988, the Government decided that whereas benefits were increased by 5%, contributions remained unchanged at 30p. However Mr Speaker, despite the sound advice of the UK Government Actuary, no doubt based on accurate statistical information and sensible judgement, the theoretical projections have not been quite as near as the practical results have been. Although as I said the rate of contribution has been some 15% higher in 1989 than that recommended by the Actuary, which was considered insufficient to cover the cost of benefits, even at the rate of 25p per week, the reality, Mr Speaker, has been that at the rate of 30p per week, there has been an excess of expenditure over income of £23,487 over the Financial Year ending 31 March 1989. This means Mr Speaker, that not only has the Fund overspent in relation to the contributions received, but that a portion of interest for the Fund has been lost as a result of drawing from the reserves in order to meet this extra expenditure. This brings to light, Mr Speaker, the somewhat unwise and really absurd situation where in accordance with current legislation, the requirement is that I review contributions and benefits in respect of the Employment Injuries Legislation on an annual basis. Had I therefore been empowered with the necessary flexibility to be able to take corrective measures at any time, then quite clearly the necessary adjustments could have been introduced in time, in order to prevent the deterioration of what can be considered a healthy Fund, but given it is a small Fund, that also makes it rather vulnerable when amounts overspent such as I have already quoted are involved. Basically Mr Speaker, the £23,487 represents nearly 12% of the total contributions received which indicate that contributions in order to have covered expenditure over the year ending 31 March 1989, should have been 12% higher than what these were. So the Bill before us, Mr Speaker, is seeking to give a degree of flexibility to the Government so that in future contributions and benefits in respect of the Employment Injuries Insurance Ordinance can be reviewed whenever it is considered necessary and in order to allow us to take preventive measures to save that Fund when situations such as I have already described arise. In line with our policy on other areas, Mr Speaker, the Bill also provides that all expenditure incurred in the administration of the Fund should be charged to this Fund

and not to the Consolidated Fund. At present the only administrative cost charged to the Fund is that charged by the UK Government Actuary to cover their administration costs. In general terms Mr Speaker, it is intended to equate the relevant provisions of this Ordinance to the corresponding provisions of the Social Security Insurance Ordinance. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, we will be voting against this Bill. We supported in November 1988, the amendments which the Government brought to the Social Security Social Insurance Ordinance because those amendments were introduced in the House against the background of the negotiations which the Chief Minister was carrying out with the British Government because of the problem with the Spanish pensions. The powers which the Government obtained then in November 1988, to give the Minister the flexibility about which he has also spoken today have not yet been used, other than to increase contributions and it is significant that it is only about the question of contributions that the Minister has addressed himself today. We do not have any difficulties, Mr Speaker, with Clause 3 which provides "for the administrative expenses incurred by the Department, incurred by the Government in the administration of this Fund for these expenses to be charged to the Fund". There is no difficulty about that, that is only a minor provision in the Bill. The Bill, Mr Speaker, once again erodes the powers of this House in that the Minister will be able to take executive action by Regulation, by a Legal Notice in the Gazette, without giving us an opportunity to debate in the House at the time the measures being introduced and try to influence the Government in any way in respect of their proposals. The need to bring the Employment Injuries Insurance Ordinance strictly into line with the Social Insurance Ordinance is not entirely necessary other than in respect of certain benefits. There are benefits where in respect of which there is no need really to do that. The Minister is obtaining powers to take action at intervals which he may deem appropriate, and on the basis of performance, the situation is not very encouraging. As I say Mr Speaker, the Minister has not said a word about what his intentions are or what the Government's intentions are about Injury Benefit for instance. Injury Benefit is more related to the level of wages in Gibraltar than what it is to the level of pensions. And the Minister needs to keep Injury Benefits in line with movements in wages where someone suffers an injury and is off work for a long period of time unless the amount which he and his family are to receive is going to become very low compared

to the general level of wages in Gibraltar. A similar case in point also arises with respect to Industrial Death Benefit, whereas when the beneficiary opts to collect a weekly pension there is a relationship between that pension and a widow's pension let us say, that is not the case where the Beneficiary opts to receive instead a lump sum, the Industrial Death Benefit as a lump sum, and if that lump sum is not kept under review, then as the years go by the value of the lump sum in question is eroded as the cost of living increases or indeed as the pound loses value. The Minister has made reference to some excess expenditure of nearly £25,000 over income. Yes that can happen in any particular year, the Employment Injuries Fund is not like the Social Insurance Fund where you can project, you can estimate, the anticipated level of expenditure. In the case of this Fund it may be due to accidents, that expenditure goes up. You might have a year where there are no industrial deaths and therefore expenditure on the Fund is going to be more by way of Industrial Injuries Benefit, which is a weekly benefit, but if unfortunately in any particular year, there is more than one tragedy, there are a number of tragedies, then the payment made can be very considerable. I think that Industrial Death Benefit, as a lump sum, is in the order of £13,000. So if there are three or four such deaths, the Fund has to fork out something of the order of £50,000 and for that year the Fund may well go into deficit, but an examination over the years of the operation of the Fund will prove the point that I am making, that it is really difficult to control what happens and I do not really think that that is a good reason, I think it is a weak case on the part of the Minister to say "if I had the powers to act more quickly, I could have taken corrective measures. Two or three deaths occur and therefore the Minister feels that he has got to take corrective measures immediately to increase contributions and he cannot wait until October or November which is what the date the present Legislation is reviewed. I do not think that that is a very strong case. The impression that the Minister has given is that the powers he would wish to exercise, in respect of contributions, but as I say, Mr Speaker, he has had nothing at all to say about what his intentions are about benefits. I do not think that the Employment Injuries Fund is entirely subjected to the problems which the Social Insurance Fund was subjected to by the problem of Spanish Pensions. The two are not entirely related in that manner and therefore we do not consider that the Minister needs to take these powers which erode from the functions of the House and which quite honestly, Mr Speaker, we are quite sceptical about the extent to which the Minister is in reality going to exercise those powers for the benefit of Beneficiaries and not just to put up contributions.

HON P C MONTEGRIFFO:

Mr Speaker, this Bill effectively is about wrenching powers

from this House and giving it to the Minister and that therefore it is really Clause 4 which is the only matter of principle which is in debate. There is no reason that has been put to this House of sufficient cohesion to justify yet another power being taken away from this House, in having necessarily to vote for important benefits which this Ordinance involves and to give the Minister a complete blank cheque to decide what contributions are going to be levelled, what reviews of benefits are going to be introduced and generally for the purposes of the administration of the Ordinance obtain greater power and wrench it away from this House. The trend which the Government has been seen to be taking in this respect has been the subject of criticism from this side of the House in the past and if in the past, Members opposite have gone some way towards trying to understand the need for greater flexibility, I for one have been prepared to allow for greater flexibility in the context of, for example, the Financial Services Bill or in the context of some other piece of Legislation where Gibraltar has to act quickly and expeditiously because we are capturing a certain sector of business or a certain market which requires the somewhat more cumbersome process of this House to be exceptionally put to one side. I do not think, Mr Speaker, that any such case can be made in this particular regard and for that reason, because it is a reason of important principle where we have a review of benefits under a very important Ordinance which the Minister pretends to be able to decide on in the quiet of his Office and for us just to get to know when these things are published in the Gazette. I do not think that that is the way that things should be done in an Ordinance of this nature and for that reason I will be voting against.

MR SPEAKER:

If no other Member wishes to speak I will call on the Mover to reply.

HON R MOR:

Mr Speaker, I think I explained it quite clearly when I started off. The only simple exercise which is required for the Social Employment Injuries is simply to keep contributions in line with the expenditure, because the Actuarial advise that we have is that the Fund is in a healthy state and consequently what I would be required to do every year is just say contributions are being increased by 5% because the expenditure has increased by 5%. I think there has been an over reaction on the side of the Opposition that we should have some ulterior motives in bringing this legislation to the House. It seems to us absurd that if you have a situation where you find that a particular Fund is overspending that you should just sit back with your arms crossed waiting for the end of the year because that is the time that it needs to be

reviewed and that is absolutely nonsense. We would prefer to have the flexibility to be able to take corrective measures when we consider it is necessary. Thank you, Sir.

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 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 K W Harris
The Hon J H Bautista

The following Hon Members voted against:

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

The Hon P C Montegriffo

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 ADMINISTRATION OF ESTATES (AMENDMENT) ORDINANCE, 1989

HON ATTORNEY GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Administration of Estates 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, the simple object of this Bill

as set out in the Explanatory Memorandum is to increase the Statutory Legacy of a person whose spouse dies intestate, that is without having left a valid will. Clause 2 of the Bill seeks to effect an amendment to Section 51, which sets out the order of distribution of the residuary Estate of such a deceased person. Under Section 51, Subsection 1, paragraph A of the Ordinance Mr Speaker, the surviving spouse is first and foremost entitled to a personal legacy charged on the residuary Estate of only £5,000 as the law stands at present and this House is being asked to raise this figure to the sum of £20,000. Similarly, Clause 3 of the Bill proposes an identical amendment to Section 53 of the Ordinance which deals with the powers of the personal representative of the deceased person's Estate in respect of the interest of the deceased surviving spouse. Under Sub-Section 2A of that Section, Mr Speaker, the personal representative is at present restricted to a net sum of only £5,000 on a residuary Estate to enable payment of the Statutory Legacy to be made. Likewise the Bill also seeks to raise that figure to the sum of £20,000. Mr Speaker, as all Members of the House I am sure are aware the Ordinance was first enacted in 1934, when relevant figures the Bill now seeks to amend stood at £3,000. They were increased to £5,000 in 1975, but has not since been increased at all and it is therefore felt, Mr Speaker, that a revision is long overdue. Members of the House will remember, I am sure, that a recent amendment to the Estate Duties Ordinance increased the ceiling for payment of Estate Duty from net Estate valued at £10,000 to £20,000. And that I am happy to say, Mr Speaker, is proving to have been a great benefit to the inheritors small Estates and the idea behind this Bill is to give similar treatment to the Statutory Legacy payable to the surviving spouse of a person who dies intestate. Mr Speaker, I can tell the House that the Bill has the support of the Officials of the Supreme Court and I hope the support of all Members of both sides of this House. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON LT COL E M BRITTO:

We support the Bill Mr Speaker, we think that the reasons which the Attorney General has expressed justify the measure well merited. It was perhaps overdue that the figure of £5,000 should have been brought into line with present day realities and that £20,000 seems to be the correct sort of level today. It is of course a sort of figure that has to be kept and ought to be kept under constant review.

MR SPEAKER:

If no other Member wishes to speak, I will call on the Mover to reply.

HON ATTORNEY GENERAL:

Just to say that I am most grateful for the support of the Opposition.

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 CRIMINAL PROCEDURE (AMENDMENT) (NO.3) ORDINANCE 1989

HON ATTORNEY GENERAL:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Criminal Procedure 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, the object of this Bill is I hope clearly set out in the Explanatory Memorandum. The amendments sought to be made are to equate the Court's powers of forfeiture in Gibraltar with the additional powers the United Kingdom possess by virtue of Section 43 of the powers of the Criminal Courts Act 1973. The Bill if enacted will increase the powers of Courts here in relation to ordering forfeiture of property found in the possession or control of a convicted person at the time of his apprehension. It will be seen that the Bill is in effect a one clause Bill Mr Speaker. It seeks to add a new Section to the Criminal Procedure Ordinance which is fairly extensive and which I suggest has important implications. The proposed new Section contains in subsection 1 power to the Court to order forfeiture property used not only for the commission or facilitating the commission of the offence involved but also property which was intended by the offender to be used or used for such purposes. Mr Speaker, such items as a boat or a motorcar immediately spring to mind in such context especially Members of the House will think in the field of drugs related offences where the provisions of this Bill, particularly enlarge the powers the Courts already have under Section 20 of the Drugs Misuse Ordinance. The

same Section also provides that the Courts powers extend not only to offences for which a person is actually being charged but also to additional offences which he has asked the Court to take into consideration. Subsection 2 of the proposed new Section, Mr Speaker, does have some safety catch because it requires the Court to take into account certain matters before determining what, if any, forfeiture order shall be made. Subsection 3, defines the expression "facilitating the commission of the offence" in such manner as to extend the Courts power to the forfeiture of any item used to dispose of any other property unlawfully acquired or used to avoid apprehension or detection. The prospective subsection 4 makes clear that a forfeiture order deprives the offender of any rights he may otherwise have in the property to which it relates and that any forfeiture order made must be made in favour of the Police. Mr Speaker, again I am happy to be able to report to the House that the Bill has the support of the Judiciary in Gibraltar and in my respectful opinion it is a measure which could and should be presented to this House some considerable time ago. Mr Speaker, I commend the Bill to this House.

MR SPEAKER:

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

HON LT-COL E M BRITTO:

Mr Speaker, as the Honourable Attorney General has very clearly said, the Bill is perfectly described in the Explanatory Memorandum and we on the Opposition have no difficulty with it, and will be supporting the Bill. We are however a little bit curious about the timing of it and the underline motive for bringing it into effect at this time and we wonder whether the Attorney General can give us an indication whether it has been as a result of any sort of recent cases that it has been thought necessary to bring the legislation into effect now or it is just a general improvement to legislation in general terms.

HON P C MONTEGRIFFO:

Mr Speaker, my only comment of any substance is that where, as I see, a safeguard in sub-paragraph 2 inasmuch as the Court will be able to take into consideration the value of the property and the likely financial and other effects of the offender of making any such order, I am not frankly very concerned about the effects of the offender if he is convicted of an offence which the Court would be justified in making an order of this nature but I would be concerned about the effect on the family of any such order made. It would be grossly unfair that the Court should have power to have regard to the effect that, for example, the

forfeiture of a motor vehicle or a boat or such other properties may be involved in a whole series of circumstances which we cannot now envisage should be forfeited and that therefore dependents and family should suffer a loss of what is in reality in all these circumstances family property and unless the Attorney General can assure me that he would look at this and that this would give the Court the power to have regard to such circumstances or such interest, interest of dependents and family members, something about which I have my doubts of. I would have to ask the Government to consider introducing, at a later stage, an appropriate amendment to make sure that the Court can take the interest of such people into account so that the hardship which could be suffered by purely blameless individuals, dependent on property which could be forfeited could be protected and could be taken into account by the Court when making such an order. Except for that point Sir, I will support the Bill.

MR SPEAKER:

If no other Member wishes to speak I will call on the Mover to reply.

HON ATTORNEY GENERAL:

Yes Mr Speaker, can I deal firstly with the point raised by the Honourable Lt Col Britto. Mr Speaker, I have only been Attorney General for a short time now, but I did on taking office promise to do everything I reasonably and possibly could to modernise the Criminal Procedure system in Gibraltar and this is the third Bill and in my comparative short time in office I have had the honour to put before the House. The Criminal Procedure Amendment No.2 Ordinance Mr Speaker, went through its First and Second Reading in this House last month and I understand will be put into Committee Stage and its Third Reading and hopefully passed later at this Meeting of the House. That Bill, Mr Speaker, the Members of the House will recall seeks to enlarge the Courts sentencing powers by giving the Court the power to defer sentence and that Bill also equates, if it is fully passed, Mr Speaker, and becomes law, certain provisions of the 1973 United Kingdom Act. And it was whilst I was looking at the provisions of that Act, Mr Speaker, that it came to my attention that the Courts powers of forfeiture in Gibraltar was something less than they have been in the United Kingdom for something like fifteen or sixteen years and I therefore felt it appropriate, Mr Speaker, to introduce it very hotly in pursuit as the Criminal Procedure Amendment No.2 Bill 1989. To turn next if I may, Mr Speaker, to the apprehensions which the Honourable Mr Montegriffo has expressed, I think and I hope, I can lay any fears he may have with little difficulty. Mr Speaker, the Courts power of forfeiture which I seek to extend by the amendments to the law which this Bill proposes is of course a discretionary power. Mr Speaker, one of

course does not want to punish in any way people who are innocent so far as the commission of Criminal Offences are concerned. One seeks to punish the offender and hopefully no one else. But perhaps punishment imposed upon the offender frequently rubs off onto other persons and particularly members of his family and it may well be, Mr Speaker, that the sort of situation that the Honourable Mr Montegriffo has in mind is, for example, when a person owns a speedboat and he uses it for the innocent pursuit of water ski-ing on behalf of himself and family through the day and he uses it perhaps for smuggling at night. Now why or if or should that boat be forfeited if he is subsequently convicted of an offence for which the Court has a discretionary power to order forfeiture. Well firstly Mr Speaker, I have no sympathy for a person in such circumstances and I do not think the Court would either. I would imagine Mr Speaker, the Court will say to the defendant when pleading that the forfeiture power should not be exercised because it would have adverse repercussions on his family. I would expect the Court to say "well you jolly well should have thought of that in the first place before you committed the offence for which you now stand convicted". And members of the public I hope will do well to consider that deterrent effect which I seek to give the Court by the introduction of this Bill, Mr Speaker, before they decide whether to use the boat or motor car or whatever piece of property is involved for the commission of an offence which they know by the change in the law will or could possibly result in forfeiture of that piece that property being ordered. Secondly

HON P C MONTEGRIFFO:

Mr Speaker, will you give way on one point?

HON ATTORNEY GENERAL:

Certainly Mr Speaker.

HON P C MONTEGRIFFO:

Sir, I am grateful for the Attorney General's comments, but I beg to differ in that what the Section is doing is that although it is giving the Court a discretion on whether to make an order or not it will be open to prosecuting Counsel in any situation, as far as I can see, to seek such an order from the Court. To actually make its submission saying that it is considered by the Crown Mr Speaker, in such a situation that an order should be made and therefore if the prosecution, the Police or Counsel, for the prosecution wants to seek an order from the Court then the Court would have, as I see it Mr Speaker, look at the terms of the Section in order to assist it in determining how it should exercise its discretion. Once an application was made for an order, the Court would then have to say "right, I have been asked to make an order,

how do I exercise that discretion". And the point I am making is that there is a specific Section saying that in exercising that discretion, in exercising the making of an order, the Court would have regard to certain things. And it specifically says "the effect, including financial effect on the offender". I am concerned Sir, that frankly when the thing comes to Court and an application is made, the Court is not empowered, if on behalf of the defendant it is stated "but hold on what about his wife and four kids who have no other form of income now, and who may be able to benefit from the property by selling it and having an element of a safeguard financially. The Court might well say and I would certainly say if I was on the side of the prosecution that the Court has no power to take into account that element, that factor, when being asked to make an order, because the initial step is taken by the prosecution when they seek an order from the Court, and I do not think as it stands, I make the point because I genuinely feel that it would be open to argument that the Court does not have the power to have regard to the interests of dependents or the family once it has been asked to exercise its discretion. Although I would support the Bill because in general terms it is doing a good thing, I think, that there could be a danger. Surely the effect on family and on dependents is something that the Court should have regard to. It is property which in fact according to the Section is just in the ownership of the defendant but could be taken much further than that, I think, having regard to people directly affected in terms of dependents and family and something should specifically be put into this Section which the Court should mandatorily have regard to when it is asked to make an order Sir.

ATTORNEY GENERAL:

Mr Speaker, I respectfully cannot agree with the Honourable Member's interpretation of the law because there is in a sense a safety catch on the exercise of the Court's power because the Court before considering whether or not to order forfeiture must take into account, the Court has a mandatory obligation that is, Mr Speaker, to take into account the various criteria set out in the appropriate subsection. But as I see that criteria, Mr Speaker, it is not restrictive and it is not exhaustive. There are factors which the Court take into account but the Court can take into account any other factor it considers relevant and appropriate in assisting the Court how it should exercise its discretion and that can include, Mr Speaker, of course, in all cases such matters as the Honourable Member opposite is suggesting it would be appropriate for the Court to take into account. Furthermore, Mr Speaker, the prosecution I can assure you does not play the active role in the sentencing process which the Honourable Member opposite seems to think. It is not the prosecution's role to seek to extract blood or to suggest, Mr Speaker, whether any particular type of sentence is appropriate in a

certain case. And of course an order for forfeiture, Mr Speaker is very much, in my opinion at least, part of the sentence which the Court imposes and even if the prosecution and/or its representative does not suggest to the Court, in a particular case, that it is appropriate to make a forfeiture order, the Court still has power to do so of its own volition as the Honourable Member opposite me is perfectly well aware I am sure. It may be of interest to the Members opposite Mr Speaker, to know that I was recently personally involved in a case in the Magistrates Court, before the Stipendiary Magistrate, where I was very much against a forfeiture order being made but nevertheless the Stipendiary Magistrate made a forfeiture order in respect of a motorcar. Not surprisingly his Counsel is appealing to the Supreme Court and I am supporting the proposition that the appeal should be allowed. So the Prosecution is not always the big bad boy that the Honourable Member opposite is suggesting that perhaps we are.

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 CURRENCY NOTES (AMENDMENT) ORDINANCE, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Currency Notes 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. Sir, the proposals in this Bill are meant firstly to introduce a further method of payment for the issue and redemption of our Currency Notes and secondly to allow Note Security Fund monies to be held on deposit with the Savings Bank. As regards the first proposal to which Clause 2 of the Bill relates the intention is to allow payment to be made in sterling locally which apart from facilitating matters should assist in enhancing the notes circulation figure given that the payment in sterling notes effectively means a withdrawal of such notes from

circulation. I would stress, Mr Speaker, that payments through the Crown Agents will still continue but in the light of the change being introduced, will now be optional. The amendment to subsection 7 of Section 8 of the Ordinance resulting from Clause 3 of the Bill will make it possible for Note Security Fund monies to be placed on deposit at the Savings Bank. This is in keeping with the expanded role envisaged for the Savings Bank. The new arrangements will not in any way affect the reserve requirements of the Note Security Fund, nor for that matter in any way undermine the security of the Note Issue. Lastly Mr Speaker, I should mention that the new subsection also introduces another change, that of substituting the Governor for the Secretary of State for the purposes of the approval required under the subsection. The change is of administrative convenience. The Government does not consider any such references to the Secretary of State necessary. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

The Opposition supports the Bill Mr Speaker and we will be voting in favour.

HON P C MONTEGRIFFO:

Mr Speaker, I have no difficulty with the Bill, but again could there be an indication by the Financial Secretary as to its effect having been necessary to the 15 August 1989, why the Ordinance should be deemed to have come into operation from that date. I assume, and I lay myself open to be told otherwise, that it is because that what is being legitimised here has effectively been occurring since the 15 August and therefore we are ratifying something in this House that has already been happening. If that is the case then it should be stated and if it is not the case I would like to know why we are voting again retrospective legislation.

MR SPEAKER:

If no other Member wishes to speak I will call the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I thank the Members opposite for their support and to the last Member to speak for his having pointed out something that perhaps quite correctly I should have included in the speech and that is yes, retrospective

effect is being given to the Legislation because the Government had to move at the time and this is the purpose of correcting what would otherwise would have been a technical breach.

HON P C MONTEGRIFFO:

So there has been a breach of the rules and we are now legitimising it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

In a way yes. But I should mention.....

HON P C MONTEGRIFFO:

In what way no?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, the breach may be a technical one but financially a prudent one and that is why I say in a way yes and in another way no. But otherwise Sir, other than that, 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 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 (AMENDMENT) ORDINANCE, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Gaming 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, at one time the Gaming Machines installed in clubs, bars, restaurants etc, were only permitted provided they were non-cash dispensing machines and the winnings were paid out with lottery tickets. The arrangement was regulated under Section 4A of the Gaming

Ordinance which allows the Financial & Development Secretary to issue, in his absolute discretion, licenses for lottery ticket paying machines on the payment of a subscribed fee. Subsequently in 1985, the Government agreed to relax the restriction limiting the winnings to lottery tickets and to permit payments of cash winnings provided such payments were made over the counter and not dispensed by the Gaming Machines themselves. Pending the necessary amendment to Section 4A of the Ordinance, the new arrangement was given effect by the issue of Certificates of Exemption under Section 5 of the Ordinance. Section 5 permits the Governor to grant exemption from the prohibition of keeping on premises Gaming Machines for gaming purposes. In the event the intended amendments to Section 4A were not proceeded with at the time and for the past few years, the Deputy Governor has therefore been annually landed with having to sign nearly 100 such Certificates of Exemption. Obviously, Mr Speaker, the matter is not one which should warrant such high level of attention and the situation can be resolved by the simple amendment which is proposed in the Bill to Section 4A. Lastly the operation of such machines would be regulated by license rather than by exemption. Exemptions should really be reserved for more important issues such as the operation of Casinos. And finally Mr Speaker, I should emphasise that no other changes in the existing arrangements are involved. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, we have no objection in this Bill and we have been satisfied by the explanations given by the Honourable Financial and Development Secretary and therefore we will be supporting the Bill.

MR SPEAKER:

If no other Member wishes to speak, I will call on the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I thank the Members opposite for their support and I therefore 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 INCOME TAX (AMENDMENT) (NO.4) ORDINANCE 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. As the Bill stands, the measure before the House is for an Ordinance to repeal Section 14 of the Income Tax Ordinance. This is a Section which never seems to have been used but which on the other hand is considered to inhibit foreign investment in Ordinarily Resident Companies particularly Investment Companies. For the benefit of the Honourable Members in the House who may not be conversant with the provisions of the Section, I should explain that the provisions of subsection 1 of Section 14 enable the Commissioner of Income Tax to treat the undistributed profits of the company as income in the hands of the shareholders and after due apportionment to tax such income accordingly. Such powers may however only be exercised in limited instances, mainly when it appears to the Commissioner that a company is not distributing profits with a view to the avoidance of reduction of tax. Being profits which might otherwise reasonably have been distributed without detriment to the maintenance and development of the company's business. In the case of a trading company, these powers cannot be exercised, if within a reasonable time after the end of its Financial Year the company has distributed to its shareholders by way of dividend not less than 80% of its income for that year. But this does not apply to Investment Companies. That is, those companies defined in subsection 5 of the Section. In the case of Investment Companies the Commissioner is required to regard all the undistributed income as income of the shareholders. This requirement found, Mr Speaker, in subsection 5 of the Section is being wrongly interpreted to mean that the undistributed assessable income of an Investment Company must be taxed as income in the hands of the shareholders thus more or less forcing a declaration of dividends, whereas the requirement really only bites if the Commissioner exercises his powers under subsection 1. This erroneous interpretation is causing would be foreign investors to think twice before putting

their money into local Investment Companies especially investors from high taxed countries in Europe. Clearly this needs to be redressed if we are to attract such investments. Accordingly the Government considers that the best course lies with the repeal of Section 14 altogether. Sir, the repeal of the Section has repercussions for other Sections of the Ordinance, namely Sections 2 and 7 where reference is made to the Sections and I shall therefore be moving the relevant amendments during Committee Stage of the Bill. Likewise Mr Speaker, the opportunity will be taken in Committee to introduce an amendment to Section 87 of the Ordinance, the Section which deals with pay as you earn. The intention being to translate the enabling powers for administering the system to Regulations which also involves the repeal of the Schedule. However this amendment will not be brought into force until the Regulations themselves are ready. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, we were wondering when we saw this very short Bill, where the Explanatory Memorandum was far longer than the Bill itself, what the real reason was behind this measure of legislation. We were wondering why it was that the Section was being repealed now when it had never been used and when the Explanatory Memorandum indicated that it was not likely to be used. We are a little bit clearer now having regard to what the Financial and Development Secretary has said about the implications of it. What he has not said though is whether representations have been received from any sector which has made the Government decide that they should legislate in this manner. Have they, for instance, had representations from the Finance Centre perhaps? When the Honourable Mover exercises his right to reply he may explain this. It might enable us to make up our minds rather more clearly as to how we should vote on the Bill. Our inclination at the moment, because we do not see the full implications, is to abstain on the Bill. The other thing that puzzles me somewhat, Mr Speaker, is that we have had PAYE in operation in Gibraltar since the mid 1970s and it is only now fourteen or fifteen years later, that apparently it has been decided that Regulations are necessary to underpin, as it were, the operation of the system. Again perhaps at the appropriate stage when the Honourable Mover moves his amendments in Committee he might give us some explanation as to why it has been felt that it is necessary for this to be done and perhaps it might also give us some indication as to what the Regulations are likely to do. We might then be able to, at that stage, if we cannot support the Bill at the Second

Reading, if the reasons merit so, then support the Third Reading of the Bill.

HON P C MONTEGRIFFO:

Mr Speaker, as I understand the Section in question and my reading was that the Section would only be invoked by the Commissioner in a situation where he considers that the company is trying to prevent tax being paid and that it is not declaring a dividend in an attempt to avoid what would otherwise be a legitimate charge if the distribution was made. I understand the concern of the investors if they felt that that provision, as it stands, gives them a problem but I do not understand why it should have been necessarily induced to come to that interpretation of the Section. Be that as it may, if it is causing a difficulty and I see that there are also numerous other amendments to the Ordinance which are apparently necessitated by the Bill. Then my inclination at this stage is not to indicate in firm terms how I would be voting but to look at the amendments which I have only seen in the course of this morning and see their implication. But my general feeling will be that if there is any genuine interpretation that can be placed on that Section which gives a degree of discomfort to an investor then of course the Section should be either amended or done away with completely. I however think, Sir, at this stage having seen particularly the proposed amendments which appear to be consequential but which it is difficult to tell, frankly, simply from looking at this. I will therefore reserve my position until Committee Stage. I am therefore abstaining Sir.

MR SPEAKER:

If no other Member wishes to speak I will call on the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Sir, I thank the Opposition for their contributions and yes I confirm that representations have been received from professional advisers. As to the reasons for the erroneous interpretation that I am afraid I cannot answer. It came as a surprise to me that Members in the profession should have taken an enabling power to mean a compulsory or mandatory provision. I thank, as I have said the Members opposite and I will give any further explanations at Committee Stage. Sir, I commend the Bill to the House.

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

The Hon 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 K W Harris
The Hon J H Bautista

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 Dr R G Valarino

The Hon P C Montegriffo

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 Pensions Increase (Amendment) Bill 1989; the Criminal Procedure (Amendment) (No.2) Bill 1989; The Drug Trafficking Offences (Amendment) Bill 1989; The Financial Services Commission Bill 1989; The Financial Services Bill 1989; The Public Health (Amendment) (No.2) Bill 1989; The Consumer Protection (Property Management) (Amendment) Bill 1989; The Medical (Gibraltar Health Authority) (Amendment) Bill 1989; The Social Security (Employment Injuries Insurance) (Amendment) Bill 1989; The Administration of Estates (Amendment) Bill 1989; The Criminal Procedure (Amendment) (No.3) Bill 1989; the Currency Notes (Amendment) Bill 1989; The Gaming (Amendment) Bill 1989, and the Income Tax (Amendment) (No.4) Bill 1989.

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

THE PENSIONS INCREASE (AMENDMENT) BILLS, 1989

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 CRIMINAL PROCEDURE (AMENDMENT) (NO.2) BILL, 1989

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 DRUG TRAFFICKING OFFENCES (AMENDMENT) BILL, 1989

Clauses 1 to 11 were agreed to and stood part of the Bill.

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

THE FINANCIAL SERVICES COMMISSION BILL, 1989

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to give notice that I wish to move the amendments which have already been circulated to Members in the House. The amendments are too extensive to read out and I wonder whether, Mr Chairman, you would prefer asking Members if they have any comment on any relevant Clause and I could then reply.

MR SPEAKER:

Bearing in mind the Financial and Development Secretary's comments would Members agree to his suggestion that he dispense with the reading of the Amendment and, of course, any Member who wishes clarification can ask.

Clauses 1 to 10 were agreed to and stood part of the Bill.

Clauses 11 to 15

HON LT-COL E M BRITTO:

Mr Chairman, there has been a certain amount of consultation between us and the Financial and Development Secretary on this so these amendments carry already the approval of the Opposition, but under Clause 8 there was a slight disagreement in that the Opposition felt that the independence of the Commissioner should be established by legislation and we still think so although we appreciate the difficulties the Government have in accepting that amendment. We however still think, as the Commissioner is an independent person, that he is not subject to the discipline, for example, of the Civil Service if he were to have been a member. As I say we still think that the legislation should include provision for the financial independence of the Commissioner to be established from

all Financial Institutions working within Gibraltar and we regret that the Government has not been able to bring this into the legislation.

MR SPEAKER:

So will you be voting against the particular Clause?

HON A J CANEPA:

We do not want to vote against, Mr Chairman and we will be supporting it but with regret that it has not been included.

Clauses 11 to 15 were agreed to and stood part of the Bill.

Clauses 16 to 23

HON M K FEATHERSTONE:

Mr Chairman, is the Government really happy that the Statement of Accounts should be prepared within three months after the end of the Financial Year?

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, the point is that if the Honourable Member wishes it otherwise we could expand the period to nine months or such other period that the Governor may allow, but Mr Chairman, I do take the point and I welcome his contribution because it gives me the opportunity of saying that we are creating an animal which we have conceived but we still have to see its birth and see how it grows and develops and it is very difficult at this juncture to provide for every eventuality even though we have put our heads together to achieve that purpose. So there will be imperfections shown up during its life which I leave to our successors to correct in due course when and if they come. But the principle has been set and let us see how it works in practice. Contrary to the position of the Health Authority, there will not be such interlinking or connection with the Government as such because the Commission will have its own employees who need not necessarily have been drawn from the Civil Service. Neither would the Commission incur expenditure which requires the Government to help out, whether by way of invoicing or ordering or whatever it may, so I ask the Honourable Member to be patient and let us wait and see how the Commission develops before changing any of its procedures or its intended procedures. Thank you Mr Chairman.

Clauses 16 to 23 were agreed to and stood part of the Bill.

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

THE FINANCIAL SERVICES BILL, 1989

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Speaker there are one or two amendments of a typographical nature to the list that is being circulated. They are very simple and if I may with your permission read them out and Members may annotate them in the copies they have they will see that they are consequential and unnecessary.

MR SPEAKER:

Will the Hon Members agree to that?

This was agreed to.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Thank you. The first amendment occurs on page 5 of the circulated amendments where there is a reference to Section 11/2(A) about a quarter of the page where it says "delete Trustee in line 2". Clearly that should be line 1. The next amendments are on page 6 where under Section 12/2(F) we say "delete under" in line 1. That should read under Section 57, Mr Chairman and the insertion in its place should be "in accordance with Section 55". The difference in numbering follows the changes that have been effected elsewhere in the list. Then further on where it says in the middle of the page "to reflect change numbering". The reference to 12/2(G) should be to 12/2(F). The other change is on page 10 in relation to Clause 34 clearly the reference to 34(c) there should be to 34(e). On page 19 there is the omission of the re-numbering of Clause 55 as Clause 53. This would have come up in the reprint of the Ordinance but I feel it better to mention it now. Finally on page 24 at the very top it says "and Section in Line 2", it should really be "and Section in Lines 1 and 2". In fact we are being very pedantic here. It is just deletion of the hyphen between sub and section instead of the combined word. Mr Chairman, before I sit down I would like to thank the Members opposite for their very constructive and helpful approach which has enabled us to go speedily through the changes and which have very much improved, in certain respects, the Legislation we had proposed.

HON A J CANEPA:

Mr Chairman, if I may direct myself to Clause 55. It is in Clause 55 where an amendment is being moved in order to meet the point that we made rather vehemently during the Second Reading of the Bill regarding the fact that Regulations to be enacted under the Ordinance would become part and parcel of the Ordinance without giving this House an opportunity to have a say. It is the amendment that is being introduced which will bring the Regulations into immediate effect for the reasons which the Honourable the Acting Financial and Development Secretary has explained,

in detail, to my colleague, the Honourable Lt-Col Britto, and which have satisfied us about the need which the Government has to be able to move expeditiously whenever it may be necessary. But we are being given an opportunity at a subsequent meeting of the House, in fact at the next three meetings, if we are unhappy about any such measure introduced by way of Regulation to bring a motion to the House to have the matter aired and I think that the Government has really gone very far along the road of meeting the legitimate representations that we have made on the matter. I think it is appropriate for me, on behalf of the Opposition, Sir, to say how grateful we are to the Honourable the Acting the Financial and Development Secretary for his helpfulness, not only meetings with my colleague, Col Britto, but also in the way that the amendments have been presented and put to the House. These two Bills together, I think are about the most complex piece of legislation which this House has had to deal with since the Landlord and Tenant Bill. And the Landlord and Tenant Bill, Mr Chairman, you will recall that we went through it in Committee and it took days because the amount of work that had to be put in by the Attorney General, at the time, and the leading exponents on the matter who were then, I think, Mr Brian Perez and Mr Maurice Featherstone on the Government side, and Mr Peter Isola from the Opposition, that took days and it was a vast exercise. The exercise that we are going through here so quickly this morning is of a similar nature, the only thing is that all the donkey work has been done outside the House and so we come to the House today with the majority of Members being spared that laborious and detailed exposure of each clause virtually in Committee and I think we have to be grateful to the Honourable the Acting Financial & Development Secretary. In a way he is making history because he is the Government official who has been most closely concerned with the layman's draft of the legislation and then he has had, for a rather peculiar reason, that we are in an interregnum between one Financial and Development Secretary and another he has been lucky to find himself Acting Financial and Development Secretary and actually bringing and steering the Bill through this House. It is a rather unique record and we are very grateful to him and even though he is not likely to be here at the next meeting of the House because by then the new Financial and Development Secretary will be in harness, I think, that he has made his mark in the deliberations of this House and has impressed us all by the thoroughness with which he has presented the matter here. I think that we should also be grateful to the staff who have very painstakingly put all this together, not the least the Typist, it has been very very hard work and which has made our task immeasurably more straightforward and certainly, on this side of the House, we are very grateful for the way in which this very complex piece of legislation has been conducted. I think it just goes to show what can be done when there is a meeting of minds. Perhaps, Mr

Chairman, it is also pertinent to comment coming back to Clause 55 that if the Government accepts the spirit and the principle which they are introducing in the House today then of course the misgivings that we have had all along about the powers that they are obtaining to enact Regulations, we would feel differently about that if they follow this principle in other Bills in the future.

Clauses 1 to 10 were agreed to and stood part of the Bill.

Clauses 11 to 20 were agreed to and stood part of the Bill.

Clauses 21 to 30 were agreed to and stood part of the Bill.

Clauses 31 to 40 were agreed to and stood part of the Bill.

Clauses 41 to 50 were agreed to and stood part of the Bill.

Clauses 51 to 61 were agreed to and stood part of the Bill.

Schedule 1

HON M K FEATHERSTONE:

Mr Chairman, under 7 "Options", they have Gold and have added "Palladium". I wonder if they would like to add iridium as well.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, yes if the Member wishes but there was a controversy over the conclusion of "palladium" and why not other commodities and it is clear that there seems to be market elsewhere for palladium and that is why it has been included with silver, platinum, but if the Honourable Member wishes seriously for us to consider including iridium and anything else that is radioactive certainly, but I do not think there will be a market.

HON M K FEATHERSTONE:

and
Iridium is a precious metal must have some say in the London Metal Market. However if the Government will keep it in mind for the future I will be satisfied.

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

Schedules 2 to 4 were agreed to and stood part of the Bill.

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

THE PUBLIC HEALTH (AMENDMENT) (NO.2) BILL, 1989

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 CONSUMER PROTECTION (PROPERTY MANAGEMENT) (AMENDMENT) BILL, 1989

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 (GIBRALTAR HEALTH AUTHORITY) (AMENDMENT) BILL, 1989

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

Clause 2

HON M K FEATHERSTONE:

I beg to move the amendment of the deletion of the words "and or such longer periods as the Governor shall allow".

Mr Speaker then put the question in the terms of the amendment as moved by the Hon M K Featherstone.

HON P C MONTEGRIFFO:

Certainly, Sir, that amendment goes further towards what I would like to see than the Bill as it presently stands. Although my line on this will be that I will vote against Mr Chairman, because I do not think that sufficient emphasis has been made for the Bill as a whole. With your leave, Mr Chairman, if I could just make one point which the Chief Minister alluded to at the Second Reading stage and which was in relation to the fact that there was an indefinite period for the presentation of Accounts to this House which is the basis on which I am taking this stand on the Bill. The Ordinance in fact does not say that there is an indefinite time for Accounts to be brought here. It says that once the Accounts are available to the Minister, that they have to be brought to this House as soon as practicable. Now as soon as practicable means precisely that and there is an onus on the Minister to bring them here as soon as she possibly can and that therefore the extension of the time is not the extension of an indefinite time, it is the extension of a duty which the Minister has to bring the Accounts here and of course the Authority has greater time to prepare its own Accounts, before they are audited, that means that that whole process is deferred. So although I welcome in general terms the amendment, I will be voting against the Bill.

MR SPEAKER:

You are voting against the Clause itself? Not just the amendment?

HON P C MONTEGRIFFO:

Yes the whole Clause.

HON J C PEREZ:

Mr Speaker, if the Honourable Member were right in what he has just said we would not have brought the amendment to the House. Because having three months would mean that the Minister can then come to the House nine months later, but that is not the problem we are tackling, we are tackling the actual preparation of the Accounts and whereas before the person or persons that prepare the Accounts, in the hospital or in the Health Authority, had three months they will now have more time. That is in essence what we are talking about. Not how long it will take after those Accounts are ready to be presented in this House.

HON P C MONTEGRIFFO:

Sir, the Minister is talking nonsense. If the Hon Minister looks at the Section before saying something which is going to be proved incorrect. What we are being asked to do under Section 15 is give the Authority time to do the Accounts. It is being extended from a period of three months from the end of the Financial Year to a period of nine plus months. Following that, once the Accounts are prepared, the Section goes on to say that once the Accounts are ready they are sent to the Principal Auditor who certifies them, are reported and prepared within three months of that

HON J C PEREZ:

That Mr Chairman, is not being amended it is only the first part that is being amended.

HON P C MONTEGRIFFO:

Within three after the report is prepared by the Principal Auditor, the Authority then needs to report to the Governor and the Minister then lays one copy of the Annual Report in the House of Assembly as soon as practical. Now Mr Chairman, you cannot change one stage without it affecting the others. Of course, we are not changing the dates which the Minister has to bring them here. Now they have to bring it here as soon as they possibly can" as soon as it is practicable" that it is a Statutory obligation. Now if the Authority instead of having three months in which to prepare the Accounts are given nine months or a year or whatever. that then means that the Principal Auditor will not get it until six months or nine months later and the Report will not be submitted until later. The Governor will not see it until later and the Minister will not bona fide be able to bring it to this House until after all these procedures have been carried out. That is the situation, Mr Chairman. Now frankly unless there are compelling reasons for the extra nine months, in a situation where we vote block monies, as one item, for the Health

Authority, and we do not get to know on what it is being spent on until the Accounts are brought to this House then they should make every endeavour to bring them as soon as possible. The Minister however does not appreciate that point. And by not recognising that if you extend the first three stages the Report will be laid in the House that much later. That is common logic, Mr Chairman.

MR SPEAKER:

Does the Honourable Mr Featherstone wish to speak?

HON M K FEATHERSTONE:

The only thing I wish to say is that we are happy to give them the nine months as they seem to feel that that is the period of gestation that is necessary. It should not be the gestation of the elephant. The nine month period should be enough.

Mr Speaker 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 Dr R G Valarino
The Hon P C Montegriffo

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 K W Harris
The Hon J H Bautista

Clause 2 stood part of the Bill.

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

THE SOCIAL SECURITY (EMPLOYMENT INJURIES INSURANCE)
(AMENDMENT) BILL, 1989

Clauses 1 to 3 were 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.

THE ADMINISTRATION OF ESTATES (AMENDMENT) BILL, 1989

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

Clause 3

HON ATTORNEY GENERAL:

Mr Chairman, I would like to put an amendment to Clause 3, purely for the purpose of correcting a printers error in the 3rd line of Clause 3. Mr Chairman the word "submitting" should of course read "substituting", and I apply for that minor amendment to be made.

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

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

THE CRIMINAL PROCEDURE (AMENDMENT) (NO.3) BILL, 1989

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 CURRENCY NOTES (AMENDMENT) BILL, 1989

Clause 1

HON P C MONTEGRIFFO:

Sir, I want to indicate that whereas I express my support for the Bill, on confirmation of the reason for it being given retrospective effect back to the 15 August and which involves the Government in an illegal activity, as far as I am concerned, I will be voting in favour of all the Clauses except Clause 1. This is because it includes the fact that the order is deemed to be given effect from the 15 August. I am happy to give the order effect as from today or from its publication in the Gazette but I am not prepared to legitimise and illegality going back to the 15 August.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, just to try to modify those words by saying that from our view it is a technical breach rather than anything illegal.

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

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon Lt Col E M Britto
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
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 Dr R G Valarino
The Hon K W Harris
The Hon J H Bautista

The following Hon Member voted against:

The Hon P C Montegriffo

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

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

THE GAMING (AMENDMENT) BILL, 1989

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

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

THE INCOME TAX (AMENDMENT) (NO.4) BILL, 1989

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

Clause 2

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that Clause 2 of the Bill be re-numbered as Clause 5 and new sub-Clauses 2 to 4 be inserted immediately before the re-numbered Clause. Amendment to Section 2.

MR SPEAKER:

It seems to me that again we are going to have quite a lot of boring reading. May I ask the House whether it would not be convenient to dispense with the reading as we have with the other amendments. If any Member wishes to bring out any point in any of the Clauses we can stop and do so. Would the House agree to that?

This was agreed to.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Thank you Mr Chairman.

New Clause 2

HON P C MONTEGRIFFO:

Mr Chairman Sir, just to indicate, as I mentioned at Second Stage, that I do not consider that I have enough time to absorb and form a view on the amendments to what was a very short Bill. The amendments also include the provisions for certain Regulations in the Pay As You Earn System of the provision to make regulations. My attitude therefore is that I can do nothing more than abstain on this Bill for the reason that I have indicated.

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

New Clause 3 was agreed to and stood part of the Bill.

New Clause 4 was agreed to and stood part of the Bill.

Clause 5 was agreed to and stood part of the Bill.

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

New Clause 7 was agreed to and stood part of the Bill.

New Clause 8 was agreed to and stood part of the Bill.

New Clause 9

HON G MASCARENHAS:

We are voting against Clause 9.

On a vote being taken on New Clause 9 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 K W Harris
The Hon J H Bautista

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 Dr R G Valarino

The following Hon Member Member abstained:

The Hon P C Montegriffo

New Clause 9 stood part of the Bill.

New Clause 10 was agreed to and stood part of the Bill.

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

THIRD READING

HON ATTORNEY GENERAL:

Sir, I have the honour to report that The Pensions Increase (Amendment) Bill, 1989; The Criminal Procedure (Amendment) (No.2) Bill, 1989; The Drug Trafficking Offences (Amendment) Bill, 1989; The Financial Services Commission Bill, 1989 with amendments; The Financial Services Bill, 1989 with amendments; The Public Health (Amendment) (No.2) Bill, 1989; The Consumer Protection (Property Management) (Amendment) Bill, 1989; The Medical (Gibraltar Health Authority) (Amendment) Bill, 1989; The Social Security (Employment Injuries Insurance) (Amendment) Bill, 1989; The Administration of Estates (Amendment) Bill, 1989, with amendments; The Criminal Procedure (Amendment) (No.3) Bill, 1989; The Currency Notes (Amendment) Bill, 1989; The Gaming (Amendment) Bill, 1989; and The Income Tax (Amendment) (No.4) Bill, 1989 with amendments, and I now move that all Bills be read a third time and passed.

Mr Speaker then put the question and on a vote being taken the Pensions Increase (Amendment) Bill, 1989; The Criminal Procedure (Amendment) (No.2) Bill, 1989; The Drug Trafficking Offences (Amendment) Bill, 1989; The Financial Services Commission Bill, 1989 with amendments; The Financial Services Bill, 1989, with amendments; The Public Health (Amendment) (No.2) Bill, 1989; The Consumer Protection (Property Management) (Amendment) Bill, 1989; The Administration of Estates (Amendment) Bill, 1989, with amendments; the Criminal Procedure (Amendment) (No.3) Bill, 1989; The Currency Notes (Amendment) Bill, 1989; The Gaming (Amendment) Bill, 1989; the question was resolved in the affirmative.

On a vote being taken on the Medical (Gibraltar Health Authority) (Amendment) Bill, 1989; and the Social Security (Employment Injuries Insurance) (Amendment) Bill, 1989; the following Hon Members voted in favour:-

The Hon J L Baldachino
The Hon J Bossano
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 K W Harris
The Hon J H Bautista

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 Dr R G Valarino

The Hon P C Montegriffo

On a vote being taken on the Income Tax (Amendment) (No.4) Bill, 1989, 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 K W Harris
The Hon J H Bautista

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 Dr R G Valarino

The following Hon Member abstained:-

The Hon P C Montegriffo

The Bills were read a third time and passed.

MR SPEAKER:

I understand that the Private Members' Motion by the Honourable Lt-Col E M Britto will now be proceeded with on Tuesday 19 December 1989.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move that this House be adjourned to Tuesday 19 December, 1989, at 10.30 am.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Tuesday 19 December, 1989, at 10.30 am.

The adjournment of the House to Tuesday 19 December, 1989, at 10.30 am was taken at 1.10 pm on Tuesday 12 December, 1989.

The House resumed at 10.35 am.

PRESENT:

Mr Speaker(In the Chair)
(The Hon Major R J Peliza OBE, ED)

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 K W Harris - Attorney General
The Hon J H Bautista - Financial and Development Secretary

OPPOSITION:

The Hon A J Canepa - Leader of the Opposition
The Hon G Mascarenhas
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

The Hon P C Montegriffo

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

COMMUNICATIONS FROM THE CHAIR

MR SPEAKER:

Before starting on the business of the day, I must bring to the attention of the House and of the public that it has been reported to me that, at least, in the last two meetings of the House, the radio commentator of the proceedings has unintentionally given the wrong impression to some radio listeners by his choice of words, I quote "We are now waiting for the Speaker to arrive". This has been interpreted to mean that the proceedings of the House are delayed in commencing because of the late arrival of the Speaker. The commentator had, of course, meant "waiting for the Speaker to take his place in the Chamber".

The commentator's choice of words has been wrongly construed by some radio listeners as a failing on the part of the Speaker of not being in the House on time, thereby delaying the commencement of the proceedings and thus bringing the Office into disrepute.

It is therefore my duty to make it known, as Honourable Members are well aware, that blame cannot be attached to the Speaker for delays in the commencement of the meetings.

I do not believe that the commentator's choice of words were in any way intended to misrepresent the situation and therefore I do not consider the matter to be an act of contempt. Indeed, I would not have mentioned the matter in the House today had the Gibraltar Broadcasting Corporation agreed to clarify the misinterpretation in their news bulletin.

SUSPENSION OF STANDING ORDERS

The Hon the Minister for GSL and Tourism moved under Standing Order 7(3) to suspend Standing Order 7(1) in order to lay on the table the Accounts of Gibraltar Shiprepair Limited for the year ended 31st December, 1988, and the Gibraltar Registrar of Building Societies Annual Report, 1988.

Mr Speaker put the question which was resolved in the affirmative and Standing Order 7(1) was accordingly suspended.

DOCUMENTS LAID

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

The Accounts of Gibraltar Shiprepair Limited for the year ended 31st December, 1988.

Ordered to lie.

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

The Gibraltar Registrar of Building Societies Annual Report, 1988.

Ordered to lie.

MOTIONS

HON J E PILCHER:

Sir, I have the honour to move the motion standing in my name that: "This House takes note of the Accounts of Gibraltar Shiprepair Limited for the year ended the 31st December, 1988."

In so doing, Mr Speaker, I would like to start by saying that in moving the motion asking the House to take note of the Accounts of GSL for 1988 it is my intention to review and analyse the position of GSL since we took over on the 25 March, 1988. I will give a general rundown of what occurred during 1988, and advise the House and the public of what has transpired through 1989 and hopefully at the end establish what the Government consider to be the way forward for GSL. I have also to stress, Mr Speaker, that my analysis of the Accounts will be a general one reviewing the position and obviously any comments made by the opposite side of the House will be answered by me when I "wrap up" the debate.

Having said all that Mr Speaker, let me just start with the general review when the Gibraltar Socialist Labour Party took office on the 25 March 1988. Mr Speaker, one of the outstanding problems which had to be looked into was the problem of the state of GSL. At the time when we took over, the yard was in a rundown state. No marketing of the yard had been done since the redundancies had started in October/November 1987, and the situation was such that the Government had to very quickly take a policy decision on the way forward for GSL. This we did immediately we came into power and the first decision was to give the business a chance to prove itself or otherwise. We felt that although we had been saying since 1985, in fact, that the Appledore Business Plan was not sustainable because it was not realistic and because of various elements, particularly the element which had not been taken into account, ie the economic background of Gibraltar. We nevertheless felt in deference to all the employees who had worked so hard since 1985 to make a go of the yard and that it should be given a chance with the A P A Business Plan. We however felt that this was not possible under the existing Agreement with A & P A and therefore immediately on taking office we rescinded the Management Contract with A & P A. At the same time, Mr Speaker, GSL started activating and establishing a network of Agents in order to start marketing the yard. We also had many meetings with the trade union movement and established certain agreements that would give the yard the chance to work in an environment of good relationship and cooperation with the unions in order to make a go of it. By the end of May 1988 the yard was ready to start the trial year

which the Government felt was required to see whether the A & P A Business Plan which involved selling in the region of 750,000 man hours a year, a turnover of £10m, could be sustained and could in fact be achieved. The Government, as I say, gave the yard a year up to the end of June 1989, to see if viability, whether commercial or economic, could be arrived at within that year. At the same time, Mr Speaker, the GSL diversification plans which were conceived by the GSLP ie trying to use its resources and its labour to create Joint Ventures which would be independent from the mainstream of shiprepairing, could be enacted to make this a reality. Let me say, Mr Speaker, that in all the areas which I have just mentioned the challenge was taken by GSL, by the workforce, and in those areas I have to say that GSL had tremendous success in (1) activating the market (2) getting the work and (3) having a strike free yard and more important creating a confidence in the market which meant that shipowners were more than happy to bring their ships to Gibraltar where they could be repaired on time and to a very high standard of workmanship. This put an end to the myth that GSL was not productive or not efficient and which was the argument always used by the A & P A management for the losses in the past. By the end of 1988 or early 1989 the targets set out in the A & P A Plan had been attained. The yard had sold around 725,000 hours, the turnover was nearly £10m, in fact, £9,265,000 which is not bad considering that the start of the marketing had not started until April of 1988. What was also discovered in early 1989 was that although the targets had been attained, financially GSL was sustaining heavier losses which were not compatible with previous years. In fact they were not compatible with the Management Accounts and what the company was showing in its monthly management accounts. GSL, Mr Speaker, brought in an independent auditor to work in conjunction with the GSL Accounts Department to try and discover the reasons for the heavier financial losses in comparison to other years. What was discovered by the independent auditor and by the GSL Accounting Team, forms the essence of the statement which I am just about to read.

Mr Speaker, if Hon Members turn to the Principal Auditor's Report attached to the GSL Accounts they will see that in his first comments of the Report, and let me say as the House well knows that the Principal Auditor is an independent entity, independent from the Government and from GSL and looks at the Accounts independently, the Principal Auditor's first points is what I would like to raise first and which was also discovered by the company early in 1989 but which the Principal Auditor has also picked up. Mr Speaker, I will quote from the Principal Auditor's Report "there was a significant reduction in turnover in 1988 following the ending of the commitment by the Ministry of Defence to send ships to the yard for refitting. This type of work had proved profitable because

of the cost plus arrangement and had provided a consistent flow of work thus helping offset cyclical fluctuations in commercial work". I think Mr Speaker, that that is the crux of the matter. In comparing, Mr Speaker, the financial problems that GSL has had through 1988, I think, that one of the things that worried us the most was trying to analyse those losses against the background of the losses sustained by GSL in 1985 and like the Principal Auditor our thoughts went to the fact that there was more than just a hidden subsidy when the situation of GSL was launched in 1985 because there was in fact £14m of guaranteed RFA work. What we have therefore done, Mr Speaker, and you will see that I have just had handed round a Note, in order that Members opposite can follow what I am about to say. This is Mr Speaker, that in analysing the 1988 Accounts we have looked at the GSL Accounts from 1984 to 1987 ie the GSL Accounts that contain RFA work and what we have therefore done, Mr Speaker, and it will be seen, if Members look at the two columns 1984 to 1987, that the turnover of GSL during those 3 years ie 1985 to 1987, because there was virtually no trading during 1984, Mr Speaker, the turnover of the yard between 1985 and 1987 was £34.096m. If we then subtract the "guaranteed RFA work" of £18.255m what is left is a "commercial turnover" for the yard of £15.841m. Therefore, Mr Speaker, what we are doing today, and what the Hon Members opposite should also do, is compare the turnover in 1988 £9.265m, a purely commercial turnover, with the turnover between 1985 and 1987, of purely commercial work ie £15.841m. We now arrive at the losses sustained during 1988 and the preceding 3 years which is £13.126m. It will be seen, Mr Speaker, as mentioned by the Principal Auditor and as will be seen by Members opposite, particularly those that were involved with the GSL operation before we took office, that the arrangements to do the work was at a cost plus basis. The cost plus basis was fluctuating around 9% or 10% and therefore in trying to analyse properly what has occurred at GSL in 1988, what we have done is deducted the profit of RFA work and which we have been able to establish at £1.846m. Therefore we add this amount to the sustained loss between 1985 and 1987 and come up with a figure of £14.856m. However, Mr Speaker, that is not all because if you look again at the Principal Auditor's second comment ie comment 2 and I quote "During 1988 independent surveyors carried out an exercise to establish the existing use value of the assets. This valuation was accepted by the company and consequently a charge of nearly £6m was made in the accounts to reflect the permanent diminution in the value of the assets". Mr Speaker, if members opposite turn to page 10 of the Accounts they will see at the bottom of the page "(d) Tangible fixed assets and depreciation", Mr Speaker, and I will read from these Accounts the Auditor's comments "Improvements to buildings and facilities are written off to maintenance in the period that the costs are incurred. This is a change in accounting policy from last years treatment which was to capitalise these costs, including direct internal labour and share

of attributable production overheads. Had this policy not been changed the operating loss would have been reduced by £253,000". The importance of that statement, Mr Speaker, is not so much to reduce the losses of 1988 which we could do by subtracting £253,000 from the losses but to highlight that up to the 25 March, 1988 when we took over, labour was being capitalised and the improvements to buildings and facilities were also being capitalised. We have gone back and looked through past year's Accounts ie 1984, 1985, 1986 and 1987 to see how much money on improvements to buildings and on labour and materials had been capitalised. The figure, Mr Speaker, that we found is a staggering £4.893m, nearly £5m of work, done on buildings and facilities had been capitalised and should not have been capitalised because the fact that you paint a building and improve slightly your facilities does not mean that they are worth more in your assets. What it does, Mr Speaker, is just improve your facilities but does not make them more expensive. If one now turns to page 16, Mr Speaker, in the Accounts one sees what can only be described as a scandalous situation. The tangible assets of the company have had to be devalued during 1988 by something in the region of £6m. To give but one example, Mr Speaker, which has been mentioned before, the Slop Barge was entered in the GSL books as having a value of £2.08m whilst the "assets worth" of the Slop Barge is actually £325,000. This means that the Slop Barge has had to be devalued by £1.755m and it is therefore clear that what the previous management was doing, prior to the 25 March 1988, and it is not I that I am saying it, but the Auditors at page 10 of the 1988 Accounts that are saying so, GSL was capitalising a lot of their idle time, their maintenance labour was therefore not going through the company's profit and loss account. Mr Speaker, therefore in doing this exercise, I must say, that we have been relatively conservative inasmuch as we have taken out of the 1985, 1986 and 1987 Accounts everything which was clearly maintenance and improvement of facilities and which is in fact mentioned by the Auditors in page 10 of the 1988 Accounts. What we have done is taken the £253,000 in 1988 and gone back to see what was the exact figure that the Auditors used on a year to year basis and by adding those figures we come up with the figure of £4.893m. So what we have done, Mr Speaker, is put that back where it should have been in the first place, in the losses of the company and therefore by deducting the capitalised works one sees that in 1988, as the Auditor has mentioned has already been included, and between 1985 and 1987 we can see that it has not been included, so we add £4.893m, Mr Speaker, I think that we then arrive at the bottom line which is that in 1988 the yard did £9.265 of commercial work and the losses were 85% of turnover ie £7.9m. During 1985, 1986 and 1987 out of £15.8m turnover of purely commercial work, the losses are 123% of turnover, £19.479m. Mr Speaker, that is the analysis of the situation and it is a very

clear analysis, which I have very carefully gone through, and shows that if one takes out of the devaluation the RFA guaranteed work, more than £14m in fact £18.255m, as well as the profit element ie the cost plus factor of MOD work and added on what should have been included in the profit and loss account of the company ie £4.893, a conservative figure since there are other factors in the 1985 to 1987 Accounts which could make this figure even higher I would go even further, Mr Speaker, because if one turns to page 7 of the 1988 Accounts it will be seen that the extraordinary charges to the company were £6.052m (£5.868m) being the devaluation of the company's assets. It is on the basis of that analysis, Mr Speaker, that the Government in early 1989, in February or March, sat down and looked at the GSL operation and what in fact it meant to be running an operation under the guise of the business plan that A & P Appledore had set and which they, in fact insisted was the way forward to attain viability ie by selling, as I have said before, somewhere in the region of 725,000 man hours, a turnover fluctuating between £10 and £11m. This, Mr Speaker, is unfortunately something that is in fact quite unsustainable. Again, Mr Speaker, I must turn to the Principal Auditor's Report to where he states "However, because the cost of sales did not decrease in the same proportion as turnover, mainly due to the cost of maintaining the permanent workforce, the company sustained a gross loss in the year under review". That, Mr Speaker, is in essence the reason why GSL cannot attain commercial or economic viability under the existing A & P A proposal or business plan. Since 1984, Mr Speaker, the GSL operation which requires the employment of a lot of people, given the economic background of the higher cost of living in Gibraltar, was not feasible. Unfortunately, although we have been saying this since 1984, it was landed on our laps like every other problem in Gibraltar and left to us to resolve the matter. I think, Mr Speaker, if we now turn to something which I have forgotten to mention, and which is note 4 of the Principal Auditor's Report and which concerns stock levels. It will be noticed that the company has again this year had to raise the provision on stock of £400,000 made in the previous year to £675,000 another £275,000 that went through the profit and loss account of the company because of the fact that A & P Appledore had over provided on materials and there is a tremendous amount of dead stock, in fact £675,000, which is not moving and which I would not like to hazard a guess why it was bought in the first place. Certainly some of it will never move. I would now like to turn to my statement, as Chairman, at page 3 of the Accounts. What I have said in the statement is a condensed version of what I have just explained and which is "The results for the year have proved that the volume of work and scale of the operations programmed and budgetted in the previous management's Business Plan was not sustainable. It is clear from the experiences of the last eighteen months

that the only conceivable future for the company is a realistic contraction in its size. This must mean a reduction in both repair capacity and manpower at all levels". That, Mr Speaker, is the decision that the Government took in 1989 after we had had something in the region of 9 months from June 1988 under our belts. By that time it had become clear, unfortunately, that it was not possible to run GSL with the number of employees and the turnover envisaged in the A & P Appledore Business Plan. The answer was very simple. The A & P Appledore Business Plan was a very labour intensive operation and because labour in Gibraltar is very expensive and therefore the more labour that was brought in the more people that had to be paid even if there was not work for them. The other alternative, which was something that was done in the latter part of 1988, was to use sub-contracted labour and increase the amount of hours ie pay overtime to the workforce in order to see if viability would be achieved. The results, Mr Speaker, speak for themselves, we are not saying something today which we have not said before and it is something which those who were responsible previously should have picked up much earlier and not left it to us to resolve the situation. There was only one possible solution because the yard could not be run under the guise of selling the amount of manhours, or the turnover, in the A & P Appledore Business Plan and this Government decided to do two things. One, Mr Speaker, was what was done very early in April/May, the establishment of the Joint Venture Companies which were by that time working with considerable independence from GSL and the Government divorced them completely from the GSL management. The second thing was that the company started looking at the possibility of reducing its workforce as well as reducing its physical capabilities and seeing whether it could itself create a Business Plan to sell less hours to make the yard less labour intensive and to go for more specialised work. It also had to determine how many hours and what type of set up would be needed to do that. There were of course two problems for the company, Mr Speaker, the first problem was the fact that although that decision was taken March/April of this year, because of the nature of shiprepairing, there were ships booked one or two months in advance and although the decision to halt the operation was taken in March/April there was no physical proof of that until about June because ships had been booked in advance which we, as a company, felt we had to honour. The reason was that we felt that if GSL was going to be given a second chance under a much reduced operation it was vital to keep market confidence. Therefore we could not just shut down the yard and try to restart it again in January of the following year. Because that would create a situation like the one created by A & P Appledore in October/November of 1987 and mean that we would have to start all over again in 1990. We therefore felt, as a company, that we had to continue the operation although we stopped market ing

the company commercially, or attracting ships, but for the ships already agreed to we continued the operation at a quite high activity until early to mid June. At that stage, Mr Speaker, the company started what I consider to be the final structuring. Two things were done, the company looked at the number of people it required and in early September started a system of voluntary redundancy. The voluntary redundancy exercise was relatively successful and between these redundancies and re-deployment the yard has been able to substantially reduce its manpower and has, I feel, a chance with this reduced manpower to give the operation another go. The company also looked at what was needed physically for this much reduced operation which we reckoned could obtain a turnover of between 300,000 and 400,000 hours nearly half if not less than half of the A & P Appledore Business Plan envisaged. This operation would be less labour intensive and have more specialised skills. In doing so, Mr Speaker, over the last couple of months, last September/October, the Company did a survey on the physical layout of the yard and the company felt, and I think the Government agreed, Mr Speaker, that the reduced operation could work with two docks No.1 and No.2 Docks, with a reduced berthing space ie with maybe the South Mole for our reduced operation and we would continue to do afloat repairs on ships at anchor and voyage repairs which we started in 1988. Let me at this stage, Mr Speaker, stress that the policy of the Government on shiprepairing is unchanged. It is still believed by the Government that shiprepairing is an important element in the package which Gibraltar has to offer as part of the Port. It is one part of that package and I think in its own diversification of the economy the port of Gibraltar is an important element within that economy and therefore we felt, and continue to feel that shiprepairing, if it could be maintained, would be an important element of that package. I think it is important to say this Mr Speaker, in order to stress that it is the intention of the Government, if at all possible, to continue to repair ships in Gibraltar. But obviously Mr Speaker, it is not the intention, and it has never been the intention of the Government and never will be the intention of the Government to repair ships at a loss to Gibraltar, because we felt and we continue to feel that this is counter-productive. By offering shiprepairing as an element of that package the ability to do that is the ability to diversify the package and attract more people and attract more money to Gibraltar. If by providing shiprepairing as a part of that package, that part loses more than the rest of the package put together then it does not make sense to continue with the shiprepairing. But, as I say, because of the fact that we feel shiprepairing is an important element, we felt that it was important to give the yard a chance to succeed with a reduced labour operation and with a reduced physical structure. The reduction of the physical structure of

the yard, I think, comes well in line with the Government's own thinking. I think we mentioned very early on after getting into Government, and I think in fact it is mentioned in our Manifesto ie the creation of an industrial park within the GSL area, so by reducing even further the yard, the industrial park, the ability of the Government to utilise it, is even further enhanced, so I think, this in fact comes in line with and compliments the decision of the Government which I am sure you all know is viewed successfully by a lot of people, the creation of an industrial park within the GSL area. Therefore, Mr Speaker, what we had during 1989, a period of very high activity up till June 1989, a period of high activity sustaining exactly the same losses as were sustained during 1988 with one, I would say minor, although like everything else in life "minor" depends on from which side it is looked at. The operation in 1989 was suffering the same losses minus the cost of A & P A which was established during 1988, and although we broke the contract with A & P in June 1988, the effect of those contracts, the effect of contracts which had been put in place by the A & P Appledore Management still were there until the very last day of 1988, when we were able to break the Peininger Contract which in fact expired on the 31st December 1988, and was in the region of about £4m. This operation is related directly to A & P Appledore, but I mean, it is clear that in the first six months the losses sustained in the operation were in line with the losses sustained during the operation in 1988. And therefore, Mr Speaker, taking into account that for the second part of 1989, the Government and GSL was embarked in a restructuring, which again let me stress, had to be done in a way that did not provide market ing difficulties for GSL since it was the Government's intention to continue to run a reduced operation in the hope of attaining viability and therefore September/October and November were used, Mr Speaker, to run down the operation, both in manpower and physically, in a way that would not create market ing problems. Again, in this area we have been very successful, the proof of that, Mr Speaker, is that having attained, or very nearly attained, the reduction in labour and having very nearly attained, because we have now put into action the physical reduction of the yard, Dock No.3 is not now being utilised and the cranes in the main wharf are shortly not going to be utilised. Once we had attained that, we reactivated the market and the market immediately reacted to GSL and if anybody cares to look at GSL, you will see that again, today, there is activity in GSL. Albeit not the activity that was there in October of last year, because we felt, and we continue to feel, that we cannot run a labour intensive yard and therefore what we are doing now and what we will continue to do during the early part of 1990 is having completely divorced GSL from everything but shiprepairing, having reduced its manpower and reduced its physical size and therefore reducing substantially its overheads, we are going to give GSL a chance to prove

that within the confines of those parameters it can attain commercial or economic viability. Let me say that in order to arrive at the 1 January and strive for that independent entity, GSL, to look purely at shiprepairing and because the Joint Ventures are now fully fledged and independent entities working totally separate from GSL, GSL has, or will be, I mean it is doing it at the moment, been giving up all its shares in the Joint Venture Companies. We felt that these companies were now of age and did not need either the back-up on operations or the blanket of GSL to run totally independently. They are now independent entities, working independently, and have to make it or break it independently in their own commercial world without GSL. Therefore, Mr Speaker, I think to end and, as I say, I would be more than happy in summing up to answer all and any questions related to the accounts or anything else in the operation. But I think to end my contribution the last phase of GSL Mr Speaker, is to allow the yard the ability to run for a further six months with its own business plan with a reduced operation both in labour and in manpower and to prove to the Government its ability or otherwise to attain economic or commercial viability. It is too early, Mr Speaker, as this in fact has only just started, it is too early to say whether this will or will not be achieved. The Government will in early June or late May be looking, even before that, because it depends on what the Management Accounts show on a month to month basis. We will be looking at the operation, but I must stress, Mr Speaker, that the Government policy on GSL is unchanged. GSL has to pay its own way. If the reduced operation does not provide viability, then we will have to further trim the operation and if it is shown clearly that shiprepairing is not a viable alternative for Gibraltar, Mr Speaker, in that package that I mentioned before, then unfortunately the situation is one that we will have to look at diversifying into another area, because shiprepairing will not be continued by the Government. Having said this Mr Speaker, I have to stress, as we have done in the past, that GSL and I think one of the few points that have been agreed on across the House when the AACR was sitting on this side of the House, Mr Speaker, one of the few points when we discussed GSL and that we always agreed on was that GSL was more than just cranes and docks and buildings. That GSL had people and therefore having said that our policies are unchanged, I have to also stress that whatever the Government does will be done in a system that will protect the employees of GSL, in a way that they will not suffer any hardship whatsoever. I think, Mr Speaker, that that about wraps it up, except that peculiar although it may seem, Mr Speaker, GSL has done a lot of work over the last eighteen months, the Board, the Management and the employees of GSL have done a tremendous amount to take up the challenge month after month, structure after structure, system after system in trying to accommodate themselves to the everchanging role of GSL in the Gibraltar

economy. I have nothing but praise for them all, Mr Speaker, because they have shown even within the last couple of weeks, they have shown their ability to try and change their structure, change the ways that they operate in order, Mr Speaker, to try and attain that viability which GSL needs and which Gibraltar needs within that GSL package and Mr Speaker, I would like to end on that note of praise to all the employees of GSL, thank you Mr Speaker.

Mr Speaker proposed the question in the terms of the motion moved by the Honourable the Minister for GSL and Tourism.

HON P C MONTEGRIFFO:

Mr Speaker, in opening the debate from this side of the House, I think it is necessary to say that the accounts have been presented against the background of a high degree of uncertainty and concern amongst, certainly the workforce, and all the people whose future is directly linked with GSL. And that we on this side of the House suffer from a major disadvantage which the Minister has partially remedied and which is that we are looking at the situation as at December 1988, without really having much detail as to the position of the yard in 1989 and the position at which the Government finds itself today. However going on the basis of the Minister's statement, Mr Speaker, the Accounts barring the first three months are the first GSL Accounts under the GSLP, if I can call it that. It covers the time of the programme of rescue for the yard which the GSLP promised the electorate that it would implement. It must therefore be seen in the light of whether it is working or not working and in that respect, Mr Speaker, the GSLP manifesto which outlines in a brief form what it was that the GSLP plans were, quite clearly that what they envisaged as being the way ahead for the yard was, apart from doing away with A & P Management contract, a process of diversification with the setting up of the Joint Venture Companies which would in fact add support to the group by creating a whole infrastructure of supporting operations. I think it is important to say that, Mr Speaker, because throughout the Minister's contribution, and I do not want to be unfair, he has wanted to give the impression that for the whole of 1988, even after they came into office, the strategy of the Government was one of staying on with the A & P Business Plan and seeing whether the A & P Business Plan with the Government's own input could be made viable. My understanding certainly always was that that was not what the GSLP was promising, that the A & P Plan, as the Minister has actually hinted, had been identified since 1984 when they were on this side of the House as not being viable, and it seems odd to me that the Minister should therefore say that what they did initially, for a period of about 1 year until about February 1989, was to take stock afresh of the situation and to continue with the Business Plan albeit by trimming costs and trimming expenses.

This, Mr Speaker, is something which already various years ago the GSLP had identified as having no future and I had always understood that in fact the moment the GSLP came into office their intention was to radically re-assess the APA Business Plan and that the diversification programme, in a sense, was part and parcel of that, although, I understood that, there were other reasons for that as well. But that certainly there was no question of saying "Well the A & P analysis of what is possible for the yard, in terms of turnover and in terms of manpower may be possible, and we are going to have a go at doing it with our methods". That, Mr Speaker, is not the situation and I think it is important therefore to see, and I am not here to defend A & P Appledore by any stretch of the imagination or the way that the yard was run, but I think that 1988 should not be regarded as the year when the GSLP tried to make A & P Appledore's plan work. It should be regarded as the year in which the GSLP started to make its own plan work and whether it succeeded or not is another matter. But I think that is the way that it should be looked at. The whole idea of the Joint Ventures, as I understand it, Mr Speaker, was also important because we had got ourselves into a situation of continuing losses in the yard and where unless some method was devised of assisting the yard, in a way that was not in breach of the EEC Directives on the matter, we were going to shortly find it impossible to keep employing anybody there and to that extent the Chief Minister, in his contribution last year in the debate on the 1987 GSL Accounts hinted, only hinted, at the problem. But I think that those of us who at least knew what the Directive said understood what the Government was trying to do. I still have some worries about the way ahead and the Minister has not indicated how the operation may have to be funded over the next six months and my concern is, to deal with that aspect, Mr Speaker, that there is a reference in the Accounts this year, as there was last year, to the Government agreeing to provide finance for the operation of the yard as may be necessary and I imagine it is an undertaking which the Auditors will require in a situation where effectively there is almost insolvency in the Company, because the Company cannot pay its debts. I am concerned, Mr Speaker, that care should be taken about the way in which that is done to ensure that we do not have a problem and to which I do not want to make any further reference to but I think it is also important in looking at the yard and the position of the yard, Mr Speaker, to place in context the criteria for viability to which the Government itself has referred to now. My understanding again, Sir, and I think it is important because there has been very little about the Joint Ventures mentioned in the debate so far or in the Minister's contribution but I think it is important to talk about the Joint Ventures because they are an integral part of the restructuring programme. There was a basic distinction drawn, Mr Speaker, between the basis of viability for GSL, which the Chief

Minister again in his contribution last year, if I remember rightly, pegged at two levels. The level of pure profitability and the secondary level that even if the Company was not profitable, if there was a general contribution to the economy or indeed if the cost of running it down was more than of keeping it going then the Government would see that as a sensible alternative. An analysis with which I would not quarrel. On the other hand as far as the Joint Venture Companies were concerned, a totally different approach was envisaged and that approach which in fact was reiterated by the Honourable Minister Mr Pilcher, I think, in a question last year back in November 1988, where in answer to a supplementary, he made clear that the GSL Joint Ventures would be regarded as purely commercial entities and would have to run on those lines. There would be no element of subsidy for those companies, they would have to operate on their own. It is clear from the Accounts, at least from 1988, that the companies have not provided an income flow for GSL as might have been hoped for, if nothing else when they were initially set up, and that the money that GSL has loaned to the companies, as a part of the restructuring programme, has at this stage represented an outgoing of cash, which this House voted for, without at this stage, there being any recompense to the Company. I am interested and we have had much too little detail Mr Speaker, except for a brief reference that the Minister made about the selling of the GSL shares in each of its various Joint Venture Companies. I am curious because I do not know as to what extent there is going to be a repayment, in capital terms of GSL's investment in those companies, because the whole reason for the Joint Venture companies was to in fact diversify the group and it is all very well now to say that the Joint Venture companies can stand on their own and that therefore GSL has to shed itself of them but there was never any question, Mr Speaker, as far as I have always understood it, of GSL subsidising the Joint Venture companies or vice versa. The Joint Venture companies were to be profitable entities which would bolster GSL's cash flow position, nothing else and certainly GSL's profitability by GSL receiving income that the Joint Venture Companies would generate. Now clearly that strategy has been abandoned by the Government, or so it would appear from what the Minister has told us. Does the Government no longer see the jigsaw of the Joint Venture companies pumping money in, as profitable entities to GSL, as a part of the equation? Because if that is so it represents a major departure from how the diversification plan was going to work? The Government may now feel convinced that GSL, within its own more reduced operation, can achieve viability without an inflow of profits from the Joint Venture companies. But that is a different analysis to the analysis which, I believe it was making, certainly a year ago when we were in this House debating the 1987 GSL Accounts. I would ask the Minister or any other Member of the Government when they make their

contribution to give us more details about what is intended to happen to those shares because public money has gone into the investment of GSL in those shares, ie through the £3m we voted in this House largely to acquire the shares in those Joint Venture Companies. Now if the Joint Venture Companies are going to be sold, is it to outside entities? Are the bidders interested in the yard? Because there has been a fair amount of talk about bidders interested in the yard and that may be one way out of the situation, the difficulty the yard finds itself in? Is the sale of the Joint Venture Companies part and parcel of that? Or is it local businesses that are going to acquire those shares? I think we really need to know that because otherwise we are very much in the dark and we have unexplained an important element in the whole programme which the Government had put together for rescue of the yard. I think, Mr Speaker, to that extent therefore, what we are witnessing today is a massive reassessment of Government's approach to the yard. Because what the Government was saying in 1988, when it came into office, was diversification, income flow from the Joint Ventures and its own marketing strategy and its own management structure. Now today what it is saying is, "we are not able to sustain levels of turnover of the type that A & P Appledore had projected", and which I had never assumed that the Government had accepted as being part of its programme, it cannot sustain levels of that type of turnover, it cannot sustain levels of the type of employment that the yard had and that even the Joint Ventures structures which were part and parcel of an income flow to the company is going to be modified so that the company will have a purely arms length relationship with companies in the industrial park that the yard will become without any greater element of support in terms of ownership, which the original plan appears to envisage. In that respect, it is frankly a failure of the previous diversification policy, an honest recognition of that, if I may say, but still a failure of the attempt to achieve viability at a certain level with a programme of diversification using the Joint Ventures in the way that I have indicated. So I think we are very much at a new fresh page, as far as GSL is concerned, with a new strategy being embarked upon and certainly with the wishes of everybody in this House, I think, that that strategy should see better success. The position at GSL itself, going into the Accounts briefly, does not have to be repeated as far as the loss situation is concerned. The Government, at least back in November 1988, was clearly quite optimistic about a break-even point around July 1989 which has not been achievable but I have said something on that already. The specific issues on the Accounts which I would like to highlight, Mr Speaker, are as follows. There is still reference in the Accounts obviously, and there has been later mention of this in questions in this House, as to the amounts outstanding in respect of Pay As You Earn and Social Security. I think the figure in

1988 is about £1.17m, for both Pay As You Earn and for Social Security. I am concerned, Mr Speaker, in that I do not know how the Government intends to redress that problem but certainly under the Directive which is hanging over our heads in this respect, I think, some provision has to be made for that debt which I would not want it to be regarded as a type of Indirect Subsidy which could land us with problems. I think it is important to address and there are ways of addressing the problem and the restructuring programme which the Government brought to this House and that we voted on in my view is totally in accordance with the EEC Directive, there is no problem with funds being put in for restructuring and what I am saying is that if there are certain problems like Pay As You Earn or Social Security they can best be corrected as part of a proper restructuring programme that costs money or can be financed in some other way than that I would think would be a proper and legitimate way without infringing the Directive and I would ask the Government to seek to ensure that it is done that way so that we do not fall foul of the provisions that would otherwise trap us. I think it is important also to try and deal with the matter because we cannot have a dual situation of the Government trying to chase Pay As You Earn payments in the Private Sector, and in fact I think a Press Release was issued again in October 1988 saying that the wrath of the Attorney General would be unleached on all those who had not paid, when the Government and GSL has that problem. The second aspect which I would like to highlight, Mr Speaker, is the question of the revaluation of the fixed assets which the Minister again referred to. I find it a little curious that the reference in the Accounts "to the assets being valued on an existing use basis". I do not know on what basis it was suggested that that reference, page 16 paragraph 10. "During the year the valuation of all tangible movable assets was carried out by professional surveyors, Messrs Walker Walton Hanson, Byard Lane, Bridlesmith Gate, Nottingham, on an existing use basis". I am not really sure what "existing use basis" he is supposed to mean. The Minister has not really given us sufficient explanation, in my view, for the reasons why the devaluation was deemed necessary although I am prepared to accept, if this is the explanation, that it was to give a more accurate picture of the value of the company. But the reference to existing use, I do not think, is a normal accounting practice. In any event it has struck me as being something which perhaps could be clarified further. It seems also that in revaluing the assets one thing that has been done is that it has made the company cheaper to sell, cheaper to acquire. I do not know to what extent that is part of the Government's thinking, because one thing the Government may want to simply say "I want the Accounts to reflect reality because I believe in reality and why are our Accounts artificial" and which I would again have no quarrel with. But it seems to me that this may be the forerunner to a sale or a possible sale. Because

somebody coming in is going to be able to bid a lower price and politically the Government is going to find it easier to accept if a valuation of the assets puts the Company's Balance Sheet at £3m odd as opposed to the £10m odd which the 1987 Accounts would have indicated. I think that if there is possibility, Mr Speaker, a possibility of the Government inviting an outside entity to have a role in owning and/or managing the yard that that should be expressed here today because we are turning over a new leaf in GSL and, I think, the workers need to know what Government's thinking is and I do not think that any commercial sensitivity would be jeopardised, and there would be no commercial difficulty in my view, if the Government simply indicated that its thinking includes that type of possibility and that over the course of the next few months it is looking, if it has not already looked already, at people who would be interested, within the context of investing in the industrial park generally, to have a role within GSL. Turning to the question of the Joint Venture Companies, Mr Speaker, I have already indicated the need in my view, for an explanation of what is going to happen to those and I look forward to the Government replying to that. But I think it is important to say that without the Joint Venture Accounts, I think, this House is groping in the dark to a greater extent than is desirable. The funds which this House voted to GSL to pump into the Joint Venture Companies is only barely recognisable in these Accounts as very small items. That public money that has gone into Joint Venture Companies, in the acquisition of those shares, means that this House should have sight of those Accounts, and I think that if GSL today, or rather in 1988, was different to what it was in 1987, because it has spawned a whole network of Joint Venture Companies, then this House cannot look at the position of the Yard without looking at the position of the Joint Venture Companies. I truly believe that a disservice is being done to this House by the Government in this respect by not having tabled here Joint Venture Accounts. We just do not know how they are performing, we do not know what they have done with those funds that were pumped into them as part of the restructuring programme by GSL, public funds approved by this House and we cannot really make a meaningful comparison and assessment of the performance of the company in other years when the Joint Venture Companies were not there, with 1988 and with the Joint Venture Companies actually undertaking activities which in the old days were part of GSL's own activities. I therefore call on the Government, Mr Speaker, and we have said so before, to make public those Joint Venture Accounts, especially now in the context of a sale. How are we going to assess, if not the desirability of a sale, then whether the terms of a sale are appropriate and whether the people are getting value for money. The Government will say, Mr Speaker, "we are the guardians of that responsibility" and I will respond that they are partially the guardians but that I think, that this House also has

a responsibility to look after those monies that have been voted and if those monies have trickled their way to Joint Venture Companies then, I think, it is an entirely legitimate reason for us to see those Accounts in the context of what is going to be the disposal of those shares at a later stage. I therefore call on the Government to make those Accounts available, the 1988 Accounts or at least the first Accounts of those Joint Venture Companies that are available. Because some have started during the course of 1988 and therefore they would not have been trading for a complete year. This should not be commercially embarrassing for those companies and would certainly be of assistance to this House in helping us understand the true picture in which the yard finds itself. I highlighted in the case of GSL, Mr Speaker, the question Pay As You Earn and Social Security, and again without reference to the Accounts we do not know to what extent the Joint Venture Companies are also in default with Pay As You Earn and Social Security Contributions. If there is an element of default the problem is more serious than we envisaged because the Government has isolated the shiprepairing facility and therefore you are only looking at that. But if there are debts in the whole group then that is very serious and would require all the more care in the type of restructuring programme to be adopted. Would not any sale then possibly even have to include treatment for the Joint Venture Companies before they are made saleable? How else would the Government intend to dispose of those shares? With that type of liability still hanging over the company or other various companies? The situation appears to be therefore, Mr Speaker, one of uncertainty. Because whereas I am prepared to recognise a new leaf and the Government's acceptance of having tried the strategy, off cutting its losses and starting on a new one. I would have expected today a rather more firmer indication of where we are going rather than just the statement that the yard is now much more trim than it was before and therefore we will let it go for another six months hoping that it will break even. I cannot, or I do not want to, believe that that is the extent of the Government's plans. I want to believe that there is more but that the Government, at this stage, does not want to reveal it or may not be able to reveal it. But if there are, and I reiterate, outside interests looking at GSL then that I think should be indicated now because it would give the people at GSL an element of hope that there may be some positive thinking that has been done as opposed to just an extension of six months which may end in us being here in July, with the Minister still having to state that the yard is not viable as it is at present and that a further look would be required at some later stage. Finally, Mr Speaker, the Minister has, I am glad, made reference to the workforce at GSL and has praised their attempt to adapt and to rise to the occasion and I do likewise but I would simply want the Minister, or some

Member from the Government, to perhaps put a little more flesh on an issue that has been raised in this House before and which is the question of the type of guarantees of employment which the Government is prepared to make to those workers. I mention this point again Mr Speaker, in the context of sale of the Joint Venture Companies. Who is going to acquire the other 50%? What type of guarantees will Government be seeking from the purchasers of that 50%? The treatment it will give the workforce and their terms? Their continuing terms? To what extent is the Government going to seek those guarantees from any entity which may have an interest in acquiring part of GSL. I think that if it is the Government's intention, as I hope it is, to guarantee employment to those workers then there is no better opportunity than a clear and unequivocal statement of those terms in this House. So in conclusion, Mr Speaker, all in all today we are witnessing, I think, the failure of the original diversification plans that the GSLP had proposed. We seem to be witnessing the dismantling of the GSLP network.....[Laughter] Mr Speaker, that was a Freudian slip. The dismantling of the GSL network of Joint Venture Companies and the commencement of a new strategy where the role of the Joint Venture Companies is being changed, modified completely and where the yard for the time being, at least, is just going to be run, possibly on the basis of a more specialised operation, and with a much smaller workforce.

HON M K FEATHERSTONE:

Mr Speaker, I am going to speak on the Accounts. I will leave the political side of GSL to my colleagues. As a shareholder in GSL, and we the public in Gibraltar are all shareholders, I can only say that results for the year ending December 1988, fill me with gloom, dismay, despondency and despair. After allowing for monies received from other operating income, including the Joint Venture Companies, of £221,000, the operating loss was nearly £3m £7.904m to be exact. Notably the cost of sales is £2.5m greater than the turnover. This means obviously that the amount paid on wages and materials is far too high for the work processed or else the work is being done at too cheap a price. There is no point in having a ship a week or a ship every three or four days if it costs you £100,000 to do so. This loss of £2.5m in the cost of sales compares very unfavourable with the previous year's figures when a profit of £1.6m was produced. Administrative expenses are very high at £4.7m. They only include half a year's fees to Appledore, yet they are higher than the previous year which included a full year of Appledore by £18,000. It seems that with the restructuring that is taking place there does not seem to be very much diminution of the overheads. This is something that has got to be addressed very carefully indeed. There was a permanent diminution

in the value of assets of £6m. This was done up by a group of independent surveyors at a cost of £30,000 and was accepted by the Company. We would ask the Minister to inform us what was so devalued and why was the diminution acceptable to the Company? What was the special situation of the Company as stated by the Directors? Turning to the Balance Sheet. The assets of the Company declined from £10m at December 1987 to £3m at December 1988. We wonder if this downward trend has continued into 1989 and whether today if the company has any assets at all. It is a question of whether the company is solvent. The Minister has said the losses continued on the same scale until June 1989, so this would seem that the £3m has been used up and the Company is now trading in a state of insolvency. This I think is against Company Law. Over £700,000 was owed by the JVCs (Joint Venture Companies). We hope they are good debtors or is the tax payer merely being used to support the policy of Joint Venture Companies in all directions. Also, Mr Speaker, is the £280,000 owed by all the Joint Venture Companies? And is the £2,080 in credit equally divided among them? There is a list of the holdings in Joint Venture Companies roughly of a 50% basis. Who is or are the other shareholders? Is it the Government? If so we expect to see in the Estimates some Balance Sheet for the JV Companies. Mr Speaker, Bond Instrumentation shares were sold during the year. Who to? How much was realised by the sale? All these are things that are not in the Accounts and they are things that we feel the public ought to know about. It is also stated that it is intended to sell the shares in most of the Joint Venture Companies listed in the Accounts. Who are these shares going to be sold to? Is our socialist Government going in for wholesale privatisation? Are queues of people lining up to buy these shares? Have we got chartered flights from Japan and Hong Kong coming to buy these shares? Is this going to be the first flotation on the Gibraltar Stock Exchange? How much is expected to be realised by these sales? Will the Minister please give details of these wonderful opportunities to take over the Joint Venture Companies when he replies. We hope this is going to bring in several million pounds and put the company on a good footing. Debtors show PAYE has increased from £335,000 to £1.17m. Obviously nothing has been paid throughout the year. How is this allowed to happen? Any small company in Gibraltar which gets two months in arrears with its PAYE gets first a polite note and then a much more threatening letter from the Income Tax Authorities. Do such letters and notes go to GSL? Do they take any notice of them? Have they come to any agreement with the Income Tax Authorities? Have they paid anything in 1989? Is the figure today perhaps £2m? Is this ever going to be paid? Or is it going to be something that the taxpayer is going to have to give GSL as a hidden subsidy. We are told on occasions by the Chief Minister that this PAYE money that is being withheld is money being

withheld from the actual workforce, because they have had the money deducted by the employer. Well, how is it that it is a bad thing for any normal employer to do and yet is reasonably acceptable if done by GSL. The emoluments of Directors do not seem to balance. Nor does the number of Directors in the notes of the Accounts agree with the report of the Directors. The Principal Auditor has commented that the £2.8m advance to the Joint Venture Companies would be repaid before December 1989. Has this been effected? There is only twelve days to go. Is this money going to be paid back or is it going to be carried over into the following year? It is noted that the Directors do not recommend any dividend, well to do so would have been the height of irony. The Joint Venture Companies have lost £46,000 during the year of which £23,000 is attributable to GSL. How was this £46,000 made up and which were the companies which lost money and how much? There is a bank overdraft of £1.1m. How is this secured? Is there any possibility of the bank foreclosing? This figure worsened during the year by £800,000. The Government has given a commitment or so we are told that funds would be introduced during the year, this is presumably during 1989 to provide adequate funds to finance the Company's operations. Well nothing has been brought to this House. Were any funds introduced? Was this necessary? Perhaps we could have some details on that. All in all a reappraisal of GSL marketing policy seems to be necessary. The turnover must be substantially increased and underpricing must be avoided. Overheads such as administration must be severely pruned if the Company is going to come anywhere near viability. We hear that the Company is getting smaller but there is a break-even point where if you get too small you are not going to be able to do the work and your overheads are always going to be far too high for you to be able to meet viability. Finally, Sir, I would like to query why it takes twelve months for the Accounts to be presented. In the UK such giant companies as ICI can produce their Accounts within six months. Let us hope that next year GSL will produce the Accounts for 1989 by June at the latest. Thank you Sir.

HON A J CANEPA:

Mr Speaker, I did not have an opportunity to have a word with the Chief Minister before we started proceedings this morning and since I think we would like to see an orderly debate, perhaps he might give an indication of the Government's intentions. On this side of the House there are certainly another three Members who will probably be taking part in the debate and if we have some idea of what the Government's intentions are then perhaps it would be possible to have an orderly debate. I think it would be pointless if three of us were to get up and give a joint speech and then just have Mr Pilcher reply.

HON CHIEF MINISTER:

Mr Speaker, Mr Pilcher will be replying to everybody. I may become involved in some points. I think so far the points that have been raised by the Honourable Mr Montegriffo, affect wider policies and which I think require an answer. But certainly on the Accounts and things like that if these are the points that are going to be raised there is no reason for anybody else to say anything.

HON A J CANEPA:

Mr Speaker, is the Chief Minister saying that he is the only one apart from Mr Pilcher that is going to take part in the debate?

HON CHIEF MINISTER:

If at all, Mr Speaker.

HON LT COL E M BRITTO:

Mr Speaker, I will be dealing in general terms with the accounts and also in detail with the aspects of the Joint Venture Companies. When one sees these Accounts and the explanations that we have heard, so far, from the Honourable Mr Pilcher this morning, it is clear to me that there has been a complete failure in the target set by the GSLP for GSL attaining viability. If we look at the GSLP manifesto, at the time of the election, very succinctly we are told "We will put into effect plans to halt the decline of GSL by a restructuring based on our original idea of diversification adapted to the circumstances of today". More importantly, "The restructuring plan will have an immediate impact on the loss making situation". Similarly, the Honourable Mr Pilcher's speaking in this House on the 29 April 1988, told us "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 the breakeven". Mr Speaker, I put it to you that neither of these two targets have been achieved and that what in fact we are seeing today although the Government has not had the political honesty to come out and say so clearly, what we are seeing today is a change of tactics in the way that the Government intends to deal with GSL. But it would have been much better to come out and say so and then tell us why that is necessary and what the new policies are to be. I think, Mr Speaker, that this failure is all the more regrettable because if we consider the background against which the Government has been working in GSL during 1988, as opposed to the situation prevalent in the yard prior to March 1988 and I highlight three areas or three points which should have contributed considerably

towards the Government having made a much better showing and producing much better results for the first nine months that the yard has been controlled by them. Firstly they have had industrial peace and total union cooperation which one would have thought should have gone a long way towards improving the problem, or solving it. Secondly there has been a reduction, in the overheads due to the termination of the Appledore contract, although three months of the Appledore charges are included in the Accounts, but there are nine months of charges which have been eliminated. And thirdly there has been a reduction if one looks at page 13 of the Accounts, in manpower and consequently a reduction in overheads. However despite these favourable conditions, or should I say these more favourable conditions under which the company has been working over the year in question, because if we look initially at the Profit and Loss Accounts on page 7, we find, first of all, that the turnover has dropped from the previous year by about 43%. The Honourable Mr Pilcher has gone to great pains in producing his little bit of paper to show us and to justify various points, including the turnover figures, and he has in particular pointed out that the figure for turnover was on target with what A & P had projected and the drop from the previous year was mainly due to the loss of RFA contracted work. But I think that that is an over-simplification of the problem and it is very easy to produce two figures like that and compare three years against one year. The three years under the previous management included the RFA work because if it had not included the RFA work, as has been deducted in order to draw a comparison here, presumably the level of commercial work would have been greater. It is however not possible or it is not the correct comparison to draw and say "we will just extract the figure for RFA work and compare the turnover". I am not talking about the losses, Mr Speaker, I am talking about the turnover. That is why I say that if the situation had been different over the previous years then maybe the the targets for turnover would have been different as well. The main point however about this "turnover figure" is the fact that it has been achieved as has already been pointed out by my colleague the Honourable Mr Featherstone, by having a gross loss of £2½m and it is pointless to sell as much as you like, as has already been said, if at the end of the day you are losing money on the exercise. Secondly, if we look at the note on page 12, Note 2 Administration Expenses; here we are told that these Administration Expenses include the fees paid to the former managers of A & P Appledore. Now one would have expected the figure for Administration Expenses in the Accounts to have come down and yet we find for the figure for Administration Expenses for the year we are talking about has remained virtually unchanged. Similarly on page 13, Note 6, staff costs under Administration and Commercial we find a reduction in the administration personnel. Again one would have thought that both these items would have reduced the Administration Expenses of the company. The fact that it has not done, I think, bears some further

clarification from the Minister when he exercises his right to reply. Finally, we have the operating loss for the company which has more than doubled to £7m. Once again, Mr Speaker, the Minister has gone to great pains to justify this by showing us his exercise on the last three years. The whole exercise which he gives us on this bit of paper hinges on the figure of £4.89m of capitalised works under the previous three years and again I put it to the Government that it is not the best way of going about things to produce a set of fully audited Accounts for us to study and analyse and then at the last minute produce a little bit of paper with an unaudited and therefore unconfirmed figure of £4.89m which seeks to reverse the whole picture presented by the Accounts.

HON J E PILCHER:

Mr Speaker, if the Honourable Member will give way. All he has to do is check the 1985 Audited Accounts, 1986 Audited Accounts and 1987 Audited Accounts and he will find the information there.

HON LT COL E M BRITTO:

Mr Speaker, I am unfortunately not in the custom of walking around with all the previous year's Accounts with me. If I had had some indication of this previously, then maybe we would have been in a position to do so. But to be given this bit of paper at the last moment does not allow us to carry out such checks. Carrying on with the Accounts, Mr Speaker, if what I have said was not enough then there are clear indications of cash flow problems within the Company. Firstly if we look at page 8, we see that Creditors have increased by about 60%, we see that the Bank Overdraft is up by almost £1m and we see from page 18 that PAYE and Social Insurance are not being paid. I will not go into the merits or demerits of that as it has already been covered by my colleague. But all I would say is that it is a clear indication of cash flow difficulties if these two items are not being paid. Mr Speaker, the Accounts without doubt present a bad picture. But in any case the point at issue, that to a very great extent they are academic, as they show the situation at the end of last year and all I can say is that if the same tendency has continued, I shudder to think what the situation can be now. Let me now go onto the particular issue of the concept of the Joint Venture Companies and remind the House, Mr Speaker, that according to their manifesto and according to the various public statements made by Ministers in this House, it has always been, I believe, that the Joint Venture Companies were set up to halt the decline of GSL and to reduce losses at GSL. Well obviously they have done neither. In fact if you look at page 17, it is quite clear that the Joint Venture Companies, in the period in question, made a combined loss of £46,000. We are told now, and again I am beating ground that has already been covered, that the shares in the Joint

Venture Companies are to be sold but without being told to whom or when, and the Government has already been asked to give some clarification on this. I would take the question one stage further and ask them to confirm or deny whether in fact it is the intention of the Gibraltar Government to buy the shares that GSL holds in the Joint Venture Companies rather than putting up the shares for sale to outside entities. Mr Speaker, these Joint Venture Companies were set up with public money, voted in this House, £2.8m to be exact. Although this money is still in fact owed by the Joint Venture Companies and was still unpaid at the beginning of December 1989. Now because GSL is not charging the Joint Venture Companies any interest or at least there is no indication in the accounts that they are. What in fact is happening is that Government, through GSL, is subsidising these Joint Venture Companies and these Joint Venture Companies as we all know are working in the open market, in the private sector and competing directly with private sector companies. Now private sector companies obviously if they borrow money have to borrow from the banks at commercial rates and we think that this is a clear and unmistakeable case of unfair competition, of companies being subsidised when they are in direct competition to private sector companies. Incidentally should we not ask whether the Joint Venture Companies themselves pay PAYE and Social Insurance? Or are they also being allowed to leave large amounts outstanding like GSL? Mr Speaker, the way the Joint Venture Companies are treated in these Accounts is clear evidence of the lack of open Government which Members' opposite promised the electorate but are failing to honour. These companies have been set up with public funds and we have seen that they have been subsidised by Government by way of interest free loans and yet these Accounts give us hardly any information at all on these Joint Venture Companies. We have for example no indication whether they are paying Rent? Or whether they are paying Municipal Charges like Rates, Water, Electricity etc? In fact there is hardly any accounting information at all except for two figures on page 17 which tells us that they lost £46,000 in the year. That is all that we get, Mr Speaker. We are therefore not satisfied with this state of affairs because we think that it is scandalous that public money should be used by Government without public accountability of how it is being used. The information given to us on the Joint Venture Companies today in these Accounts is totally inadequate. We have said in the past and we say it again that these companies because of their connection with Government should present public accounts and we still feel that way and we repeat that today. At the very least if the Government have genuine commercial reasons, and we stand to be convinced that this is true, but if the Government were to have genuine commercial reasons for not being in a position to publish these accounts then the very least that they should undertake to do is to let us have sight of those Accounts in commercial confidence even if we are unable to use that information publicly in debate in this House.

But at the very least we would be able to have a more informed opinion on the true state of affairs. Thank you Mr Speaker.

HON A J CANEPA:

Mr Speaker, whilst the Accounts for the year ending 31 December 1988 which have now been presented to the House may not be academic in themselves because they show the company's financial situation for the year 1988, and in that sense they are not academic, they are real, the debate that we are having in the House today, the whole exercise, is indeed largely academic. And I say that because of the timing of it, it comes less than a fortnight, with Public Holidays in between, of the end of the next Financial Year 1989, and the Minister has said very little about the financial position, or how the financial position of the company has developed during the course of 1989. No doubt the situation today is worse than revealed by the Accounts that we are debating. That is the result of constant procrastination on the part of the Minister because he was going to originally make a statement in June, before the end of the summer recess, then it was immediately after the summer and it is only now, right at the end of 1989, when these Accounts have been produced that he has done so. The Minister in making what he has described as a general review of the situation at Gibrepair from the 25 March to the end of 1988 and then the position in 1989 has said in essence very very little. He has skated very nimbly around many of the matters which are raised in this document. My colleagues who have spoken already have indicated some of them and I shall be making reference to others. The position in essence at the political level is no different to what it was, as the Minister has told us, when they came into office. There was a problem to be looked at, the problem to be looked at was the state of Gibrepair, that is still the problem and he has already told us that that is going to be the problem in June 1990, they are going to do exactly the same thing, they are going to look at the problem again and we are going to have a repetition of the scenario of the events that we have seen in the last year or so. The work carried out by the yard since the 25 March 1988 has been in the context and against the background, as the Minister himself has phrased it, of good relations and cooperation with the unions. They certainly have that, there has been very little industrial unrest only a slight hiccup while the Minister was sunning himself in Barbados. Was the weather that good? Only that slight hiccup, so they certainly have that, yet the position of the yard, the situation, is hardly better than in the past. In fact during a period of twelve months of industrial peace between June/July 1986 and July 1987, perhaps the position of the yard was better because it certainly made an operating profit, a small operating profit during those twelve months of industrial peace. The Minister spoke about giving the yard a year to arrive at viability, commercial or economic. He has repeated that, the problem, the position remains the

same, that is what is going to be done, apparently over 1990 and the matter would be looked at in June, there will be pressure from us for the Minister to make a statement and it will all slip back. Eventually the Accounts for 1989 will be produced in November or in December next year and I predict Mr Speaker, that we will be debating the same scenario in twelve months time. In 1990 we will be considering the Accounts for 1989 in twelve months time. My colleague, Col Britto has made reference to this rather clever magician's trick that the Minister has pulled out of someone's sleeve and produced this little bit of paper this morning and whilst the Minister, who is the Chairman of GSL no doubt has the Accounts for 1985, 1986 and 1987 at his fingertips and knowing what he was going to do, because obviously if the Company's Accountants have prepared this set of figures for him, he has the answers that reflect the position and that can be gathered by an examination of the Accounts. I think he can hardly expect my colleague on my left who became a Member of this House in 1988 to have all those figures at his fingertips, that is very unfair. The research would have been done if some indication had been given that this bit of paper was going to be produced. Really, as I say, it is a magician's trick because it is said in the context of what is an unreal situation and it is unreal because whilst we all know why the yard had guaranteed RFA work during the initial years. It was in order to give the yard a good start, but if there had been no guaranteed RFA work in year two or year three that is not to say that you are entitled to deduct from the Accounts for those years the sum, the expenditure, the turnover in respect of RFA guaranteed work because no doubt that gap would have been made up by some commercial work. It might not have been as much as the actual extent of the sales in respect of RFA guaranteed work, it might not have been to the same extent, but I think that to deduct the whole amount entirely does not show the correct situation. Now the Minister has told us in some detail that in May and June the Company had set itself a plan of action, he called it the final restructuring, he used the word final, but then I think from what he has said later on, that is not likely to be the case, because the Minister has given some indication that there is going to be further restructuring in 1990. Perhaps he can clarify that, Mr Speaker, because I made very careful note of the words, and what the company was doing in May and June, was described by him as being a final restructuring exercise. The Company has arrived at the conclusion, Mr Speaker, in the middle of 1989 that it can work with two docks No.1 and No.2 and that it only needs the Berths at South Mole. I would like to ask the Minister to tell us what they intend to do with dock No.3. Is that going to be filled up to create bigger space for the industrial park? What is going to be done with a dock that is a valuable asset in itself? I think we really need to know the future of that. Also what is going to happen about the other Berths because if they are only going to

use those at the South Mole, what is the thinking of the Government, what is their policy in respect of these other Berths. To what extent does the availability of these berths come into the general shipping package, or port package, that the Minister mentioned but about which he did not give any details? He just said that shiprepairing was part of that package. Is there any intention to use these Berths to improve that package, to develop that package? I think again, Mr Speaker, we need to know. The Minister also said that during the first six months of 1989, the company had had the same losses as for 1988, but he did not say whether those were total losses. Did the company suffer during the first six months of 1989 total losses the same as in 1988? Or was it losing at the same monthly rate as 1988? Again would he please amplify that and explain. During the period September/October/November of 1989, the yard was further run down, further reductions in man power and in the physical side of the yard and the Minister has explained that the Government's policy is not to have a labour intensive yard, but are these the same objectives for 1990? Is there going to be a continuation of those objectives? And my colleague, Mr Featherstone, gave an indication of that, I think, he asked the question "What is the bottom line?" "How far can the yard be reduced?" Because the yard at the moment is employing 400 to 450 men. What is the bottom line? Does the Government have a figure in mind, do they know, given the nature of shiprepairing and given the nature of the assets, what eventual target to have, not just an economically, not just to have a viable company in commercial or in economic terms for Gibraltar? Is the yard going to be able to be operationally viable if the numbers continue to be reduced? What is the bottom line 190, 200 men or are we going to end up with a handful of men? A repetition of the scenario and when there is a handful of men the Minister will say "sorry chums you have not made it and we have to close down the operation". By then many more millions of losses will have been sustained by the yard and by the Gibraltar taxpayer. So these are questions, Mr Speaker, that I think that the Minister should also address himself to. We must stress, Mr Speaker, our views about the Joint Venture Companies and the lack of information that would enable us to have a true picture of what the situation is at Gibrepair. For the Minister to talk about in his statement, he said that 1988 was the first year of the yard being run on a purely commercial basis. What he means by that is purely commercial because there is no RFA work but if the Joint Venture Companies are not paying rent, if they are not being run on a proper operational basis and they are being subsidised directly or indirectly, then the whole thing is not running on a commercial basis in the true sense of the words. There is an unfair commercial trading on the part of the Joint Venture Companies and therefore of the parent company Gibrepair. Let me now turn to the report, Mr Speaker, of Spicer & Oppenheim. Any accountant, I think Mr Speaker, would say reporting on the Accounts and having regard to

the fact that they have been drawn up on a going concern basis, any accountant would say that this is a qualified report on the Accounts, and why? Probably because any accountant looking at the Balance Sheet would see that there are uncertainties about the Company which do not enable the Auditors to arrive at conclusions. I think, Mr Speaker, that that is a fair comment to make. Now on page 10 of the Accounts, we are told that the Government has indicated that during 1990, and the Minister has spoken about this, "that a review of the company's performance is going to take place before further funds are committed". Would he clarify whether the further funds that are mentioned here are further funds in the future, further funds in 1990, after the review of June is undertaken and not before, that further funds are not going to be committed before that review is undertaken. Is it the future review that is being referred to here on page 10(b) "Basis of the Accounts". Will the Minister clarify that point Mr Speaker, when he exercises his right to reply. I want to come now, Mr Speaker, to what for me is the most scandalous situation revealed by these Accounts and that is what the Company owes the Government. The Company owes the Government as stated on page 18 of the Accounts nearly £1.2m for 1988 in respect of PAYE and Social Insurance Contributions. In 1987, Mr Speaker, the Company owed in respect of PAYE and Social Insurance £335,000 and that was virtually nothing since it may have been a month's PAYE and a month's Social Insurance Contributions. This at a time when the yard was employing 800 because we had a workforce of 800. The yard has been scaled down to 450 or 400 today and yet that situation is worse. To my mind, it is scandalous. It is scandalous because it is money that has been taken away from the workers and money that has not been paid over to the Department of Labour and Social Security and these workers have got rights. If a worker becomes unemployed and makes an application for Unemployment Benefit he needs to have paid 30 contributions, I think, in the last year and in reality these will not have been paid over. The Government or GSL are still keeping the money. The Minister has not said whether, today in December 1989, the Company still owes in respect of PAYE and Social Insurance amounts for 1988 and not just for 1989. To what extent have those for 1988 been paid off. Today in December 1989, have they been paid off or are they still owed? Employers in the private sector enter into agreements with the Commissioner of Income Tax and I think we have had some indication that this has also happened in the case of GSL and there is an agreement with the Commissioner of Income Tax. But what about with the DLSS? Will the Minister, who is the Chairman of the Company, say what is the position? Are there still amounts outstanding for 1988 and if so when are these going to be paid over? I think it is no wonder, Mr Speaker, when one sees the scandalous situation revealed by these Accounts in respect of these matters, it is no wonder that the Minister earlier in the year refused to answer a whole series of questions from the Opposition about the amounts that were owed by

the Company in respect of PAYE, in respect of Social Insurance, Electricity, Water, Telephones? No doubt, Mr Speaker, that the position today for 1989 is worse than what is revealed by these Accounts. The Government, Mr Speaker, takes a tough line with Companies in the private sector generally and in particular in respect of those companies who have taken out exemption certificates when sub-contracting. Sometimes these are in arrears to Government in respect of Social Insurance, PAYE and what have you. Is the Government taking a different attitude to GSL than what it does to these other companies? This again Mr Speaker, amounts to what I think is unfairness, unfair trading practice in respect of GSL and its related Companies. I said earlier, Mr Speaker, that the Minister has spoken about having industrial peace and having cooperation, yes they have had industrial peace. Industrial peace that we did not have and yet they are failing because when they were in Opposition the Union, with the Chief Minister as its Branch Officer, was claiming a 40% increase for the workforce but earlier this year, in 1989, they did not even want to pay 9%. That was the only industrial action that they have had in 21 months. Because they did not even want to meet a 9% claim. I think, Mr Speaker, that in spite of these beneficial factors, that losses should have increased from £4.1m to £7.9m, even though the workforce has been reduced from 850 to 400, points to, without doubt, failure. It points to incompetence on the part of the Chairman and I am appalled, Mr Speaker, to see the Directors speak about a detailed Chairman's statement since the Chairman's statement consists of twelve lines. That is the length of the statement.....

HON J E PILCHER:

If the Hon Member will give way, Mr Speaker. The Chairman has spent 45 minutes giving the details in this House which is much more than he ever got, when he was in Opposition, listening to the old jefe, the Financial & Development Secretary, who made all the contributions on GSL in the previous administration. So I do not have to write it on paper, Mr Speaker, I am here to defend the position.

HON A J CANEPA:

That is not the point, Mr Speaker, the Directors are not here in the House today. The Directors, in the Report, are saying that the Chairman's report is a detailed review. Mr Speaker, does twelve lines amount to a detailed review? They have not had the benefit of hearing the Minister, here in the House for 45 minutes and then talk about a detailed review. The Minister does not even tell us where the Directors are concerned. He does not explain why there have been resignations? Why did Mr Dickie McCarthy resign? He has not said that. This is why I say he has skated very cleverly around many of the pitfalls that there are in the Accounts. I do not know why there is a discrepancy, again perhaps the Minister will explain Mr Speaker, why it is

that on page 14 of the Accounts, the word "Diversification" is used. I am referring to the Note of the Accounts on page 14 Mr Speaker. The word "diversification" is used in the Accounts but the Auditor in his Report speaks about "Restructuring". In order that we can understand in future the Accounts better, would the Minister explain whether "diversification" and "restructuring" really amount to the same thing or do the Accounts speak of one thing "diversification" and is the Auditor speaking about something different? Would the Minister please clarify that. The Principal Auditor signs his Report, Mr Speaker, on the 5 December 1989 and he says in paragraph 3 "As it is expected that the £2.8m advanced in 1988 to related companies from funds voted by the House of Assembly for restructuring Gibraltar Gibraltar Ltd will be repaid to the company before the 31 December 1989". That, Mr Speaker, was on the 5 December and obviously, it had not been paid on the 5 December and today is the 19 December, there are twelve days to go will the Minister when replying tell us whether the £2.8m will in fact be paid before the end of the calendar year? Would he also clarify whether a recommendation which the Principal Auditor refers to ie "The company accepted a recommendation to offer for sale on the open market stores which are unlikely to be required". Who made that recommendation? Has it been acted on? Because we are not aware of any offer of sale on the open market of these stores and if presumably the company accepted the recommendation, why has not any action apparently been taken yet? I think, Mr Speaker, certainly that the Statement and the Accounts are totally inadequate. We will not be in a position, no one is, and maybe this Government who complains that when we were in office only the Financial and Development Secretary used to speak in the debate but I remember myself, on numerous occasions, having to take part in the debate but still they complained that we did not give answers. But what are the answers which this open Government is giving, Mr Speaker? What is the real truth of the matter? What is the real position insofar as the Joint Venture Companies are concerned? This is the picture that emerges all along. I wonder, Mr Speaker, whether when the shares are put on the market, whether all the juppies that Mr Featherstone referred to and who are queuing up in all the places visited by the Chief Minister, whether they are really going to get on to those charter planes. I think that the Chief Minister might have to phone Wall Street and ask Michael Douglas to come over and pick up the shares because I cannot see from the picture that has been revealed anybody else doing so. Therefore, in conclusion, Mr Speaker, what one sees is a picture of gloom and despondency. The Government having to continue to keep the operation ticking over, as it has been doing, because it does not seem to have any choice. The Government is not able to guarantee people that become redundant employment or that there will be no further contraction in the yard or that further losses sustained by the yard will result in further pumping of public money into the yard. The reality is, Mr Speaker, that Members opposite contributed and produced psychosis and they are

responsible for a psychosis of failure being brought about in that yard and which has conditioned many, because they were determined to see the yard fail, to think in those terms. They have no desire, particularly those of them who were active in the TGWU, to pull through in order to improve what was a bad situation, and therefore what is happening today can be summed up in one phrase and that is that the GSLP Government is being hoisted by its own pettard.

HON CHIEF MINISTER:

Mr Speaker, I think the first thing I have to say is that it is scandalous that the Leader of the Opposition should have made the last remark that he has made. It is fair enough that he should try to take it out on us for the trashing we gave him in the last general election, but I do not think he should try and take it out on the workers in GSL. I do not think I have any psychosis of failure at all and he is hardly in a position to preach to anybody else on what it means to have a psychosis of failure although he may be an expert on the subject. In fact, the workers have tried very hard to make the impossible work and we have tried very hard to make the impossible work and because it is impossible we have not been able to do it. We have not got a magic wand and we cannot perform miracles and what we have done is explain why it is in fact such a difficult task to make commercial shiprepairing viable in Gibraltar. Let me say, Mr Speaker, that it seems that the Honourable Mr Montegriffo understands the situation better, without having had the benefit of having been in Government before, and having had access to the detailed information from within the company that Members opposite have had, than anybody else that was in Government in 1984. I am astonished that that should be the case because certainly I could have understood that Mr Montegriffo or that Mr Britto in his own contribution should have questioned the differences in the contribution to the profitability of the company and the turnover of the company of the naval work, but nobody that was involved in Government and in receipt of the PEIDA Study should question that. Because PEIDA said specifically in 1983 that the yard in order to have a chance had to start with a cross subsidy from naval work and therefore if you take out the naval work and you substitute it with cheaper work you leave a gap that you feel but that does not make the loss smaller it makes the loss bigger. Surely anybody can understand that, surely the Honourable Member understands that. If he has two products in a shop and he is selling one at a profit and one at a loss and he stops selling the one that is profitable and he substitutes it by selling the one that is making the losses, his losses get bigger, they do not get smaller. Now if he did not understand it because he is making an assessment and because we have just given him the figures, certainly Mr Featherstone should have understood it, because he was told that by PEIDA in

1983 in Government and by A & P Appledore in 1984, when they made the submission. All that we have agreed to do now, because we are in Government, is produce for the information of the taxpayers, that so concerns the AACR nowadays, the information that they refused consistently to provide this House with because they said that the breakdown between naval work and commercial work was confidential to the company and could not be made public. Well we have made it public and we have demonstrated by doing so that the problem is that the yard never had a chance of operating at a level of a £20m turnover which was the level predicted originally. When we took over in 1988 the Business Plan for 1988 had been scaled down. When we went to an election Mr Speaker answering the point made by the Honourable Mr Montegriffo on how is it that we went into the Election saying we were going to scale down and then now we seem to be saying "we tried to keep the volume to the original target". Well in fact in February 1988, we did not know that the target was £10m because we were working on what was public knowledge and on what had been provided to the House of Assembly and which was a yard with a turnover of £20m. That was the supposed level at which the yard would break even. When we took over we found that the Business Plan, approved by the AACR administration in January 1988, and produced by Torsten Anderson, was that the end of the redundancies in March would produce a capacity for selling something like 700,000 manhours and therefore producing a £10m turnover. What we did in July when A & P Appledore left was try and see whether a £10m turnover could be achieved. What we found was that it could only be achieved by supplementing the workforce that had been left behind after the redundancies with a great deal of casual and sub-contract labour and a great deal of overtime and in fact the accounting systems that were in place did not accurately show this until well behind. I am assured Mr Speaker, that Members opposite in Government are well aware of that deficiency of the accounting system, that that was part of the reason why they put a default notice on A & P Appledore because of the fact that the computer was not giving the result it should be giving. That that was the reason why Price Waterhouse was brought in to look at the management system, that that is why they put in a former Principal Auditor as Financial Controller and that therefore the system that we were trying to make work had not been working before we got in and that this was well known to Members opposite that were in Government. So nothing that we have told them today is news to them. I believe that whatever explanations we give the Members opposite, they will still not listen because what they want to see is that we are incapable of running the yard efficiently, although in particular the contribution of the Honourable Member opposite, the Leader of the Opposition, frankly is incredible by the number of times in which he has contradicted himself. I mean on the one hand he seems to join his

colleague Mr Featherstone in wanting us to declare the yard in flaw of company law, insolvent and consequently be closed down and everybody be sacked. Because the guys are psychotic and clearly the best thing to do with them is to cure the psychosis by sacking the lot. On the other hand he comiserates with them and with the taxpayers who are subsidising them although he seems to understand that they themselves, the taxpayers are paying from their PAYE contributions. So the reality is of course, as he well knows or he ought to, because he himself had argued along those lines here in the past, that when we are talking about the first stage of the target that we set GSL, which is economic viability as opposed to its commercial viability, what we are talking about is if the yard for example contributes flm in PAYE and if the yard was to be closed today and there was no alternative employment for those people then the loss to Government revenue would be flm. If the yard in fact loses less than that, then you can definately demonstrate by simple arithmetic that the cost to the taxpayer is more to have a yard closed than to have it open. Because in fact the taxpayers who are meeting the loss are the taxpayers who are working in the yard. Now that is the first stage that we set ourselves when we came in and we have not yet got there. This is why we are still cutting back, to see whether it is possible to achieve that, without getting to the stage of saying right having now demonstrated that the cost to the economy is greater if the yard is closed than if it is kept open it still has to meet the normal business criteria because if all it does is make a net contribution to Gibraltar's economy and no more than that, then at some stage you have to say to yourself "Well, look the 300 people or 400 people or whatever the numbers that are there could be making a contribution which is even more valuable if they were doing something else rather than repairing ships". So even then that may not be enough to justify their continued existence. But if we do not even get to stage 1, then it will have to be closed. It is not a question of doom, gloom, despondency or so forth. We did not want this business, Mr Speaker. We tried to persuade the Members opposite not to take it on but they would not listen to us. Now having inherited it we have a responsibility to the people who work in the yard, to the taxpayers, who have had to fork out a lot of money, regrettably, because we think it was a serious error of judgement on the part of the AACR to go down this road, we have had to try and see what we can salvage from the damage and I am glad to say that the Honourable Member opposite is totally incorrect in saying that the people in the yard have got a psychosis of failure. On the contrary they have a psychosis of success, they were fighting to stop the AACR from handing the yard to A & P Appledore and they did not have to fight to do that any more because we came in and we threw them out. They have been working to try and make the yard viable, and which the analysis which we have produced today, shows was asking the impossible. Frankly if we had had as much information

now, with the benefit of hindsight, as we had when we took over in April last year, I think, we would have probably not given the yard as long as we have done. We would have started the rundown earlier and faster and we would not have allowed the yard to try and bring in fl0m of work. But it has taken us time and we have had to bring in additional help from outside to try and unravel the system that was there and the system that was there was no accident, Mr Speaker. The system that was there, was there because A & P Appledore had a Management Contract which gave them a flat fee and gave them a percentage on turnover, so they were interested in turnover irrespective of the losses, but they needed to camouflage the losses in order to justify their Management Fee and of course if you say "If I do not have any work for anybody then put him on the Slop Barge". Then the Slop Barge finishes being the most expensive Slop Barge in the western world. It is worth its weight in gold, on paper, because whenever you have people on idle time then you put them on the Slop Barge. I believe, Mr Speaker, that Members opposite knew that that was happening even then. I am told by some of the people who have been there in the past, and are there today, that there were already rumblings being made about these anomalies even at the time but the situation is that we have had to go into the matter in a great deal of detail to uncover this and we do not want to hide the truth from the people in the yard. At the end of the day it is not in their best interest to be occupying nonjobs, artificial jobs, which make a negative rather than a positive contribution to the economy of Gibraltar. Because the economy is going to go through very difficult times in the next couple of years and therefore we do not want, and we are not prepared, to have a situation where every time the MOD cuts back the Government steps into the gap and takes over the liability from the UK taxpayer to the Gibraltar taxpayer. Because then we finish up crippling the private sector as well and I do not think anybody in the private sector has any doubt about the commitment of Gibraltar to developing a viable economy and a prosperous economy in which the private sector can flourish. So all these pieces about unfair competition and what are we doing with the shares and are we going to sell them in Wall Street. All that is a lot of nonsense, but of course the greatest nonsense of the lot, Mr Speaker, is the question that the Honourable Mr Featherstone wants answered. The Hon Member wants to know who did we sell Bond Instrumentation to and how much did we sell it for? Why have we done it? What were the assets worth? Well then the answer to all those questions, Mr Speaker, is that we did not sell Bond Instrumentation. The Hon Member sold the Company when he was in Government. This happened before the 25 March and that is the greatest and the most ridiculous question he has asked of all the ridiculous questions that he and the others, Mr Speaker, have asked. This typical example of how somebody comes to this House, having looked through Accounts that he does not understand, having failed to do

his homework the way I used to do when I was on the other side, with a prepared Statement which he then reads out irrespective of anything that the Minister has said in his opening remarks. He then sits down and that is the kind of contribution to a debate about something which is very important to Gibraltar's economy and which affects a lot of people that are concerned and which makes the whole thing meaningless. Because Mr Speaker, what does it matter whether we come here or not if we are going to get somebody on the other side saying "Why have you sold Bond Instrumentation?". And it turns out we did not sell it, the Hon Member did so what is the point of the exercise. I think, Mr Speaker, that the questions that have been addressed to the Government which the Government has got to take cognizance of and which deserve being taken into consideration in our approach to how we develop the yard have all been asked by the Honourable Mr Montegriffo. I do not think the AACR, the Official Opposition, have in fact said anything other than to say that we are no better than they were and are probably worse. Which means really that their sole concern about GSL, its losses and its future is whether they can use it as a stick to hit the GSLP. They are looking simply to what is going to be their vote catching formula for 1992. That has been their sole response to the Accounts of GSL and therefore it does not matter what they think because they do not really care. I think Mr Montegriffo, has taken a totally separate line and let me say that I appreciate that he has looked at the thing constructively, even if critically, and even if there are things he does not agree with us, he is not simply being negative but trying to understand how we are re-gearing our strategy in the light of experience. And he is quite right, Mr Speaker, he is quite right. We came in with certain ideas of how to do certain things and not just here let me say, Mr Speaker, but also in the setting up of Joint Ventures, in the restructuring of the Civil Service, and in everything that we are doing. Because we are doing new things that nobody has ever done before us, and therefore we cannot go back and say "fish me the file of what I said in 1945", as Sir Joshua used to do when he was the Chief Minister. What we say is well if there are problems which demonstrate that we have got it wrong and since we are only human beings, and we do not pretend to be anything else, very hardworking human beings, but only human beings, then if somebody says look you are making a mistake, we say stop before the mistake gets any bigger and let us reconsider what we are doing and if we are making a mistake then we stop doing it and we do something different. There is nothing wrong with that, and that is not a sign of political failure, it is a sign of political honesty. Now we in fact came in with certain ideas, we made a certain assessment, we found that the Business Plan was £10m, we thought it could be achieved and we were encouraged, obviously, to think so because they themselves wanted to have a yard that could do £10m and we wanted to give them the benefit of the doubt and the opportunity to prove

themselves. We found that the accounting systems produced management accounts which required subsequent revision which really meant that the original accounts were meaningless. The information that was being fed to us on which we were frankly encouraged to proceed down that road was deficient in a number of areas, partly because of the allocation of labour costs, which has now been changed, but if you have a situation where you are charging a ship for the work done on the ship and you have a situation where while somebody's welding, there is somebody sitting down who should be painting but is waiting for the welder to finish and you do not count the sitting down time of the painter as part of the cost, because you put him to paint a shed and you count that as the value of the shed having been increased, then when you look at the cost of the ship, you say "Well on this ship, I am only losing x" but when you go back and you say wait a minute, if they keep on painting the shed at this rate it is going to finish up being worth more than the Slop Barge and you put the cost of the idle time of that painter as waiting time which the Naval Dockyard always used to do, because they used to have people put on waiting time on a vessel, but that did not mean the Naval Dockyard was less efficient, it meant that their accounting systems were more accurate and if the painter cannot paint until the welding is finished, then that waiting time is part of the cost of repairing that vessel. We have now done that and what we have found is that when we do that then, in fact, the losses as the structure produced for 1988 shows were running at a situation where effectively for every £1 of work that we were producing we were in fact charging as £1 and it was costing us £1.85, because that is what it shows. And we have now gone back and found that in the first three years if we apply the same analytical process to cost allocation for 1987 and 1986 and 1985 as we do, then the yard was losing 92p on every £1 of work. Of course that 92p was the global figure without desegregating the profitable from the loss making. Once it is segregated we find that it rises and it reaches £1.23 so effectively we have a situation where until 1987, on every commercial vessel done in the yard since the Irenis Fantasy on the 1 January 1985, the yard spent £2.23 and charged the customer £1. That is the scale of the disaster that there was, which is even bigger, I think, than the Government was aware of at the time when it was there because it has taken us a long time to get it uncovered and that all that we have managed to do by cutting overheads, by shifting people, by reducing them, by getting rid of A & P Appledore, all that we have managed to do in that equation, which may look quite significant but it is still not good enough, is to bring that down from £2.23 to £1.85. If you look at it fine, OK £1.85, so now you say "great I am now losing 85p on every £1", well who wants to lose 85p on every pound. If you look at a situation where you say, let us say that every £1 of sales of the yard were to make a contribution of 30p or 50p to the Gibraltar economy, taking direct taxation and indirect

taxation and the multiplier effect. If that was the case, then you could say: "Well, right, if the contribution is 50p, once I have got the situation down to a level where every £1 of sale is costing me £1.50, I am breaking even economically because I have got £1 of sales and 50p of subsidiary economic activity being generated and therefore the economy is paying out £1.50 and receiving £1.50". Well, we are not there and we do not know whether we are going to get there. We hope to get there but if we do not get there, we have been honest with our people in the yard and we have said to them: "Look, you have to get out of repairing ships because it is not in Gibraltar's interest to have a number of people losing money that we need for housing; for schools; for hospitals; for roads; for improving our telephone system; for improving our electricity; for the infrastructure that will enable the wealth creating private sector to flourish". It does not make sense to take money away from that sector and pump it into something that loses money. But we have to give it a chance and they have tried hard to make it work and we owe it to them. Therefore we said, now that we have cleaned up the balance sheet, now that we have taken out all the inflated values, now that there is no way of hiding anything, we can now tell down to the penny whether, in fact, you are going to be able to break even or not be able to break even and we are going to see whether in the next six months having separated out the Joint Ventures from the main group with GSI totally on its own because we will have the Accounts of GSI totally on their own. Let me say that, in fact, the Joint Venture Company Accounts, of course, have had very little impact and that is the answer to the Hon Member opposite. The reality is that we took the decision in September, 1988, and there was hardly any company functioning before November and there is only one month of activity involved in these Accounts. Now we do not produce Annual Accounts for one month of activity. So the reality is that the first Annual Accounts of these companies will be thirteen months or fourteen months Accounts and will be for December, 1989. They all started life in November and the bulk of them did hardly anything in November other than set up shop. So that, in a way, explains some of the reduction in manpower, in the numbers employed not being reflected in reduction in the wages and salaries, which I think was a point raised by either Mr Featherstone or Mr Britto, not by the Hon Member opposite but, in fact, if the explanation for the supposed anomaly which I think is what Mr Featherstone raised on why this development had gone down in numbers employed from 700 to 400 and we had not gone down in wages by the same proportion. Well, the answer is that, of course, that happened in December and there is in these Accounts eleven months of wages of 700 people and one month of wages of 400 people. But the Accounts show the year end numbers employed but the annual salaries. So the people that are

missing here are the people, for example, if one looks at the Administration and Commercial where there is a substantial drop, in fact the explanation for that drop is that there were something like forty Security Guards in 1988 who were in GSI until November and became part of the Security Company in December. So in December they disappeared as numbers but until November they were still being paid through the Administration Costs and therefore the overheads are still at £4.7m.

MR SPEAKER:

Could I ask the Hon the Chief Minister if he is going to go on for much longer?

HON CHIEF MINISTER:

No, I will just wrap up, Mr Speaker. I am, in fact, checking the notes that I have made in case there is anything that I have not answered. However, if I have missed anything my colleague, Mr Pilcher, will be able to pick it up. The question of qualified accounts which the Member opposite mentioned, in fact the Accounts are not qualified. When Accounts are qualified the Accountants say that they are qualified and the Principal Auditor says that they are qualified. So we cannot understand why he thinks they are qualified Accounts because this is something that it specifically spelt out when it happens. I believe, Mr Speaker, that the question of the existing value of the assets which the Hon Mr Montegriffo raised is one of the things that we have been looking at and is, in fact, the discrepancy between the asset value per share and the nominal value of those shares. It is not a question so much of whether if we wanted to sell the company, which we have no plans to do, but he asked for a specific answer. The answer is that we have no plans to sell the company. But certainly if you wanted to sell a company it would look very bad if you were to say to somebody: "I have a company that is worth £24m but its assets are £3m". Therefore when it comes to valuing the company in terms of Government Accounts and Members opposite know that what happens is that the Principal Auditor does not put in the Government Accounts what the nominal value of the share is but what the real value of the share is. Now even the £3m is an exaggerated figure because in fact the assets have been valued on the basis of their continued use and on the basis that the company is a going concern. If you were to close down tomorrow and have a forced sale then you might only get scrap value for the slop barge and not the £300,000. The same would apply to the cranes or to anything else. So the reality of it is that GSI today, in terms of equipment, is worth very little and those are its assets. The physical assets of the yard do not belong to GSI, they belong to the Government of Gibraltar and the

Government of Gibraltar will only allow those assets to be used for repairing ships. If it can demonstrate to the satisfaction of itself, the Opposition and Gibraltar that that makes more sense than using that area for something else and we believe that it is a good thing to have if we can have it and if we can make it pay for itself, because it does compliment bunkering, ship chandlery, pilotage, towage and all those things are complimented by the existence of the shiprepair yard. But the fact that they are complimented means that it is worth having if it is not costing you your shirt. Because if it is costing you your shirt then, we are sorry for all those other activities, but I am afraid that we feel that it is better to use the land for whatever else will provide profitable business and well paid employment and which is what it is really all about and what we want to achieve and what I am sure the House will want us to achieve.

MR SPEAKER:

The House will now recess until 3.15 this afternoon.

The House recessed at 1.15 pm.

The House resumed at 3.20 pm.

HON G MASCARENHAS:

Mr Speaker, not very much new has emerged during the debate this morning at least certainly not new to the areas where we knew that shiprepair was suffering and will continue to suffer from and I sincerely hope that the remedies of the Government over the next six months will find solutions to them. But something that did arise this morning, and it is a pity that the Hon the Chief Minister is still not here, but I suppose he will be told by his colleagues when he comes, is that the only new thing that has emerged this morning is that for the first time in twenty-one months the Chief Minister has shown a frightening kindness to my ex-colleague in the Opposition, Mr Montegriffo. I wonder if that is due to the fact that he secretly harbours Social Democratic views or is it perhaps that Mr Montegriffo no longer poses the threat that he used to when he was sitting with us.

I will deal mainly with some of the points which the Hon the Chief Minister raised this morning. We on this side completely agree, he went a little bit further than this, but we completely agree that there is a net contribution to the economy from shiprepairing in the future and that

this should continue to be so. However, if the Government, or a future AACR Government or any other Government for that part, were to consider that the area could be put to better use, the land and the resources, we would completely agree. The Hon the Chief Minister well knows, Mr Speaker, that there was no alternative to commercialisation at the time. I was not a member of the Government when the decision was taken but I know from conversations with my colleagues and having followed the matter when it was discussed in this House, particularly on that 5th July, that there was no choice. In fact, I will go as far as saying that there was no choice on Appledore, they were more or less dumped on us. The Hon the Chief Minister, however, knows perfectly well that in 1984, Mr Speaker, and it is something that the Chief Minister conveniently forgets, we fought an Election precisely on that issue. We proposed commercialisation on the Appledore proposals and the GSLP fought the Election on the fact that that was doomed to failure. I think I have to explain here, Mr Speaker, what my colleague, the Hon Leader of the Opposition, was trying to say when using the words "psychosis of failure" was precisely emanating from that point. That there was an Election campaign fought on the question of commercialisation and they, the two opposing factors, because the third factor was completely alienated in that Election because of their change in stand, at least that is my view today and I think Members opposite will concur with that, there were two opposing factors, one side was saying commercialisation "yes", and the other side was saying commercialisation "no". The psychosis of failure emanates from that, in that the GSLP said that it had to fail and not perhaps of will because we had industrial action and we had the failure of the A & P Appledore Management to get it right, that is my view, but because of these two factors Members on the other side were conditioned to this failure. That, I think, is what the Hon the Leader of the Opposition was trying to say this morning. We do not want to use shiprepairing as a stick because there is no doubt that we want it to succeed. We believe that shiprepairing is part of that Port package. It is part of the Port capacity

of Gibraltar. Gibraltar for years has been deriving benefits, economical benefits and social benefits from the Port. It has been like that ever since Gibraltar has existed. Mr Speaker, now I want to turn to Mr Pilcher's contribution this morning and frankly I felt that he was very disappointing in his presentation. Perhaps one has been led, because of the media attention, to shiprepairing and the importance to the economy, that there would be a more hot debate this morning. But unfortunately Mr Pilcher was very low key this morning and contrary to when he sat on this side when he used to speak of shiprepairing he was very eloquent in those days. I sincerely hope that he will redeem himself when he exercises his right to reply. Nobody underestimates the job that Mr Pilcher has had with GSL but the accusations that have been levelled at the Opposition this morning and the justification that Mr Pilcher primarily has tried to find to justify the situation of shiprepair frankly leaves a lot to be desired and I am not minimising the situation there Mr Speaker. Undoubtedly there is a mountain to be climbed and I sincerely hope, the whole Opposition sincerely hopes, that that mountain will indeed be climbed in the future. On the question of the Joint Ventures, again, I have to repeat the stance of the Opposition on this vital issue and we have not heard sufficiently to be able to gauge what the position is. The numbers of people who will be directly, in the future, I am talking about, directly employed by shiprepair, we have no indication of numbers, nothing has been said. I have heard figures of 160, 200, this has not been confirmed by the Minister this morning. We do not know how many actual numbers are involved in the Joint Ventures? We do not have that information, let alone the financial situation, so I sincerely hope on those matters he will be able to enlighten us.

MR SPEAKER:

If no other Member wants to contribute to the debate, I will ask the mover to sum it up.

HON J E PILCHER:

Thank you, Mr Speaker. I am in a bit of quandary now because I do not know whether to continue to play it cool in my normal patient way or to start shouting because I honestly do not know what it is that the Honourable Mr Mascarenhas

wants of me. Let me start by saying, Mr Speaker, that I think that in the Honourable Mr Mascarenhas opening remarks lies, I think, the problem related to the perception of the AACR as to what it is that the GSLP is going to do. Mr Speaker, it is not a question, and the Chief Minister is now here, and I think I can talk on his behalf. It is not a question of us having decided this morning that the Honourable Peter Montegriffo should be praised and when he was in the Official Opposition that he should be criticised. From this side of the House we presented, or I presented a general Statement of what has been happening at GSL in 1988/89 and what we hope it to be in the future. Now the assessment made by Mr Montegriffo we felt was a logical assessment, not devoid of criticism because there was criticism in his contribution, but we felt was in keeping with the logical statement made from this side of the House. It is not a question, Mr Speaker, that we decided "Well in this particular case we will praise Mr Montegriffo". Mr Montegriffo will be praised when we feel he should and he will be criticised like everybody else, Mr Speaker, when we feel he should. Because as, I think, the Chief Minister mentioned we believe, whether the Opposition agree with us or not, in honest Government and what I said this morning, Mr Speaker, and which, I think, the Honourable the Chief Minister stressed, was that we are in fact reassessing our position on GSL. This is precisely the point that I was making this morning. I explained the reasons why we are reassessing. I took the House albeit in a very short way, if not we would have had to be here for a couple of days if every single move that the Company made was to be discussed here, but I think in very general terms, I took the House and I hope I took the people of Gibraltar through a series of steps which the Company took and which have led us up to February/March of last year to realise that it is not possible to run a shiprepairing operation in the way that it was being run, in labour intensive situation, and expect to earn money. That I think is the position and it is a very very clear position. It is not a question of playing it low key or a question of redeeming myself and getting all het up about it. That is the reality of the situation. I think the Honourable the Chief Minister has gone virtually through all the points raised but there are a couple of points which I think I need to stress or perhaps the Chief Minister forgot to mention them. First of all although he mentioned it, I think, I need to stress it again because I think it has come up on various occasions during the course of the debate this morning. In the 1988 Accounts which you have in front of you the Joint Venture Companies have very little effect because most of the Joint Venture Companies were in fact put in motion in December 1988. Only two of them started in November 1988 and therefore it is not a question of us not wanting to present the financial position. The Audited Accounts, as the Chief Minister has said, will not be ready until the end of this year ie until they are thirteen, fourteen or fifteen months old. It is worthless and hopeless,

Mr Speaker, to present Accounts here for a Company that has been trading for a month. I think I also need to stress the question of the revaluation of the assets which I think, was raised by the Honourable Mr Montegriffo. There are only three possible scenarios for the revaluation of assets, there is a going concern, there is the market value or the replacement value. Obviously that replacement value was far too high, I mean, most of the equipment that we have we will not be replacing. The market value which in fact is £2m less than the asset worth of the Company as stated in the Accounts, the going concern value is the value which is normally used by Companies who are trading in order to assess the value of those assets. Again although this, I think, was stressed by the Chief Minister, I felt rather surprised, particularly from the contribution of the Honourable the Leader of the Opposition, because more than anybody else, he should be aware that the Business Plan that we were talking about this morning and which is the A & P A Business Plan as amended and about which the Honourable the Chief Minister spoke, was presented to the Board by the A & P A Management in December 1987, at the same time as the redundancies were being processed in 1987. That was the Business Plan presented on the grounds that after the redundancies had happened, once you got into March, that Business Plan could be achieved and the turnover would be about £10m.

HON A J CANEPA:

Mr Speaker, if the Hon Member will give way. That Business Plan was not approved by our Government. It went to Council of Ministers and the only thing that we approved was a redundancy situation and which the Honourable Member will remember that I made a statement even though we were very close to the Election. I made a statement giving an opportunity to people to have a voluntary redundancy situation, but nothing else that was contained in the Business Plan nor in the plans which they had for restructuring and which involved pouring into the Yard many more millions of pounds, none of that we accepted and he knows that we made it public. We did not think that it was fair with the General Election that we should give them our approval.

HON J E PILCHER:

I accept that totally, Mr Speaker, but the Business Plan, I think it is the awareness of the Honourable the Leader of the Opposition that that is the Business Plan that was tabled by the A & P A and which came on the back of the redundancy process. So operationally, the Yard, the Management and the Board were saying that that was a feasible Business Plan that could be put in motion after the redundancies had been achieved. After that the Yard should not have any problems whatsoever in attaining viability under that Plan. Obviously, the AACR Government did not

put the Plan into action because of the points raised by the Honourable Member but pumped into the Yard £2m at the time, although no decision had been taken on the way forward or the way back. It was just a question of pumping back £2m to keep it alive without taking any decision whatsoever. As regards the comments made by the Honourable Mr Featherstone, most of the comments were in fact tackled by the Honourable Chief Minister. I was a bit confused however when he stood up and said that he was a shareholder of GSL. Did this happen on the 25 March or does the Honourable Mr Featherstone not accept that as from the 1 January 1985, he was a shareholder and if so, why did he not ask all those questions of the A & P Management. Perhaps if he had done so he would not have been confused by the piece of paper I handed to him this morning. Because the information on that piece of paper should have been known to him if he had bothered, as a shareholder, to ask A & P all the questions that he asked us this morning. Because the little piece of paper that I gave the House this morning is only a compilation, after a determined analysis of the Company through 1985, 1986, 1987, the period when he and his Government were responsible for the running of the Yard. Of course the difference was, as we all know, that the AACR wanted to and did keep political distance from the Yard and obviously as a result of that political distance they did not know what was happening in the Yard. As a result we have had to pay for this through 1988 and 1989, Mr Speaker. The Honourable Mr Britto, I think, totally failed to understand the comments that I have made and failed to understand the relationship between the commercial work and the MOD work. I think that at one stage he said, "obviously you cannot take that into account because if RFA work had not been done, then obviously the Company would have had more facilities to do more commercial work". Precisely, does not Mr Britto understand that the piece of paper that I presented to him this morning means as the Honourable the Chief Minister said, that for every £1m of turnover that A & P would have done through 1985, 1986, 1987, the Company would have lost £2.23m, so if in fact instead of doing £50m of commercial work given this year's rate of £9m, it had done £30m, it would not have lost £20m, it would have lost £40m. Because that is the ratio which is the purpose of the exercise of the Accounts. That was the purpose of establishing what was the real loss element of commercial work. I now come back to the various points and if I do miss any out I hope Honourable Members will point it out. I think the Honourable the Leader of the Opposition spoke about the situation, again turning to the piece of paper, and about the Accounts that it was not up to the other Members of the House in 1985, 1986, 1987, who were not here to understand these things. I accept that Mr Speaker, but he was a Member of the House and he was a Member of the Government and he was to a point ultimately responsible to shareholders that the Honourable Mr Featherstone, today, is saying are the owners of the Yard,

the people of Gibraltar, and he mentioned, I think if I am not mistaken, the name of Michael Douglas, who is I think the son of Kirk Douglas and who starred in the film Wall Street which is all about sharks in America and what they do with Accounts etc. It is a pity that the film came out in 1989, Mr Speaker, because he should have seen it in 1984 before he gave the Management Contract to A & P and they were not American sharks, they were Pish sharks. He also mentioned procrastination by the Minister. At least, I think, that at one stage he said that. I do not need to comment about this because certainly I do not need to prove to this House whether I procrastinate or not I do all the proving that needs to be done to my employees in GSL, to the Board of GSL, to the Management of GSL and to my fellow Ministers. That is one element about this Government, not only myself, but of everybody in it that no one can point a finger and say "They do not work". When I went to Barbados there was no industrial action at GSL and perhaps that shows that I should not leave GSL because when I do there is industrial action. So perhaps that proved how important I am within that network. It proves why the network was not working before. Because nobody on the other side of the House which used to be on this side was prepared to do that. I think one of the points raised by the Honourable the Leader of the Opposition which I think was a valid point was when he mentioned the final phase and he wanted to be clear what I meant by the final phase. What I meant by the final phase was having taken a decision to reduce the Yard in manpower and to reduce the Yard in its physical size, it is a final phase because it is the only phase left. What we are now doing, as far as GSL is concerned, Mr Speaker, is we have reduced the size of the workforce, we have reduced the physical size of the Yard and we still need a couple of months to put things into stream as far as the physical layout is concerned but it is, as the Chief Minister has said, to work through the next six months and to see whether we are able to arrive at viability with the amount of workforce that we have and with the physical space that we have. If we do not then we will have to keep reducing down to zero if necessary, Mr Speaker. That is why this is the final phase because there will be no other phase after this one. We will continue to look at the viability of the Yard with the existing numbers, with the existing structure and see whether it is possible to arrive at economic viability, as explained by the Chief Minister, or commercial viability. It is not a question of saying "Well in three months time we are going to do another exercise". It is a question of seeing how we can tally the amount of people that we need to employ with the overheads of the Company and with the work that we attract and we have to match them. If we do not match them then we will see a smaller and smaller and smaller operation until we get down to zero. I think another question that he asked was what will be happening to Dock No.3 and the Wharfage Berthing space left over. No decision has been taken by Government on this and I expect that it will

go to marine related use but at the end of the day I think the basis of the analysis which the Government has to do was in fact mentioned a moment ago by the Honourable Mr Mascarenhas who said that he did not have any quarrel with looking at what was best for Gibraltar and what was best for Gibraltar would then be something that he could support and I think that is basically the position of the Government with the added basis, which I think I mentioned this morning that we believe that the Port is an important package for Gibraltar. We would therefore like to be able to use that No.3 Dock and the area of Berthing for marine related activities. But at the end of the day it will be a question of what is better for Gibraltar and for its economy. The Honourable Mr Canepa also mentioned whether we were sure about the number of employees and as we reduce the number of employees whether we were sure we could be operationally viable? This is the study that has been undergone by the Company and I assure the Honourable Member opposite that the reduction in the number of workers that we have had over the last two to three months enables us to continue to run the Yard operationally. Again with the underline theme that it has to be less amount of work because we cannot cope with the amount of work as provided for in the previous Business Plan and certainly we expect it to be more balanced and more related to expertise, rather than to labour intensive activities. I think one of the points again which highlights, and I do not want this to sound as if I am trying to use this motion to hit at the previous Government, but it is sad to hear the Honourable the Leader of the Opposition saying why have we not given an explanation on the reason why Richard McCarthy had resigned from the Board. Does not the Honourable Member know, I am sure he does, that Richard McCarthy was a Member of the Board by virtue of the fact that he was Convenor of the Yard and when the Yard decided to remove him as a Convenor, he automatically resigned from the Board and the new Convenors were appointed to the Board. Let me just explain, for accuracy Mr Speaker, that what the Board did when Mr McCarthy left was rather than appoint a Director in his place, what the Trade Union Movement decided was that they would have the three convenors of the Yard, the ACTSS convenor, the IPCS now IPMS convenor and the T&GWU convenor on the Board. However not as Directors, they would be there just as observers with every single right except voting rights. That is the way that they wanted it and that is why Richard McCarthy's resignation was not, at the same time, accompanied by the appointment of a new Director. The other reason, because there is nothing to hide Mr Speaker, the other resignation if I am not mistaken was the resignation in 1988 of Mr John Bassadone from the Board and the appointment of Mr Otilio Viales. This was requested by Mr Bassadone because he felt that there was a vested interest in the business that he had with GSL and he felt he was in an awkward situation within the Board of GSL when he had to declare a vested interest. This happened on various occasions and he felt that it was better

if he were not to be a Member of the Board. He resigned and the Board accepted his resignation and then Mr Otilio Viales was appointed. I do not know if that was in 1988 or 1989. Another question was the matter of the loans by the JVs to GSL. All those loans will be repaid by the end of the year, by the 31 December 1989. So the comment that the Principal Auditor made was made in the knowledge that that would happen by the 31 December 1989. It is the intention, Mr Speaker, of the Government to clear the books and to start the GSL operation on the 1 January 1990 without any strings attached to shiprepairing. Hence the fact that GSL is remaining as an independent entity and will work as an independent entity. I think another question was the question of the dead stock, Mr Speaker. The Honourable the Leader of the Opposition asked why it was that a decision had been taken on the dead stock in late 1988 and he had not seen anything at all related to the selling of those stocks. The decision was taken late in 1988 before they approved it and the dead stock was in fact agreed on. There was then a full exercise done by the Company to establish every single element within that dead stock. That dead stock was isolated and the Board subsequently decided that the best way to dispose of that stock was to sell it as and when enquiries came through. We felt, as we still feel, that to put this out to tender would in fact not attract the amount of money that we wanted if bought in bulk. There are still a lot of enquiries coming in for special elements within that dead stock and we will eventually have to go to tender once we have established that there are no more requirements for specific elements within that dead stock. But at the moment we are still getting a lot of enquiries and we feel that it is better if there is more money to be obtained that way, than if we put the stock for sale in bulk. I do not think, Mr Speaker, that I have left any question unanswered. It is not a question, as I have said when I started Mr Speaker, of us coming here and saying, or giving excuses, for why it is that GSL was making losses last year. That has not been the purpose of this exercise. The purpose of this exercise is to come here and explain to the House why it was that in March/April last year we felt that the operation as we had deemed it possible to run was unsustainable and therefore, Mr Speaker, we have had to reassess the situation. We have reassessed through 1989, the losses which is a point perhaps that I have left out. The losses through the first six months of 1989 were the same, taking into account the monthly losses, so we are talking about the same monthly losses from January to June 1989, and then we are talking about losses at this stage not very easily identified because, as I explained in my initial contribution, from about June to the 1st week in December the whole operation was on a virtual hold pending the restructuring, pending the redundancies, pending the re-deployment and therefore we felt that that holdback of the situation would mean perhaps a loss of another £2m, but at this stage we are not able to identify that totally. We will be in a position to do so once the Accounts of GSL

for 1989 have been audited. But we feel that given the levels of losses over the last months of 1988, and the sustaining of those losses through early 1989, we are talking about another £3m for the first six months and at least another £2m for the six months when the whole operation was on hold pending this restructuring and pending the reducing of both physical and labour resources. Because, as I have mentioned, it is not a question of saying "I stop today and I start tomorrow". The shiprepair market is a market where you have to be very careful and therefore it has taken some time to do all that was needed without creating any major problems in the market. I think the proof of that, as I said in my contribution, is that once we input into the market again, and we are now activating and we have work already through December, through January and into February.

HON LT COL E M BRITTO:

If the Minister would give way. Mr Speaker, Mr Pilcher said two minutes ago whether there were any questions that he had left unanswered, I did ask a specific question whether he would confirm or deny that it was the intention of Government to purchase the shares held by GSL in the Joint Venture Companies and I wonder whether he can answer that?

HON J E PILCHER:

Yes Mr Speaker, I can confirm that at this stage as GSL is releasing the shares of the Joint Venture Companies and since GSL is 100% owned by Government and since the Joint Ventures are 50% in most cases 50% owned by Government, and 50% owned by GSL, in the separation of GSL, initially it makes sense to release those 50% shares back to the Government who is the 100% owner of GSL. So at this stage it is and that is what has been happening over the last couple of weeks and the next couple of weeks is to release.....

HON G MASCARENHAS:

You cannot have any more Joint Ventures?

HON J E PILCHER:

No, it is single Ventures.

HON A J CANEPA:

The charter flights are all being cancelled.

HON J E PILCHER:

No, there are still some Joint Ventures in the pipeline.

HON J C PEREZ:

We can put them in the market, anyway.

HON J E PILCHER:

To end Mr Speaker, I have to refer back to the closing statement made by Mr Mascarenhas, that in 1984 an election was fought. He is right, an election was fought on the grounds that the people of Gibraltar's only course of action was to accept the A & P Appledore proposals. We did not accept, at the time, that that was the only way forward for Gibraltar and if you remember before 1984, I am now referring back to the times of the famous Steering Committee, the Government Steering Committee, to look at the commercialisation of the Naval Dockyard when the GSLP at that stage had the Honourable, the now Chief Minister, as its only Member, withdrew from the Committee in 1983 because we knew at that stage that it was a big farce and it was a situation in which the AACR was being drawn in by the British Government and we did not want any part of it. We said this in 1984 and today unfortunately, and it does not give me any advantage in saying so, but today I think everybody has realised, not only the Members opposite, but the whole of the people of Gibraltar, that that decision in 1984 was the wrong one. And what was deemed to be the only way out for the AACR is what we were left in 1988 and that is holding the baby.

HON G MASCARENHAS:

If the Hon Member will give way. Mr Speaker, there was an election in 1984 and we were voted in. Basically by explaining the psychosis of failure I was trying to explain that we had on one side the GSLP saying that it was doomed to fail and on the other side the AACR saying that that was the way forward. An Election was fought on that and we won.

HON J E PILCHER:

But, Mr Speaker, I want to try and take The Honourable Mr Mascarenhas back to 1984, not because I want to say to him "I told you so", and obviously with the benefit of hindsight, that is easily acceptable, but if Mr Mascarenhas would cast his mind back to 1984 when we went to an election saying that the £28m should be used for Gibraltar and that part of that money could be put into a smaller and more reduced operation with other activities being funded with part of the £28m. This is what we are going to have to do today, after A & P spent the £28m plus another £4.5m, because by the time we came in, A & P Appledore had spent £32.5m. I am not for a moment saying "I told you so". What I am saying is that, unfortunately, today if the people of Gibraltar and if the AACR had taken our advice in 1984, we would not be in this situation today.

HON G MASCARENHAS:

If the Hon Member will give way. I was not a Member of the Government at the time but I was a Member of the Executive

and I was involved and I knew what was going on and the situation facing Gibraltar was very simple. There were 1,100 employees in the MOD Dockyard and the alternative that the Honourable Members opposite were exposing, at the time, was a much smaller Yard which would have led to unemployment. The AACR were not prepared to support that because we wanted the highest labour intensive alternative possible, at the time.

HON J E PILCHER:

Mr Speaker, unfortunately perhaps we can all redeem ourselves and start arguing again. The Honourable Member opposite does not know what he is talking about, because they got it wrong there as well, I mean, we were saying quite clearly "all that Gibraltar needs is a reduced operation therefore use part of that money for shiprepairing and use the rest of the money for diversification to create more jobs". In any case we were saying at the time that the package that the AACR was looking at and the scenario that the AACR was painting was the wrong scenario, and we were right because.....

HON A J CANEPA:

Mr Speaker, if the Hon Member will give way.

HON J E PILCHER:

No, Mr Speaker, let me finish the point way. What I was saying was that the Honourable Members opposite had assumed that when the Dockyard closed we were going to have mass unemployment and we had to find employment for 1,100 people and that was again wrong. Because when Her Majesty's Dockyard closed down and A & P started in order to come up to a workforce of 800 they had to import about 400 workers from Portugal and Spain. So they were wrong there as well. When we came in on the 25 March, we did not have the £32.5m and we did not have 1,100 Gibraltarians workers. We had 400 Gibraltarian workers. The rest of the money had been pumped in for A & P to produce work for 400 or 500 expatriate workers from UK, Portugal and Spain. So on both counts they got it wrong. They got it wrong on the scale of the operation and they got it wrong because they assumed that the closure of the Naval Dockyard was going to create mass unemployment, which it did not. And in 1984, we were arguing those two points.

HON A J CANEPA:

Mr Speaker, if the Hon Member will give way. The position that we were in in mid 1983 and let us remember that the Dockyard agreement was concluded in mid 1983 and that there was a period from November 1981 to 1982 and the first half of 1983 of considerable study, was that there was no question of the British Government giving us one penny for

diversification. It was only at a very late stage, close in March or April 1983, that the British Government took the decision to accept a commercial Yard and not a grant aided situation which was what the British Treasury was advising the Government to do. They were being told "Do not put £28m or £30m into Gibraltar for the shiprepair yard or for anything". A grant aided situation is what the Treasury advised and we were not having that. There was no question therefore of saying "Give us £14m or £15m for a reduced scale operation in the Yard and give us the balance for diversification". It was a non-starter because the money would not have been there. The British Government was not prepared to negotiate that sort of a deal. Now, we had to consider that against those realities and against the fact that we had a pedestrianised opening of the frontier which was bleeding the economy. The economy had not been bled when the frontier was fully closed but the partial opening of the frontier was leading to a deteriorating financial position for Gibraltar and for the Private Sector in Gibraltar. So not only were we looking to employ everyone at MOD and at the time there were not 400 there were 700. It was as a result of the voluntary redundancies which came in subsequently to the Dockyard Agreement that the figure came down to 400. So prior to that we were talking of about 800 workers and in fact the A & P operation was supposed to build up to 1,250, and in a situation where we had a partial opening of the frontier, and economic problems that were multiplying we welcomed the opportunity of having 1,250 people employed because other people in Gibraltar who would otherwise have gone on the market of unemployment could be soaked up there. That is the position. The frontier then opened and everything is now history, but that was the situation in late 1982/1983 and those were the realities that we were facing and because the Government is the exercise of limited options we had to take a decision on that option.

HON J E PILCHER:

I am glad that the Honourable Member believes that Government is the exercise of limited options. Unfortunately, that is not the way that it was explained either to the electorate or to ourselves at the time. I remember, and I respect the Honourable Member opposite because I am sure that he is voicing his own impression at the time, and I am not for one moment saying that that is not correct. In fact, I remember when we were discussing these things in this House and the Honourable Member opposite was perhaps the only vociferous person within the AACR. I however remember the then Leader of the AACR, saying in television, in public, that this was the best option for Gibraltar and he said this of Gibraltar Shiprepair Limited and he went further and said that provided that there were ships from Her Majesty's Navy then the Shipyard would never have to close. In 1984 he went further and during the Election it was said that not only was this the best way forward but that shiprepairing would become a pillar of the economy of

Gibraltar. He said the same for the Naval Dockyard and he said the same for the pensions and he said the same subsequently on the Anglo Spanish Agreement on the Airport. The pensions question we have been able to wrap up and GSL, I assure you, will not take that long for us to resolve and eventually we will move on the Anglo-Spanish Agreement and we will eventually be rid of all the problems that we have inherited from the previous AACR Government Mr Speaker. I think the only thing left to say, Mr Speaker, is that I honestly think that everything possible is being done to try and create a system where shiprepairing would be an integral part of the package offered by the Port of Gibraltar, and I think the Honourable Mr Mascarenhas himself said the Port of Gibraltar, the package that we offer is bunkering, ships registry, crew changes, shiprepairing. I mean it is a very comprehensive package and are not offered in many other places in the world and it is one of our strong points and one which we, as a Government, must try to maintain. We will however not do that at the expense of other areas which the Chief Minister mentioned such as housing. We are not here to try and keep that package going just because we feel that it has to be kept going if it is losing money and it is not paying its own way in the economy. I think with what we have done, by reassessing the position, we are going to try and do now what we were advising the AACR to do in 1984 and that is to try a reduced operation and try an operation which would not be as labour intensive and I hope we can succeed. If not we will be back here in six months time or seven or eight or nine or ten with our usual honesty and say that it is not possible. But we will not, Mr Speaker, keep political distance from the Yard in the hope that the problem will disappear because it did not disappear in 1985 or in 1986 or in 1987. So the only way is to face the problem and if that means, Mr Speaker, having political difficulties from time to time, well so be it. I am quite prepared to do that provided that at the end of the day it is our problem and we have to solve it. Thank you Mr Speaker.

The House noted the Accounts of Gibraltar Shiprepair Limited for the year ended 31st December 1988.

PRIVATE MEMBERS' MOTION

HON LT-COL E M BRITTO:

Mr Speaker, I have the honour to move the motion standing in my name which reads: "This House considers that Gibraltar's housing problem can best be alleviated by active promotion and implementation by Government of Home-Ownership."

Mr Speaker, the motion states a reality and then arrives at a conclusion. The reality is that Gibraltar has a housing problem and the conclusion to that problem is that it can

be alleviated by increasing the level of home-ownership. Although I do not expect either of these proposals to be controversial, I also have no doubt that there will be disagreement on the best way of achieving the desired increase in the number of Gibraltarians owning and occupying their own homes. In trying to find solutions to any problems, it is invariably a worthwhile exercise to go back to the root of the problem and to analyse the original cause. The start of the build-up to today's housing difficulties can be traced back to the years immediately after the second world war. At that stage the Colonial Government had done very little to house Gibraltarians and when the evacuees started returning the only public housing available was Harrington Building. Whatever other housing was available was all privately owned. By December 1945, over 12,000 Gibraltarians had returned home, but it is not always remembered that it was the shortage of housing that delayed the return of the last parties of evacuees as late as 1951. This period coincides with the emergence of the AACR as a political force. The Party had been established by Alberto Risso and others in 1942. Then headed by Joshua Hassan, it won all the elected seats in the first ever City Council elections in 1945 and the ruling majority in the first ever Legislative Council Elections in 1950. As the major political force of the day, the AACR spearheaded the post war effort to improve Gibraltar's housing needs. Initially great efforts had to be made to provide temporary accommodation in Nissen Hut camps which were built wherever there was an empty space. At the beginning shortages of building materials, which persisted for some time after the war, slowed down permanent buildings but the first major post war estate of 472 flats was built by the AACR at the Alameda and is still popularly known as Humphries. By 1969, when Spain closed the land frontier, over 2,250 flats had been built and over 350 others were under construction. These included such major AACR housing projects as Glacis, Laguna and Moorish Castle Estates and others, more minor ones, such as Shorthorn Farm, Vineyard, Coelho Buildings and others in the South district. In retrospect, Mr Speaker, it is clear that the closing of the land frontier by Spain on the 22 June 1969 and its consequent but relentlessly increasing adverse effect on the Gibraltar economy was one of the major factors contributing to the drastic slowing down of the post war housing building programme. Although with the help of ODA funds the IWBP initiated Varyl Begg Estate which was completed by the AACR in the mid 1970s. This was to become the last substantial grant of British Government aid for housing purposes. The loss of financial support from Her Majesty's Government for new housing as well as the economic drain caused by the unilateral pedestrian opening of the frontier by Spain can be said to have been the two other major contributing factors to the deterioration in Gibraltar's housing problem to its present level. It has been said that in the period June 1969 to February 1985, these three major factors made Gibraltar's economy gradually stagnate, although it did not actually fail. It is an inescapable fact that during a very demanding period successive AACR Governments had to weigh

up priorities very carefully when facing difficult decisions in meeting Gibraltar's short term social and infrastructural needs such as health services, education and the municipal services in addition to having to find funds to meet the expense of long term development such as new housing. In the changing situation brought about by the opening of the frontier and the consequent increase in financial confidence in Gibraltar by potential investors, the last AACR Government had the forward vision to realise that the new way to tackle the housing problem was to encourage building by private developers and to promote the concept of home-ownership. As a consequence of this new policy initiated in the early 1980s, we have seen the birth of housing developments negotiated by the AACR and financed by private funds and intended for homeownership. These have included Vineyards, North View Terrace, Brympton and the Montagu Basin development, now known as Phase I of the Westside development. Apart from other smaller schemes under the redevelopment of old Crown Properties by tender. The AACR were clearly committed to homeownership since well before 1988. The present Government, although their Election Manifesto was silent on the matter, have since made public statements which show that they also see home-ownership as the way forward in the 1990s. With such a consensus it is obviously not a question of "if", but rather a question of "how" more Gibraltarians can be encouraged to purchase their own homes and in so doing leave vacant their present rented accommodation to be occupied by persons on the Housing Waiting List or by people who are not able financially to buy their own homes. Mr Speaker, housing in Gibraltar can be broadly divided into three sectors. Government rented accommodation, rented accommodation owned by private landlords and owner-occupied accommodation. This last one is the newly emerging concept of home-ownership. The problem quite clearly is how to encourage or, should I say, induce those in rented Government and private accommodation, who can afford to do so, to purchase and occupy a new home and to vacate premises which can then be used to alleviate the housing situation. The recently announced £10,000 tax-free allowance which is an extension of the £2,000 allowance given by the previous Government goes some way towards this, but we do not feel it goes far enough. Before we consider more ways of encouraging all tenants of rented accommodation let us look more closely at Private Sector housing. In the first instance we consider that Government should do much more to encourage tenants of privately owned accommodation to buy their own homes. A very large part of the Private Sector housing is rent controlled and because of the relatively low rents of such premises in comparison to Government rent, many owners of such private properties find it financially not viable to adequately maintain precisely those properties which most need to be repaired and locked after. Of course the tenants of such rent controlled properties benefit from the low rent but they also suffer the consequences of living in ever worsening conditions. In any case, few can see any financial sense in accepting a much greater liability of a mortgage as long as they can

carry on paying such relatively low rents. Let me be quite clear, Mr Speaker, that we are not asking for general increases in rent for Private Sector tenants. The answer lies in finding a formula under which the following can be achieved. Firstly, that the present tenant receives sufficient inducement to give up his rent controlled home and leave the owner with vacant possession. Secondly, that the private property owner accepts the liability to accommodate another Gibraltarian family from the Housing List. And, thirdly, that a specified minimum level of repairs is carried out. Such a formula, Mr Speaker, would have the obvious advantages of reducing the Housing Waiting List and at the same time helping to improve the bad state of many pre-war buildings, but its greatest advantage is that it allows Government to accommodate a family on the Waiting List at a fraction of what it would cost if it had to build the equivalent as new accommodation. Mr Speaker, we have worked out a formula to achieve this and once we are back in Government we will implement it to encourage home-ownership. It is a plan that will protect the interests and be of advantage to all three parties concerned. The original tenant seeking to buy his new home, the owner of the private property and the new tenant seeking rented accommodation. It will also achieve adequate repairs and improvements to pre-war properties. Finally Mr Speaker, let us look more closely at some of the ways that Government can help to encourage occupants of not just the Private Sector, but also of Government housing to buy and occupy their own homes. But before doing so I would stress that we are not saying that all the ideas that follow should or even could be applied at the same time. The danger of being over-generous must be avoided as this could mean that better off persons could reap excess benefits at the expense of public funds. Firstly, we think that an independent home-ownership advisory unit should be established, and I say established, Mr Speaker, to make it quite clear, I am not saying that the home-ownership unit that existed and which has existed mainly for market ing purposes should be re-established. We are talking about a unit that should be independent of developers, builders, of the financial institutions involved in house purchasing and should ideally be Government sponsored or part of the Housing Department. The Advisory Unit should exist in order to give prospective buyers and even actual buyers as much information as possible which is a need, from the information that I have, that has been sadly lacking at the moment. Secondly, is the inducement to leave vacant possession. I have already talked in detail about this inducement in the Private Sector, but we think that the plan would need to be modified to include the public sector housing because, again, on present trends, we do not think that enough home buyers tend to leave an empty home when they go on to purchase a new property. Thirdly, is consideration to the working wives of the home buying couple. Now Mr Speaker, most couples purchasing their homes find it is essential for both partners to work to be able to afford the mortgage repayments. We have identified a number of ways of easing the special needs of such working couples and in particular the wives of those

couples with young children. Fourthly, is the question of Banks and Building Societies, especially those UK based and we feel that ways have to be found of convincing these institutions to keep their mortgage lending rates UK linked. We find that it is not acceptable for some of these institutions to pay the same interest on deposits as they do in the UK whereas they charge higher rates on their lending. My fifth idea is not a new one, Mr Speaker. It is the exemption of Stamp Duty for first time buyers and this indeed was a commitment in our election manifesto. The point, and I will not elaborate on it Mr Speaker, is that for the Government the revenue collected from an individual when he is buying his home is relatively insignificant whilst for the home purchaser it represents a considerable outlet at a time when he has a large number of other expenses. My sixth point is a Government rent subsidy. We know that at present the Government has a system of channelling, as a Government tenant, rent to the developer as a subsidy over the 15 months period leading up to the purchase of the house. This must be studied so that it can be extended to private sector tenants and also whether it can continue until the completion date of the building and not just for a specified minimum period of fifteen months. Seventh on my list is the question of a Builder's guarantee and we understand it is the increasing practice in UK that builders of new properties should be required to guarantee the quality of the completed building and to have some responsibility for correcting defects which become apparent within a specified period. For example, water penetration. Point number eight is the matter of re-sale restrictions and although we agree and stress that speculation must be avoided at all costs, in curtailing such restrictions, we also feel that there should a degree of flexibility on this restriction to allow resale in genuine cases, for example, in the case of a family increasing and outgrowing its home or for health reasons. Finally, Mr Speaker, on the question of rate relief we feel that the 10% discount on rates which the present Government abolished could be re-introduced. Thank you Mr Speaker, I commend the motion to the House.

Mr Speaker proposed the question on the terms of the motion moved by the Honourable Lt-Col E M Britto.

HON CHIEF MINISTER:

Well Mr Speaker, the Minister for Housing will be answering on this motion what the policy of the Government is. We want to know if there is anything else that should be taken into account, if there is not then he will answer.

HON P C MONTEGRIFFO:

Mr Speaker, if the Government has something to say, I will wait, but if the Government is only going to reply to the Member I will have my say now certainly on the basis that the Minister can reply. Mr Speaker, in welcoming the motion,

I am a little surprised at the history of the situation as has been explained by Mr Britto, because I see the question of home-ownership as a much more forward looking concept and it may be of interest generally to analyse the problem that we have in terms of housing. I think that in looking at solving the present problem we have the need to create solutions for the future with very little lessons, I think, from the past. I say so little because as a percentage, home-ownership in Gibraltar in terms of the population is a third world country and therefore what success we might have in the course of the next few years as we build up starts from a very low base. Therefore as a result of a very low base and we start from a wholly different attitude and with a wholly unaccustomed population to the concept of home-ownership and hence the need for those special privileges for home-ownership over and above what other West European nations would normally give. To some extent those that already exist in Gibraltar should be looked at and thought given to what extent it should be extended I think, personally, that there is a case for further assistance for home-ownership because in order to move from that low base we are going to have to require something much more dramatic. The Government has a commitment to build five hundred low cost housing and I want to make clear, and I have pressed the Government in the past, that once that commitment is given that commitment should be maintained, but I want to make clear that as far as I am concerned, as far as the Gibraltar Social Democrats are concerned, we are not talking of building five hundred houses and end up with five hundred houses which will be straight Government tenant accommodation as in the past. I think it is important to speak frankly and if the Government is saying as it has said "we will build five hundred houses for renting", well that may be the Government's view but I believe that the time has come to put that type of scenario, that type of analysis to one side and to recognise that home-ownership as at present envisaged although it has limitations will allow people to take a stake in Gibraltar. A stake in their home. It is clear already that the combination of high interest rates and high prices generally will always mean that there is going to be a group of people who cannot buy, even of the type under the sponsored schemes that are available. That being the case, a lot of what the Honourable Member on my right here has said really are additions and although I welcome his ideas and I think they may be the basis of discussion they are largely ideas to enhance that category of home-ownership. Those persons, this category of persons who are young working wives and who need that extra help of a working wife to make their Westside or Brympton flat a possibility require that we go one step further, and certainly my view is that, they need facilities like soft loans which does not exist now. Soft loans is not an unusual concept and it is utilised, certainly, in other countries of Europe. Clearly there would have to be a lot of thought given to how such a loan system would work but let it be clear that as a matter of principle, it must be preferable for a family even on a low income to have a stake in buying

something on a soft loan basis so that at the end of 25 years they are going to be owners of a property. This will allow Government to relinquish their maintenance responsibility which end up being a terrible burden. This third category who do not fall into the category we have previously discussed, because it must be preferable to the alternative of giving unreasonable hope to people who cannot now buy by saying "eventually there will be flats for rental". Even if that was a possibility, I do not think it is good for Gibraltar. I think the link between, and I think this is something again that the Social Democrats will argue, the link between home-ownership and our pride and our commitment to Gibraltar is nowhere stronger as an argument that here in Gibraltar itself because of the peculiar threats that we suffer from. And therefore as a matter of policy, every single Gibraltarian that can own a flat, with all the assistance the Government can give, must be truly a top priority of any administration. I do not mean it just as a political gimmick but because as far as I am concerned I do not like the idea of building flats for renting. I say that because I want to give people, particularly young ones, all the help they require to own their flat since that would strengthen their commitment to Gibraltar. In that respect if we can elaborate on the ideas that Col Britto has mentioned about helping working wives stay in work by offering them facilities such as help for their children and that is an area that I would like to see perhaps greater emphasis on. But we must really, I think, make an effort not just to tinker with the present system and say "we scrap Stamp Duty for first time buyers or we introduce the rates rebate again", but really consider whether there is a way and I recognise the difficulties of introducing a third category of soft loans for people who will not be able now to make use of present commercial facilities for lending, but really look at a substitute for the alternative of building flats simply for renting which, I think, does nobody any favours. It does not do the average Gibraltarian any favours and it does not do the Government of the day any favours, or any other Government in the future, because it saddles us with a bill that Gibraltar then finds difficult to pay. Therefore I welcome the motion, Mr Speaker, but I welcome it in the context of an attempt to argue at this early stage in formulating our policy on home-ownership to make clear that the way that I would like to see this is that when we have sometimes paid lip service to every Gibraltarian owning his home, that that should become a reality by making it effectively the option which would be made a reality by introducing a possibility for that third category. We will look at it not only as the best way, but effectively almost as the only way, subject to some extreme cases for which there must always be recourse, and in which case the simple vacation of Government flats makes sense to provide a pool from which to alleviate that type of case. I would like to see this as the only way, not as a matter of cohesion, but as a matter of principle, because once we get our people paying for a flat in Gibraltar for a dwelling here, then that is going to invigorate them, it is going to give them

a commitment and a stake, which I do not doubt they have already, but which I think would be enhanced considerably. Thank you.

HON J L BALDACHINO:

Mr Speaker, before I start my contribution, I must say that it must be the Honourable Mr Montegriffo's day, because I agree more with what he has said than what the AACR Opposition spokesman on Housing has said.

HON P C MONTEGRIFFO:

Would the Hon Minister like to join my party?

HON J L BALDACHINO:

Mr Speaker, I think it would be better if he crossed over and joined us! I do not want to go into details, Mr Speaker, on the initial part of what the Honourable Mr Britto has said because what he has done is justify AACR policy and try to explain why the AACR did not build any houses from 1984 to 1988 ie the period that I have been a Member of this House. I would however like to clarify certain points that he has made. In 1964 during the Leg Co period of this House, the Honourable Sir Joshua, who was Mayor at the time, and Mrs Ellicott, had said that the housing problem in Gibraltar required the Building of one hundred flats. Therefore to go back, Mr Speaker, does not serve any useful purpose because what we are trying to do, and what the Government is trying to do, is to find a solution to the housing problem since we have taken office. Let me say Mr Speaker, that we have really lost out on home-ownership. Home-ownership should have been started when parity was agreed in 1978. Because Mr Speaker, prior to parity, people's wages were so low that the acceptable thing was to share a flat. It was after 1978 that people had more money in their pockets and therefore they wanted to become more independent, especially the younger generation. Let me also say, Mr Speaker, that the Honourable Member in defending the motion and I am talking about Col Britto, appears to think that it was the AACR who had discovered home-ownership. However, Mr Speaker, home-ownership in Western Europe has been going on for years, probably before the formation of the AACR in Gibraltar. So really, Mr Speaker, when the Honourable Member speaks about home-ownership, let us make it clear and I want it on record, that it was a concept that was brought forward by private developers and it was done because they saw that there was a market for it and it would have happened whether the AACR had been in Government, the GSD had been in Government, the IWBP had been in Government or the GSLP had been in Government. It would still have developed. On the question of Brympton, Mr Speaker, let me tell the Honourable Member, because he has mentioned it as if it was something that the AACR did, that when we came into Government, I had to re-negotiate the Agreement because the previous Agreement was exactly the same Agreement that

had been agreed for Vineyards. And let me tell the Honourable Member that when Vineyards was brought to this House by the AACR in 1984 or 1985 I welcomed it because we thought that to build houses and for people to be given the opportunity of home-ownership especially for those on the Housing Waiting List was a good thing. We however had reservations and I used the word "reservation" before the then Honourable Chief Minister, Sir Joshua Hassan, did when he went and negotiated something in the United Kingdom, and it has proved to be correct. Also in 1986 or 1987 I brought to the attention of the then Honourable Members on this side that there were some things in the Agreement they entered into with the developers that did not favour the purchasers, and at that stage, I think, it was the Honourable Leader of the Opposition who then corrected many of those things. This Mr Speaker, I hope will not happen with Brympton and Westside because in the re-negotiation there are certain safeguards for the people who are buying there. In other words the price of the houses that they have now signed will not be increased and that in itself, Mr Speaker, gives confidence to people to buy. Also Mr Speaker, the Management Company for the two projects has already been set up and are discussing matters at the same table with the developers and a representative of the Government, on my behalf, so therefore if there is any conflict of interest, which obviously there will always be, it can be tackled there and then and not have the problems we had at Vineyards with Press Releases from one side to another. Because at Vineyards all that there was was just an Association. So the purchasers are involved from the very start in how the project is being carried out, in other words, they can now visit the site whenever they want and if they see something is not being done correctly they can now bring it to the Management Company and discuss the matter. That in itself, Mr Speaker, is a base, because it creates the confidence for people to buy. The £10,000 Mr Speaker which the Honourable Member says is just an extension to what they had and let me say that it is a very big extension because it is five times more than what they had, but I suspect Mr Speaker, that what the Honourable Member will still say that we have not gone far enough. I do not know how far they went then, because if ours is five times more than theirs, and not only that, Mr Speaker but it is completely different to what they had. It is completely different in essence because it is so flexible and there are more people who can apply. For example, people who apply for small plots of land and who would then release Government accommodation could not apply for the £2,000. Now under our system they can now apply for the £10,000. I do not know why they had to be excluded if they were also going to become home-owners as well. Not only that Mr Speaker, the £10,000 can either be claimed by one of the spouses or be divided between them, 50/50 and if they are friends, each can claim an equal portion or whatever they are paying for the flat. It even goes further, Mr Speaker, because you can claim whenever it best suits the individual, obviously young couples, who have to pay a deposit and then 1% for the fifteen months means that

they will claim immediately because before there was no allowance and once they move into the flat they would have the normal allowance on the mortgage. We even went further Mr Speaker because I remember when the Honourable Member brought the £2,000, I think they even excluded the people who had bought in Vineyards and I brought this to their attention, of the then administration, saying that they had been the pioneers and they were being kept out from claiming. We have gone back, Mr Speaker, back to July 1988 because that was our first Financial Year and therefore people who bought in Vineyards and are now paying their mortgage can also enjoy the £10,000 the same as somebody who bought in the Watergardens or in North View Terrace or any of the other places. Therefore to say that what we have done is an extension of what they had, Mr Speaker, is going a bit too far, what we have done is gone right into every detail and we have tried to cover as much as possible to be as flexible as possible and to give the advantage, the most advantage, to the people who are buying. And let me tell the Honourable Member that a lot of people have seen this as a great relief. The Hon Member also mentioned, although I was not too clear exactly what he meant, but I think it was "why don't give people who are going to release Government-rented accommodation rent free allowance until the period when they move into their own houses". The answer, Mr Speaker, is very simple we are giving them 15 months rent relief because they are paying 1% for 15 months and then they do not start paying until they move into the flat. It is normal, Mr Speaker, that people should pay rent if they are not paying for something else. I think this policy is totally logical and that is why we have not extended it. The Honourable Member opposite also mentioned the restrictions placed on re-sale and that certain people should be entitled to sell. Well, Mr Speaker, people are entitled to sell at Brympton and Westside but with a 7% increase. What we do not want to have is the speculation. That is something that the Government will not tolerate but people who suffer hardship will be able to sell with conditions. This is something which must be done very carefully so that there are no loopholes. The conditions that apply are that they will have to hand the flat to Government and Government will find them a buyer with a 7% increase per year on the price paid. Also, Mr Speaker, it should be realised that we are a third country as far as housing is concerned and I will try my utmost as long as I am the Minister with responsibility for Housing to see that conditions and opportunities improve. It is also true, Mr Speaker, that whatever we give to improve home-ownership there will always be people who will not be able to afford purchasing their own home. It is also a fact that Government is the largest landlord. It has 5,000 flats and it is also a fact that there are people living in those heavily subsidised flats who can afford to buy and I do not know despite whatever incentives we offer them if those persons are prepared to move. After all they are only paying about £20 odd a month for a 3 RKB. So in fact, Mr Speaker, in

some cases it does not matter how much allowances we give. It must also be realised, Mr Speaker, that home-ownership is not something that can be tackled in isolation because the position of the Government's economic resources must also be taken into account. The Government's present housing stock must be maintained and it costs the Government £2million to subsidise Government rented accommodation. Now if those £2million were not paid on housing subsidy then the Government could use it for home-ownership. There are still, Mr Speaker, persons living in very poor conditions and in sub-standard conditions because there are still flats in Gibraltar without toilets or running water. All these problems must be re-addressed and it all forms part of a Housing Policy. The Hon Member said that the Private Sector could help, well I agree with him in that but let me remind him of one thing, Mr Speaker. Not everybody who lives in a pre-war controlled dwelling in the Private Sector pays a very low rent. Because all the young couples presently getting married are probably paying more for that accommodation than if they were living in a Government rented flat. Therefore, Mr Speaker, if he is using that argument of low rents as an excuse for landlords in the Private Sector not repairing their flats then that is no excuse. I agree that there are some that pay a very low rent and that because of these low rents their landlords cannot repair their flats is completely incorrect. Because there are landlords who have an agreement under Section 15 and those can afford to fix their flats. When the Hon Member said that not many people would give up their rented accommodation and buy, well I will give the Hon Member some information and tell him that between Westside I & II and Brympton the Government will be getting back in the region of 100 flats. Let me also tell the Hon Member, Mr Speaker, that when we came into Government the Housing Waiting List stood at 1,685 and there are 400 persons who have bought at Westside and Brympton and therefore today the list stands at 1,200, although at present those 400 are still on the Waiting List and have not been removed and when we allocate the 100 flats that are coming back to Government from Westside and Brympton the list will stand at 1,100. So therefore the commitment that I gave this House will be achieved before the end of our first term in Office. Let me also tell the Hon Member, and although the Motion is on home-ownership, as I have already mentioned home-ownership is part of the Housing Policy and with the Prefabs at USOC this Government has already built, and I can inform the Hon Members that the Prefabs are being allocated today, so with these Prefabs the Government has built or is in the process of building 106 flats in 1½ years. No Government, Mr Speaker, has before achieved that record especially since all the funds have been provided by this Government there has been no ODA money. I say this, Mr Speaker, because the Hon Member in his Opening Speech claimed all the credit for all the housing that the AACR had built but this was achieved with ODA money and in 1981 when ODA money stopped coming in they built very little. In fact between 1984 and 1988 they built 80 flats and lost 100 so they were minus 20, Mr speaker. To end, Mr Speaker,

this Government thinks that home-ownership will go a long way to alleviate the Housing problem and the Government within the climate of their economic development programme will keep on reviewing the position to see if further help can be given to people buying their own homes. With reference to the Hon Mr Montegriffo's point of preferring that people own their homes rather than renting them well I disagree on one point and that there will always be a need for rented accommodation for a certain category of people. We might not need all the Government's 5,000 housing stock but some will always be required. I however agree with him that every effort should be made for people owning their own homes. In Westside II we have the option to buy, to keep within our Election Manifesto, and we might never exercise the option, Mr Speaker, because it might not be necessary to purchase the 500 and we will be looking more into home-ownership and try to help people in the category which at present cannot afford to buy. I think that covers all the points raised, Mr Speaker, and the Government will be supporting the Motion. Thank you.

MR SPEAKER:

If no other Member wishes to speak I will call on the Hon Mover of the Motion to reply.

HON LT COL E M BRITTO:

Thank you Mr Speaker. I will first deal with the points raised by the Hon Mr Montegriffo and then with the points raised by the Minister. The Hon Mr Montegriffo seemed to feel that the introductory remarks in presenting the Motion and recalling its history were not necessary and expressed surprise. Let me state quite clearly that this fairly lengthy historical introduction was deliberate. I wanted to establish and put on record the efforts of my party with regard to housing since the war to date and to knock on the head the glibness with which Members on the other side of the House tend to discuss what has been done in the past and simply accuse this Party for every fault on anything that happens at any given time. Secondly, the Hon Mr Montegriffo was unhappy that the ideas that he mentioned that in a certain way they are limited to younger couples rather than at a larger market. This is certainly not the intention, Mr Speaker, because in the plan that I mentioned for Private Sector housing, and we are fairly confident that the ideas that we have put together would work, the majority of persons in the Private Sector housing are of the older generation. In fact in a fair number of cases they are occupying larger premises than they require if you equate people or couples to bedrooms. That, Mr Speaker, is the thrust of our Private Sector plan. That is why I said it would be modified accordingly for Government housing where the distribution may not be quite the same. Finally, Mr Speaker, the Hon Mr Montegriffo dealt on the more social aspect, if I might call it that, of the third category of people who are not

in a position to make use of present lending facilities and was advocating soft loans. I think, Mr Speaker, that one must be realistic in this and accept that Government has a fair number of commitments on the money that is available. And also the fact that the number of flats available is limited at this stage and therefore although I agree in principle with what Mr Montegriffo is saying on the needs of this third category, I think one has to take this in stages and it is wiser to concentrate on those people who can afford to buy now and in the longer term help this other category. At the moment it should help those who can afford now and put those who cannot afford at present, into the flats that they vacate and then look at the longer term solution where everybody is in a position to buy. But to try to achieve everything in one go is to move too fast too quickly. I will now turn to the comments of the Minister for Housing, the Hon Mr Baldachino, and let me say that I do not want to be overtly critical but I am disappointed by his contribution in that to me anyway it sounded more like someone exercising his right to reply, than someone making a contribution on the motion. I think, Mr Speaker, that Members opposite are deliberately misunderstanding what I am saying. When I say the right to reply to the motion that is what I am doing now and not exercising his right to speak, which is what I would say other Members have done. But as I say I was honestly disappointed, because I found his contribution on the whole to be defensive. The motion does not try to be aggressive, it does not try to be critical in any way. The Motion says as we all know that the housing problem can best be alleviated by active promotion and implementation of home-ownership and I have tried to make my contribution as positive as possible on how this can be done and I therefore would have hoped that the Hon Minister would have been able, in an equal way, rather than try to disapprove or say that the suggestions that were put forward are not good enough. I would have preferred to have seen some more original thinking on the part of the Minister and some newer suggestions on what could be done on the future. I will now give way, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, we recognise that this motion is not in fact a motion that censures the Government and in fact the Honourable Member has said that he recognises that it is a complex matter and that there are competing demands on Government resources. I think that certainly from my point of view, and I am talking of the Minister's point of view, although the Honourable Member listed the number of areas, I do not think he has actually made any specific suggestions and in any case, even if he had made them here, I do not think it is something the Minister could have on the spot responded to. But certainly any ideas that he or any other Member of the House have and wish to put to the Government we will be quite happy to look at. We do not mind getting any suggestions that might improve the situation from anybody.

They are welcome to put any ideas they want.

HON LT COL E M BRITTO:

Mr Speaker, I accept what the Chief Minister has said, but I do not think he quite addresses the point that I was making. I was expecting more original thought on the part of the Minister and not just trying to knock some of the suggestions we were making. I thought he would produce ideas on how the Government intended to improve home-ownership themselves.

HON J L BALDACHINO:

If the Hon Member will give way Mr Speaker. A quarter of his contribution Mr Speaker, if not half was based on history and therefore I could have answered all the points he raised in his history. I can also go back in history because I have read all that has happened during that period of time. He in fact was not introducing anything new to what most of the Members here already knew. Now in my contribution I even went further, Mr Speaker because I told them what the Government had done and I also said what the Government was prepared to do but there were other factors involved. The Honourable Member I think, was of the opinion that housing and home-ownership were isolated from everything else that happen in Gibraltar and that it is not so. The political will is always there irrespective of whatever Party is in power but if the financial resources are not there then you cannot provide what is required and you have to wait until the financial resources are available. Now, Mr Speaker, in a situation like the one we have of an acute housing problem we should not give hopes to people and then find out that they were false hopes. And I know, Mr Speaker, because I am in that Housing Department every day of the week and I know the people who come in and they all want to see me because I know the problems that they have and I am never going to give anyone false hopes. So if the Honourable Member was expecting me to say in this House what the Government intends to do then that is something I could not do because I cannot do it and I will not do it. When I am ready, Mr Speaker, and when I am sure that I can deliver, and not before, then I will announce things but I am not prepared to say in this House something that will not then materialise.

HON LT COL E M BRITTO:

Mr Speaker, the Minister went on to say amongst other things that parity in 1978 would have been the ideal time to introduce home-ownership and let me say that in fact although I did say so in my main contribution that home-ownership commenced in the early 1980s, I should have said 1979 rather than 1980 because that is when the AACR launched the concept of people buying their own homes which they were already occupying and parity was introduced in 1978, so there is not much in

it. He also was critical of the AACR's claim of launching home-ownership and having been the pioneers of home-ownership which the Hon Member said was already known and established in Europe for many years. Yes no-one is disputing that Mr Speaker, but the fact remains that here in Gibraltar, it was initiated and launched by the AACR. One could equally use the same argument on the question of Reclamation. The GSLP takes credit for the Reclamation Programme in Gibraltar and one could equally say that it has existed in Europe and elsewhere for many years and that therefore the GSLP should not take credit for it. But we are not saying that, Mr Speaker. The Minister was also claiming credit for correcting, from the experience of previous sales like Vineyards, correcting the purchase Agreement for subsequent projects like Brympton and quite honestly, Mr Speaker, this is nothing more than we would expect the Government to do. It is obvious that it is a learning process and anybody on that side of the House, being the present Government or any other Government, it is their obvious duty to learn from previous mistakes and correct things for the future. I do not think, Mr Speaker, that there is anything funny in it quite honestly. Any mistakes that may have been made, and I am not at this stage saying that mistakes have not been made, were not deliberate mistakes and I am sure that the people who are suffering from those mistakes do not find it funny at all, but they were certainly not made on purpose. They were not made to hurt anybody. They were made through inexperience, because just as Members on that side of the House, Members on this side of the House were new to the concept of home-ownership. Just as the developers were, and just as the builders were. The purchasers themselves were also new to the concept so everybody is learning, including the Government and including the Opposition, and that is why mistakes were made. But the important thing is to learn from those mistakes and that is why, Mr Speaker, I was proposing an Advisory Unit. Because although people who are there professionally obviously learn from the mistakes and have the experience at hand, the new purchasers coming up through the pipeline do not have the benefit of that experience and they are the ones who do not know what type of policy to take out with the Bank or what type of mortgages are available, which is the better Building Society to go to etc etc. They are the ones, Mr Speaker, who need the advise and that is one of the things that can be perfected in the light of experience. Mr Speaker, the Minister said that I had said £10,000 tax relief was not enough and that we always say that more could be given. Well let me clear that straight away, Mr Speaker. What I said was totally misunderstood. I did not mean that £10,000 as an amount was not sufficient and that the amount should have been higher. What I meant was that a £10,000 allowance by itself was not enough and that other ideas could be used or could be brought in to supplement that £10,000 allowance and which would help to promote the concept of home-ownership. Finally Mr Speaker, the Minister brought himself down slightly on the question of private sector housing rent-controlled properties and again there was a slight

misunderstanding on the points that I made and although I do not intend to go into the matter in any great detail, but just to stress that my feelings at the moment are that the tendency is to give too much priority and too much importance to public sector occupants and that people in the private sector are not getting the same degree of priority. And to point out that the private sector market is relatively untouched at the moment for home purchasers, mainly because of the rent-controlled aspect of it. Although I accept the Minister's point that under Section 15 quite a number of properties that are now decontrolled there are still by far the greater number of pre-wars that are rent-controlled and therefore by implication people on low rents cannot easily be induced to take on a mortgage. However by the same implication there is a large and untapped market of potential home-buyers who with the right formula and the right combination of inducements could be brought out of the private sector housing, and as I say, could achieve the three objectives of creating new housing for rent for people in need and also improve the older properties. That is all Mr Speaker, thank you very much.

Mr Speaker then put the question on the terms of the motion proposed by the Hon Lt Col E M Britto and on a vote being taken the motion was carried unanimously.

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move that this House do now adjourn sine die and at the same time as is customary when the House meets in December, I wish to take the opportunity to wish yourself, the staff and Members opposite, in both parties, a happy and friendly Christmas and of course to say that it always seems somehow, I think, that when we come to this particular juncture to have at least an item of the Agenda where the House is able to agree and I am glad that this has happened once again with the motion of the Honourable Member opposite that we have just voted upon and that I am sure that whatever our differences, over the next few days at least we will be able to meet each other in friendly circumstances.

HON A J CANEPA:

Mr Speaker, I would like to associate my colleagues with the remarks of the Chief Minister in wishing you in the first place a very happy Christmas and all the very best in the New Year and also of course to extend that to the staff of the House of Assembly. It is perhaps mainly when you are in the Opposition that you begin to appreciate more how much the staff, and it is a very small staff, of this House do for Members of the Opposition and I receive nothing but unfailing help and courtesy and I would like to place on record my appreciation. I would also like to extend our best wishes to the media who of course attend

all our Meetings and report on them and to our recording assistants and of course I must not leave out the Members of the Government, all of them, we do wish them at the human level and at the personal level all the very best over the Christmas period and into the New Year.

HON P C MONTEGRIFFO:

Mr Speaker, I would like to say something having now had my position formally endorsed by the Chief Minister and say that if the Leader of the Opposition finds it gratifying to have assistance from members of the staff of this House because he finds its assistance of more benefit now that he is in Opposition, I can assure him that that assistance is all the more necessary when one finds oneself alone in the House. I think that only the Chief Minister and no other Member here has experienced this Mr Speaker. I therefore give a sincere thank you to the members of the staff and to yourself Mr Speaker for that assistance which I know will be a continuing assistance. I am very young to the task that I have set myself here in this House, but I certainly join all other Members in wishing everybody in this House and in Gibraltar generally prosperity and good will for the New Year. Thank you Sir.

MR SPEAKER:

In reciprocating the seasons greetings on behalf of the staff and myself, I must say I am bit worried in that it looks as if my post is just about to become redundant by the way the House is behaving and, I think, everyone would wish that the House should also extend its best wishes and prosperity in particular in 1990, to Gibraltar Shiprepair Limited.

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

