

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 house-keeping 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 disinfection 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 GSIIP 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 budgetted £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 curtailing 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 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 rational 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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