

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

26TH MARCH, 1991

VOL. I

RECORD OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Eleventh Meeting of the First Session of the Sixth House of Assembly held in the Assembly Chamber on Tuesday 26th March, 1991, at 10.30 am.

PRESENT:

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

GOVERNMENT:

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

OPPOSITION:

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

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 23rd October, 1990, having been previously circulated, were taken as read and confirmed.

COMMUNICATIONS FROM THE CHAIR

MR SPEAKER:

For the record of the House, I have to inform Members that on the 5th February I received notice of the resignation of the Hon and Learned Mr Peter Montegriffo. I am sure that the House will wish him and his family all the very best.

DOCUMENTS LAID

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

The Tourist Survey Report, 1989.

Ordered to lie.

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

The Employment Survey Report - October, 1989.

Ordered to lie.

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

- (1) The Barclays Bank Loan Agreement.
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.13 of 1989/90).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.14 of 1989/90).
- (4) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.15 of 1989/90).
- (5) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.1 of 1990/91).
- (6) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.2 of 1990/91).
- (7) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.3 of 1990/91).

- (8) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.4 of 1990/91).
- (9) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.5 of 1990/91).
- (10) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.6 of 1990/91).
- (11) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.7 of 1990/91).
- (12) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.8 of 1990/91).
- (13) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No.2 of 1990/91).
- (14) Statement of Supplementary Estimates of 1987/88 (Excess Expenditure).
- (15) Statement of Supplementary Estimates of 1988/89 (Excess Expenditure).
- (16) Statement of Supplementary Estimates No.1 of 1990/91.

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.00 pm.

The House resumed at 3.20 pm.

Answers to Questions continued.

BILLS

FIRST AND SECOND READINGS

THE CRIMINAL PROCEDURE (AMENDMENT) ORDINANCE, 1991

HON ATTORNEY-GENERAL:

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

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

SECOND READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, there really is not very much I can add by way of additional observations to the Explanatory Memorandum and to the objects which this Bill seeks to achieve. If I can begin at, or at least, near to the end of the Bill, firstly, to point out that Clause 17 introduces a new Schedule 6 into the Ordinance and that sets out the scale levels and amounts of maximum fines applicable to those scales referred to in the new Section 179A of the Ordinance which is Clause 10 that the Bill seeks to add. Clause 2 of the Bill limits the definition of a fine specifically and only for the purposes of Section 179A and is, of course, a consequential amendment. Clause 11 amends Section 180 which links with Schedule 5 dealing with the maximum periods of imprisonment which can be imposed by the Court in default of payment of a fine. Members will have seen, Mr Speaker, that Clause 13 of the Bill, which amends Section 185, adds a new subsection enabling the Governor by Order, to amend Schedule 5 in any way which may, in the future, become necessary and appropriate. Section 183 of the Ordinance is repealed and replaced by Clause 12 of the Bill. The new Section, Mr Speaker, linking with the new Schedule 6 referred to in Clause 17 limits the fines to be imposed upon children and young persons respectively. As Members are no doubt already aware, a child for that purpose means a person who has not yet attained the age of fourteen years and a young person means someone who has attained the age of fourteen years but has not yet attained the age of seventeen years. At present young persons are treated in the same fashion as adults for the purpose of liability to a financial penalty. The final clause, Clause 18 makes consequential amendments to the Interpretation and General Clauses Ordinance. Section 2 of that Ordinance is amended to provide for a specific definition of standard scale and the amendment imposed by Clause 18(b) to Section 23(b) of the Interpretation and General Clauses Ordinance is also important as this will enable subsidiary legislation to provide for a maximum fine of £500 in place of the present limit which is £100. Mr Speaker, the provisions contained in this Bill have been modelled upon the United Kingdom Criminal Justice Act of 1982 with suitable adaptations to meet Gibraltar's local needs. It has the full support of members of the judiciary and as will be seen when other Bills are presented at this meeting of the House, the standard scale of fines for various criminal offences will be established for the purpose of application to various Ordinances which contain criminal sanctions resulting in the imposition of a possible financial penalty. Sir, much reference will be made to this standard scale of fines and fine levels, etc when other Hon Members on this side of the House present various other Bills

which are listed in the Agenda for this meeting and I hope the explanation which I have given in relation to this Bill will be of some assistance to Members in understanding the measurement stick which Government considers it is now appropriate to introduce into Gibraltar. It is with that open mind that this Bill is being taken first in the Agenda, at my suggestion, and with Government's consent. I hope it will have the support of Members on both sides of the House and when I exercise my right of reply I shall be pleased to do my best to answer satisfactorily any questions on the general principles of the Bill which Members on either side may wish to raise. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON K B ANTHONY:

Mr Speaker, we on this side of the House support this Bill fully. We think it is a very good Bill and we like the idea of having a standard scale of fines for offences. Though there are one or two points in the Bill that perhaps the Hon Attorney-General when he replies can just clarify for me on the new Section 179A, sub-paragraph (3) it says "if it appears to the Governor that there has been a change in the value of money since the date on which that level was last determined". What would be the criteria for this? Would it be reviewed six monthly, annually or even monthly because the cost of living goes up every month? Perhaps the Hon Attorney-General can answer this. In the same new subsection 179A, paragraph (4)(a) "that a person convicted for an offence shall be liable on conviction to a fine or to a maximum fine by reference to a specified level on the standard scale". I term this as meaning that the judiciary will have a degree of tolerance and not mandatory and it has been as laid out in Schedule 6. Looking at the various amendments to the Sections, we have no objection to any of these, although they may appear at first sight slightly draconian. Because increasing a fine from £50 by forty times that amount is in my mind draconian but I bow to the judgement of the Hon Attorney-General in this case. But I am rather surprised that the amendment to Section 267, Clause 16, which deals with a runaway child and I do not know whether this is a frequently occurring crime in Gibraltar or whether it refers to perhaps children who are in care and who abscond and are then hidden by families from the law. Perhaps the Attorney-General could explain that to me. But apart from that, Mr Speaker, we on this side of the House will support this Bill.

MR SPEAKER:

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

HON ATTORNEY-GENERAL:

Can I say firstly, Mr Speaker, I am most grateful to the Members of the Opposition for their support, that is very much appreciated by me. Of course this Bill really sets the scene, Mr Speaker, for what will be done in relation, with the passage of time that is, to all Ordinances which contain monetary penalties or contains the prospective liability for a monetary penalty where a criminal offence contrary to the provisions of that particular Ordinance is proved to have been committed. In relation to the fines, two things have been done, Mr Speaker, firstly, ascertaining which offences to pitch into which of the five scales or levels. We have looked, firstly, at the nature of the offence and we have looked at what the severity of that offence is and, of course, obviously, Mr Speaker, the most serious offences fall into scale 5 and then the least serious offences fall into scale 1 and those which fall somewhere between the two, we have made an effort and I hope it is appreciated, as it can only be an effort to pitch into what we see as appropriate order of severity the offences which our law makes criminal offences. And in certain instances, Mr Speaker, where offences in relation to the maximum financial penalties possible to be imposed, had not been revised for many years we have endeavoured to revise those offences by putting them into the appropriate scale to reflect what in terms of those penalties would be the equivalent of the maximum penalties imposed or capable of being imposed when the offences were first created. It is a constant exercise, Mr Speaker, because offences which were perhaps considered serious a number of years ago might not be considered quite so serious in modern times and conversely offences which were considered so serious many years ago might be considered extremely serious nowadays. One has to look at the circumstances as they change and pitch the offences accordingly. If I can endeavour to deal specifically with the two questions which the Hon Mr Anthony has raised on the Bill dealing firstly with the new section 179A which is imposed by Clause 10 of the Bill, Mr Speaker, and the flexibility that it gives to the Governor. I had wondered, Mr Speaker, whether we should give the Governor a general power, not only by reason of reflecting inflation but I wondered at one stage whether we should give the Governor a general power to revise the fines and then I thought: "Well, no, that is really for the Legislature to do and not for the Executive". But when it comes to purely inflationary measures, Mr Speaker, then the Governor is able, not at any specific periodic intervals, but if I or my successors whoever they may be, from time to time, go along to him and say: "Having regard to the level of money and the value of money and how it has changed since the Bill first became law in 1991, the standard levels and the maximum levels prescribed by these scales are now considered inadequate. You should increase them". Then the Governor can make whatever enquiries he thinks are appropriate to ascertain what an equivalent figure would be x years from now and he can by Order alter the scales accordingly. That is the idea, Mr Speaker. Not to say that he must alter it in

accordance with the level of the retail price index or any such thing like that. But to give the Governor flexibility to alter the scales from time to time having regard to inflation, as he sees it, affecting the maximum levels at which these scales are pitched. Dealing with Section 267 of the Criminal Procedure Ordinance, which is referred to in Clause 16 of the Bill, Mr Speaker, the Hon Mr Anthony is quite right when he says that we are introducing a maximum fine of £500 by this Bill in place of the present maximum fine which is £50. In the 6½ years that I have been in Gibraltar, Mr Speaker, happily I am not aware of any prosecution having taken place for the offence of harbouring or concealing a runaway child. I do not know if at any time such an offence has been prosecuted and I hope it never will. But if it ever does, Mr Speaker, it is something which I personally regard, as warranting on conviction a fine substantially more than £50. And I find it difficult to concede of any circumstances where conviction of such an offence would justify the imposition of a penalty as low as £50. I would say it would justify certainly a much higher penalty than that and in many cases, certainly a penalty as high as £500. So I accept the Hon Member's point that it is a very substantial increase indeed but in the context of the nature of the offence and the degree of severity with which in my respectful opinion it must be considered, I hope that Members will accept that it is a proper and true reflection for that particular type of offence. Mr Speaker, subject to any other points which may be raised, I do not think there is anything further I can add.

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

THE GIBRALTAR HERITAGE TRUST (AMENDMENT) ORDINANCE, 1991

HON J E PILCHER:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Gibraltar Heritage Trust Ordinance, 1989, be read a first time.

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

SECOND READING

HON J E PILCHER:

Sir, I have the honour to move that the Bill be now read a second time. In moving the amendment to the Bill, Mr Speaker, let me remind Hon Members opposite that the object of the change was made clear to me and, in fact, was made public by me when we opened the extension to the Museum where it was that I announced the fact that the present Curator of the Museum, Mr Bensusan, will shortly be retiring and that obviously it was in the interest of the Government to look at the possibilities of a person to substitute him and in doing so, the fact that the Gibraltar Tourism Agency had taken over, as a consequence of the Gibraltar Heritage Trust Bill in 1989, the administration and the day-to-day running of the Museum we felt that it was a golden opportunity for one of its employees, Dr Clive Finlayson, who had all the necessary qualifications to appoint him as the substitute for Mr Bensusan. Obviously, Mr Speaker, this has been done with the full cooperation of the Heritage Trust which ultimately is the body responsible for the Museum. Hon Members will recall that when we repealed the Museum Ordinance the Heritage Trust was the body that encompassed the care of the Museum particularly from the exhibition side. The amendment that we have here in front of us, Mr Speaker, is a very simple amendment which takes out of the Ordinance the words "an officer of the public service" and substitutes therefor the words "a fit and proper person". That obviously would allow us to appoint Dr Clive Finlayson who is at the moment doing a Curator course in the UK. We will then be able to appoint him once Mr Bensusan retires. By that time Dr Clive Finlayson will be fully qualified to take over as Museum Curator. Mr Speaker, with this I commend the Bill to the House.

MR SPEAKER:

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

HON K B ANTHONY:

Mr Speaker, we on this side of the House have no objection whatsoever to this Bill and we will support it fully. We feel it is better that "a fit and proper person" as opposed to "an officer of the public service" should be appointed to such an important post. The other amendment to section 50 is simply a paper amendment because level 3 on the standard scale is the same amount of money, £500. Therefore we have no objection to this Bill and we support it fully.

MR SPEAKER:

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

HON J E PILCHER:

I have very little to add, Mr Speaker, other than to say that because Mr Bensusan's retirement is imminent, I would just like to express, certainly from this side of the House and I am sure from the House in general, our thanks to him for the great effort he has made in the past which has enabled us to bring the Museum to what it is today, an international Museum with exhibitions of a high standard that cannot be found in this area of the world.

HON A J CANEPA:

If the Hon Member will give way, Mr Speaker. We would like to associate ourselves with those remarks and wish Mr Bensusan a very happy retirement. He has done excellent work in what in the past were not easy circumstances. He has really lifted the whole tone of the Museum.

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

HON J E PILCHER:

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

THE LITTER CONTROL (AMENDMENT) ORDINANCE, 1991

HON J E PILCHER:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Litter Control Ordinance, 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 J E PILCHER:

Sir, I have the honour to move that the Bill be now read a second time. In moving the amendment, Mr Speaker, which is at this stage a very simple amendment and before I forget as, indeed, I did in the last Bill, I would like to remind Hon Members opposite that as a consequence of what the Attorney-General said in the Criminal Procedure (Amendment) Ordinance, we are also changing the levels of fines and substituting those levels for the different scales in the Ordinance. The purpose, Mr Speaker, of this amendment is to try and create a situation which has been causing some concern to the Litter Control Committee which, as you are aware, is

the Committee which meets every week and where all the enforcement bodies plus the Public Works Cleansing Department Supervisor to look at the various areas of the implementation of the Litter Control Ordinance. The main thrust, just to give Hon Members a bit of background information, has obviously been the creation of the litter control areas and I am glad to say, Mr Speaker, and it is there for anyone who goes down to Devil's Tower Road, which was the first area we nominated as a litter control area, the difference of what Devil's Tower Road is today and what it was three or four months ago. This has been done by all the bodies getting together and by the cooperation of the public and the private sector at large. But be that as it may, Mr Speaker, one thing that we have found out is that the Litter Control Ordinance does give the ability to the Litter Control Committee in particular areas where there are certain litter depositors in litter control areas and the Litter Control Committee and the enforcement bodies have the right to issue a notice advising the entity or the individual to remove the litter and if that does not happen within a reasonable period which is deemed to be between seven and ten days, then the Litter Control Committee can remove the litter and in taking the person to Court ask for the money to be recovered by presenting the invoices in Court. Unfortunately, that can only happen under the existing Litter Control Ordinance and in the areas which are nominated litter control areas but, of course, because this is a progressive step and it will occur that slowly but surely the areas which are litter control areas are being expanded and eventually we will find a great proportion of Gibraltar being nominated a litter control area. However, in the interim period and, of course, eventually, because all the areas will not be included, we find the situation where if the enforcement bodies find out who has deposited the litter there, and this is, of course, of particular importance as we are dealing with private sector entities. In most cases it is easier to find out if the accumulation belongs to a shop or to someone else. However, in the cases of private individuals, and we have had a couple of cases taken to Court, what we find is that if the accumulation has not happened in a litter controlled area the person is taken to Court and fined £20, £30, £40 or £50 but the removal of the accumulation could cost the Government and the Litter Control Committee anything between £200 and £500 depending on the accumulation. So we felt, Mr Speaker, that this was very unfair and that as in the litter control areas the Committee and the enforcement bodies should have the right to be able to remove the accumulation and recover the cost through the Court. So basically that is what the amendment in front of Hon Members today does. We are not proceeding, obviously, with the Litter Control (Amendment) Ordinance in this meeting because there are one or two other amendments which I will give Hon Members opposite enough notice of because the Litter Control Ordinance is a new Ordinance which we passed last year and there are many problems that are only being discovered as we proceed. The changes are not major changes but rather than bring them to another House we felt that we should leave it to the adjourned meeting which

hopefully will be at the end of April so that we can bring in a couple of more amendments. As I have explained the amendment before us is to allow the Committee to recover from a person convicted the cost of removal of the litter. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON K B ANTHONY:

Mr Speaker, once again we on this side of the House have no bother at all in supporting in principle this Bill. We think it is an excellent idea. We fully support any efforts by the Litter Authorities to make Gibraltar cleaner. There is only one line in this Bill that I am a little bit doubtful about. In the amendment to Section 5, and I quote: "The Litter Authority may, where it considers it necessary in the interests of the neighbourhood". That is rather a strange sentence. Is that in the interests of the neighbourhood in the Government's opinion, in the Litter Authority's opinion, is it the neighbours who express an interest. It is a slightly ambiguous statement, and perhaps the Hon Minister could just clarify that for me. But apart from that very small point we will support this Bill fully.

MR SPEAKER:

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

HON J E PILCHER:

Mr Speaker, "where it considers it necessary" as defined certainly by me, is a mixture of whether the people in the vicinity, the Litter Control Committee or the enforcement bodies, the Police, etc because they are working as one entity and, for example, in the neighbourhoods we do work very closely with the Community Constables. So I think whether it is considered to be in the interests of the neighbourhood or anybody else in the Committee the important thing is to work together for a cleaner Gibraltar.

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

HON J E PILCHER:

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

THE NATURE PROTECTION ORDINANCE, 1991

HON J E PILCHER:

Sir, I have the honour to move that a Bill for an Ordinance to provide for the protection of wild birds, animals and plants and for the designation and preservation of protected areas for the purpose of nature conservation and matters incidental thereto be read a first time.

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

SECOND READING

HON J E PILCHER:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, it gives me great pleasure to present this Bill to the House today because, as we have said in the past, it shows my Government's great support for the Heritage Movement globally. We have said on many occasions, and the Chief Minister is on record as having said, that the Government not only supports heritage but that heritage means much more to us than just bricks, mortars and the conservation of buildings. Our heritage Mr Speaker, is also interlinked and interwoven with nature conservation and it gives me great pleasure because it puts us, in fact, ahead of other jurisdictions on nature conservation. Mr Speaker, the Bill in front of us is far reaching inasmuch as it protects all aspects of nature conservation ie wildlife, birds, marine life and its botanical aspect, as well as the plants of Gibraltar. The amendments and the new Endangered Species Ordinance, which we passed late last year Mr Speaker, puts us, as I have said, at par with other nation states. In looking at the Ordinance, Mr Speaker, it is divided into four parts, the first is the interpretation and application. The second part is the protection of wild birds, wild animals and wild plants. Under the wild animals is also included fish. Mr Speaker, species of which are also protected under this Ordinance. This part Mr Speaker, deals in great detail with protection and obviously it is a very wide reaching Ordinance which has a lot of different elements to it. Mr Speaker, I am prepared to answer any points relating to this part that may arise and on which Members opposite may like clarification on some aspects. Let me say, Mr Speaker, from the outset that in connection with Part II we have already received certain comments from the Environmental Health Department and from the Cage Birds Society and as a result we may need to make certain small amendments of which I will give Honourable Members opposite notice of for the next meeting of the House of Assembly, the adjourned meeting in April. However, Mr Speaker, as I say, I will not go over all the different clauses in Part II because it provides for the different methods of protection and it talks about which are the elements that cannot be used. It talks, Mr Speaker, about bird's eggs, and other such things which, as I say, I will explain if Hon Members tell

me of any specific clause where they require further information. The thrust, Mr Speaker, of this Bill comes under Part III which deals with nature conservation. Again Mr Speaker, it is public knowledge that it is the Government's intention to create a Nature Reserve in the Upper Rock and this Bill, Mr Speaker, will provide the enabling legislation for this to be done. The intention of the Government, Mr Speaker, at this stage, is to move relatively quickly in creating an area of the Upper Rock which will be immediately specified as a Nature Conservation Area. The area that we are looking at at the moment is the area from Jews Gate all the way to the Charles V Wall to where the Apes Den, in fact, starts. I am told that the area in question has very many species which require protection and the passing of this Bill will provide us with not only the enabling powers, but also to show that the Government means to take action under this Legislation. Mr Speaker, with regard to the way that the Nature Reserve will be run, there are still a lot of details to be discussed with the different societies and with the different organisations but, as I say, it is my intention to have this operating as soon as possible. This will not only show the different local Associations and the people of Gibraltar that we care about conservation but show also the international community that, in fact, we are prepared to protect nature and particularly as it refers to Gibraltar. As with the Endangered Species Ordinance we have specified wild animals, plants etc which are specific to Gibraltar, like for example the Barbary Macaque which are obviously particular to Gibraltar and not found anywhere in Europe. How the operation of the Nature Reserve will be run is at this stage too early to say but over the next couple of months we will hopefully be looking at different ways of operating it. It is our intention initially, at a very early stage, after having discussions with the Ornithological Society, I must say that we have already discussed matters with them, to provide for us Honorary Wildlife Wardens to look at the specifics of protecting the Nature Reserve in a way that at this stage at least will enable us to control the Nature Reserve without, at this stage, this costing the Government any money, Mr Speaker. As I have said it is a very extensive Bill and rather than go on talking about the general principles, Hon Members can have their say and I will then explain matters further. I commend the Bill to the House, 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 K B ANTHONY:

Mr Speaker, we on the Opposition support this Bill. Our environment is vitally important and to protect our flora and fauna is of paramount importance not only for ourselves but for the next generation. However, I do feel that the Bill is extremely good in concept but rather woolly in

presentation. I have gone over it with a fine toothcomb and there are a number of points with which I am not too happy. I was delighted to hear, Mr Speaker, the Honourable Minister say that there are some clauses that they have to look at again. The Hon Minister said that he had had representations from the Cage Birds Society and I must say that they have also approached me, Mr Speaker, and I will be speaking about that in a moment. I however get the feeling that this is a Bill that has been drawn up by the Nature and Conservancy Council. They are the experts and as such have drawn up a Bill of what they would like. I however see in this Bill a slight danger, because they have given themselves an immense amount of power and if this Bill is passed and becomes law, because they will be the people who will be laying down the criteria for the future protection of our environment and I am not suggesting in any way that they are empire building but I think that they will make the type of recommendation to His Excellency the Governor that they after all would like to see because they are the experts.....

HON J E PILCHER

Mr Speaker, on a point of clarification. When the Ordinance refers to the Governor, it means the Governor-in-Council. This means the Governor after consultation with the Government of Gibraltar.

HON K B ANTHONY:

Yes, Mr Speaker, but nevertheless, once this Bill is passed into law, the Nature Conservancy Council will have very very great powers to make recommendations to His Excellency and alter this Bill by Regulation. If I can just go through the Bill and find out some of the areas, Mr Speaker, where I find problems. First of all could the Hon Minister or someone else clarify the distance of territorial waters in Gibraltar? Is it three miles?

HON ATTORNEY-GENERAL:

Territorial Waters, if I remember rightly Mr Speaker, is defined in the Admiralty Waters Order. It was also defined in the Chart which is attached to the Fast Launches Control Ordinance of 1987. If the Honourable Member opposite is interested in specific measurements then I suggest that he looks at that.

HON K B ANTHONY:

Mr Speaker, I thank the Honourable Attorney-General for that answer. I am going to go through the different points that have been raised. For example, the Section on wild birds in Sub-para 5 of this Section wild birds does not include any bird which is shown to have been bred in captivity. Well, Mr Speaker, some cage bird breeders have

already seen me and said that it is difficult to prove this particular point. If a Policeman comes up and says "can you prove that bird was bred in captivity"? That, Mr Speaker, is going to prove very difficult.

HON J E PILCHER:

Mr Speaker, if the Honourable Member will give way. I have already said that I had a meeting with the Cage Bird Society who are, in fact, producing a list of the amendments that they require. With reference to the Clause that the Honourable Member opposite has quoted I have already agreed with them the required amendments. After their meeting with me late last week they left quite happy that the amendments that they wanted would be included in the Bill, Mr Speaker.

HON K B ANTHONY:

I thank the Honourable Minister. I am not privvy to what went on at the meeting between the Minister and the Society so I thank him for that information. On the question of someone finding an injured wild bird, Mr Speaker. Whoever does find it must pass it on within a period of twelve hours to a person licensed under Section 13(1) to attempt to release it. We on this side feel that twelve hours is perhaps too short a time. For example we have the Easter weekend coming up and I should imagine that it is going to be easier to find a dentist than one of the persons under Section 13(1) to help a person with an injured bird. I think that this should be reconsidered and perhaps a more sensible period of time say twenty four hours or whatever time of that nature the Nature Conservatory Council feel would be right. Again, Mr Speaker, a person licensed under Section 13(1)? Is a list going to be published so that people know to whom one should pass on an injured animal? Is a list being made available by the Nature Conservatory Council? I know that some of the members of the Council are very keen Ornithologist and they may go on trips to Spain and it might be difficult to find an expert to hand over an injured bird. He might be out watching birds. Mr Speaker, in the list of banned weapons for the killing or taking of any bird there is a nice long list and yet missing from that list is an Air Rifle or an Air Pistol which I would have thought is one of the most obvious weapons that are used. Many boys have Air Rifles or Air Pistols and you do not need a licence. It has also been left out of the list in this Bill. I think that these two weapons should certainly be added to the list. Then under the protection of certain wild animals in paragraph 8 4(a), Mr Speaker, if any person intentionally damages, destroys or obstructs any structural place which any wild animal of a kind specified in Schedule 1 uses for protection then it is an offence. Now, Mr Speaker, Section 1 includes all lizards, if you destroy a small lizard are you committing a crime? I would like that point to be clarified. To my mind it is rather a strong application of the law. It would however be an offence

as it is laid out in this Bill. Then we have under powers to grant licences in Section 2(b) for the purpose of ringing or marking or examining any ring or mark on wild animals. Does one ring a wild animal? I thought one rings a bird. I do not think wild animals should have rings put on them. A licence under the foregoing provision in the same section may be granted either to a person of a class or a particular person. A person "of a class". I am not quite clear what that means. Does that mean any Ornithologist visiting from the United Kingdom will be given an Ornithologist's licence or Biologist's licence. It is a little bit vague, Mr Speaker. A licence granted for the purpose of allowing disabled wild birds to be tended should specify the arrangements to be made for registering with the Nature Conservatory Council any birds so tended. Who is likely to apply for such a licence? Who is going to get a licence to go out to tend wild birds? Do we have such humanitarians in our community? Are we likely to get them?

HON J E PILCHER:

Yes Mr Speaker, I think we have one sitting on the Hon Member's right.

HON K B ANTHONY:

I very much doubt that my Honourable colleague Adolfo Canepa is going to get a licence to go tending wild birds.

HON J E PILCHER:

But as a Member of the Ornithological Society....

HON K B ANTHONY:

Then any person that attempts to commit an offence according to Para 15(1), will be guilty of an offence and shall be punishable in a manner as for that offence. In other words, Mr Speaker, if you attempt to commit an offence you will be deemed guilty of committing that offence.

HON ATTORNEY-GENERAL:

No Mr Speaker, there is nothing unusual in the Criminal Provisions. It is simply saying that if you attempt to commit an offence you are liable for the same punishment as if you had actually succeeded in committing the offence.

HON K B ANTHONY:

I thank the Honourable and Learned Attorney-General for his information. Will a Police Officer be automatically a wild life warden? Because under the terms of enforcement Section 16, a Police Officer or a person appointed for the purpose of enforcing this Ordinance under Section 21, Section 21 is the Section appointing Wild Life Wardens, therefore a Police Constable will be a Wild Life Warden?

Turning now to Part 3 Nature Conservation Section 18(1) states: "subject to the provisions of Sub-section 2, where the Governor is of the opinion after consultation with the Nature Conservancy Council that an area of land is of special interest". Will this apply to every part of Gibraltar? The City everywhere? I do take the point that the Honourable Minister made in his opening address that it is intended to begin from Jews Gate to Charles V Wall but if this Bill becomes law and if the Nature Conservancy Council say they want to extend the Nature Reserve to cover other areas can they do so? I think that this is a rather dangerous situation because when you look at 18(1)(b) it states by reason of being the habitat of any wild bird or wild animal of a kind in Schedule 1". For example swifts which nest in many houses in town could therefore be considered a conservation area. I have mentioned it once before swift live in many sheds in various places and they are all over the town as well and I feel that this is something that needs to be dealt with very carefully. "Any land covered (continuously or intermittently) by water or parts of the sea within territorial waters is of special interest" and be designated as a marine nature area. This covers any of our territorial waters. If a Marine Biologist says this is a very important area then you may deem it so and I am sure His Excellency will support it. Let me come to the banned area.....in Marine Conservancy areas and under Section 18(7). "Nothing in these Regulations made under Subsection (6) shall (a) prohibit or restrict the exercise of any right of passage by a vessel other than a pleasure boat". In other words a Spanish fishing boat could enter those waters but local pleasure boats could not? Then there is a little gem in this Section which is Section 8(b)" anything done more than 30 metres below the sea bed. Thirty metres below the sea bed! Are people going to drill down 30 metres below the seabed? Looking at this Bill, Mr Speaker, there are many things that need sorting out. It needs to be gone over very very carefully with a wide toothcomb. Looking at the Schedules at the end and I have looked at the Schedules right the way through and I have come to the conclusion Mr Speaker, that if you are going to be appointed as a Wild Life Warden then you have got to be a genius to be able to identify all the items in these Schedules. You have got to be a very very talented person indeed. I have looked at this list and "yes" I can tell a rabbit and "yes" I can tell a lizard but some of these the "hairy snails"? I did not know what that was and there are many things in this Bill that I have no idea what they are and I am sure that many Members of this House will look at the list of flowers and have no idea what they are and these are the ones that you can pick! In Schedule 2 are included those that in theory you can pick. So it is a very difficult exercise because it means that people going up the Rock in all innocence might pick flower A and it may be alright because under Schedule 2 you can do that. But if you pick flower B then the Wild Life Warden comes down on you like a Traffic

warden. So I will simply end, Mr Speaker, my short intervention by saying that we do support the Bill and we do believe in protecting the environment including our flora and fauna. I however hope that the Hon Minister will go over the points that I have made particularly with regard to the Nature Conservancy Council and try and sort out all the loose ends so that when this Bill is considered again by the House at Committee Stage both sides of the House are happy with it. Thank you Mr Speaker.

HON LT-COL E M BRITTO:

Mr Speaker I only wish to make one very small point and would be grateful if the Hon Minister can clarify it when he exercises his right to reply. With regard to the Nature Reserve that he mentioned and which bounded to the north and south by Charles V wall and Jews Gate, could the Hon Minister give us some indication of what the uppermost and lowermost boundaries are? Are we talking about both sides of Queen's Road, below Queen's Road or above?

MR SPEAKER:

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

HON J E PILCHER:

Mr Speaker, I lost the Honourable Member opposite after his first comment. The Hon Member seems to misinterpret certainly, the main thrust of the argument. I think the Hon Member has fears about the Nature Conservancy Council running to the Convent and protecting all the areas of Gibraltar. Well that is not possible, Mr Speaker. I will try to explain to the Hon Member how the system works. We have the Governor. The Governor-in-Council but the input is made by the Gibraltar Government, Mr Speaker. It is not a question of the Nature Conservancy Council going to the Governor and then part of Gibraltar being declared a Nature Protection Reserve. That is not the way that the Ordinance, once it is passed will work. If the Honourable Member had read the Ordinance, as undoubtedly he has to have been able to find all the little quirks, like he did on the Litter Control Ordinance where he asked "What happens if somebody puts a little bit of ash on the ground?" Will he be given a litter ticket"? Now with regard to the Nature Conservancy Council he asks "Will the experts be running this Ordinance?" The experts have been in contact with EEC experts to produce standard regulations which apply to all nature reserves and all nature conservation areas in Europe. So it is not that we are doing something here that is not done in any other Nature Conservation Bill anywhere else in Europe, or dare I say anywhere else in the world. Mr Speaker, other than the comments that have been made by the Cage Bird Society and to which I have already agreed to build into the Bill particularly as a protection for the Cage Bird Society, because obviously the Bill is meant to protect wild life, but if you have somebody who is rearing birds in captivity then

obviously it is not meant to apply to him and we have to make that absolutely clear. If the Member had understood that by Governor, obviously we are referring to the Governor-in-Council, ie Government imput, then he would have noticed that no order shall be made, page 35(3), no order shall be made under Subsection 1 or 2 by the Governor in respect of any land being Crown Land and held in the right of the Government of the United Kingdom without the consent first obtained by the Secretary of State. So obviously, Mr Speaker, what is quite clear is that all the other land is land which is controlled by the Gibraltar Government and it is the Gibraltar Government that designates the Nature Reserve after consultation with the different bodies and obviously the Governor as the official head of the Constitution of Gibraltar, Mr Speaker. So I think Mr Speaker, although I have sat here and I have seen the lighthearted side of the argument it is not the intention of anybody, experts or anybody else to go around town issuing conservation orders on buildings etc. This is meant to be for specific areas which have the right to be protected. We are trying to protect our heritage for future generations and it is a very serious subject to which we have given a lot of thought. Not necessarily by me because at the end of the day in matters like this although we take the decisions on policy, Mr Speaker, whether Schedule 1 or Schedule 2 exists is determined by the experts and not by the Ministers. As far as the different elements are covered I have read the Bill carefully, Mr Speaker, and I have looked at the different things and, as I say, there are a couple of minor amendments which have to be made to protect people like the Cage Bird Society. There are also certain amendments which have to be made as a matter of policy, Mr Speaker. However the main thrust is in keeping with Nature Protection Ordinances in Europe and in keeping with the basis created by the EEC in the different aspects of the protection of nature across the board, Mr Speaker. I will carefully read everything that the Honourable Member opposite has said, Mr Speaker, but I can assure the Honourable Member that in general it is meant as a protection of our heritage for future generations and although certain amendments may be required here and there, I think, we can all be proud of our first major step to protect nature for the future. With regard to the point made as to why we have chosen the area from Jews Gate to Charles V Wall I should say that it is a anything above the roadway leading up to Jews Gate. So it does go from Jews Gate all the way up passing St Michael's Cave up to the area of the Charles V Wall. We have chosen that area because that is not a normal picnic area for the people of Gibraltar. Normally they tend to stay at the northern side which has wider picnic areas, if one can call them that, and one does not necessarily find the Gibraltarians wandering in the area between Jews Gate and Charles V Ramp. Even Mediterranean Steps are away from the area that we are looking at. So, Mr Speaker, it does not take an expert to protect nature one just uses a bit of commonsense and if the Honourable Member opposite was saying it will prohibit people from going round picking flowers well then they should not go round picking flowers. If one does not understand about flowers then, Mr Speaker, you should not pick flowers because you

might be picking in an area of conservation and you might be picking the last specimen of the last flower of that particular species. So the idea, Mr Speaker, is that we will create this area so that there is a possibility of protecting that part from people walking round and picking flowers or disturbing this and that. They might not be doing it deliberately but out of ignorance which is what the Honourable Member opposite has said. It is quite a large area and obviously it would then be up to the experts to be able to try and get the maximum out of this Nature Reserve. These experts may be able to take to this area plants and things which are not normally found in this area, Mr Speaker. As regards the Wild Life Wardens as I have explained, although I think, that the Honourable Member missed the point. Wild Life Wardens at this stage are being appointed in conjunction with the Ornithological Society. They will appoint Voluntary Wardens who will walk around not with "litter tickets" or "clamps", Mr Speaker, but trying to protect the Nature Reserve and advise people who visit the area what they can do and what they cannot do. It is not an area where people normally walk although it is widely used by the Ornithological Society and therefore with their help with a voluntary Warden system will augur well for what we are trying to do and that is protect our natural areas and by that in protecting our heritage as a whole. With that, Mr Speaker, I commend the Bill to the House.

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

HON J E PILCHER:

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

This was agreed to.

THE PATENTS (AMENDMENT) ORDINANCE, 1991

HON M A FEETHAM:

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

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

SECOND READING

HON M A FEETHAM:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, this is a far more straightforward Bill than the previous one prohibiting the eating of snails at Easter. This only has the effect of removing the requirement that the Registrar of the Supreme Court should be the Registrar of Patents and empowering the Governor to

appoint a suitable person in the place of the present Registrar. It is a straightforward piece of amending legislation. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON LT-COL E M BRITTO:

Mr Speaker, in view of the fact that Registrars of the Supreme Court are not endangered species, as far as I know, we are pleased to support the Bill from this side of the House.

MR SPEAKER:

If no other member wishes to speak I will call on the mover to reply.

HON M A FEETHAM:

Sir, I have nothing further to add.

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

HON M A FEETHAM:

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

This was agreed to.

THE LIMITED PARTNERSHIPS (AMENDMENT) ORDINANCE, 1991

HON M A FEETHAM:

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

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

SECOND READING

HON M A FEETHAM:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the object of the Bill is similar to what we have done in respect of the Patents (Amendment) Bill and that is to again substitute the requirement that the Registrar of the Supreme Court shall be the Registrar of Limited Partnerships and give the Governor the power to appoint a suitable person. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON LT-COL E M BRITTO:

Once again, Mr Speaker, there is very little to say from this side except that we support the Bill.

MR SPEAKER:

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

HON M A FEETHAM:

I have nothing to add, Mr Speaker.

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

HON M A FEETHAM:

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

This was agreed to.

THE FINANCIAL SERVICES COMMISSION (AMENDMENT) ORDINANCE, 1991

HON M A FEETHAM:

Sir, I have the honour to move that a Bill for an Ordinance to amend The Financial Services Commission Ordinance, 1989 be read a first time.

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

SECOND READING

HON M A FEETHAM:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the amendments to The Financial Services Commission Ordinance are intended to enable the Commission to operate effectively as the Licensing Authority under The Financial Services Ordinance. It reflects the change in approach which has been developed since the Ordinance was originally drafted. It had been thought at the time that only three members of the Commission would be representatives of those organisations operating in businesses engaged in Financial Services matters in Gibraltar. The

diversity of business which has now been carried out in Gibraltar makes it clear that the Commission could not be representative of the industry as a whole. Therefore aware of the problems and practices of the industry, as a whole, it was felt that unless all six positions on the Commission in addition to the Commissioner, were filled by people from the business and administrative community it would not be representative of the industry. If the restrictions originally placed in Section 3 are not removed it will not be possible for the Commission to operate as a Licensing Authority under the Financial Services Ordinance. It is for this reason that the limitation of the appointment of Commissioners contained in Section 3(lb) of the Ordinance is removed by the amendment in Clause 2 of this Bill. As a result of removing these restrictions the amendment to Section 6 appearing in Clause 3 is necessary. At the same time as removing the references to Section 3(lb) from Section 6, the amendment in Clause 3 imposes on the Commissioner an obligation to appoint fit and proper persons with the skills and experience necessary to enable the Commission to carry out its duties in respect of licensing and regulation as the authority appointed under the Financial Services Ordinance. With the amendments to Section 6, a part of the restrictions of members of the Commission involving themselves in matters in which they may have an interest was removed. The effect of the amendment proposed to Section 10 and contained in Clause 4 of this Bill is to strengthen the requirement already in that Section for declaring any interest and abstaining from involvement in any matter in which a member has an interest. The professional and business interest which a member of the Commission might have had in any matter before the Commission was previously covered by Section 6. It is now introduced to Section 10. The amendment to Section 15 contained in Clause 5 is consequential on the amendments made in the last House to the Auditors Registration Ordinance. Finally, Clause 6 amends Section 18 of the Financial Services Commission Ordinance. Some anxiety has been expressed by members of the Commission about their personal liability in respect of actions carried out by the Commission in its Statutory role. The amendment in Clause 6 merely serves to strengthen protection afforded to the individual members of the Commission against a personal liability in respect of matters which they have done in good faith in their role as members of the Commission. It makes it clear that the Commission is liable on the contracts on which it has entered into, for example, for the supply of goods and services. I commend the Bill to the House.

MR SPEAKER:

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

HON LT-COL E M BRITTO:

Mr Speaker, in general terms we support the Bill. There are however a couple of items that I want to bring up which

we feel could be an improvement rather than anything else. First of all I would like to express our concern that despite the Ordinance being in place since mid-1989 and despite the Commissioner being in the saddle we are still without Regulations. We are, in fact, virtually with having a ship with no engine, a captain and a crew but with no Rules for running the ship. We urge the Government to do what is necessary in order to put teeth into the Commission and to get it up and running and working as they should be to provide all the security to the Finance Centre that we need. To come now, Mr Speaker, to the detailed clauses as the Honourable Minister has done. I will take them in reverse order and say that we of course have no problems with the amendments to Section 15 or to Section 18 as obviously they strengthen the Bill. Similarly, the amendments to Section 10 which extends the grounds of closure and increases the power of the Bill. Moving up to the top now, to Section 3, I am not quite sure that I can agree entirely with what the Honourable Minister has said that there was a need to abolish the need to have a Barrister, a Bank Manager and an Accountant as part of the Commission. Surely if it was felt by having these three persons appointed on the grounds of their profession it was restricting the scope of the Commission then it would have been better to extend the number of Commissioners rather than take away the expertise that would be inherent in the Commission by having those three persons inside. I will be glad for an explanation if there is an explanation. The one I am most concerned with, Mr Speaker, is the amendments to Section 6. I must admit that I was a little bit perplexed when I read Section 6 in the Ordinance as we passed it and it seems to me that somewhere along the line either through a printer's error or some fault in the drafting or certainly some fault in the House when we passed the Bill that we must have left something out. I remember when I was involved in cooperating with officials and with Government in the drafting of this Bill, the drafting of the original Ordinance, the intention of Section 6 was that a member of the Commission who was an Accountant or a Barrister especially, and who had an interest, a disclosable interest, in a matter that came before the Commission should not benefit by gaining knowledge through his post on the Commission. It seems to me and I did ask the Attorney General to have the text with him to see whether I am right or I am wrong. It however seems to me that in the original Ordinance after 6b, where it says "Any person appointed to the Commission by virtue of Subparagraphs 1, 2 or 3 of Paragraph B of subsection 1 of Section 3, the words that are missing are something like "when that person has declared a disclosable interest in the matter under adjudication". By eliminating the Section, as the Government is doing now, we are removing that safeguard. In other words, if that Barrister is sitting on the Commission and an application comes in and he has an interest in the matter then he is going to gain an unfair advantage over other people because of his post in the Commission.

HON M A FEETHAM:

No, he would not be there when such licensing application or whatever is actually being discussed. He would not form part of it.

HON LT-COL E M BRITTO:

Mr Speaker absolutely. He would not be there at the moment of discussion.....

HON M A FEETHAM:

Or, in any case, just for further clarification, it would not be his decision, the decision would be taken by the Commissioner.

HON LT-COL E M BRITTO:

Yes, Mr Speaker, that is correct, but he would still have access to the Minutes and to the Records of those meetings and he would still be in a position to gain information which could be of an advantage to him. I know that there was a lot of discussion on this at the time and that is why the wording says "No application should be adjudicated upon", which is what the Minister is saying. But the second part of the original wording is "No information as to the affairs of any particular individual, firm or company shall be disclosed". In other words as you are rightly saying, at the time of discussion, the person with an interest would have to leave the room and not take part in the discussion for a decision. However the Section which it is proposed to repeal now further prevents that person who has an interest from gaining any further knowledge or gaining the knowledge by having access to records.....

HON M A FEETHAM:

No, Mr Speaker, he would not have access to these. When I reply to the two previous points made the matter will become a little bit clearer. The Hon Member was saying that it would weaken the position of the Commission by doing that.

HON LT-COL E M BRITTO:

Mr Speaker, that is the point that I wish to make. I would ask the Minister and the Attorney-General to think about what I have said and to think whether it is a good idea to eliminate that particular Section. It seems to me that as Section 6 reads now, and the Attorney-General can bear me out, it is a nonsense and that somewhere along the line we have made a mistake. The Section states "No application to the Commission shall be adjudicated by" and then goes on to say "persons appointed by the Commission". But as it reads now, it seems to me it is a nonsense. As far as we are concerned it would not be a good idea to eliminate the provisions that were intended to be there in the first place.

HON M A FEETHAM:

Mr Speaker, I am quite clear on what is happening.

MR SPEAKER:

The Hon Member can reply to Col Britto in a moment. The Attorney-General wishes to speak now.

HON ATTORNEY-GENERAL:

Yes, Mr Speaker, perhaps I can come in on a point that the Hon Col Britto has raised. Firstly, Mr Speaker, what the Government seeks to do is perfectly lawful, in my opinion, and that is all that I am concerned with. I have said in this House before and I do not hesitate to say again that I do not and will not involve myself in matters of Government policy. That is a matter for the elected Government. Not for me I am only an ex-officio Member of this House and that must not be forgotten, at least it will not be forgotten by me anyhow. If the Government wishes to take into account the recommendation which the Honourable Member has made then that is a matter entirely for the Government, Mr Speaker. It is not a question for me personally as Attorney-General. The Section as proposed to be amended, Mr Speaker, will in my view, make perfect sense. Section 6, as it is proposed to amend it by this Bill will read as follows, at least Subsection (1) will; "Subject to the provision in Section 9, it shall be the principal duty of the Commission to carry out and discharge the functions pursuant to this or any other Ordinance or Regulation, so far as is practicable and for this purpose shall appoint fit and proper persons having the skills and experience necessary to enable the Commission so to do".

HON LT-COL E M BRITTO:

Mr Speaker, if the Honourable Member will give way. I think he may have misunderstood what I have said. In the first place on the question of lawfulness or otherwise, I do not for a moment question what the Government is trying to do. Mr Speaker, I am trying to be constructive and I am suggesting that the original Section 6 should be left in rather than be repealed. This should be done with the additional words or words similar to those that I have suggested. The second point is that the Honourable the Attorney-General may have misunderstood me when I said that the wording was nonsense. I was not referring to the amendment, I was referring to the Clause 6 as it stands in the Ordinance at the moment. Not the way that it is intended to be amended by this Bill. Under 6A, it says "No application shall be adjudicated upon".

HON M A FEETHAM:

It has been strengthened. It has not been taken away.

MR SPEAKER:

Let us stick to principles now and then at the Committee Stage Members can discuss the details. I think the Hon Member

has made his point. If there is no other Member who wishes to speak I will call on the mover to reply.

HON M A FEETHAM:

Mr Speaker, we will have a look at the point that the Hon Member is making and I will come back to him. I think the Hon Member has made two main points. One was the matter about the Commission requiring Regulations and I agree with him. We have the Commission in place and the Commission is functioning to a certain degree. It requires Regulations to be put in force on the wider aspects. The Regulations, as far as I am aware, are virtually on the point of publication. Quite a number of people would like to see them in place including DTI in the UK. So I can say that this matter is now very much in hand and I am personally very concerned that we should have these Regulations out as quickly as possible without any further delay. The Hon Member also made the point about removing expertise from the Commission to make way for members of the industry. Was that not the point made by the Hon Member?

HON LT-COL E M BRITTO:

If the Hon Member will give way. What I was saying, Mr Speaker, is that it seems to me we are removing the necessity to have a minimum of a Barrister, a Bank Manager and an Accountant and just having in general terms people with experience in the Financial Sector. It seems to me that by not having as a matter of obligation those three posts then we could be detracting from the expertise available to the Commission.

HON M A FEETHAM:

The whole basis, Mr Speaker, if you recall the history about this was that when there was opposition to the setting up of the Commission and that it should be exclusively carried out by employees of the Government that it was our administration that decided the setting up the Commission. It was precisely because we believed that the Financial Services, the industry as such, should be participating in the responsibility that was required in ensuring that we had reputable companies coming into Gibraltar. Therefore a licence has been issued to people of repute, and companies of repute, but that the industry should take that responsibility. Initially when we thought about the composition, we decided on the three main areas and that the additional members should be the ones appointed in the terms of the supervisory aspect, like the Banking Supervisor, forming part of the Commission. As a result of the diversity that is happening in Gibraltar, we have needed to bring in other people. What is clear irrespective of whether we say six persons today or maybe tomorrow we want to change it to eight, is that what is clear is that you are bound to have somebody from the legal profession and somebody from the accounting profession anyway. If we have done it this way it is because of the question of practicality more than

anything else. But it does not remove the expertise from the Commission because at the same time we are appointing people with the necessary expertise. As it says here, as the backup for the Commission and that their role should be one of advising the Commission. If something goes to the Commission, the kind of things that we are concerned about, vested interests, etc and if they have any information which as a result of the ground work done before could be used for other reasons the Commissioner would ensure that there would be no other information disclosed at that stage. This is why these changes have come about, in the light of experience and, in fact arising from the very essence of the point that the Hon Member was making before. Mr Speaker, I think, we have cleared the matter and explained that we have widened the Commission in the interest of the Financial Services industry and the expertise will be provided to give it the necessary back-up. We are not, in fact, losing that expertise. I commend the Bill to the House.

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

HON M A FEETHAM:

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

This was agreed to.

The House recessed at 5.05 pm.

The House resumed at 5.20 pm.

THE PORT (AMENDMENT) ORDINANCE, 1991

HON M A FEETHAM:

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

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

SECOND READING

HON M A FEETHAM:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the majority of the Clauses in this Bill are concerned with the increase of fines under the Port Ordinance to a realistic level and to link them with the standard scale of fines introduced in this House in the amendment to the Criminal Procedure Ordinance moved by the Attorney-General. Clause 4 grants to the Captain of the Port a clear power to retain ships' papers where he believes it is necessary to do so to ensure that the provisions

of the Port Ordinance or any other Ordinance relating to a ship in the Port of Gibraltar or to the safety of ships generally are met. His power at the moment, Mr Speaker, is only to retain the papers where a ship is proposing to leave not having paid its Port duties. By the time the Captain of the Port discovers that the ship is proposing to leave without payment it is likely that the ship will be beyond his reach. Again at the moment he has no powers to retain the papers where he believes there may be an infringement of safety standards on a ship. Clause 4 therefore remedies that omission. Clause 5 gives to the Captain of the Port a power to dispose of a wreck or object which has been abandoned in the Port where the wreck or thing is not saleable. At the moment he is placed in a difficult position of having to sell even what is not possible to sell where they have been abandoned in the area of the Port. I hope the above Bill with therefore give Members opposite enough detail about the practicalities of the amendments that I am proposing. I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Yes Mr Speaker, we support the provision of this Bill. As the Minister has said there are two substantial amendments other than the question of fines under Section 9 of the Ordinance, and it does seem sensible that the Captain of the Port should have powers to retain the documents in certain circumstances. The other one is the question that in order to dispose of or to remove wrecks and so on, the law as it stands at present seems to impose an obligation of the Captain of the Port that the only way he can dispose of these objects is by selling them. It may well be that he may not find a buyer and be stuck with it. Therefore the Captain of the Port should have the powers to as it were "send the wreck down the chute"! So we support the Bill, Mr Speaker.

MR SPEAKER:

If no other member wishes to speak I will call on the mover to reply.

HON M A FEETHAM:

I have nothing further to say, Mr Speaker.

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

HON M A FEETHAM:

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

This was agreed to.

THE PUBLIC HEALTH (AMENDMENT) ORDINANCE, 1991

HON J C PEREZ:

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

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

SECOND READING

HON J C PEREZ:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, Honourable Members will have noticed that a lot of what is in this Bill arises again out of the Criminal Procedure Ordinance that was introduced earlier in the House by the Honourable the Attorney-General and updates the fines which were included in the Ordinance twenty years ago. The particular scale included in the Criminal Procedures Ordinance applies in future. There are four clauses in the Bill which deal with something completely separate and that is the ability of the Government to contract the obligations and responsibilities in the Public Health Ordinance in respect of the Water Service to a private company. The purpose of bringing the Bill to the House is because the Government is at the point of reaching agreement with the Lyonnaise Des Eaux from France to form a Joint Venture Company which will be called Lyonnaise De Eaux Gibraltar Limited and will be contracting out the whole of the fresh and salt water as well as the sewage pumping to the new company. Initially there were some problems with the Trade Unions, but these have now been resolved and everything is ready to commence and that is why we are bringing this Bill. Section 26 and Section 27 really replaces the responsibilities of the Director of Public Works given that there will no longer be a Public Works Department and replaces the Government as the responsible party. Section 41 is quite specific that that is what is intended and that is the main amendment. The other amendment arise out of that and Section 45 allows for Schedules to be changed by Regulation which will then be gazetted. The procedure for any alteration in the price of water sold to consumers would still have to be gazetted. Mr Speaker I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

We support this Bill and we notice the changes in the level of fines in certain areas and some of them are quite steep increases. They have gone up from £10 to £500 and that is a 500% increase. In another instance fines have gone up

from £20 to £2000 that is 10,000% rise. I am not sure that all these are absolutely necessary but since the Courts will have the jurisdiction not to apply the maximum fine we will accept them. We understand the situation in Section 41 where a company is going to be authorised to perform the functions on behalf of the Government. Once such function has been happening already, the taking by private lorries of refuse into Spain and it would be rather envidious for Government vehicles to be doing that job. But it does seem to be a little bit like shutting the door after the horse has gone. We are not fully happy with the announcement that the provision of water is going to be taken over by a Joint Venture Company. Water distribution and production in Gibraltar has been a success story and it seems rather a pity that this should be removed from the Government. However, the Government in its wisdom seems to think that privatisation is one of the things that this Socialist Government wishes to impose upon us so we will accept it. Apart from that we support the Bill, Mr Speaker.

HON A J CANEPA:

Perhaps Mr Speaker, being some years younger than the father of the House, I might show a more liberal attitude to these changes. We are aware of the fact of course Mr Speaker, that about a year or so ago the workforce were totally against being taken over by a Joint Venture Company and indeed they were very demonstrative about it as I recollect. I hope our attitude to Joint Venture Companies is clear because we are not, in principle, against a Joint Venture Company particularly where there is no competition with an established industry. Now, as my colleague says, we are very proud of the fact that successive AACR administrations could point, I think, to the management by the Public Works Department of the distribution or supply of water as a success story. I think it was a success story in that over the years on more than one occasion when clearly in neighbouring areas there were serious shortages of water we never went without and the expertise in the Public Works Department was used to great effect in managing the potable water system, and indeed the salt water system, so much so that on two occasions, I think, in the latter years of our administration we were actually able to lower the price of water. I think we were also very successful in the type of Desalination Plant which we commissioned in the latter years. That again has been a great success story and therefore from that point of view we are very attached to the fact that the potable water system has been a public service which has been well run. I would therefore ask the Minister, when he exercises his right to reply, because in fact we are going to support the Bill, to provide us with more reasons as why we should support the Bill. What are the considerations which the Government is taking into account and which have lead them to consider that a Joint Venture Company for the potable supply system is a good thing for Gibraltar? Because, Mr Speaker, we are open-minded about it. We have nothing against it, in principle. We were also in favour and we negotiated the GibTel Joint Venture. We are approaching this in the same spirit and

at the same time perhaps it might also give us an indication of what are the considerations that they have been able to put to the workforce in order to carry them along in supporting the Joint Venture. If the Minister can inform us then, not only do we vote in favour, but we will vote in favour enthusiastically.

HON CHIEF MINISTER:

Mr Speaker, let me say that although I would agree with the Member opposite about the history of the operation of the Water Undertaking, as a Public Utility in the days of the City Council, I do not think it necessarily operated as well after its intergration into the Government system as happened indeed in other areas. In fact we have had a situation where, I have no doubt the Honourable Member opposite will recall, they actually set up the Funded Accounts in 1976 and they discovered that all the Municipal Services which had been shown as an Annex to the Estimate of Expenditure between 1968 and 1976 had all under-represented the true economic operations of those Funds. They were running the Government Accounts of the Municipal Undertakings, once the Municipality had disappeared, and it was for that reason that eventually the AACR administration came up with the idea of setting up the Funded Services and created Special Funds for Electricity, Water, Telephone and eventually for Housing. However at the time they did it in 1976 for Electricity, Water and Telephone they had in fact to write-off substantial back-dated losses. This losses only appeared when that write-off happened. We, in fact, reverted the situation when we came into Office and removed from the Consolidated Fund £3½m of unpaid bills in the 1989 Budget as a consequence of going back to consolidating the Accounts into the main body. We feel that a Water Undertaking public or privately owned would operate better than as a Water Department forming part of the Civil Service of Gibraltar and working under Civil Service rules and with Civil Service Accounts. We feel that this is a system which under the Civil Service feel we have difficulty in keeping control over in so far as public expenditure is concerned. There is no particular reason as far as we are concerned why the Water Undertaking as a Public Utility should not be 100% Government owned but we feel it would be better outside the ambit of Public Administration. As indeed happened with the telephones which we removed in May last year. We feel that decisions that managers should take for commercial logic are better dealt with without having to go through the process of Council of Ministers and then as Government expenditure have to be brought to the House and being voted on. I remember perhaps the worst example of that system was in the Telephone Department before we had the Joint Venture with Nynex where we had to take a decision, as Government, on whether expenditure should be allowed to buy a number of fax machines even though the fax machines were being rented or sold at a profit. No business would actually look at whether they should buy a machine which they will then sell in a shop as an item of expenditure. Items of expenditure in commercial terms are the painting of the walls because it is a cost

on the business and the other one is a product that you are selling. So, Mr Speaker, we feel for those reasons that it ought to be outside the Government arena and it is consistent with the policy that we are taking of commercialising what we consider to be trading activities and concentrating the role of the Government on the policy making decisions of politicians in the public area where we think it ought to be. It is perfectly natural that there ought to be a policy making body in areas like Education where there is a matter of political philosophy at stake, if you like, but not in producing water by burning oil or by using electricity and whether it should be a reverse osmosis plant or a desalination plant using evaporation techniques. Because at the end of the day the decision taken by the politician is only to rubber stamp the view of the technical people. So it does make a nonsense of the political decision making and policy making in that area. Given that Lyonnaise approached us and given the fact that they are already well established, not only in France, but in other Countries in the European Community, including the UK where they have bought the Essex Water Company and some other Water Companies so we felt that having them in as partners would bring a level of expertise which in Gibraltar we could never have and would bring us into the ambit of a multi national group operating throughout the Community which would give us valuable contacts. Although we have had offers from UK companies who are particularly interested in developing a connection with French business in order to develop other French contacts with a view to selling Gibraltar as a Finance Centre and in other areas we need to be clear that in the Single Market, post 1992, the trend is going to be that companies are going to be operating throughout the twelve Member States and we feel that there is a strong political advantage provided it is something that at the same time makes economic sense to be in a situation where they have also a presence in Gibraltar and where we therefore have an institutional link with Community wide enterprises. At the same time there may be things about our own experiences here in terms of what we have done with desalination, with water storage and with the water catchments as well as the fact that we have a brackish water supply for sanitary purposes which nobody else has, then those are things that they feel in the group may be valuable to them. The part of the problem in so far as the workforce is concerned was that the people were naturally hesitant to move out of the Government Sector and into a private company. We have however been able by negotiation with the Union to achieve a situation where those who were most strongly opposed will in fact not move, and they are being re-deployed into other jobs that are satisfactory to them in other parts of the Government Service. As Members opposite know, who have had experience of these things, if you have a group of people who are very much against something then they tend to influence the way others feel. However once their worries are overcome then the others, since it is a free choice and nobody is being forced to move against their will, have been able to accept what was on offer from their new employers. In fact the Government has taken a back role and let the employing company do the running.

HON A J CANEPA:

Mr Speaker, setting aside the considerations that he has mentioned regarding the Municipal system of accounting and the Government's system, quite apart from that aspect, the kind of thing that I had in mind when I said that it was a success story was, he will recall that in the early 70's in particular, because water losses were running at around 30%, we used to get people from the Water Authorities in the UK telling us that that was satisfactory because they had water losses of well in excess of 30%. Well we never accepted that and as a result of the efforts made by the technical people employed in the Department over a period of time we were able to reduce those water losses to under 10%. Mr Speaker, I think that is indicative of the success story that I was quoting before and of the care taken by the staff. The desalination aspect was also successful and there was no need to bring tankers from the UK, a terribly high expense. These things were all part and parcel of the reason why we were able to supply water relatively cheaply at a price which the Government even now, three years later, has still been able to maintain. This is the sort of thing that we had in mind. However, as I say we are able to support the Bill and I think the considerations which the Chief Minister has put to us really give us no cause to take a different attitude on this particular utility than what we took with the telephones.

HON G MASCARENHAS:

Mr Speaker, will it be a Joint Venture in the purer sense. Will it be 50-50 or will it be 100% owned. Is it an investment of 100% by Lyonnaise.

HON CHIEF MINISTER:

Mr Speaker, I will let the Hon Minister for Government Services give those details because I have not been dealing with the matter myself. All I can tell the Honourable the Leader of the Opposition is that in fact on the technical side all the people involved are being employed by the new Company and they have been the most enthusiastic supporters of the idea from the beginning. The problem that we had of people that were reluctant to move were on the shop floor.

HON G MASCARENHAS:

Mr Speaker, the question of whether it is 100% venture on the part of the French company or whether it will be jointly owned by the Government and if not what is the cost to the French company? Can the Hon Minister provide us with details.

MR SPEAKER:

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

HON J C PEREZ:

Mr Speaker, I am glad that the AACR is moving from the old Stalin principles to Perestroika in the same way as the rest of Europe. I remember, Mr Speaker, when the Honourable Member opposite, the Father of the House, used to call me a Tupamaro! I can now afford to call him a Stalinist! A lot of the questions and the queries that Honourable Members had have been answered by the Honourable the Chief Minister. I would just like to add that the tremendous scientific backup as a result of the tremendous laboratory facilities which Lyonnaise has in Paris and which has access to EEC funds will be available to Lyonnaise Des Eaux Gibraltar Limited as well. There is also the possibility in the future of using the Lyonnaise links within the European Community for particular projects that might attract EEC funds and which is also an important element in the proposal. But quite apart from that and from what the Honourable the Chief Minister has said, we have found many interesting things particularly in our Joint Venture with Nynex, and one of them is that the relationship between the company and the customer improves tremendously and dramatically, even if the same people are the ones that are moving, once they are in a commercial environment. The concept of the Company being there to give a service to the general public is more entrenched in the commercial environment than it is a public service in the Government hands. We hope that this will also happen in the new Company. For example, how quickly they attend to the problems of breaks in water supply and breaks in brackish water supply to the public and the concept that they are providing a service to the customer and that the person that pays the bills, the customer, can demand a proper service. There has been a tremendous improvement in the telephone service and hopefully there will be improvement in the water service as well. The Honourable Mr Mascarenhas has asked about the shareholding of the company. We shall be taking a third of the shares of the company, Mr Speaker, but the assets will not belong to the company. The assets, ie the reservoirs, the pipes, the Desalination Plants and the buildings will continue to belong to the Government and will be leased to the company. So the Public Utility will always be in the ownership of the Government as such and will give the company a thirty year contract which can then be renewed at the end of the term. Another very important issue, Mr Speaker, which we face and which is another important reason why we should be moving in this way is that we had indications that the PSA/DOE might be commercialising themselves and that therefore the possibility, and I say the possibility, because it depends on what terms we can look at it of having one water system in Gibraltar instead of two, there would be a greater possibility of us taking over the PSA system if we are already commercialised than if we remain in the Public Service. That is why although it is a French company it is most probable that the company that will be taking the shareholding will be Lyonnaise UK because it owns the Essex Water Authority as well as other Water Authorities in UK and that will create a greater sense of comfort for

the Ministry of Defence than if it were a French Company. So, Mr Speaker, although the Shareholders Agreement of the Company has already been signed, there are still Contracts to be signed and Licenses to be signed before all this is given effect and if Honourable Members want more details of that then I shall happily provide them. I am certainly glad that the Honourable the Leader of the Opposition can see his way to supporting the Bill and to supporting the move given that yes it is true that the whole of Gibraltar has prided itself in having a water system like the one we have but in many areas it was in very bad need of investment because we need to change pipes from time to time and we need to invest heavily in certain areas particularly the automation of pumps etc. The experts, the people that Honourable Members opposite used to rely on before, are the ones that will be moving to the new Company so we are not losing any expertise to a third party. We are in fact consolidating our position in a commercial framework with the backup and the experts that have made it possible for the water system to run in Gibraltar as smoothly as it has in the past and which we trust will continue in the future. The other point raised by the Honourable the Leader of the Opposition was what had happened to the workforce and in particular to the section that was rather vociferous against the deal when the majority of the water section were in favour? Well, Mr Speaker, there came a point when the other group of workers, in fact, went to their Union and said "Look we are interested and there are people stopping us from doing so". Eventually what happened, as the Honourable the Chief Minister explained, was that some people gave up their resistance about seven of them decided to move sideways into other Government Departments doing the same work. The other people have agreed to the deal being offered by Lyonnaise and we hope that the effective date will be on the 1st May. However for the next three or four months certainly, the billing and the administration will remain the same until such time as Lyonnaise can open their offices and take over the billing, etc and put into effect the clauses in the contract which we are negotiating at present. I commend the Bill to the House.

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

HON J C PEREZ:

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

This was agreed to.

THE BIRTHS AND DEATHS REGISTRATION (AMENDMENT) ORDINANCE, 1991

HON ATTORNEY-GENERAL:

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

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

SECOND READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, most of the Clauses in this Bill merely removes the specific maximum fine provided for offences under the Ordinance and replaces them by reference to the relevant scales contained in the Criminal Procedure (Amendment) Bill, 1991 upon which I addressed the House earlier. However I am sure the House will want me to say something about those clauses in this Bill which are more fundamental. Clause 10 repeals and replaces Section 22 of the Ordinance dealing with the requirement to insert in the Register of Deaths the particulars given in the appropriate Doctor's certificate. The new Section will enable the Registrar to act also upon the Coroner's certificate as well as on a certificate from a Medical Practitioner. Mr Speaker, the next clause, Clause 11 repeals and replaces Section 23 dealing with the requirements concerning those persons who are entitled to give information to the Registrar of Deaths which occur in Gibraltar. The new Subsection 1 clarifies those persons so qualified and the new Subsection 2 clarifies those persons who may have a duty to give a declaration of the particulars required to be registered in respect of a death. Clause 13 merely reflects what in practice are the Registrar's obligations under Section 27 of the Ordinance concerning completion of the Register for the purpose of deeming a death to be fully registered. Clause 14 repeals and replaces Section 29 and clarifies and indeed extends the criminal liability for failure to supply information to the Registrar to those persons having a duty to do so. Clause 15 amends Section 30 which deals with the circumstances in which an inquest is held and a declaration is unnecessary by catering for a request held not only with the jury but also by the Coroner alone. Clause 16 makes a similar amendment to Section 31 dealing with the Coroner's duty to give particulars to the Registrar. Clause 17 amends Section 33 dealing with the Registrar's obligation to give a certificate to a person in charge of a funeral. The amendment caters for cases where only part registration has been effected and where the circumstances of death may but not necessarily must require an inquest to be held. Mr Speaker, Clause 18 similarly amends Section 35 relating to the need to supply to the Minister of Religion conducting a funeral the burial certificate provided by the Coroner and exempt from those provisions burials at the North Front Cemetery. Clause 20, amending Section 37 dealing with the burial certificate to be supplied to the Registrar by Ministers of Religion provides an exemption where the deceased was a member of Her Majesty's Forces. The obligation of the Registrar to enquire into the domicile of deceased persons, Mr Speaker, under Section 24 is removed by the repeal of that Section effected in the final Clause

of this Bill. Mr Speaker, the Bill has been prepared following consideration of representations made by the Registrar relating to specific difficulties which he has encountered in the past and seeks to rectify any possibility of those difficulties reoccurring in the future. Sir I commend the Bill to the House.

MR SPEAKER:

Before I put the question does any Hon Member wish to speak on the general principles and merits of the Bill? If no other Member wishes to speak I will call on the mover to reply.

HON ATTORNEY-GENERAL:

Sir, I am most grateful to the Members of the Opposition for their support and I have nothing further to add.

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

THE PUBLIC FINANCE (CONTROL AND AUDIT) (AMENDMENT) ORDINANCE,
1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to amend the Public Finance (Control and Audit) Ordinance be read a first time.

Mr Speaker 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. Clauses 2 and 4 of this Bill merely seek to correct longstanding textual errors in cross referencing contained in the principal Ordinance. Clause 3 is the principal operative Clause of the Bill and seeks to consolidate the separate and largely duplicating provisions that have been made in the past in defining the revenue Special Funds created under the Ordinance by a special provision within the Ordinance, on the one hand and on the other hand, by His Excellency the Governor and the more general powers conveyed to him under the Ordinance. It is considered appropriate that all such Funds should be treated on a similar footing in future. In so defining the revenue of all these Special Funds, the Clause, as I say, largely consolidates provisions that have been separately made for each type of Fund in the past. The principal material effect of the consolidation is that the Governor will be able to declare any revenue to form the revenue of either type of Fund rather than, as in the past, only those Funds which have been placed under his general powers. Under the proposal, the Governor's powers will relate to all revenue notwithstanding the provisions of other Ordinances. Finally, Sir, the opportunity is also being taken to enable transfers of monies between Funds in order to create more flexibility and scope for efficiency in fund management. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON LT-COL E M BRITTO:

Mr Speaker, after, I think it is ten Bills which the House has gone through so far today in a spirit of friendly cooperation, if I can call it that, I regret to say that it falls upon me to strike the first note of discord. I have to say straightaway that we have difficulty with this Bill, Mr Speaker, and the explanation that we have heard so far does

not dispel those difficulties. Let me explain in more detail what I mean, Mr Speaker. We have obviously no objections to the amendments to Section 18 and Section 59 in Clauses 2 and 4 of the Bill. Neither, in fact, have we any great difficulty with the spirit of the Bill in trying to clarify the provisions by omitting repetition, as it says in the Explanatory Memorandum and which the Hon the Financial and Development Secretary has already explained. When I first read this Bill, Mr Speaker, I asked myself: "Why do we need this Bill?" And it seemed to me that the necessity of clarifying the provisions by omitting repetition were not enough to warrant the introduction of a Bill in a governmental programme which we are continuously led to understand by Ministers that there is a queue of people knocking on the Attorney-General's door to enact or amend legislation. The key words in the Bill, Mr Speaker, are the first line in the new Section 20 "Notwithstanding the provisions of any other Ordinance", and finally sub-section (e) "any monies transferred to the fund from any other fund". Mr Speaker, we find there is a certain danger inherent in the powers being sought in allowing these transfers in such an openhanded manner as sub-section (e) appears to do. It seems to us, subject to being advised otherwise from the other side of the House, Mr Speaker, that this will allow transfers of money from one fund and this is giving it the best interpretation, Mr Speaker, "the fund" meaning the Special Fund in the introduction to the Bill "from any other fund" meaning any other Special Fund although it does not say Special Fund. But giving it that interpretation for the moment, we find it dangerous that this will allow transfers of money without further authority from one fund to the other fund without taking into account the objectives of the originating fund or the donor fund. For example, Mr Speaker, we could have a situation where money from, say, the Savings Bank or from the Security Fund or even the Social Insurance Fund, to name three at random, could be transferred to, say, the Investment Fund and under the provisions of this Bill could then subsequently be transferred to a Joint Venture Company by this process of moving money around and we do not like that idea at all, Mr Speaker. It could even be, Mr Speaker, and it may already have happened that company tax is being transferred to the Investment Fund and that this could already be the subject of correspondence between the Attorney-General's Chambers and other parties involved' So I ask myself, Mr Speaker, is this the real reason for this Bill? Is it that already money is being transferred and this has been queried by the Principal Auditor? Or has been queried by the Accountant-General and this is why it has been found necessary to introduce this Bill? I look forward to an explanation on these points. Finally, Mr Speaker, if one gives that sub-section an even wider interpretation and interprets "any other fund" to mean even the Consolidated Fund then the mind boggles. So, as I say, we are not happy with the openness of the provisions as they stand, Mr Speaker, and we shall have

no option but to vote against the Bill. All the other amendments are purely of an administrative nature and the Ordinance as it stands now works well although obviously it will be neater if the amendments are passed but the two provisions I have mentioned together with the first line which states "notwithstanding the provisions of any other Ordinance" which widens it further that we cannot accept and we shall be voting against this Bill, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, the speculations of the Hon Member opposite clearly have nothing to do with anything that there is in this Bill. It has to do with this great capacity that he has to tap into rumours within the echelons of the remaining areas of the Civil Service. Obviously, the Hon Member must have increasing difficulty in those areas because they are getting smaller and smaller with every passing day. He is, of course, wrong in the deduction that he is making because those deductions are based, as I have said, not on what the Bill says, but on what he might or might not have been told by people who might or might not know what they are talking about and what might or might not have been brought to the House and which might or might not have been changed before it got here. What the Bill, in fact, does is that it allows, as he would know if he had done his homework instead of depending on what somebody else has told him, is that it allows the receipt of money, not the payment of money, because this section deals with what constitutes the income of a fund and not the expenditure of a fund. Therefore, Section (c) says that the income of a fund constitutes the money transferred from another fund but, of course, there has to be a decision taken to transfer the money out and the rules of the other funds must enable that transfer to be charged to it. So the explanation that the Hon Member wanted as to whether Section (c) in the new Section 20, in fact, enables us to move money out of the fund then the answer is no, because Section (c) in Section 20 deals with the fact that it is the income of the fund that can be either monies appropriated by the House, Interest, Revenue or monies declared by the Governor, or monies transferred by the fund. So in each case even if the Hon Member did not know what the original Ordinance said, it would follow from a logical reading of what is in front of him that you are saying 'the income of a fund can be (a), (b), (c), (d) or (e)'. So we are talking about five sources of income. At the moment the other four are already provided in Section 20 in two different parts. We are applying the existing four in one part and we are adding, as a new element, the fact that a fund may receive money transferred from another fund provided, of course, the other fund allows the transfer out. That is not here but it follows logically that if the other fund does not allow the transfer out then these funds cannot receive the money. However the power that is being included here is the power to

consider the revenue of a fund by one of five things, either money appropriated by the House, either the investment income of the assets of that fund or monies that are revenue from an undertaking which is covered by that fund or money declared by the Governor to form part of the fund or (e) money that has been transferred because it is surplus to another fund and we want to shift it to a fund where we think it can be better employed. As I say, the receipt of the money is a new thing and therefore the other speculative elements that the Hon Member raised we may want to do or we may not want to do in the future but we are certainly not doing it here. He will have to wait for that.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think much of the grounds raised by the Hon Colonel Britto has been largely covered by the Chief Minister, Mr Speaker. If I can just add, by way of further comment, that certainly the interpretation that I have received of "a fund", as defined in the Bill, is that it relates purely to the Special Funds that are covered in the Bill. The reference to fund transfers therefore relates only to transfers between Special Funds. What we have in mind is that there may be circumstances in which the financial needs of funds do.....

HON LT-COL E M BRITTO:

If the Hon Member will give way. May I suggest, Mr Speaker, to the Hon Member that in order to make that absolutely clear that an amendment should be moved at the Committee Stage specifying "any other Special Fund", to avoid any possible misunderstanding at any time in the future.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am quite happy to do that, Sir, at the Committee Stage of the Bill. The purpose of transferring funds is purely to reflect the situation where the financial needs of a particular fund may change from time and it may be more efficient in terms of managing funds as a whole to actually transfer the money from one to another. It is purely the Special Funds that are reflected in that objective. With that, Sir, I have nothing further to add.

HON A J CANEPA:

Mr Speaker, at this stage we will abstain and then in the light of what happens at the Committee Stage we can then perhaps vote in favour when the Bill comes out of Committee and we take the Third Reading.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE INCOME TAX (AMENDMENT) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. This Bill deals primarily with the Government's concern to overhaul Development Aid provisions hitherto contained in the Development Aid Ordinance and to specify that overhaul in a form of rules to be issued in accordance with powers now-existent in the Income Tax Ordinance. The purpose behind Clause 2 of the Bill is to provide the continuing tax relief on benefits in kind derived from the residential occupation of premises constructed under the Development Aid Licence. It also provides transitional arrangements in this respect between licences issued under the existing Ordinance and those from the arrangements in the rules. With your indulgence, Sir, however I will just mention, in the light of further consideration, that it has come to be seen that this provision or tax relief has become somewhat anachronistic and the House will be aware that I have already given notice of the intention to omit this provision entirely during the Committee Stage. Clause 3 is only partly related to the main purpose of the Bill and deals with Section 40 of the Income Tax Ordinance which is concerned with withholding tax arrangements. The view is taken that the discretionary powers available to the Commissioner of Income Tax, under that Section, as to when withholding provisions are imposed are primarily concerned with matters of fiscal policy and therefore it is more appropriate for the Financial and Development Secretary to exercise those powers albeit taking into account the advice of the Commissioner. In Clause 4 provision is made in Subclauses 1 and 2 to relate the benefits available under the Imports and Exports Ordinance and the Trade Licensing Ordinance respectively to the rules now to be made under the Income Tax Ordinance rather than to the Development Aid Ordinance. Subclause 3(a) of Clause 4 essentially repeats the wording in the existing Income Tax Ordinance with regards to discretionary powers to grant rating relief. However (b) of this Subclause has been added to provide for rating relief to continue to be given in respect of projects that are subject to Development Aid Licences. Subclause 4 repeals the Development Aid Ordinance in its entirety. Subclause 5 deals with transitional arrangements and seeks to preserve entitlement to benefits for existing licence holders. The point has been made to me that in (b) of that Subclause, the reference to Licensees is potentially restrictive where the benefit of Development

Aid as regards rating, in particular, is received not by the licensee himself, but by the occupier. This is not the intention and I am satisfied that sufficient powers are available under Subclause 3 of this Clause to achieve the desired effects of granting continuing relief to those people. Nevertheless to provide comfort to occupiers who are the beneficiaries from rating relief derived from the existing Development Aid Licence I will be proposing an amendment at Committee Stage to clarify the matter. Subclause 6 simply provides for a merging of registration in respect of Development Aid Licences derived both from the Development Aid Ordinance hitherto and under the proposed rules henceforth. Clearly Sir, Development Aid continues to be an important element in the Government's policy for generating development and economic activity in Gibraltar. It is Government's view that the move towards managing the licensing process through rules which can be kept speedily and regularly updated to meet the changing circumstances of Gibraltar will help to ensure and enhance the effectiveness of the incentives that Development Aid provides. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, we have no difficulty in supporting, in principle, the incorporation of the Development Aid Ordinance into the Income Tax Ordinance because, in fact, over the years the Ordinance has had to work naturally very closely with the Income Tax Ordinance so whether it is a separate piece of legislation or continue to be embodied in the actual Income Tax Ordinance makes no odds because the rules will deal accordingly with matter. Because I saw that the Bill was down for Committee Stage at this earlier part of the meeting I phoned the Financial and Development Secretary last week, after considering the Bill carefully, and put to him a number of points which I had and to which I sought clarification. Some of them had not been taken care of and I am not sure whether the Bill as it stands takes care of these points which I am going to mention in a moment. By putting these points to the Financial and Development Secretary then, I was giving him an opportunity to consider them and bring any amending legislation that might be necessary at this stage. The three points that I was making and which are really a matter for the political side of the Government are as follows. First of all I am concerned as to whether housing projects will continue to merit consideration for a Development Aid Licence to be granted in that the concession which is made in respect of payment of rates whereby there is a ten year scale before full rates are paid and which is an important incentive in the package of home ownership. This was something that we introduced and which the present Government has continued. Mr Speaker, to have to pay full rates from the word go together with

a hefty mortgage is a very serious burden and therefore if the payment of rates is scaled at intervals of 10% over a ten year period that is a very very considerable benefit to the owner-occupier and I would want to know whether it is still the policy of the Government to continue that in future. It maybe that I am not reading the Bill properly but I notice that from the first day of July 1991, the provisions of the Ordinance shall cease to have effect in respect of Section 15(b) to 15(e), but I do note as the Financial and Development Secretary has said that in their entirety the provisions of Section 40 are being reproduced in Clause 4(3). If that is the policy of the Government then the Government can lay down criteria so that the Financial and Development Secretary will exercise these powers in accordance with their guidance. So I would want an answer on that point. Also, Mr Speaker, what is the position therefore with present owner-occupiers of which I am one and therefore I should declare an interest in that I am benefitting from this provision together with a few hundred others thankfully now in Gibraltar. Two hundred or so in Vineyards and here and there owner-occupiers are benefitting from this provision I would therefore assume that this Bill, as drafted, is providing a safeguard for these people, in other words, these acquired rights I would assume are being maintained? Thirdly what is the position for those housing projects currently under construction which have already been the subject of a Development Aid Licence granted to the developer and therefore will in due course benefit the purchasers, the owner-occupiers, in a year's or two year's time. Will they also benefit from this important rating relief? Mr Speaker, if those questions can be answered satisfactorily then we have no difficulty in supporting the Bill because all that we are seeing really is streamlining and there is no departure, in principle, from matters which we have given a great deal of importance to in the past.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am pleased to answer in the affirmative Mr Speaker, to all three of the questions raised by the Leader of the Opposition. It is Government's intention that the advantage of rate relief attracted by housing projects constructed with Development Aid will continue. It is also intended that existing relief owner-occupiers are getting at the moment that will continue on in its natural course through the scale that has been set in the past and thirdly it is intended that housing development projects that are currently under construction with the benefit of Development Aid Licence will also attract that rating relief. I think as I have mentioned in my opening speech, Mr Speaker, that the proposed amendments that have been tabled to Members to the final Clause of the Bill, will make that position clear.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE IMPORTS AND EXPORTS (AMENDMENT) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The greater part of this Bill is taken up with attaching to the standard scale of fines debated by the House earlier today the many and varying provisions in the Ordinance for fines committed against the provisions of the Ordinance. The fine levels in the Ordinance are considerably out of date and the imposed attachment to the standard scale reflect a thorough review in the light of modern circumstances. In general they represent increases of between 2 and 5 fold. In addition the opportunity is taken to amend those provisions of the Ordinance dealing with the prohibition of the importation or exportation of certain drugs to provide for life imprisonment for offences in connection with more serious drugs defined as Class A in the provisions of the Drugs Misuse Ordinance. This brings our penalty regime in line with that of the United Kingdom. Clause 16 of the Bill contains a tidying measure. The original form of Section 64 of the Principal Ordinance is rather ambiguous in terms of treatment of fuel and oil taken on board for the purposes of aircraft or ships travelling outside Gibraltar. The proposed revision to Section 64 makes it clear that all such fuel and oil to both aircraft or ships is intended to be exempted from duty. Finally, Clause 14 of the Bill in conjunction with Clause 33 gives effect to the Government's policy that levels of charges and taxes should be established by Regulation and make provision for the level of duties in respect of the Ordinance to be established by Regulation made by the Governor subject to there being laid before the House at the meeting following the Regulations having been made and published in the Gazette. Clause 6, provides that the Governor may by Notice make specified points in Gibraltar through

which goods maybe imported other than those that are already specified in Section 20 of the Principal Ordinance. Clearly in terms of the changing face of Gibraltar and its infrastructure some changes in this respect are likely to be called for over the coming years and the need for flexibility in this respect will be important. Sir, there being no other points of significance to draw to the Members attention I commend the Bill to the House.

MR SPEAKER:

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

HON LT-COL E M BRITTO:

Mr Speaker, the Opposition will be abstaining on the Bill, simply because of the Government's declared principle of governing by Regulation and of taking away powers from the House of Assembly. So purely on the strength of Clauses 14 and 33 which is to what we object we shall be abstaining on the Bill as a whole. We feel there is need for the rest of it but we cannot support it because of what I have just stated. Equally we have some slight reservation about the increase to life imprisonment in relation to offences under Class A drugs, but we are glad to see that this in line with UK policy. In fact, Mr Speaker, this was one of the things that we wanted clarification on. We assume that Clause 6 is brought about because of the development of the New Harbours Complex and I presume does not apply to anywhere else? Perhaps the Hon Mover can clarify this? Could he also, Mr Speaker, clarify, just to make it absolutely certain, that we are talking about importation only and not exportation as well, in allowing all other points to be nominated by Governor's Notice.

HON ATTORNEY-GENERAL:

Mr Speaker, if I can just deal very quickly with the point of the imposition of life imprisonment. This is, of course, only for Class A drugs of which happily we have very few of in Gibraltar. Although I must say that the incidencies of Class A drugs has unhappily increased to some extent. However, nonetheless there has been an increase in cases involving Class A drugs in the last two or three years and I have not made a secret of the fact, and I share Government's view entirely, that Gibraltar should be free of people who import drugs and who are in possession of drugs especially in the most serious cases involving possession with intent to supply. The Ordinance does not interfere with Class B drugs, Mr Speaker, such as cannabis or cannabis resin which is the type of drug we are principally mostly concerned about in Gibraltar and of course it will be open to the Court when convicting a person of an offence involving Class A drugs, to which the Ordinance seeks to impose a maximum penalty of life imprisonment, to impose any lesser sentence it considers appropriate. I anticipate Mr Speaker, that it would be

very unlikely that the maximum sentence of life imprisonment will be imposed unless it is an extremely serious case or unless it is a case which involves an offender with a number of previous convictions of similar or identical offences. In some cases, of course, Mr Speaker, in some Countries for Class A drugs there is a mandatory sentence of death. We have not thought about re-imposing that yet in Gibraltar and I think I would have constitutional problems in any event if I endeavoured to do so. This however does reflect Government policy and it does reflect the policy of the Law Enforcement Officers of which I consider myself one, Mr Speaker, in seeking to alter the Ordinance to that effect.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I recognise Honourable Members opposite decision to abstain. If I can just deal with the points that have been raised. The Honourable Member is correct in saying that the principle development in connection with the points of importation is the New Harbour's Complex. However as Gibraltar develops in the future there may be a need for others. I can also confirm Sir that in connection with Section 20 we are referring only to importation. I now commend the Bill to the House.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE COMPANIES (AMENDMENT) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

Mr Speaker 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. Again, Mr Speaker, the greater part of this Bill is concerned with linking the levels of fines provided for in the Ordinance to the standard scales which was the subject of debate earlier today. Since I think the principle is clear I will concentrate in presenting the Bill to the House on the other matters contained within the Bill. However I will point out that the level of increase in fines is generally of the order of tenfold, reflecting the extent which fine levels have become out of date, it indicates very well the importance of updating fine levels on a regular basis. Clause 14A deletes reference to Auditors exempted from registration. This reference is now redundant following the restructuring of the Orders Registration process which was approved by the House this last sitting. Clause 15 deals with the circumstances provided for under the Ordinance by which the Courts may appoint an individual to act as the Official Receiver for the purposes of winding up of a specific company. This Clause extends the provisions relating to such an appointment to the effect that the individual must provide proper security for the performance of his duties before he commences so to act and also provides that due and public notice shall be given of the fact of such an appointment. This tidies up the provision relating to such appointments and brings them more into line with the requirements relating to the appointment of the Official Receiver himself. Clause 17 updates to £1,000 the level of salaries or wages that stand to be given priority in the event of the winding up for each individual. Provision is made in Clause 20 for searches of the Company Registry by Government Departments not to be the subject of charge. Very many searches are undertaken by Government Departments particularly the Income Tax Department for a variety of different reasons and current practices make those accounting procedures in respect of those charges of no practical effect or gain. It is therefore proposed to remove the need. Clauses 22B and 23 are further in a series of measures which Government has already and will continue to bring forward reflecting the move towards greater intergration of financial services in Europe. In this case the proposed amendments provide that a prospectus which meets the requirements of other Member States maybe registered in Gibraltar for the issuing,

circulation or distribution of shares or debentures in the company registered outside Gibraltar without detailed compliance with their own information requirements. This move will assist in removing some of the procedural barriers which discourage companies structuring across European borders. The omission of in Clause 26 enables Orders made by the Governor under the provisions of Section 313 of the Ordinance or to tables, forms and fees relating to the Ordinance to have immediate effect without requirement for subsequent approval by resolution of the House. However any such amendment in tables, forms or fees shall continue to be published in the Gazette. Finally the proposed amendment to Section 10 of the Ordinance seeks to avoid any doubt as to the powers an inspector appointed by the Governor to examine the affairs of the company in relation to his ability to require access to all information necessary for his inspection including information contained within a bank account. This has been a matter for some dispute in the past. It is clearly important in the normally serious circumstances in which an inspector is appointed that such access should be available. Sir, all of the measures including those related to fines are designed to improve the speed and efficiency of operations in company related matters in Gibraltar and I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Yes Sir, Clause 15 where a person is appointed under Section 3 to be an Official Receiver, it is presumed that the security he gives will be liable to the Courts. Clause 19 is a very swingeing increase from £100 to £5,000, this is more than the normal ten times that the Attorney-General has mentioned. We are very pleased to see that under Clause 20 the Attorney-General's Department will no longer have to pay for searches. We think this is an anomaly that should have been put right some time ago. We take the point in Clause 27 that banks will no longer be able to plead secrecy when they are required to provide information about the Accounts of certain of their people. This will help in the situation where there is a suspicion of money laundering. Basically we have no objections to the Bill and we will be voting in favour.

HON ATTORNEY-GENERAL:

Mr Speaker, if I can just raise purely for the purpose of drawing attention to the fact that there is a very minor error in Clause 27 of the Bill. The Clause seeks to amend Schedule 10 and begins "Section 10 of the Principle Ordinance is amended". It should of course read "Schedule 10 of the Principle Ordinance is amended", and perhaps I can invite the Honourable the Financial and Development Secretary to move that necessarily minor amendment when the Bill goes into Committee Stage.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I thank the Honourable Members opposite for their generous support to this Bill. There is one point to pick up and that is to confirm the security of the individual referred to in that particular Clause is indeed liable to the Courts.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE PETROLEUM (AMENDMENT) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Spillage and leakage of oil related products is one of the most serious of modern day hazards to the health of our environment. As well as substantially increasing the fines relating to such offences by reference to the standard scale debated by the House earlier today, provision is made for offenders to be required to set about remedying the effects of such spillage or leakage. This is provided for in the proposed new Subsections 2 through to 6 of the existing Section 9 of the Ordinance. In the additional Subsection 7 to that Section provision is made for work to be carried out by the Government in advance of the conviction where time is of the essence and then for the Government to subsequently recover the cost of such work from any convicted party. Sir, I am sure that all Members will share concern both to discourage such incidents and to ensure that rapid and effective action is taken when they do occur. I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Yes Sir, we fully support this Bill. We hope that the Regulation as such also includes the recovery from the guilty party of consequential damage. I remember some years ago there was a very big spill of oil around the Calpe Rowing Club and although the guilty party did repair a certain amount of the damage, a number of boats were severely polluted and I do not think they got any retribution whatsoever for cleaning up their boats etc. So I hope that any consequential damage will also be included. Thank you.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I thank the Honourable Members opposite. There is a call for this Bill Mr Speaker and I take note of the point that has been made by the Honourable Mr Featherstone, certainly there is no interest in making the Regulations other than as tough as they need to be to enforce the effects of the Bill. It will certainly be taken into account in forming Regulations.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE LICENSING AND FEES (AMENDMENT) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. In essence the rather extensive framework of amendments contained in this Bill is for two main

purposes. Firstly provisions for fines contained in the Ordinance are again related to standard scales debated by the House earlier today. Secondly it is proposed to delete references to specific fee values contained in Schedules and to rely on the powers that already exist in the Ordinance for the Government to determine and to structure an amount of fees and charges by a way of order. The proposal as regards the maintenance of the level of fines has already been considered by the House at length and I will not dwell on it again in the specific context of this Bill. The intention of leaving Licensing and Fees Charge levels to be specified by Order is in accordance to what is now Government's stated policy of using Subsidiary Legislation in conjunction with a clear Statutory framework in order to provide the flexibility to ensure the level of charges are up to date and reflect one's circumstances. The key Clause in the Bill in achieving this effect are Clauses 11 and 16 which amends Section 40 and 52 of the Principal Ordinance respectively together with the existing Section 51 of the Principal Ordinance. The consolidated effect of these amendments and existing provisions is to convey the power to the Governor to amend by Order the framework of the itemisation of the charge provided for in the Ordinance, subject to the Order being subsequently laid before the House. As to the actual value of each fee or charge, as opposed to the framework of charges, the effect of the proposed amendment is that these may be specified by the Governor by rules subject to the usual gazetting requirements. Finally there are I am afraid two typographical errors that I propose to correct at the Committee Stage of the Bill but since they may affect Honourable Member's consideration I will mention them now. In Clause 17A of the Bill the £ sign should be deleted. In Clause 17K a reference to Part 2 should be Item 11. With that Sir, I simply commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Sir, we had a piece of legislation, the Licensing and Fees Amendment Ordinance, which required under Section 40 the prior approval of the House for certain charges or fees to be made. That is now going to be done away with. Obviously it is cumbersome and it takes time for that to be done because resolutions have to be brought to the House. If the House were to meet more often than it is doing then of course from that point of view life would be made easier. But to depart from that into a situation in which the amendments Section 52, the amendments of the Schedules, are now going to be carried out by Regulations, means that we do not have an opportunity until the passage of time. It could well be a number of months before we are able to make our views known.

Not only that but when we just see Regulations or an Order in the Gazette we are not able to know what is in the thinking, what is in the mind, of the Government by way of justification and in the same way as the Government can convince us of the reason behind a particular measure we can also occasionally influence Government's thinking if we get an opportunity to comment on the levying of such charges and fees prior to their becoming law. This is the principle that we have been consistently objecting to during the last three years, Mr Speaker, and therefore for those reasons we do not feel that we can support this Bill and we will be abstaining.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I will simply note the position of the Opposition to abstain on this Sir. As I say the reference to the provisions to change fees by Regulation is a matter of policy for the Government. What I would like to point to Sir is that if one looks at the existing provisions in the Licensing and Fees Ordinance some of those fees and charges really are out-of-date and in many ways reflects the need for speed in amendments. I commend the Bill to the House.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE STAMP DUTIES ORDINANCE 1991

THE HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to provide for the levying of stamp duties in certain cases 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. Stamp Duty is a useful source of revenue to the Government and yielded some £1.8m in 1989/90. With the growth in financial activity in Gibraltar it may yet assume even greater significance in the coming years. However even a cursory glance at our existing Ordinance is enough to see that it is out of date in both the level of charges and the structure of charges. Many of the documents referred to have simply ceased to be relevant whilst changes in the structure of business and legal documentation over the years are inadequately reflected in the itemisation of duties payable. In some cases the level of charge have not been increased for thirty years. This position is only protected in some instances by the value related nature of the charge scale. In the context of its growing importance as a Finance Centre it is important that Gibraltar should have a structure of charges relating to business activity and that it is up to date and is capable of speedy adaptation in the light of developments in the style and format of international business. This Bill seeks to introduce a new Stamp Duty Ordinance which enables the levying of duty to this effect. Clauses 3 through to 22 deal with basic procedural matters concerning the method of imposition of duty. These largely repeat provisions in the existing Stamp Duty Ordinance. In keeping again with Government policy on these matters, Clause 23 enables the Governor to make Regulations which will determine the structure and quantity of duty payable. Government intends that with the introduction of subsequent adaptation of these Regulations it will be possible to ensure the objective and realistic set of duties in the light of modern circumstances achieved. Clause 24 repeals the old Stamp Duties Ordinance and Clause 25 provides for transitional arrangements upon the Bill coming into effect which will be at the time appointed by His Excellency the Governor. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, on this Bill notwithstanding the objections that we have, in principle, we think that the practical considerations are really overwhelming in this case. It is a cumbersome piece of legislation which has many Schedules and therefore we see the sense, in practical terms, if we are to be a modern Financial Centre for it to be done by Regulation. Therefore, Mr Speaker, we can stretch the point and go somewhat further. We would like to be told, when the Honourable Member exercises his right to reply, what degree of consultation has there been. For instance, has the Gibraltar Lawyers Association been consulted in connection with this Legislation? The only other point that I feel one should comment on, Sir, is one where, unless I am mistaken, there seems to be a new and almost alien Clause to Gibraltar and that is Clause 21, where the Governor in his discretion may remit or mitigate any final penalty and reward any person who may give information of any offence or assist in the recovery of any fine or penalty. This provision for reward, Mr Speaker, as far as I am aware does not exist anywhere else. Perhaps we are breaking new ground and perhaps we might invite some comments from the Attorney-General as to why he feels that this is called for.

HON ATTORNEY-GENERAL:

Mr Speaker, I cannot say personally why the Government felt it appropriate to include such a position in this Ordinance. What I can say is that it has existed in the United Kingdom, certainly in the area in which I formerly practiced since 1952. The question of power of the Governor to remit Stamp Duty in his discretion is again something which exists in the United Kingdom Mr Speaker, and that power is vested in the Area Controllers of Stamps, as they are called, who have obviously in each major town or city in the UK power of remission in certain circumstances.

HON A J CANEPA:

No problem about remission, Mr Speaker. If the Honourable Attorney-General gives way, may I invite him to look at the rest of the Clause and it is the fact that the Governor may reward any person who gives information. A "chivato" in the Latin society is something to be scorned.

HON ATTORNEY-GENERAL:

Mr Speaker, I think sometime last year I had the honour to present a Bill which effected previous amendments to the Criminal Procedure Ordinance and I recall that those amendments empowered the Magistrates Court and the Supreme Court to give rewards to certain people who were instrumental in rendering assistance which enabled justice to be done and offenders to be brought to justice and it seems to me clear that Section 20 of Clause 21 of this Bill seeks to vest in the Governor a similar type of discretionary power.

HON A J CANEPA:

Again if I may, Mr Speaker. I think there is a difference surely because, I think that the other Legislation had to do with drug trafficking something which is a very sensitive matter. Perhaps, Mr Speaker, between now and when we get into Committee the Government may give some information on this peculiar matter and perhaps there are reasons to justify it.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am happy to assure the Members that we will certainly look at that at Committee Stage, Sir. I thank the Honourable Members opposite for their general support for this Ordinance. Whilst there has not been any specific consultation at this stage since the Bill is largely an enabling one but when the Regulations are drawn up as to the individual duty levels then certainly there will be a degree of consultation with the Finance Centre in particular given the importance of the level of charges.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1987/88) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. I think Members will be aware of the purposes behind this Bill which is to give formal sanction to expenditure incurred without proper authority in 1987/88,

and which was therefore commented upon by the Principal Auditor in his Report tabled in the House in July 1989 on the 1987/88 Accounts. Since that Report has been laid before the House and in keeping with normal practice, I do not intend to comment in detail seeing that this has already been commented upon by the Principal Auditor. Nevertheless I am concerned to see the regularity with which we appear to end up with excessive expenditure on certain Heads at the end of each Financial Year. A further Bill before the House today deals with excesses in 1988/89 and I am aware that similar problems arose in 1989/90. Controlling Officers should not be allowed to become complacent about the need for rigorous financial control and I took steps during the course of 1990 to reinforce their awareness to the seriousness with which I regard unauthorised expenditure and the need for them personally to maintain a regular and close watch on the financial performance of their Departments. Such incidences really should be the exception rather than the fairly common practice which we appear to have been used to for too many years. With that cautionary words, Mr Speaker, and with some regret I commend the Bill to the House.

MR SPEAKER:

Before I put the question does any Hon Member wish to speak on the general principles and merits of the Bill? If no Member wishes to speak I will ask on the Mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have nothing further to add, Sir.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1988/89) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31st day of March, 1989, be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. I have nothing to add to the comments that I made in respect of the previous Bill, Mr Speaker, and therefore simply commend the Bill to the House.

MR SPEAKER:

Before I put the question does any Hon Member wish to speak on the general principles and merits of the Bill? If no other Member wishes to speak I will call on the mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have nothing further to add Sir.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

THE SUPPLEMENTARY APPROPRIATION (1990/91) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31st day of March, 1991, 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. In this case Mr Speaker, we are dealing with sums to be appropriated in respect of the current Financial Year. The Bill proposes the appropriation a further £1,178,000 in the case of the Consolidated Fund and £1,155,300 in the case of the Improvement and Development Fund. Details of the requirements that have given rise to the need for these further appropriations are set out in the Schedule to the Bill in parts 1 and 2 respectively. In keeping with established practice

my colleagues on this side of the House will be answering any points that arise in any of the details including the Schedules. Sir, I commend the Bill to the House.

MR SPEAKER:

Before I put the question does any Hon member wish to speak on the general principles and merits of the Bill? If no Member wishes to speak I will call on the mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have nothing further to add, Sir.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Criminal Procedure (Amendment) Bill, 1991; The Financial Services Commission (Amendment) Bill, 1991; The Public Health (Amendment) Bill, 1991; The Public Finance (Control and Audit) (Amendment) Bill, 1991; The Income Tax (Amendment) Bill, 1991; The Supplementary Appropriation (1987/88) Bill, 1991; The Supplementary Appropriation (1988/89) 1991, and The Supplementary Appropriation (1990/91) Bill, 1991.

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

THE CRIMINAL PROCEDURE (AMENDMENT) BILL, 1991

Clauses 1 to 13 were agreed to and stood part of the Bill.

Clause 14 to 15

HON ATTORNEY-GENERAL:

Mr Chairman, we can perhaps take Clause 14 and 15 together if the Opposition agrees and can I move that in each Clause the figure "3" where it follows the word "level" is omitted and replaced by the figure "4". That is in both Clauses 14 and 15, Mr Chairman.

Clauses 14 and 15, as amended, was agreed to and stood part of the Bill.

Clauses 16 to 18 were agreed to and stood part of the Bill.

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

THE FINANCIAL SERVICES COMMISSION (AMENDMENT) BILL, 1991

Clauses 1 to 6 were agreed to and stood part of the Bill.

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

THE PUBLIC HEALTH (AMENDMENT) BILL, 1991

HON J C PEREZ:

Mr Chairman, there was a paper circulated this morning with several amendments which are really consequential to the main Clause in the Ordinance in respect of contracting. It is just that they are really clarifying certain descriptions of what a supply of salt water means, so that when it is contracted there is no misinterpretation, but it is clearcut what it is the responsibilities that are being contracted. If Honourable Members agree and if you agree, Mr Chairman, could we take the amendments as read?

MR SPEAKER:

The House agrees so the amendments will be taken as read.

Clauses 1 to 21 were agreed to and stood part of the Bill.

Clause 22, as amended, was agreed to and stood part of the Bill.

Clauses 23 to 27 were agreed to and stood part of the Bill.

Clauses 28 to 31, as amended, were agreed to and stood part of the Bill.

Clauses 32 to 45 were agreed to and stood part of the Bill.

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

THE PUBLIC FINANCE (CONTROL AND AUDIT) (AMENDMENT) BILL, 1991

Clause 1

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I gave notice earlier today of the amendment to Clause 1. I have discovered that the Bill lacks in

its current form a proper commencement Clause. I have given notice of the details of that commencement Clause in the usual form. With Members indulgence I will not read it out.

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

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

Clause 3

HON LT-COL E M BRITTO:

We will be abstaining on Clause 3. The Hon the Financial and Development Secretary indicated that he would be willing to amend subsection (e) of Clause 3.

HON CHIEF MINISTER:

It was just the word "special" before the word "fund", is that correct?

HON LT-COL E M BRITTO:

Yes. To insert the word "special" between the words "other" and "fund".

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

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

Clause 3, as amended, stood part of the Bill.

Clause 4 was agreed to and stood part of the Bill.

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

THE INCOME TAX (AMENDMENT) BILL, 1991

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

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Again Mr Chairman, I gave notice earlier today that I proposed to amend Clause 2 by omitting everything after the word "omitting" and substituting therefor the words "the colon at the end of sub-section (1)(f), together with proviso thereto and substituting therefor a semi-colon". The effect of this, as I say, is to delete the previous proviso that was there that provided for development aid-related projects or beneficial occupation of that and to gain tax relief. This particular form of relief is considered to be an anachronistic in the modern circumstances and we propose to delete it.

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

Clause 3 was agreed to and stood part of the Bill.

Clause 4

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Again Mr Chairman, an amendment of this Clause is proposed. In sub-clause (5)(b) by omitting the words "by the Licensee shall be equivalent in amount to that which he would have received by virtue of the operation of those provisions of sections 15B to 15H inclusive of the Development Aid Ordinance applicable to his licence and" and substituting therefor the words "shall be equivalent in amount to that which would have been received by virtue of the operation of those provisions of sections 15B to 15H inclusive of the Development Aid Ordinance applicable to that licence and". The main impact of this is to take out the reference of licensee and this achieves the objective that we discussed earlier in the second reading of this Bill by providing for continuing relief to existing beneficiaries from the rating relief in domestic properties.

Clause 4, as amended, was agreed to and stood part of the Bill.

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

THE SUPPLEMENTARY APPROPRIATION (1987/88) BILL, 1991

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

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

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

THE SUPPLEMENTARY APPROPRIATION (1988/89) BILL, 1991

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

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

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

THE SUPPLEMENTARY APPROPRIATION (1990/91) BILL, 1991

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

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

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that The Criminal Procedure (Amendment) Bill, 1991, with amendments; The Financial Services Commission (Amendment) Bill, 1991; The Public Health (Amendment) Bill, 1991, with amendments; The Public Finance (Control and Audit) (Amendment) Bill, 1991, with amendments; The Income Tax (Amendment) Bill, 1991, with amendments; The Supplementary Appropriation (1987/88) Bill, 1991; The Supplementary Appropriation (1988/89) Bill, 1991; and The Supplementary Appropriation (1990/91) Bill, 1991, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Mr Speaker then put the question and on a vote being taken on The Criminal Procedure (Amendment) Bill, 1991; The Financial Services Commission (Amendment) Bill, 1991; The Public Health (Amendment) Bill, 1991; The Income Tax (Amendment) Bill, 1991; The Supplementary Appropriation (1987/88) Bill, 1991; The Supplementary Appropriation (1988/89) Bill, 1991; The Supplementary Appropriation (1990/91) Bill, 1991 the question was resolved in the affirmative.

On a vote being taken on The Public Finance (Control and Audit) (Amendment) Bill, 1991, the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

MR SPEAKER:

We will now recess until tomorrow morning at 10.30.

The House recessed at 8.00 pm.

The House resumed at 10.40 am.

PRIVATE MEMBERS' MOTIONS

HON A J CANEPA:

I have the honour to move the motion standing in my name which reads as follows:

"This House:

- (1) reiterates the views expressed about the Gibraltar airport by the previous House in resolutions from March 1984 to December 1987;
- (2) reiterates the view that Gibraltar should be included in EEC legislation on air liberalisation as a regional British airport without preconditions, and that this objective should continue to be pursued;
- (3) considers that the 1987 Anglo-Spanish Airport Agreement is capable of being construed as giving Spain the right to participate in deciding on the use of Gibraltar's airport, and has been so construed by Spain;
- (4) considers therefore that the terms of the 1987 Anglo-Spanish Airport Agreement, including the issue of sovereignty over the isthmus, are in conflict with the views adopted by this House and thus unacceptable".

Mr Speaker, this is the first occasion that this House is actually going to debate the 1987 Airport Agreement. The last House of Assembly debated the matter in December, 1987 just over a week or so after the Agreement had been concluded by the United Kingdom and Spain in London. On that occasion the House did not formally reject the Agreement but rather it was decided that it was a matter to be considered by the next House of Assembly, namely, this House of Assembly. Although I must say that I do agree with the Chief Minister when as Leader of the Opposition, in summing up the debate he said and I quote from page 186 of the Hansard of that debate "so in fact we are coming as close to rejecting it as we can without spelling it out. That is our estimation of where we have been able to reach a joint position". Certainly what was in mind at the time coincided with that view because without actually rejecting the agreement formally the then House of Assembly, by implication, did so. The message that went out was certainly that the House could not conceive of a situation in which it would enact the legislation that was necessary to give effect to the agreement. Since then, Mr Speaker, a General Election has been held and I think that it is fair to say that the Airport Agreement itself did not figure in the campaign to the same extent as the Brussels Agreement because there was a great deal of debate during the campaign about the Brussels Agreement. The Airport Agreement only figured as a consequence of the Brussels Agreement. What I am trying to say, Mr Speaker, is that the merits of the Airport Agreement were not discussed in any great length during the Election Campaign. The Government, the GSLP, have understandably since then consistently claimed that they

obtained a mandate for their stand on the Brussels Agreement. We have since then, Mr Speaker, effectively distanced ourselves from the Airport Agreement. That process begun the day after the General Election and, I think, it is appropriate for me to reveal now that the very next day, on the 25th March 1988, I received a letter from the then Secretary of State for Foreign Affairs, Sir Geoffrey Howe, in which he said and I quote "I hope that I can count on you to speak out in favour of a cool and dispassionate analysis of the advantages and disadvantages of the Agreement". The historical record shows that I have not, in fact, done so. What is more on the arrival of His Excellency the Governor in 1989 I stated here in this House during the course of my welcoming speech that the Agreement was unacceptable to my Party and subsequently having announced also that we were carrying out a review of foreign policy in February last year, during the course of a formal statement of foreign policy where we adjusted our Party's stand point on the Brussels Agreement, in particular with regard to the whole question that involves sovereignty and we took the opportunity to formally reject the Airport Agreement. There has been considerable debate, Mr Speaker, in Gibraltar and in the Campo Area about the Agreement since then and in fact right now there are commercial interests who are in the process of discussing it yet again, because it is not the first time that since the Agreement was signed that the Chamber of Commerce and Apymel have discussed it, as is their right, and perfectly proper, in a democratic society so to do. Therefore one can say that particularly in the last six to nine months there has been detailed consideration and analysis of the contents and the terms of the Airport Agreement. I suppose that consideration of the Agreement, from a political point of view, ended with the recent "Live from the Rock" programme broadcast by GBC when Campo Area politicians and the Chief Minister, myself and the recently resigned Member, Mr Peter Montegriffo, debated the matter publicly on television. Therefore from the Opposition we have taken the view that the time is now appropriate for this House to debate the matter and to adopt a considered view on the Airport Agreement. More so having regard to the fact that recent public opinion polls in the weekly newspaper "Panorama" have established that about 80% of the people of Gibraltar are against the Airport Agreement. The first paragraph of my motion invites the House to adopt the stand taken in various motions approved by the previous House of Assembly from March 1984 to December 1987. Members of this House who were Members then will be familiar with the contents of those motions and others will have had an opportunity to read about them in Hansard. By and large what those motions, that were approved by the House prior to the 1987 Airport Agreement, reflect is the attitude and the wishes of the people of Gibraltar and to lay down the principles which it maintained should be upheld in so far as the international use of the Gibraltar airfield was concerned inter-alia that Spanish airlines or passengers bound for Spain should not have any special privileges. The view also expressed was that we should not accept a deal which in the judgement of this House would have implications

for British sovereignty and that we should reject any agreement which would involve any concessions being made to Spain which could lead to any form of joint control of the airport of Gibraltar. On the more practical side this House also rejected in November 1987, in a motion adopted shortly after the now famous massive demonstration, the construction of another terminal, a proposal which is included in the 1987 Airport Agreement.

The second paragraph of my motion, Mr Speaker, is a reiteration of the decision adopted in December 1987 and subsequently acted on during the last three months of the GLP/AACR administration which I had the honour to lead. I was responsible for obtaining legal advice, at the time, on Gibraltar's exclusion from the Air Liberalisation Package, a matter which has been pursued by the GSLP since then, and therefore has had our support in their endeavours. The motion now before the House calls for this objective to continue to be pursued. That we should do so is perhaps today even more important than it was in 1987. I take this view because we have seen now that the European Community Council of Ministers is trying to prevent Gibraltar's case from being heard on a technicality. This is indicative of the fact that we have a strong case and that Britain, Spain and the rest of the Community will be highly embarrassed if we are successful. On the other hand if we are not and the Court in effect were to rule that the application of Community Law can be suspended for a part of the Community that will also be highly embarrassing, if not more so, in so far as the desire of a number of members of the Community have, and which they have expressed on a number of occasions, that those aspects of Community Law which go against their interests should not apply to them. Therefore one can see that the attitude of letting sleeping dogs lie and not hear Gibraltar's case on the basis of a technicality will be the preferred course of action for the whole of the EEC. Moreover, Mr Speaker, our position is today even more disadvantageous than what it has been during the intervening period, because during that period the EEC having included Gibraltar in the 1983 Inter Regional Airport Agreement, as a British Regional Airport, has subsequently enacted amendments to that Agreement but has excluded Gibraltar from the application of these amendments unless we implement the 1987 Airport Agreement. In other words unless we bring legislation to this House in order to amend our Customs and Immigration requirements in a manner that would enable, by granting special privileges to passengers bound for Spain, Britain to inform Spain that this legislation is now in place and they can go ahead and build a terminal on the other side in order to give effect to the 1987 Airport Agreement. We therefore have a situation, Mr Speaker, in which the amendments made to the 1983 Inter Regional Airport Agreement, the Liberalisation Package, applies to the whole of the EEC. It is therefore an important principle in our view regarding the nature of our membership of the Community. It is an important matter which is at stake in the case which we want to be heard by the European Court. The third paragraph of my motion deals with a matter that has also become abundantly

clear in the last three years. Perhaps I should say, Mr Speaker, abundantly clearer. We knew at the time that there was the danger, prior to the Airport Agreement, that an Agreement would emerge from the discussions and negotiations between Britain and Spain that could have implications for the view that Spain takes about sovereignty over the isthmus. We knew that Spain would try to present an Airport Agreement as evidence of her having made inroads, having made an advance, on the issue of sovereignty over the isthmus because this area was not ceded at Utrecht and is therefore a separate issue. That is why we say that not only is clause 1 of the Agreement capable of being construed as giving the right to Spain to participate in the use of Gibraltar's Airport but that it has so been construed by Spain and that no doubt Spain in the presentation of her case on the matter now before the European Court, I understand, takes the view that that is indicative of the fact that she has certain rights, if only by implication, with regard to sovereignty over the isthmus. I think, that in her preliminary presentation of her claim there are indications that that is the case and she is taking that view. Today there are no indications that Spain takes any contrary view notwithstanding the efforts that Senor Patricio Gonzalez and the Partido Andalucista are making to obtain clarification of what view the Spanish Government makes of the word "consultation" or in the questions which, I understand, they have put in the Spanish Cortes and to which they have had no reply as yet on clarification of the view that the Spanish Government takes on the word "consultation". The motion which this House adopted in November 1987 dealt with this aspect of the matter in the fourth paragraph of the motion where the House rejected the proposals which the Spanish negotiators were discussing during the course of the technical talks on the Airport and which were published in "El Pais" on the 29th October 1989 and which, in my view, were the immediate course of the massive demonstration that took place here. Mr Speaker, any careful reading of the resolutions which have been adopted by previous Houses, often after much debate, not only in this Chamber but also outside this Chamber in order to arrive at a consensus motion that could be supported by all members, will lead to the inevitable conclusion, particularly now with the benefit of three year's hindsight, that the terms of the 1987 Anglo-Spanish Airport Agreement including the issue of sovereignty over the isthmus, as laid down in the fourth paragraph of my motion, are in conflict with the views adopted by this House over the years. I have included the issue of sovereignty over the isthmus in this paragraph, Mr Speaker, not only because of the manner in which Spain has been pursuing her case, on what she regards a separate issue, at every opportunity, and in particular, in presenting her case to our challenge in the European Court, as I previously mentioned, because, I think it is a matter which this House at this juncture also needs to express a view. The 1987 Anglo-Spanish Airport Agreement does not contain specific reference on the issue of sovereignty but by implication it is an issue that arises from the terms of the Agreement. If there were any doubts or confusion in the minds of some in December 1987 regarding the unacceptability of the 1987 Anglo-Spanish Agreement, I think, there can surely be none today, if the terms of the Agreement

are considered objectively and dispassionately, and if they are judged against what I would consider to be the main stream views and standpoint adopted by previous Houses in this Chamber. Accordingly, Mr Speaker, I commend the motion to the House.

Mr Speaker then proposed the question in the terms of the motion moved by the Hon A J Canepa.

HON CHIEF MINISTER:

Mr Speaker, this is the first time that I am speaking to a motion on the use of the Airport which has not been moved by the GSLP. Let me say that we support the motion although I shall be moving an amendment to the motion. The amendment is not going to alter anything that is contained in the motion issued by the Leader of the Opposition. In fact I am proposing to amend just clause 4. where I am simply shifting the reference to a British Regional Airport from where it is now, to a different line. I shall explain why when I move the amendment, Mr Speaker. Speaking to the motion and before I proceed to move the amendment I have to say that the views that we have expressed in this House consistently, and I had considered adding the words "unanimously agreed" but I have checked the Hansard and they have all been unanimously agreed although on a number of occasions we, in the opposition, have abstained on the final version of the motion because it was not as tough as we had proposed initially. In fact in one of the early motions Members may remember that it was as a result of an appeal by the Hon Mr Canepa, from the Government benches, that we abstained rather than vote against on the basis that he put it to us that the hands of the Government should not be totally tied as the original wording of the motion implied. The Hon Member argued that there was really no difference in the spirit of the motion and therefore in answer to his appeal we abstained rather than voting against. I remember also that the Hon Member said at the time that it was a red letter day in that we were able to move forward on a consensus basis on the matter of the Airport although we had fundamental differences in other areas of foreign policy. The position, of course, of the use of Gibraltar's Airport is a very simple one from the point of view of the people of Gibraltar. We have an Airport which has been a European Community Airport since the 1st January, 1973 and nobody has questioned it since that time until our neighbours joined the Community in 1986. Now, Mr Speaker, there can be no doubt that just like we were included as a British Regional Airport in the 1983 legislation we would have been included without question in 1987, in 1988 and in the Regulations of 1990 if Spain had not been there and used its veto in Luxembourg in July 1987. In fact one of the motions that we brought to this House in 1987 was a motion congratulating Sir Geoffrey Howe for the robust stand that he took in July in Luxembourg in condemning the Spanish attempt to deprive us of our Community rights. It is a matter of regret that the UK Government did a complete about turn on this issue between July and October of that year. They might have had to do it for reasons that might be

understandable because of the considerable pressure that there may have been from the other ten Members of the Community. However the worst thing that they did about the 1987 Airport Agreement was not only to suspend the application of Community Law in Gibraltar's case but also to agree beforehand the terms upon which that suspension could be removed and which effectively left Gibraltar with no negotiating position at all. Because we were taken out of the EEC system without our agreement, having been told three months before that that was contrary to Community Law and then at the same time as we were taken out the conditions for us to be put back in were laid down. Of course, it is this question of having to have preconditions to enjoy Community rights which had been ours for thirteen years before Spain joined, which is extremely dangerous for Gibraltar not just in the context of the use of our Airport but in the precedent which it creates in relation to the whole question of our status within the Community and our relations and privileges as a Member of the European Community. It is not acceptable to the Government, and indeed I am sure to Members on the opposite side of the House, that we should accept on the one hand that we have to bring our legislation into line with that of the Community, and the Hon Member opposite has asked how many Directives on Consumer Protection are still outstanding and we need to implement, because we accept that we have a requirement to change our laws in order to conform with the standards laid down by the Community. Well, if we have a requirement to do that, independent of whether we wish or we do not wish to do it, as Members of the Community, it must then follow that we are either in for all the laws or we are not in for any of them, or we choose for which ones we are in. What we cannot have is a situation in which other people decide which laws apply to Gibraltar and which laws do not apply and decide if we wish to see community law applied in Gibraltar what conditions they are able to impose on us, extraneous conditions, and which no one else has imposed on them. That, Mr Speaker, is totally and fundamentally unacceptable and therefore no agreement for the greater use of the Airport is worth paying that price. And we have not yet even touched on the question of sovereignty of the isthmus which we now know is at the root of the problem in this particular instance. The position as we left it when we last debated the matter prior the Election, as the Leader of the Opposition has correctly said, was that as far as we were concerned, on that side of the House, we considered that it was tantamount already to a rejection of the Airport Agreement although it said that a decision should be left until the matter had been pursued in the European Court. We are still pursuing the matter or perhaps I should say attempting to pursue the matter through the European Court. However as the Leader of the Opposition has said it was not a controversial issue in the 1988 General Election because, in fact, in the Election of 1988 the Hon Member opposite was not defending the implementation of the Agreement. It was not a question of the AACR saying if I get elected I will implement the 1987 Airport Agreement and the GSLP saying the opposite.

It was therefore not an issue over which we had an ideological difference. We have however maintained that there is an intrinsic link between the 1987 Airport Agreement and the 1984 Brussels Agreement and that you really cannot support the one totally and reject the other totally because at the end of the day one flows from the other one inevitably and that is the Spanish view. I therefore think that it is important to understand at which stage we are, in the perception of the Spanish Government, as to what had been agreed in 1987 on the use of the Airport and what had been agreed in 1984 in Brussels which led to the partial removal of the restrictions. The importance, I think, of understanding the Spanish position is because there is no sense in saying that you support an agreement with somebody if that person's understanding of the agreement is different from yours because by definition you must agree what it is that you are agreeing to. So really that is the field that we would like to develop as a result of the motion brought forward by the Leader of the Opposition, which as I say, we support and to which I now propose to move an amendment. I would like to amend the Leader of the Opposition's motion by replacing the second paragraph so that it should read "reiterates the view that Gibraltar should not be deprived of its rights as a British Regional Airport to be included automatically in EEC legislation on Air Liberalisation with preconditions, and that this objective should continue to be pursued". Mr Speaker you will note that no new words have been included in my amendment. It is simply that the words "British Regional Airport" have been moved from the third to the second line and by having done so what we are saying is that we do not need to be included as a British Regional Airport because we are already included as a British Regional Airport. This, Mr Speaker, is because we were so included in the 1983 legislation and although I am sure that that was not the intention, the way it was drafted, after having given it more thought, it appeared, in fact, that what we were saying was that we should be included as a British Regional Airport as if that were not already the case and already been established. So effectively what we are saying is that we are already in and people have taken us out. We do not need to get in. We need to stop them taking us out. The 1990 Regulation creates an extraordinary set of events because here we have a situation where the latest position in Community Law is one where all previous Directives have been repealed by the 1990 Regulation and the 1990 Regulation is primary legislation requiring no further action on the part of any member state. Now here you have primary legislation, the application of which is suspended in one part of the Community. This creates, I think, fundamental issues of parliamentary democracy and on the whole edifice of the system of law. I think, Mr Speaker, that it is practically unprecedented that you should pass a law and say this law will apply to 320 million Europeans except 30,000 and the application of the law is suspended until they meet certain conditions. It would be easier to understand if you had a Directive, because a Directive is really an instruction to Member States saying that they

want a Member State to do certain things and logically when giving an instruction you can say we want you to do certain things which includes building a second terminal and then give facilities later. But if you are actually passing primary legislation in Europe and the Regulation of 1990 has the same validity in Community Law as the Regulations which give people in the Community pension rights, and we all know what is the interpretation of the applicability of the Regulation on pension rights from the Social Security Fund in Gibraltar, in that case it cannot be suspended. Well either laws can be suspended in their application to Gibraltar or they cannot be. We cannot have some laws capable of being suspended and others not being capable of being suspended. We are therefore in a situation where having been included as a British Regional Airport in 1983, the Directive that included us has now been repealed. So have we ceased to be a British Regional Airport? Because if the Directive that described us as so is no longer on the Statute Book and if the law that repeals the Directive says all the previous laws are repealed and incorporated in the new one and if the new one does not apply to Gibraltar, do the old ones, which no longer apply in the Community, remain in force in Gibraltar or have they been repealed in Gibraltar? It is an incredible situation, Mr Speaker, from the point of view of the role that we have in this House as law makers. Because if we were to think, in Gibraltar, in the context of passing a law and we say this law repeals a previous law but the new law does not apply in Catalan Bay. Is the old law still in effect in Catalan Bay? Or are they now lawless over there? That is the kind of absurdity of the situation that we are in. So the Leader of the Opposition is quite right in thinking that part of the difficulty that we are having in getting the case heard and part of the reason why there seems to be such a determined attempt to argue that we do not have locus standi is because if the case is heard those fundamental issues will have to be addressed by the Court. The Court will have to make rulings not just about the use of the Gibraltar's Airport but about the application of Community Law and the suspension of the application of Community Law. Also whether laws that are being repealed continue to be in existence in areas where the new laws are being suspended. The whole mess, Mr Speaker, is symptomatic of the way our foreign affairs are sometimes handled, on our behalf, by the British Government where in order to get over a particular problem something is done and then we have to live for years with those repercussions. I think the case of the liability of the Spanish Pensions is a case in point. That, Mr Speaker, was something that was gone into without sufficient thought being given as to how that liability was going to be met. I think, Mr Speaker, that the Leader of the Opposition, in fact, in a previous debate on that matter, brought to the notice of the House how that was suddenly sprung on him and Sir Joshua Hassan at the time when the meetings were taking place and when they least expected it. It is something which we must insist in this House, that the responsibility to our people and to our electorate rests with us and therefore when matters are being agreed which apply to

Gibraltar they can only be agreed on the basis that we support those agreements and we are prepared to defend them here. It is no good other people agreeing to them for us and then landing us with the job of having to live with what they have agreed. Moving on now to the rest of the amendment that I wish to move, I propose to add three additional new paragraphs, Mr Speaker. These read as follows :-

(5) "Notes that the 1987 Anglo-Spanish Airport Agreement was arrived at taking into account the Brussels negotiating process which aimed at overcoming all the differences between UK and Spain over Gibraltar and at promoting cooperation on a mutually beneficial basis;"

That Mr Speaker is a direct quote from the text of the 1987 Airport Agreement.

(6) "Supports the promotion of cooperation on a mutually beneficial basis;"

Which, Mr Speaker, this House has always supported even before there was a Brussels Agreement. We only need to remember that we kept our gates open for 16 years to demonstrate our willingness to be co-operative, and

(7) "Rejects that such cooperation should be linked to any negotiations involving Gibraltar's status, sovereignty or decolonisation as suggested in the Brussels process".

Mr Speaker, in commending my amendments to the House and I hope that in reaching a unanimous decision on this we will be able to reach a position where we put behind us once and for all a division on approach because I have never argued, in all the years that I was on that side of the House, that the AACR, in Government, ever wanted Gibraltar to become Spanish. I have argued that perhaps the line that they were taking might have encouraged the Spaniards into thinking that and that therefore the philosophy, which I think was perhaps more in keeping with the approach of Sir Joshua Hassan than the approach of the present leader who I think has less difficulty in being undiplomatic than his predecessor had and certainly as little difficulty as I have in being undiplomatic, of being diplomatic with our neighbours which, I think, can sometimes be misconstrued and misunderstood as a sign of fudging the issue, as a sign of weakness. I believe that the only kind of relationship we can have with Spain, which can be based on friendship and cooperation, has to be a relationship in which we call a spade a spade. Because if we are afraid to call a spade a spade because that might upset them and become nasty with us then it cannot be a genuine friendship. Mr Speaker, the real test of friendship between two communities is no different from the test of real friendship between two individuals. The trust of that friendship must be that two individuals can be honest with each other and say things to each other honestly which might be unpalatable

but the friendship survives that test. That, Mr Speaker, is the test of real friendship. We therefore have to make clear that being blunt about where we stand does not mean being hostile and being anti-Spanish but on the other hand being concerned about Spanish sensibilities should not spill over to being seen by them as being weak. It is that dividing line, Mr Speaker, which has been at the root of many of the divisions in this House in all the years that we were in opposition starting from the Strasbourg talks in 1976 and which I remember when they started in 1977, in fact, with a motion that I brought to the House, I was already on my own, and I brought a motion to this House of Assembly saying that Gibraltar's sovereignty was not a matter for negotiation with Spain. In fact during the course of that motion which Sir Joshua Hassan supported, the Government and the main opposition both supported the motion, Sir Joshua announced that over a cup of tea with Dr David Owen he had the idea of having these meetings with Senor Oreja. The whole purpose of meeting Senor Oreja was to tell him about the motion which had just been carried unanimously saying that we were not prepared to discuss sovereignty with them. What I could not understand, Mr Speaker, was why it was so necessary, having done this in 1977, to still have to be doing it in 1987, 10 years later. Clearly Senor Oreja, whatever his name, was not very good at hearing because he had to have the same message repeated again and again. It is obvious, Mr Speaker, and I am sure that the Leader of the Opposition is better informed than I am, that the Spaniards even then were floating the idea of joint use of the airport, even as far back as 1977, and in the book written by Senor Moran, a public document, he describes the Brussels Agreement as his greatest achievement as Spain's Foreign Minister. His greatest achievement! He says that for the first time the Gibraltar issue was put on the rails leading to a solution acceptable to Spain on the basis of the intergration of Gibraltar into Spanish territory. That, Mr Speaker, is the understanding of the architect of the Agreement, in his memoirs, that it was his greatest achievement. It is our function in this House, Mr Speaker, to make sure that it is not his biggest achievement. Because the Government of Gibraltar at the time never interpreted the Agreement in that line and did not defend it in this House in that light. Mr Speaker, in 1984 when we opposed the Brussels process, it was defended on the basis that all that we were doing was anticipating by a matter of months something that was going to happen anyway with the entry of Kingdom of Spain into the European Community. Now, Mr Speaker, if we take the Brussels process of 1984 in that light, then you could argue that Spain could have opened the frontier and removed the restrictions as required by Community Law on the 1st January 1986. Instead they did it in February, 1985 and the rights that they would have had in 1986 they obtained in 1985. Right, so therefore that Agreement should have significance in those 10½ months when they were effectively doing something 10½ months early and Gibraltar was doing something 10½ months earlier, but post 1986 the relationship should be governed not by the Brussels Agreement but by Community Law. Therefore if there is then a conflict between Community Law and the Brussels

Agreement it is Community Law that must rule and not the Brussels Agreement. It is obvious that the Spanish position is to argue the opposite. The Spanish position is to argue that the Agreement anti-dates their entry into the Community and that therefore the application of Community Law in Gibraltar is suspended because it has to be conditioned by a bilateral agreement and I can tell the House that they have spelled this out in no uncertain terms in their submission to the European Court a fortnight ago. It is not a document that I can make public but it is a document that I am prepared to make available to the other side of the House so that they can read it for themselves and see for themselves the logic of the sequence of the Spanish argument fundamentally, for example, on the Airport but it is an argument that can be extended, logically, to anything else. It is used specifically in the case of the Airport to say "under the 1990 Regulation if an airline in one member state wishes to fly to another member state they cannot be refused permission, or at least if they are refused permission they can appeal against that refusal under Community Law to the European Courts". This is what we are excluded from. I think, we must be clear about this, Mr Speaker, that although we are fighting to be included in the Air Liberalisation process, we are fighting to be included in Air Liberalisation process for political reasons and as a matter of principle. However in practice the fact that we are outside the European system does not mean that we cannot fly anywhere or that nobody can fly here. What it means is that we are the only part of Europe that has the right to say no. It is not that we do not have the right to say yes. If Air France wants to fly to Gibraltar tomorrow we can say yes and we can say no. This is because we are outside the 1990 Regulation and if we say no there is nothing the Air France can do about it. However if Air France wishes to fly to Malaga and Spain says no, Air France can take them to court and win. Therefore Air France can fly to Malaga whether Spain wants them to or not. We however by being outside have more power over the use of the Airport than anybody else has in the other twelve member states. However that is not the point at issue. The point at issue is that we wish to be part and parcel of the Community for the good and the bad. The Spanish position put very simply is to say if Gibraltar won its case tomorrow and therefore it was decided by the Court that the Clause in the 1990 Regulation which suspends the application of Community Law to Gibraltar was not valid and was declared to be ultra vires then the Regulation would automatically apply to us because the Regulation says that this will not apply to Gibraltar because there is a clause which says so. However if that clause is removed then it applies. Spain says "if Air France wishes to fly to Gibraltar they need to seek permission of the Member State where the Airport is located and I am that Member State." "So they need my permission to fly to Gibraltar because the Airport is in my territory." The United Kingdom does not accept that the Gibraltar Airport is in Spanish territory. However, this is a dispute over territory between two member states and under Community Law the commission cannot intervene and has no jurisdiction over territorial disputes between member states. So

therefore the Agreement that we have is the only way that European Community Law on Air Traffic can be applied to Gibraltar because you have a dilemma in the absence of the Agreement as to whose permission you need to fly there. If Air France goes to Spain for permission they are taking sides in the dispute and if Air France goes to London for permission they are also taking sides in the dispute. So the only way that one can reconcile that is that they need the permission of both. Now it sounds quite a logical argument and it must sound quite a logical argument to a lot of people in Europe because essentially the argument is to say "well here is an Airport, that belongs to nobody, that is being claimed by two parties. The two parties are unable to reconcile their difference so let's split the cake and we share the Airport and we act as it belongs to both of us". Except for one minor detail, that it used to belong to us until 1986 when they came in and it was undisputed until the 1st January, 1986. Because before that date there was no dispute as to who it belonged to. It was a British Regional Airport under Community Law. So, Mr Speaker, we are not talking about an Airport that has always been disputed, we are talking about an Airport that Spain has started disputing since they joined. When they joined it was on the basis that it was already a British Regional Airport for use by aircraft with less than 70 seats under the EEC 1983 Inter Regional Air Services Agreement. What we have here, Mr Speaker, is a classic clear cut example of how, if we approach the utilisation of Gibraltar's Airport on the basis of Community Law, we come up with one answer and if we approach it on the basis, of the Brussels Agreement, we come up with another. Now what the Spaniards are saying basically is that when they joined the EEC they already had the Brussels Agreement. The Brussels Agreement was circulated to everybody. It was sent to the General-Secretary of NATO, to the European Commission and put everyone on notice that this was in effect and they are using this now in the European Courts. Therefore what you cannot do, Mr Speaker, is come back a number of years later and try to supercede what is a bilateral agreement between two Member States which pre-dates the entry of Spain into the Community. This Agreement according to them conditions the position of Spain and has to condition the position of the UK. Now, Mr Speaker, if we look at the arguments that were put at the Transport Ministers Meeting in Luxembourg in July, 1987 one can understand why the Spaniards took the line that they took and were prepared to go to the extent of vetoing the entire process for the whole of Europe. What the Spaniards said in Luxembourg in 1987 was "wait a minute we have been talking about this for a number of years and now through the back door Gibraltar simply gets included in the Air Liberalisation process and all the negotiations that we have been having with the United Kingdom go out of the window". So they thought that the UK was pulling a fast one on them. The fact that we reject their position should not blind us to the logical contents of some of their arguments because we need to rebuff those arguments with third parties if we are to make any headway. We have to take a very clear cut line of rejecting their

position. We have to make it absolutely clear to Spain, to the United Kingdom and to the rest of the Community that, as committed Europeans, we believe in cooperation, we believe in the application of Community Law but we are not prepared to trade that for the future of our homeland. That is precisely what I believe the Spaniards have tried to do through the medium of the Brussels Agreement. Mr Speaker, although I have no doubts in my mind that at no stage did the Government of Gibraltar see the Brussels process in that light, when they felt that it was in Gibraltar's interest to support it, it is clear that that is how Senor Moran saw it from the first day that he put pen to paper. It is clear that that is how they saw it a fortnight ago when they submitted their case to the European Courts. I believe that if we are able to put behind us the difference of approach on how we handle Gibraltar's foreign affairs or how we ask the United Kingdom to handle them, on our behalf in the developing constitutional relationship between Gibraltar and the United Kingdom, and we have to bear in mind the fact that the United Kingdom is responsible for our foreign affairs on the basis that they conduct our foreign affairs for us as we want them conducted. Not that they conduct them first and tell us afterwards. We tell them what we want. I was recently asked by the Spanish media why I did not think that there was a need for me to attend the talks between the Foreign Secretaries in London and I pointed out that they sent their Foreign Secretary and we sent ours. I said that we employ Douglas Hurd to conduct our foreign affairs and they employ Senor Ordonez. Mr Speaker, Her Majesty's Government is very clear that they must not repeat the mistakes of the past of letting the Spaniards think that something is going to happen and which then does not happen. Because all this does, Mr Speaker, is create problems for all the parties concerned. If we give the green light to something then we must take the political responsibility of defending it in Gibraltar, in this House and with our people outside. We are however not prepared to defend something that we have had nothing to do with. And Her Majesty's Government has no right to land us with something with which we have had nothing to do with. That message, Mr Speaker, got to London from day one, from the 25th March, 1988, and I am happy to say that they have now got used to it. I have no problems on that score, Mr Speaker. I believe that proceeding on this basis opens for us an opportunity to act in unison, in a way which has not been possible for some time. In the motion we had in the House dealing with the suggestion made by General Sir William Jackson on the Constitution in November, 1989, during the course of the debate the member that is no longer with us suggested that we ought to have a united front. My response was that as far as I was concerned his position of having left the AACR and still holding on to his seat was one that we could not take into account because as far as we were concerned there were two parties elected to the House. The AACR and ourselves. For us to take a common position on constitutional development we first had to be able to reconcile our differences and find common ground on the Brussels Agreement. That position still holds today. We believe that there is an area of foreign affairs, of

constitutional development, of relations with the European Community, of the use of the Airport, the on-going discussions between the UK and Spain which are going to continue with or without Brussels, with or without Lisbon, and which have been going on and on since 1965 when the issue was first raised in the United Nations because the UK has got a resolution from the UN which requires it to have periodic meetings with Spain and those periodic meetings have still got to take place. We do not think that they should happen and I believe that we should not be present because we legitimize them by being there. We then have a situation where the Gibraltarian representative is an extremely difficult position simply by his presence, Mr Speaker. We have had a situation where the Spanish Government not so long ago argued, and Sir Joshua had to come out publicly rejecting the argument, that Sir Joshua's presence in London, not even in the same room just the same city when the Airport Agreement was signed meant that he had endorsed it. Well, Mr Speaker, if he had done as I do and gone to Madeira when they were in London they would not have been able to do it. So, Mr Speaker, what I am proposing is not only that we re-affirm in unequivocal terms our position on the greater use of the Airport which does not mean sharing the Airport, making it an Anglo-Spanish Airport, having joint use leading to joint control as Lord Bethel very rightly pointed at the time that the Agreement was signed where it is implicit in the terms of the agreement, but taking the logic of that position one stage further and saying that it is clear today, even if it was not clear in 1984, that the use to which the Brussels process can be put is one which conditions what is normal in the Community to making it abnormal in Gibraltar so that what everybody else in the Community as a matter of course obtains in the case of the Gibraltarian there is a price attached to it and you have a price tag. So that if Community Law says that there has to be no impediment to services between ports in Europe, in different Member States, a ferry between Algeciras and Gibraltar is not covered by Community Law but requires a bilateral agreement because the Brussels Agreement talks about improving Communications and then Spain says "right if you want a ferry service what do I get in exchange". That mentality I regret to say, Mr Speaker, is still prevalent on the other side and one with which I have great difficulty in understanding. I remember in the debate which took place over Canal Sur in which I took part with Senor Caracao, Senor Caracao argued that they wanted to sell us water, which we do not want to buy, and they wanted to know what we would give them in exchange for the water. Well, Mr Speaker, presumably what you would give them in exchange for the water would be pesetas! Now it is not enough, Mr Speaker, that they would be selling us the water at ten times the price at which they produce it but on top of that for privilege of buying expensive water we are also supposed to be willing to make some concessions. Well, Mr Speaker, we are not going to be able to do business with our neighbours like that. They need to understand that, Mr Speaker, and we need to help them in their evolution towards becoming modern twentieth century Europeans. I think, Mr Speaker, that we have a role to

play in helping Spain become a part of the European family because we have been in the family for a long time. So we should not be hostile towards them, Mr Speaker, because we should understand that they are in the process of learning and we should help them. However in order to be able to do that we have to mark a certain turning point in our historical relationship, where we assert our right to be in command of our destiny and we would like, as a Government, to be able to do that, Mr Speaker, on the basis that we are working together, the AACR and the GSLP, for a common goal of the protection of our city and our people and for its future security and prosperity and for ensuring that there is never any danger of it becoming a part of Spain, much as we like them as neighbours. I hope, Mr Speaker that it will be possible for the Leader of the Opposition to support the amendments as giving us an opportunity to create a bi-partisan approach in this area where we can decide the policy jointly and still have our differences on domestic politics but can work together for the benefit of Gibraltar. I commend the amendments to the House, Mr Speaker.

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

HON A J CANEPA

Mr Speaker, let me dispose first of all of the amendment to paragraph two of my motion. What the Chief Minister's amendment does is to make the position more factually correct in that it is not so much that we are seeking to be included but seeking not to be deprived, of being taken out, of an Agreement in which we are included. So it is factually more correct and therefore also stronger than my wording. Because if rights have been extended to someone and there is an attempt to deprive you of those rights then your moral standpoint is stronger than if you have no rights and you are seeking to be included. So, Mr Speaker, we welcome that amendment. The Chief Minister made a reference to what Spain has been trying to do with the Airport since 1977. The question of joint use. Well, Mr Speaker, historically, I think, one can go further back. Because back in 1966 Britain was taking the standpoint that it could not have any talks with Spain about Gibraltar under duress. She was not prepared to have talks in a situation in which Spain was implementing restrictions at the frontier. The frontier had not yet been closed but a number of measures were being adopted and Britain took the view that there would be no talks under duress and then they abandoned that decision. It is astonishing that a very strong Labour Government, in 1966, having just won a landslide majority in March, 1966, a majority of over 100 in the House of Commons, abandoned that position and in response to what were termed "the Castiella proposals", Senor Castiella made a number of proposals to Britain on the future of Gibraltar, in response to that, I said yesterday that one of the things that Britain offered to do was to remove the frontier fence. Well Michael Stewart went further he offered joint use of the Airfield and to my mind it is the first time, the first

historical record, because there is a booklet by Her Majesty's Stationery Office, very detailed, and therefore it is to my mind the first historical record that we have of the term "joint use" being carried. I think, it was carried on that occasion and over the years we have resisted that because it had all sorts of connotations that went further than the concept of using jointly or using to a greater extent. Because implied in the concept of joint use was an element of joint control and that is how we have always seen it here in Gibraltar. Let it also be said in fairness that even though the British Government abandoned the standpoint about no talks under duress, Britain also offered to submit the issue of sovereignty of the isthmus to the International Court at the Hague. Britain felt that her position was so secure, was so strong, that she could afford to have it submitted to the Court at the Hague. Spain, of course, did not agree. One can only conclude as to why they did not agree. Our difficulty with the Chief Minister's amendment, and I mean we the people of Gibraltar, viz a viz Spanish public opinion and the perception that there is in certain quarters in Spain, not in all quarters in fairness, about what we do and how we assert our rights, and the lack of understanding that there is, is as the Chief Minister said in his contribution at one stage, that the view taken is that we are anti-Spanish when we assert our rights. I remember about two weeks ago shortly after Douglas Henrich made a Party Political Broadcast on GBC TV expressing our Party's views about decolonisation, being interviewed by Radio Cope from Madrid on what our views were about decolonisation and free association and immediately the response of the interviewer was that I was "anti-hispanista". He did not say that I was "anti-espanol" but "anti-hispanista" i.e. anti all things Spanish. Now nothing could be further from the truth, Mr Speaker. On the contrary I am in love with Spanish literature, her music, her history and Spanish culture in general. We in Gibraltar, we Gibraltarians have been able to benefit from and appreciate both the English and the Spanish culture but they do not seem to understand that we are pro Gibraltar but not necessarily anti-Spanish. Just pro Gibraltar and that in 1991 the people of Gibraltar have consolidated their identity in no uncertain terms. Mr Speaker, if we were big enough our natural aspirations, as a people, would be to be independent. The British Government knows this because it is fundamental to want to be independent. We are not able to exercise that right, Mr Speaker, we realise that for a variety of reasons we are not able to be independent, not the least historical, but for a variety of reasons. If we cannot have that then we want the next best thing and in wanting that we are not anti-Spanish. Therefore, Mr Speaker, we must be aware of the fact that our difficulty is that what we are discussing here today and the resolution that we pass will be misinterpreted, it will be seen as yet another exercise in Spain bashing and, of course, it is not that. Over the years I must say that there has been misunderstanding of our position in some quarters, perhaps in Andalucia and certainly in Catalonia they understand our position perfectly. And I am sure that when the Chief Minister has interviews with journalists from "La Vanguardia"

for instance there is an element of warmth towards the point of view that we are expressing which is not found in the more centralist minded journalists from Madrid. This is why I say, Mr Speaker, that our problem is fundamentally with Madrid. It is good that other Spanish politicians, those from the Partido de Andalucia, are beginning to understand that, because they also have problems with Madrid. This arises from the lessons of Spanish history and are very much indicative of the struggle between the regions and the centralist forces in Madrid. As I say they are beginning to understand our position and therefore what is required is for us to be allowed to get on with promoting co-operation on a mutually beneficial basis with our neighbours and there would not be any problem. If our neighbours could free themselves from the chains of Madrid there would not be any problems. I used to find a dichotomy of approach with Senor Caracao because when I had dealings with him across the table there were no problems we could agree on many things, however when we met either in Madrid or in London and the two Foreign Secretaries were there he was a changed man. He was just not the same person. Everything that we seemed to agree to when we met here and which he was very appreciative of at a local level, he then at the other meetings painted the matter differently, he gave it a different gloss, of us Gibraltarians trying to achieve what was good for us and not interested in anything else. An extraordinary dichotomy which is found moreso in the PSOE politicians than with the PSA politicians. Mr Speaker, as a result of the Brussels Agreement there is no doubt that there is provision for some form of agreement on the Airport having to be concluded because the terms of the Brussels Agreement did provide for a negotiating process aimed at overcoming all differences and promoting cooperation on a mutually beneficial basis on a number of matters, including aviation. Between February 1985 when the Brussels Agreement was signed and the summer of 1987 we, the then AACR Government, carried out a process of stonewalling, in other words putting across in a very clear cut manner our objections to what Spain was trying to achieve, in particular, independent of discussions at official level between Britain and Spain, and I think, that the exercise that we were carrying out was a pretty successful one. It was not just being obstructive it was a positive approach because there were a number of features that were contrary to the views that had been adopted in this House and we were resisting those. However the deadlock of the European Air Liberalisation Package was the immediate catalyst which led to the dramatic "U turn" on the part of Britain whereby from defending our rights to be included, in the summer of 1987, we found in the autumn of 1987 that Britain had almost done a "U turn" really and insisted that we could not be included unless we implemented the Airport Agreement. I do not know, Mr Speaker, what the result would have been of the whole process if events and the European forum had not acted in the dramatic way that they did. That we shall never know, Mr Speaker. I do however recall on a number of occasions, privately, because we used to have plenty of opportunity to informally discuss where we were going with Sir Geoffrey Howe, asking were was Brussels

leading us? Where in a situation in which every year the two Secretaries of State were meeting and Spain was raising the question of sovereignty and Britain was repeating her well known answer about abiding by the wishes of the people of Gibraltar as expressed in the Preamble to the Constitution, where was this leading? And how long could we have Anglo/Spanish talks with Spain raising the issue of sovereignty? I think, that the view that, he took was different to Senor Morans view, in that he thought that Spanish politicians should be content with the initiation of a process that would lead to a better understanding, a longer term view, whereas Spanish politicians look at the problem in the short-term because they would all like to go down in history as the ones that brought about the return of Gibraltar to Spanish sovereignty. On the other hand our view, at least certainly mine was, that eventually a breakthrough was going to be required and a halt would have to be put to this process of giving rise to expectations on the question of sovereignty which would not be fulfilled and would lead to difficulties. Again, it is my view also shared by my colleagues, that seeing the strength of feeling on this issue which was shown during the 1988 election, something that perhaps we who were involved in this matter could not see, because we were to closely involved and could not detach ourselves and consider the matter coldly. As I say, Mr Speaker, I was surprised, I must say, by the result of the election and the opposition and resistance that there is in Gibraltar to the sovereignty issue being discussed as part and parcel of the Brussels process. My party has taken this very much on board and we have deliberated very carefully about the matter and the view that we take on Brussels is that whilst in favour of practical cooperation on a mutually beneficial basis, although we think that it is not necessary, at least I do not think so, after having attended talks during the years, for the two Secretaries of State to be involved in the process of practical cooperation on a mutually beneficial basis. I remember, Mr Speaker, one occasion in London in January 1987, where it was farcical to have Senor Jesus Esquerria, who hijacked the Spanish Minister of Transport in Luxemburg in June 1987, because the Minister was not objecting to Gibraltar's inclusion in the Air Liberalisation Package, do the same thing to Senor Ordenez in January 1987, in London. He hijacked the talks and instead of Sir Geoffrey Howe and Senor Ordenez discussing the matter it was he who was arguing the toss with Sir Geoffrey on matters which were not of the kind that Senior Ministers discussed and I remember Baroness Young, Tristan Garel Jones's predecessor, remarking afterwards that she never thought that such matters could be the subject of discussion between two such busy men. But as I was saying, Mr Speaker, Senor Esquerria kept coming back to the subject of the importation of Bimbo bread into Gibraltar! Mr Speaker, it is no exaggeration, it is true. I remember the British Ambassador subsequently saying to us "for God's sake do not allow Bimbo bread into Gibraltar it is awful!" Therefore, Mr Speaker, it is not necessary for the two Secretaries of State to get together to discuss matters of practical cooperation. If they wish to, let them review progress periodically but not every year and

on sovereignty the view that we take is that we are not prepared to form part of the British delegation at talks where sovereignty is being discussed. The reason, Mr Speaker, is that the people of Gibraltar have made it abundantly clear that they do not want that to be the case. We went along with it but we do not think that it should. We, in the AACR, believe in Free Association. We think that, we should be able to discuss Gibraltar's status with Britain and decolonise Gibraltar and therefore we do not want British sovereignty to be the subject of discussion every year at an annual jamboree between the British and Spanish Foreign Ministers. The reason is very clear. The people of Gibraltar, and we who are part of the people of Gibraltar, do not desire that that should be the case. We have guarantees under the Preamble to the Constitution and because Spain ceded formally sovereignty to the Crown of Great Britain in the Treaty of Utrecht, the Crown of Great Britain will continue to be the Monarch of Gibraltar for evermore and therefore there is no change in sovereignty and nothing further to discuss. That is the pragmatic view that we take. Gibraltar is British and will continue to be British for as long as the people of Gibraltar want. We are therefore not prepared, Mr Speaker, to participate, a future AACR Government will not participate in such discussions. It is a change in our standpoint as a result of considerable debate, as a result of reflection, on the realities. Now, Mr Speaker, if I am going to be told that leadership has to do with trying to stick to a position for evermore then you may find that yes you are giving leadership but you may find yourself with no one following you! That, Mr Speaker, is also a reality. I think, Mr Speaker, that leadership and courage in politics also has to do with a sensible detached assessment and analysis of the realities and moving in consonant with that. That is the reality and therefore, Mr Speaker, having made the position clear we can support the Chief Minister's amendments and we think that the resolution that this House is going to adopt does not just open up a new chapter in the attitude of Gibraltar politicians on matters to do with Spain, it is a continuation of the chapter which in my view was, if anything, opened in 1963 when two other Gibraltar politicians, Sir Joshua Hassan and Peter Isola, defended the rights of the people of Gibraltar at the United Nations. The process continued, because there was a bi-partisan approach and it was only interrupted for a relatively short period between 1984 and the present. We think, Mr Speaker, that it is important on matters affecting Gibraltar's most fundamental interest that we should endeavour to speak with one voice. Therefore if other politicians have done it in the past, Sir Joshua Hassan and Peter Isola, Sir Joshua Hassan and Maurice Xiberras and occasionally Sir Joshua Hassan and Joe Bossano, because they did go on one occasion to Strasbourg with a joint approach to the EEC, what is wrong with today it being Joe Bossano and Adolfo Canepa, at present leading the two sides of the House, trying to speak with one voice and trying to defend Gibraltar's interest on matters external to us in the manner in which they should be defended. Therefore to speak with one voice and to have a bipartisan approach is a good thing because it is a reflection on Brussels and

the Airport and it is a reflection on what the vast majority of the people of Gibraltar want. Over 80% of the people of Gibraltar have agreed on these matters and we should be reflecting that. Therefore, Mr Speaker, we are very happy to support the amendment of the Chief Minister and the message that should emerge from this House is that not only is the House rejecting the Airport Agreement today but we are committing ourselves to a process for the future in which we will be speaking with one voice on behalf of the people of Gibraltar on external matters.

MR SPEAKER

Does any other Member wish to say anything on the amendment? Does the Hon the Chief Minister wish to exercise his right to reply?

HON CHIEF MINISTER

Mr Speaker, I do not wish to take up the time of the House very much but the reaction of the Leader of the Opposition to the amendment clearly is one which gives us a lot of satisfaction and I believe, will give a great deal of satisfaction to the supporters of both parties and to the people of Gibraltar generally. It is a good thing for Gibraltar, a good thing for this House and a good thing for our people that we are able to reconcile the differences we have had in the past and to restore, as the Leader of the Opposition says, the position where nobody can try and find a chink in our armour because we might have a difference in approach and therefore any difference which we might have we will thrash internally and take a common position on anything that has to do with our external affairs and I believe that Gibraltar will benefit from it. I also welcome the fact that we have been able to take a historical step today because in recent years this has not been possible.

Mr Speaker then put the question in the terms of the Chief Ministers amendment to the Leader of the Opposition's motion which was resolved in the affirmative.

HON G MASCARENHAS

Mr Speaker, I do not think that there is anything that any member from either side of the House can add to what has already been said by both the Chief Minister and the Leader of the Opposition. Only to reiterate the words of the Chief Minister a few moments ago that this is indeed an historic occasion and hopefully both members of the GSLP and the AACR will welcome it. It shows that we can have our differences in domestic issues, and no doubt we shall have many differences, but on the major issue that concerns all Gibraltarians we are united in the face of any external threat be it from Spain or anybody else.

HON A J CANEPA

Mr Speaker, there is very little for me to say because when speaking on the amendment I went somewhat further than

speaking to the amendment. I think, Mr Speaker, that it is good even at this stage that we should have come out publicly with an agreed standpoint on these two issues and it has had to be done publicly because the controversy from 1985 to 1988 was a public controversy and therefore whatever we did to clear the air had to be done in this forum. I look forward therefore to a period of much greater understanding on this matter. In the event what has happened since the last general election in this field with regard to the interests of Gibraltar, because we had made clear our position on the Airport Agreement well before, as I said at the beginning of my contribution, was that there was a long period when we were silent about it because it was really an exercise in distancing myself from my involvement in the matter at the time since the Brussels Agreement was something that, as a Party, we had subscribed to at the time. There was a lot of pressure on us because we saw the economy almost disintegrating in a very difficult period but as I said earlier, it did not seem to me, that it could be a long term process and it is also opportune that the House should adopt this stance today, because there may well be a change of Government in the United Kingdom in a year's time. The Labour Party may come into power or the Conservatives could in effect have a fresh mandate, a new Prime Minister, and therefore it is a good thing that once there is a General Election whichever party comes in they will know that this is the stand point of Gibraltar politicians and that in taking the matter forward from now on we will be approaching it on the basis of the principles which have now become enshrined in the Motion which we are going to adopt.

Mr Speaker then put the question in the terms of the Hon A J Canepa's motion, as amended, which was resolved in the affirmative and which read as follows :-

(1) Reiterates the views expressed about the Gibraltar Airport by the previous House in resolutions from March 1984 to December 1987;

(2) Reiterates the view that Gibraltar should not be deprived of its rights, as a British Regional Airport, to be included automatically in EEC Legislation on air liberalisation without preconditions, and that this objective should continue to be pursued;

(3) Considers that the 1987 Anglo-Spanish Airport Agreement is capable of being construed as giving Spain the right to participate in deciding on the use of Gibraltar's airport, and has been so construed by Spain;

(4) Considers therefore that the terms of the 1987 Anglo-Spanish Airport Agreement, including the issue of sovereignty over the isthmus, are in conflict with the views adopted by this House and thus unacceptable.

(5) Notes that the 1987 Anglo Spanish Airport Agreement was arrived at taking into account the Brussels negotiating process which aimed at overcoming all the differences between UK and Spain over Gibraltar and at promoting cooperation on a mutually beneficial basis;

(6) Supports the promotion of cooperation on a mutually beneficial basis; and

(7) Rejects that such cooperation should be linked to any negotiations involving Gibraltar's status, sovereignty or decolonisation as suggested in the Brussels process.

ADJOURNMENT

HON CHIEF MINISTER:

Sir, I have the honour to move that this House do now adjourn to Monday the 29th April, 1991, at 10.30 am.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Monday the 29th April, 1991, at 10.30 am.

The adjournment of the House to Monday the 29th April, 1991, at 10.30 am was taken at 1.00 pm on Wednesday the 27th March, 1991.

MONDAY THE 29TH APRIL, 1991

The House resumed at 2.40 pm.

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 K W Harris QC - Attorney-General
The Hon P J Brooke - Financial and Development Secretary

OPPOSITION:

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

ABSENT:

The Hon J L Moss - Minister for Education, Culture
and Youth Affairs (away from Gibraltar)

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

SUSPENSION OF STANDING ORDERS

HON J E PILCHER:

Sir, I beg to move under Standing Order 7(3) to suspend
Standing Order 7(1) in order to proceed with the laying
on the table of the Air Traffic Survey, 1990.

This was agreed to.

DOCUMENTS LAID

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

The Air Traffic Survey 1990

Ordered to lie.

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

The Employment Survey Report - April, 1990

Ordered to lie.

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

- (1) Draft Estimates of Revenue and Expenditure 1991/1992.
- (2) Statement of Consolidated Fund Re-Allocations
approved by the Financial and Development Secretary
(No.9 of 1990/91).
- (3) Statement of Consolidated Fund Re-Allocations
approved by the Financial and Development Secretary
(No.10 of 1990/91).
- (4) Statement of Consolidated Fund Re-Allocations
approved by the Financial and Development Secretary
(No.11 of 1990/91).
- (5) Statement of Consolidated Fund Re-Allocations
approved by the Financial and Development Secretary
(No.12 of 1990/91).
- (6) Statement of Improvement and Development Fund Re-
Allocations approved by the Financial and Development
Secretary (No.3 of 1990/91).

Ordered to lie.

BILLS

FIRST AND SECOND READINGS

THE FACTORIES (AMENDMENT) ORDINANCE, 1991

HON M A FEETHAM:

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

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

SECOND READING

HON M A FEETHAM:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, I am not sure that our Factories Ordinance was ever relevant to the needs of Gibraltar. It reflected an industrial environment wholly and untypical of work activities in Gibraltar. As it is, it requires special regulations to apply it to our major industrial activity, such as the Shiprepair Yard. I am absolutely clear that as the Ordinance stands it neither reflects the need to protect people at work, nor the industrial and work environment which is Gibraltar today. The amendments contained in the Bill before the House, would enable the framework of the Ordinance to be used in a practical way to protect people at work. First of all, it recognises that operating the provisions of the Ordinance and Regulations made under it, is not necessarily appropriate to a Government Department without either the technical or commercial experience in the industrial world, by allowing for a person other than the Director of Labour and Social Security to administer the Ordinance. Whilst in terms of the Clauses in the Bill, the bulk of the Bill is concerned with transferring from pecuniary amounts to references to the levels to the standard scale of fines, the punishment for infringing the Ordinance, the real substance of the Bill is in the provision it makes to enable regulations to be made to give effect to EEC Law and to apply to those regulations to places of work other than factories. For example, Clause 2 as well as changing the definition of Director, also introduces the new definition of "place of work". This will enable the relevant parts of the Ordinance or any regulations to be applied to any particular or to all places of work. So, for example, we have outstanding for implementation in Gibraltar a Directive of the European Economic Community dealing with the operations of VDUS, I suppose like me you have trouble with initials, it means Visual Display Units. By the use of mechanisms contained in this Bill we will be able to create regulations to implement those rules and to apply them specifically to the areas covered by the EEC Legislation. The object of the Ordinance and the amending Bill is to provide a safe and healthy working environment. Whilst this is important for all workers, it is particularly important for the young. Our Cadet Scheme is well established and we have included the definition of Cadet within the area of legislation in order that there be no doubt that these youngsters are protected. In part the Ordinance works by requiring some inherently dangerous activities to be licensed in advance. This obviously involves administrative expense and a provision has been made to allow for fees related to the cost of administration to be charged for such licensing. Another amendment to give the flexibility necessary to reflect the changing situation in Gibraltar is that in Clause 14, it allows for the powers of Inspectors to

be determined by Regulation, so when Regulations are introduced to apply a new safety provision the appropriate arrangements can be made in relation to the Inspector. Clause 15 deals with the fact that under the responsibility for health, safety and welfare of workers there is some overlap between the Factories Ordinance and the Public Health Ordinance. Clearly there also needs to be some joint administration in that area. Essentially this Bill turns the Factories Ordinance into a piece of enabling legislation which will allow us to respond to the changing working environment in Gibraltar and to ensure that we meet our international obligations in respect of health, safety and welfare at the work place. I commend the Bill to the House and I hope it will receive your support.

MR SPEAKER:

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

HON LT-COL E M BRITTO:

Mr Speaker, in general terms the Opposition supports this Bill because we see what the Government is trying to do and we appreciate the general principle of extending the cover from the restricted area that the Bill was covering previously to the wider area of other places of work as newly defined in this Bill. Therefore any increase in the protection to be afforded to the working element of the population is obviously welcomed. The reference made by the Honourable Minister to Regulations to be introduced is of course necessary in what has been done to the Ordinance and perhaps he could give us an indication of how advanced or otherwise we are in producing these Regulations and when we can expect to see them. Thank you Mr Speaker.

MR SPEAKER:

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

HON M A FEETHAM:

Mr Speaker, I would like to thank the Opposition for their support. In terms of producing Regulations, we are identifying certain areas of employment because some Regulations have to be different particularly if a work practice is vastly different to another one and what we are doing at the moment in consultation with people like the Transport and Workers Union obviously, and other organisations in our community, is identifying the main areas where there is a need to tighten up on Regulations and then work through as it were. We are fairly well advanced in some areas. In others we will have to wait.

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

HON M A FEETHAM:

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

This was agreed to.

THE EMPLOYMENT (AMENDMENT) ORDINANCE, 1991

HON R MOR:

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

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

SECOND READING

HON R MOR:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the purpose of this Bill is to amend three Sections of the Employment Ordinance, that is Sections 21, 71 and 72. The part of Section 21 that is being amended refers to the discretion that the Director may use to refuse the granting of a work permit. As the Ordinance stands at present, Mr Speaker, nothing contained in this Section allows the Director to exercise any refusal of a work permit when it may well be the case that it may not be convenient to grant a work permit due to the situation in the Labour Market. That is to say, Mr Speaker, if we were to have a situation where we had a substantial number of employees threatened with unemployment and because of this the Director thought that in his opinion he should not issue a work permit, as the law stands at present, he would find that he does not have the power to refuse the granting of a work permit under the circumstances. It is my belief, Mr Speaker, that the most important and fundamental factor that should be taken into consideration when considering the issue of work permits is in fact the condition of the labour market. As it is generally known we are currently facing a situation where a substantial number of employees with the Ministry of Defence are threatened with unemployment. A considerable proportion of these employees and non-EEC Nationals who require work permits and in many cases they have worked in Gibraltar for many years. It is therefore very much in their interests that the prospects of continuing working in Gibraltar are protected and this cannot obviously be done if further job opportunities in other areas are blocked because the Director under the present law cannot take into account these cases. The proposed amendment to Section 21 is therefore to allow discretionary powers to the Director to refuse granting a permit where in his opinion such a refusal is warranted by a situation in the labour market. Mr Speaker, the proposed amendment to Section

71 is consequential on the amendment to Section 72 and therefore need no comments. As regards Section 72, Mr Speaker, this has rather a lengthy history and in fact dates back to 1985. In 1985 the Conditions of Employment Board recommended to the then Government to amend Section 72 of the Employment Ordinance regarding the amount of compensation which could be awarded by an Industrial Tribunal for an unfair dismissal. This recommendation was approved by the Government and the Bill was presented to the House of Assembly on the 28 January 1986. It received the First and Second Reading, however my Honourable Colleague Mr Michael Feetham, who was in the Opposition at the time, proposed to the House that the Bill should be further amended to provide a payment for a basic award on the same lines as is practiced in the UK. The Government decided at the time that the Committee Stage and Third Reading of the Bill would be taken at a subsequent meeting of the House. The matter apparently was referred back to the Conditions of Employment Board and it never reached the Committee Stage and Third Reading in the then House of Assembly. Finally, the Conditions of Employment Board came back with some proposals which have been considered by the Government and the amendment to Section 72 therefore allows for a basic award in cases of unfair dismissal as well as any further compensatory award as determined by the Tribunal. Mr Speaker, I have already given notice in writing that I intend to move a very minor amendment at the Committee Stage and Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, my Colleague Lt-Col Britto is also going to speak on various aspects of this Bill and it may well be that in Committee when we come to Clause 2, which introduces a new paragraph empowering the Director to refuse to grant a work permit where that decision is warranted by the situation in the labour market that we may in Committee be able to argue the matter in greater depth. My initial reaction when I heard the Honourable Minister was one of surprise because when he said that under the law, as it stands at present, the Director of Labour does not have discretionary powers, he may not have discretionary powers in respect of the situation as it refers to the labour market but he does have discretionary powers in respect of a number of other matters. Mr Speaker, not only that, but, in fact, Section 21 requires that he will not issue a permit unless certain conditions are satisfied. First of all he shall not issue it unless certain conditions are satisfied and these conditions, and there are quite a number of them, in fact, nine conditions are laid down which have to be satisfied before the Director of Labour does issue a work permit. Additionally he already has some discretionary powers to refuse to grant a permit if he is not satisfied that the applicant is over nineteen, if the application is in order to fill a vacancy which could

have occurred, in his opinion, as a result of a trade dispute or as a result of a dismissal which if that were to be filled could bring about a trade dispute and thirdly for the employment of a worker who has entered Gibraltar and does not satisfy e, f, g, h of the nine conditions that I have referred to previously. Taking account of that I am frankly surprised by the remarks of the Minister and really my intervention at this stage is to ask him, either when he exercises his right to reply, or later in Committee to go into the matter in rather more detail and to clarify these aspects. I say that because apart from looking at the law, I know during all the years when I was Minister of Labour that there were numerous occasions when the Director of Labour and Social Security did refuse to give a work permit and then we had representations from the aggrieved worker and from the prospective employer and so on. Therefore my initial reaction is one of surprise. So perhaps the Hon Minister can clarify that point. Having said that, Mr Speaker, I leave the other points to my Colleague Lt-Col Britto.

HON LT-COL E M BRITTO:

Mr Speaker, there is, in fact, a little bit of overlap so my contribution will be probably shorter than I had originally intended. What I would like to add to what the Leader of the Opposition has said, is that we also feel that the wording of the amendment to Section 21 seems to widen the powers of discretion of the Director, rather more than is perhaps desirable at some unforeseen stage in the future. It is appreciated that the Government has a specific situation in mind when they talk about the MOD redundancies but in fact the definition of the situation in the labour market is a very subjective one and at any time could be something that a Director could interpret in a totally different way in the future. In that sense we are not entirely happy with the wording of the Clause because of the rather wide interpretation that could be given. The second point arising out of that, Mr Speaker, in Section 23 of the Employment Ordinance, obviously there is a right of appeal against any such decision by a Director within the new powers that have been given now or the powers that exist already. But perhaps the Honourable Minister could tell us whether the Control of Employment Appeals Tribunal, as detailed in the Ordinance, in fact exists at this moment in time and has been appointed, and if so, perhaps he could give us an indication whether it has met and when was the last time that it met. Finally, Mr Speaker, on the amendment or rather the repeal and replacement of Section 72, a little bit of untidiness we feel in the wording the end of Subclause 1 and Subclause 3 where there is reference to the prescribed amounts. I have been able to elucidate in order to save the time of the House that the intention is for the amount to be prescribed by Regulation, but I put it to the Minister that as it reads there is a certain degree of confusion and ambiguity. One could be forgiven for believing, as I did originally and could not find it, that the prescribed amount is prescribed by Ordinance and not by Regulation and perhaps the law would be clearer and therefore a better law if it was made clearer that the amount is prescribed elsewhere by Regulation.

HON CHIEF MINISTER:

First of all, Mr Speaker, the Member opposite is quite right in thinking that we are giving the Director more power to say no to a work permit for a new immigrant, because that is what we are talking about. It is a permit for new entrants basically. We feel that the situation that has developed warrants that and there are really three factors apart from the one that my Colleague has already mentioned that we are facing. The Government, as the House knows, is investing in re-training people for private sector jobs and clearly we want the people that we are re-training to be able to compete for those jobs effectively and to some extent to give them a measure of protection. We also have a situation where two traditional sources of labour for Gibraltar. Labour recruited from the Spanish and the Portuguese markets cease to require permits after 1992. So you have a situation where we will already be unprotected against 320,000,000 Europeans over which the Director of Labour will have no discretion. It does not seem to me unreasonable in those circumstances to seek to introduce greater controls over the few remaining areas where we still have control. The third factor is that somebody has come up with the ingenious invention of having registered a company in Gibraltar, which one can do with two £1 shares, they then open a vacancy in order to employ themselves and of course, they can register a company in Gibraltar from anywhere in the world and then the company that they have registered in Gibraltar can then create a job on conditions which are somewhat peculiar. We have had an application from somebody that was supposed to be an expert in shrimps born in Asia and living in Africa. You can define the job in such a way that the Director of Labour with the best will in the world will find it impossible to fill from the local labour market and therefore the job can be structured, and in fact we have studied a number of these incidences, in such a way to be able to enter Gibraltar. It is in order to close that loophole that effectively we are saying "if the Director of Labour feels really that the labour situation is one where if it is a genuine job it should be possible to meet it from local resources". We are giving him absolute discretion. It is a matter which is a matter of policy. We feel really that this is required, as I said by new factors which I have mentioned. The fact that there exists a loophole as the law now stands and therefore you have a situation where as it is at the moment, somebody can create a company and even though that somebody is not here, he can then create a vacancy to which they themselves apply and then that person can appeal against the decision of the Director not to give it him even though they have never been in Gibraltar. In fact the Appeals Tribunal is constituted and has met very recently to deal with one of these types of cases within the last couple of weeks and to my knowledge it had not met for the preceding twenty years. That is the answer to the Honourable Member's question.

MR SPEAKER:

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

HON R MOR:

Mr Speaker, unless any other specific points, there is not much more I can say.

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

HON R MOR:

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

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Factories (Amendment) Bill, 1991; The Employment (Amendment) Bill, 1991; The Nature Protection Bill, 1991 and The Litter Control (Amendment) Bill, 1991. Mr Speaker, can I just clarify the fact that my proposal is if the House should resolve itself into Committee to consider only the four Bills I have mentioned and not in fact the five Bills which is being indicated to Honourable Members on both sides, I have just been instructed a few moments ago that it is not Government's wish at the moment to take the Companies (Amendment) Bill, 1991 through its remaining stages today.

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

THE FACTORIES (AMENDMENT) BILL, 1991

Clauses 1 to 20 were agreed to and stood part of the Bill.

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

THE EMPLOYMENT (AMENDMENT) BILL, 1991

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

Clause 2

HON LT-COL E M BRITTO:

Mr Speaker, in view of the explanations from the other side of the House, we will be supporting the Clause as it is.

HON R MOR:

Mr Speaker, I wish to move an amendment to Clause 2. The amendment reads: "(a) paragraph (a) is omitted and replaced by the following paragraphs (a) and (b):- (a) by omitting the word "or" at the end of paragraph (b); (b) by omitting the fullstop at the end of paragraph (c) and substituting therefor a semi-colon followed by the word "or". (b) paragraph (b) is redesignated as paragraph (c)". Just minor amendments, Mr Speaker.

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

Clauses 3 and 4 were agreed to and stood part of the Bill.

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

THE NATURE PROTECTION BILL, 1991

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

Clause 3

HON J E PILCHER:

Mr Chairman, I have already given notice to the Opposition of various amendments to the different clauses. Mr Chairman, perhaps just to explain to the Opposition as we go through the different amendments that the points raised by the Honourable Mr Anthony in the last House, together with comments received from the Cage Bird Society and the Gibraltar Ornithological and Natural History Society have been taken into account and we have agreed on a couple of matters to take into account a monitoring exercise that both societies are to make and to proceed along the path that I have mentioned. We have taken all the birds bred in captivity out of the equation under Clause 3 and also included in it any bird, animal etc which has been imported into Gibraltar in accordance with the requirements of any other relevant Ordinance. Since the Honourable the Minister for Housing has also been very worried, Mr Chairman, we have added the hairy snail and in case, Mr Chairman, he is still worried when he looses his hair I must say that wrinkled snails are also now protected, Mr Chairman.

HON K B ANTHONY:

We have no objection to Clause 3. It does cover the importance of birds, this was the loophole existing in Clause 3.

Clause 3, as amended, was agreed to and stood part of the Bill.

Clause 4

HON K B ANTHONY:

Mr Chairman, I did raise this point at the Second Reading of the Bill and that is the question of the twelve hour period when somebody finds a damaged injured wild bird. They have to pass it on within a period of twelve hours and I did point out at the Second Reading that I felt this was a little limited and I would appreciate it if the Honourable Member will look at this again and see if it could be extended.

HON J E PILCHER:

Mr Chairman, we have looked at this in consultation with the various parties and we feel that normally it does happen immediately, virtually within a couple of hours, so we feel that the twelve hour period, which let me again add will have a certain amount of flexibility, and nobody will query if it has taken twelve and a half hours. I am told that when something like this happens normally it is in fact within the first couple of hours that the Authorities are notified and that the bird or whatever is taken into care, Mr Chairman.

HON K B ANTHONY:

Mr Chairman, my concern was because there are occasions, for example, long weekends, where the competent authorities are in Spain or wherever and they may not be available within Gibraltar, that is the only reason why I raised it.

Clause 4 was agreed to and stood part of the Bill.

Clause 5

HON K B ANTHONY:

Mr Chairman, I did also raise on the Second Reading the fact that air rifles, pistols were not included in the list of prohibited weapons or methods of capturing or killing birds. Is there any reason why this has been left out deliberately?

HON J E PILCHER:

Yes Mr Chairman, I did check this, I think it is because they require a separate licence and I think normally licenses are not issued without checking the person etc. So it is an offence to use these kind of rifles without the necessary licence. That was the explanation given at the time.

Clause 5 was agreed to and stood part of the Bill.

Clause 6

HON K B ANTHONY:

Yes Mr Chairman we have no objections. I presume it covers for example rabbits being imported by butchers etc.

HON LT-COL E M BRITTO:

Mr Chairman, with your leave, could I come back one clause and take up the point made by the Honourable Minister. I am a little bit confused by the explanation given, because some of the items mentioned in Subclause C, for example any shotgun, automatic or semi-automatic weapon, the same arguments could apply to those that have been mentioned. In other words the need to be licensed. I think I am right in saying that what a firearms licence prohibits is the use of that firearm in a public place. It prohibits anything and everything, but this Ordinance tends to go further and tends to limit the methods of killing and as my colleague has said it seems to me that is one of the most likely ways of the law being broken.

HON J E PILCHER:

I will double check it, Mr Chairman, but having mentioned it, I think, I was satisfied. I will have to check it again but I was told that it was covered in the Ordinance. Perhaps the Attorney-General might check it for us?

HON ATTORNEY-GENERAL:

I can confirm, Mr Chairman, at this stage that the Honourable Member opposite is perfectly correct on his interpretation on the relevant provisions of the Firearms Ordinance not only that the mischief at which that Ordinance is aimed, is to prohibit the use of unlicensed firearms as the Honourable Member rightly said public places as opposed to private places.

Clause 5 was agreed to and stood part of the Bill.

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

Clause 7 was agreed to and stood part of the Bill.

Clause 8, as amended, was agreed to and stood part of the Bill.

Clause 9 was agreed to and stood part of the Bill.

Clause 10

HON K B ANTHONY:

Mr Chairman, I am a bit confused, I think that there is a spelling error in this particular amendment the "seign" refers to the rights of the sovereign to have his own way. I think it should be "seine"?

Clause 10, as amended, was agreed to and stood part of the Bill.

Clauses 11 and 12 were agreed to and stood part of the Bill.

Clause 13, as amended, was agreed to and stood part of the Bill.

Clauses 14 to 23 were agreed to and stood part of the Bill.

Clause 24

HON K B ANTHONY:

Mr Chairman, we have received the rather hasty amendment to Clause 24, I am a little confused because it says in the amendment "by deleting the semi-colon". In fact in Clause 24 there are four semi-colons.

HON J E PILCHER:

No Mr Chairman it is obviously to add it at the end. I did not have any other semi-colons in my draft. It should read: 24(a) "by deleting the semi-colon and adding the words "or any other matter in the administration of this Ordinance".

MR CHAIRMAN:

I think what the Honourable Member is saying is will you put the semi-colon at the end, is that right?

HON K B ANTHONY:

Is it purely financial?

HON J E PILCHER:

Yes Mr Chairman, it is a purely financial. It is in controlling the fees or charges payable in respect of any applications, licence or other document under this Ordinance or any other matter in the administration of this Ordinance. We felt that without putting that particular addition, Mr Chairman, we would then only be able to charge fees or charges in respect of those points that have been raised, when there are other areas as I have advised the House previously that we want to put fees and charges on Mr Chairman.

HON LT-COL E M BRITTO:

Mr Chairman it would also make sense to include the same wording as an additional Subclause (f) to allow regulations to be made for any other matter which is not covered at the moment.

HON J E PILCHER:

Mr Chairman, having looked at the ability of the Governor under this Regulation, under this Ordinance to regulate and looking at (a), (b), (c), (d) and (e) Mr Chairman, it seems to us that with the added extension to Clause A, we already have enough power under the Ordinance to be able to regulate in any other matter, Mr Chairman. I thank the Honourable gentleman opposite for trying to help, but we have looked at this and we feel that we are able to regulate in other areas.

HON ATTORNEY-GENERAL:

Mr Chairman, can I just support the Minister in what he has just said and point out I hope for the assistance of the Honourable Lt-Col Britto that the enabling provision begins in Clause 24 by empowering His Excellency the Governor after consultation with the Nature Conservative Council to make regulations to bring into effect the provisions of this Ordinance. So that is the general enabling provision, Mr Chairman, and without in any way delegating from that general power the paragraphs which follow are merely examples but without limitation of the purposes as to which such regulations can be made. That is the idea behind that enabling provision.

Clause 24, as amended, was agreed to and stood part of the Bill.

Clause 25 was agreed to and stood part of the Bill.

Schedule 1, as amended, was agreed to and stood part of the Bill.

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

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

THE LITTER CONTROL (AMENDMENT) ORDINANCE, 1990

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

Clause 2

HON J E PILCHER:

Mr Chairman, I have given notice that I want to move a new Clause 2 be inserted in the following terms "Amendment to Section 4". The Litter Control Ordinance. The purpose of this amendment Mr Chairman, when we originally drafted the Ordinance the appeals mechanisms was left out totally, it was an oversight on the part of the Law Draftsman. What we have done Mr Chairman, is just put the appeals mechanisms back in order obviously not to handicap anybody that wants to appeal under this Ordinance. There will be then a set procedure for appeals against the system and the Ordinance, Mr Chairman, and that is what the new Clause and the amendments set out to do.

HON K B ANTHONY:

Mr Chairman, we have no objection to that. We think it is a good idea, there should be an appeals mechanism, we hope it will never have to be used. But with the appeals mechanism it makes the Bill more attractive, we supported it, in principle, at Second Reading, we will support it now.

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

HON J E PILCHER:

Clause 2 Mr Chairman now becomes Clause 3 and 3 is renumbered as Clause 4.

New Clauses 3 and 4 were agreed to and stood part of the Bill.

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

THIRD READING

HON ATTORNEY-GENERAL:

Mr Chairman, I have the honour to report that the Factories (Amendment) Bill, 1991; the Employment (Amendment) Bill, 1991, with amendments; the Nature Protection Bill, 1991, with amendments; and the Litter Control (Amendment) Bill, 1991, with amendments, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Mr Speaker then put the question and on a vote being taken on the Factories (Amendment) Bill, 1991; the Employment (Amendment) Bill, 1991; the Nature Protection Bill, 1991; and the Litter Control (Amendment) Bill, 1991, the question was resolved in the affirmative and the Bills were read a third time and passed.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move that this House do now adjourn to Tuesday 4th June, 1991, at 10.30 am.

Mr Speaker then put the question which was resolved in the affirmative and the House adjourned to Tuesday 4th June 1991 at 10.30 am.

The adjournment of the House to Tuesday 4th June, 1991, at 10.30 am was taken on Monday the 29th April, 1991, at 3.40 pm.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

26TH MARCH, 1991

VOL II - BUDGET

TUESDAY 4TH JUNE, 1991

The House resumed at 10.35 am.

PRESENT:

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

GOVERNMENT:

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

OPPOSITION:

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

The Hon P R Caruana

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

COMMUNICATIONS FROM THE CHAIR

MR SPEAKER:

Before we start the meeting I wish to welcome the delegation from the House of Commons. It is, indeed, a great honour to have them here with us today and I hope they take back with them our greetings to all the Members in the House and the views that, no doubt, they must have heard during the time that they have been in Gibraltar.

OATH OF ALLEGIANCE OF NEW MEMBERS

The Hon P R Caruana took the Oath of Allegiance.

SUSPENSION OF STANDING ORDERS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the First and Second Readings of the Appropriation (1991/92) Bill, 1991.

This was agreed to.

BILLS

FIRST AND SECOND READINGS

THE APPROPRIATION (1991/92) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate sums of money to the service of the year ending with the 31st day of March, 1992, 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. In keeping with the practice in recent years, my opening contribution will be a short introductory speech in which I will simply draw the attention of the House to some of the key features in the Estimates now presented. I will then make way for the Chief Minister to present the Government's budgetary policy but I will, of course, be available to the House to explain any points that arise as the debate progresses. As Honourable Members are well aware, the Government is pursuing the policy of intensive rationalisation of the Public Service. In order to adequately reflect the changing pattern of service provision, the structure of these Estimates has been revised and where appropriate expenditure of a similar nature with more or less the same objective has been brought together. However, due to this restructure it has been difficult in all cases to provide comparative information for earlier years since this simply does not exist in the new form. Where there is a reasonable match the nearest equivalent information for earlier years has been provided, where not, footnotes have been inserted to help point the nature of the change. Where restructuring has taken place, in most cases it has been appropriate to retain the earlier Controlling Officer's responsibility. But in some cases that responsibility has been adapted to more closely reflect actual rather than theoretical responsibility. I believe this to be a healthier situation. In terms of the Estimates provision itself, the total sought for the Consolidated Fund is £71.6m which represents a 2.2% increase over the provision

approved by the House in 1990/91. This increase is well below current rates of inflation and reflect the further measures of economy and rationalisations to be implemented. However total estimated expenditure, that is including Consolidated Fund Charges of £97.2m, is an increase of £7m or 7.7%. This higher rate of increase largely reflects provision within Consolidated Fund Charges and includes the higher interest costs arising from additional public debt as well as provision for some debt redemption. In this context I would draw the attention of the House to an additional Sinking Fund revision of £1.5m proposed for the first time which will assist in building up a general provision for debt redemption in the future. Nevertheless, growth in Government income is also estimated to be less strong than recent years, and in 1991/92 the overall result forecast deficit on Consolidated Fund is £4.4m reducing the Fund balance to less than £1m. Within the Improvement and Development Fund, expenditure provision more than doubled to £62.9m reflecting a number of major projects about which I am sure more will be said in the course of this debate. Honourable Members will note that a significant negative balance has arisen on the Fund by the end of 1990/91 which largely reflects the timing of certain significant land sales which slip from 1991 into early 1991/92 and which taken together with further sales in the course of 1991/92, are expected to bring the Fund back close to equilibrium in the course of the year. With those general remarks and observations, Sir, I will now give way to the Chief Minister. I commend the Bill to the House.

MR SPEAKER:

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

HON CHIEF MINISTER:

Mr Speaker, before I make my contribution on the Estimates of Expenditure and, indeed, on the state of the economy, I would like to take the opportunity, as Leader of the House, to welcome our newly elected Member and to say that we look forward to his constructive contributions to the debates in the House. He occupies, of course, the seat that I had for sixteen years, so he can now start getting used to how long it takes to move from that side to this side of the House. We believe that the role of Parliament has to be not simply to try and trip up the Government, but also to help the evolution of good government by making positive suggestions where Members on the other side see things that they, in principle, are not opposed to, which I think must be a fair proportion of the work that we do. We understand that there are things where there are fundamental policy differences, but in principle, when they are opposed to it we would expect that we will be able to make contributions which would enable us to improve the quality of what we hope to be able to do for the benefit of the people of Gibraltar. As I say, Mr Speaker, I look forward to the new Member's contribution in this respect. Mr Speaker, the Estimates of Expenditure this year follow the pattern we

have established in the last three years and in fact are, in a way, a culmination of the programme that we spelled out immediately after the 1988 Election. Obviously, this year more than ever, one can see from looking at the Estimates of Expenditure the importance that the Government attaches to investments in our economy as opposed to recurrent expenditure on consumption. This is, as I have pointed out over the years, the shift in this direction which is for us the cornerstone of the engine that is pushing our economy forward. The latest estimates for the economy of Gibraltar for the last financial year ending in March 1990, that is twelve months ago, which is the period when we can calculate it after we have the final Audited Accounts produced by the Principal Auditor. It shows that we reached a figure which is unlikely to change except in a very small amount of £207,000,000 for GDP and this represented real GDP growth of 12.1%. That means that in year one and in year two we have achieved 10% and 12.1%. The year ending in March this year is unlikely to have produced growth in the region of 11% to 12% and it would have been higher than that, had it not been for the dislocation created in January and February by the situation in the Gulf and the recession in Western Europe, which slowed us down. However, of course, whereas in the rest of the European Community most people went into either very low rates of growth or negative growth, minuses, like in UK, we actually achieved something like 11% as opposed to 12½%, so that is the effect that it had on us.

The Estimates of Expenditure this year and, in particular the Government's investment programme in the Improvement and Development Fund, will ensure that that slight slowdown in the first quarter of this year, is more than compensated for by the expenditure over the 12 months ending March 1992 which means that we can say we will comfortably exceed the target of 50% growth over the four financial years which we set out for in the programme of the Government when we got elected in 1988.

In terms of the efforts of the Government to maintain a control on recurrent public spending, which is the result of the restructuring exercise and the re-deployment of people within Government Departments, we have been successful in finishing the year, in fact, below the actual amount provided in last year's Estimates. There is a straightforward explanation for this and if Members look at the summary of the Estimates of Expenditure on page 16, they will see that what the House voted a year ago was just over £70m. We estimate that we have spent £68.8m and, in fact, if we see the discontinued telephone service, we see that the amount that has been spent there is £379,000 as opposed to £1,682,000. So in fact the difference of something like £1.2m below what we voted is the £1.2m which ceased to be public expenditure after the Telephone Department went into the private sector in May last year. If we remove that element of the equation then, effectively, we are almost 100% on target.

This shows that the strategy that we introduced last year, of having a vote introduced at the beginning of the year,

for virement to other subheads has been effective in controlling overruns of public spending which, as I explained in last year's Estimates, was something that was a matter of concern to the Government and something that successive Principal Auditors had drawn attention to, where frankly departments spend money for which there is no authority because it has not been voted in the House and for which there is no approval because they have not obtained political clearance and therefore, theoretically, if the elected Government is not in favour of the money that has been spent, we ought to be able, in theory, to say "well, we will not provide it". However, of course, once it is spent and you get the bill there is nothing much you can do.

We have been reminding Controlling Officers that they are required to seek prior approval before they exceed the money voted in any head or subhead and that, in fact, part of the normal controls ought to be that we ought to get a warning signal if the expenditure somewhere is going faster than anticipated which can happen quite easily, and we understand that, for reasons beyond people's control, but if we have a certain amount of money for twelve months then we expect to be told, at a political level, by the officials, that, at the rate we are spending, the money is not going to last twelve months. Then we can take a political decision whether we reduce the rate at which we are spending or we provide more money. But in the past there has been a tendency to spend the money first and ask for it afterwards, and that is not acceptable. So in terms of the performance of keeping to the target of £70m I think we can say with a large measure of satisfaction that we have achieved better results in the year ending, than has ever been the case in every previous financial year in Gibraltar.

As I mentioned last year, again it is clearly becoming more difficult to stick to the £70m target for the cost of running the public administration of Gibraltar, the more successful we are in making economies, because obviously the economies that are easy to make are the ones that get made first, but the more you succeed in making any organisation efficient, the more difficulty you have in squeezing further efficiency out of a system that is already quite lean and quite well run.

We believe there is still a long way to go in the running of the Government machine, but the rate at which we will be able to do it is now slowing down and much as we tried this year to bring the figure within the £70m if, for no other reason, because we believe it forms a good psychological target that we should aim to stay with £70m which is the figure that there was when we got elected in 1988. We have, in fact, gone over by about £1½m and we are providing this year, as the Financial and Development Secretary mentioned, for over £70m.

This may alter during the course of the year and, in fact, it is very likely to, since the situation with Lyonnaise, which my colleague the Minister for Government Services

will no doubt have something to say on afterwards, and which we mentioned as a possibility in last year's Estimates but, in fact the whole of last year went by and nothing happened, is now very likely to be starting in a few weeks time and therefore we could see by the end of the year as a result of that coming together, that some of the money provided for water services will cease to be in the Government accounts, just as happened with the Telephone Service and that could be of the order of £1m-plus and that could bring us down below the £70m by the end of the year. So you could see, this year, a repetition of what happened with the Telephone Service last year, happening with Water. It is difficult to see what further areas we could think of moving into private commercial entities because essentially so far we have been talking about really trading functions and there really are not any left now other than Electricity and the Electricity, as the House knows, is already being one-third produced by a private wholesale supplier and it is our intention to retain the retail end under Government control.

I think, perhaps, one area where in terms of the administrative side, we have made an important dent this year, has been in the Audit Department. I would like to draw the attention of Members of the House to Head 1, because I want to make clear that of course, the reduction in the establishment of ten bodies from 16 to 6 is not that we are going to stop auditing Government accounts. It is that we are contracting them out. This was something that was introduced in respect of the 1989/90 accounts experimentally. So far we are very happy with the results. We asked a number of companies to provide bids and what we have done is we have put a different firm of accountants in a different department, so that we do not have one firm of private accountants doing the whole of Government. We have different firms auditing different departments and, of course, the report that they produce is then submitted to the Principal Auditor because technically, what is happening is that instead of the Principal Auditor having fifteen people under him working to do the donkey work of the audit, he now has four or five private firms doing the same thing at a slight saving, because saving is more important in terms of manpower and because we have released ten bodies that we have re-deployed elsewhere in the Government. That has meant that we have been able to reduce the overall level of employment by ten and it is part of the strategy of the Government to do that. But in any case, I can tell the House that the early results that we have had show that it compares very favourably with the degree of information that was available to us under the previous system of Government auditing. Let me say that this is not something that tends to get reflected in the Audited Accounts which will be tabled in the House in the normal manner and will look the same as they have always looked and will show the same information as it has always shown. There was however additional internal information, as I am sure Members opposite who have been in Government know, which was provided by the Principal Auditor and we have now found that perhaps having a private sector focus

on the running of Government Departments has raised questions that people who themselves have been Civil Servants all their lives and who finish up in the Audit Department might never have thought of asking simply because when they go to a department what they see is something very familiar which they might have been doing themselves twenty years before.

When somebody comes from a totally different environment he then says: "well, why is this being done and is not this the cost effective way to do it?", and therefore we think that this will prove an important source of further innovation and ideas on how to improve the quality of the service that we provide and the cost effectiveness of that service.

Going back, Mr Speaker, to the overall impact of the Improvement and Development Fund on the economy and on the growth rate, as I have said, the figure that we are providing in this year's Estimates of nearly £63m, will guarantee that by 1992 we will have grown by more than 50% and, as I have mentioned in successive years, the strategy is to maintain a very tight control on the recurrent cost of operating the administrative machinery of the Government of Gibraltar and releasing manpower, and effectively releasing cash, into fixed assets. I mentioned last year that we were looking for a target of the order of 25% of GDP as the figure for Gross Domestic Fixed Capital formation. This is the kind of level that all high growth economies in the Western World have maintained and it is an investment led growth, as opposed to a consumption led growth.

In fact, in the year 1989/90, out of a GDP of £207m as I have mentioned, the Gross Domestic Fixed Capital formation amounted to over £69m, that is including the private sector. The Government's own element of that, was something of the order of £16m. Obviously the figures for 1991 will be related to the revised figure for expenditure of £22.8m and we can expect that the 1991 figure for the private sector will also have grown substantially, but already in 1989/90, that element of the creation of real assets of investment in fixed assets in Gibraltar, accounted for onethird of our economy, 33.4% to be exact, as compared to the figure for the preceding year of 19.1% of a smaller economy. We believe that those percentages will be maintained for 1991 and 1991/92 and that really, at the stage at which we are and the projection that we are making, we are really running the engine at top speed, that is to say, it is not possible for the economy of Gibraltar to generate a higher level of economic activity, to generate a higher level of investment, than is represented by Government's own investment of the order of £63m.

To put it perhaps in a historical context, Mr Speaker, the entire Development Aid provided by the United Kingdom from the time the frontier closed to last year, was two thirds of what we are spending in twelve months. In the whole of the period when we were getting Aid from the UK for

infrastructure, for housing, for schools, they provided something like £41m. We are spending in one year £63m, so that, I think, puts it in a context that one can appreciate, the magnitude of what we are seeking to do in this current financial year in terms of investment. Obviously the bulk of those £63m is accounted for by two very important projects which were announced by me in January this year. The new Housing Estate which will have 580 units and which has a price tag of something like £28m, and the Industrial Park, in what was previously a part of the Naval Dockyard, which has a price tag of around £30m, not all that £55m will be spent in these twelve months but a large proportion of it will be. Both projects have very short building periods of the order of eighteen months and that 75% of the expenditure of those two projects will be the biggest elements in the creation of assets in the next twelve months which is reflected in the Improvement and Development Fund.

The Improvement and Development Fund finished this year with a deficit of £10.6m which of course, on paper, looks quite alarming when you think that our Consolidated Fund balance, our General Revenue, was £5m. There is, however, no cause for alarm. Let me say that the explanation is that it has taken the machinery of the Government longer to transfer our own properties to ourselves than we anticipated. I do not know what difficulties other people have when they are trying to buy property from the Government but the Government has an enormous difficulty in buying property from itself. And the result of that is that the transactions, which I mentioned in last year's Budget and in preceding years, which is the way we are effectively capitalising our existing assets by transferring them to our Property Company and then putting that money into the Improvement and Development Fund, the paper work was not completed before the 31st March this year and therefore the money has not come in until after the year ended. But, in fact, the money was provided as an advance to meet the expenditure that the Fund was making. This is why the receipts for this year which are anticipated to yield £73m, in practice include properties already transferred in the preceding financial year where the money has come in, after the 1st April. Therefore, effectively, what we are looking for is a surplus of £10m which is really to cover the deficit that we started with of £10m and which is, in fact, the amount that should have come in before the 31st March and did not. I think, in fact, the bulk of it has to do with the Alameda Estate.

In terms of the effect that this has on employment, the Employment Survey for a year ago shows that the private sector had achieved a total level of employment of 7,872 jobs. As the House knows, the Government has publicly stated that its target was to achieve 8,000 in the private sector and in answer to questions in the House in previous meetings, when I was asked to what degree we expected the expansion of the private sector to take care of possible job losses through reductions in the public sector and particularly in the Ministry of Defence, we said that we expected one to be sufficient to absorb the other. There is a problem

of individuals and skills and retraining, so the global figures do not tell the whole story. You can have a situation, as we are now approaching, where, basically, in "ball park" figures we are talking about an economy that employs 14,000 people, where about 8,000 are in the private sector and 6,000 in the public sector. And of the 6,000 in the public about 4,000 are in the Government and 2,000 in the UK Departments. Those are, not exact figures but they are of that order, give or take a couple of hundred particularly in the Government and MOD, but I think it is easier if we use round figures to illustrate the kind of breakup by sectors that our economy is composed of.

This is the situation after the 4 years. At the beginning of the 4 years we had a situation where the public sector was 51% of the economy and the private was 49%, so the switch has been that, in broad terms, the total size of the economy has not changed all that much and the growth of the private sector has generated enough jobs to compensate for the losses in the public. As I say, what we need to concentrate on and what we are doing this year with EEC funding and with our own resources from the employment levy is to expand what was being done under the Youth Training Scheme particularly for workers who have lost their jobs in the MOD, of whom they were about 120 in April this year, and we need to get used to the idea, as I said last year, that this is only the beginning. We have no doubt at all, Mr Speaker, that the military employment and contribution to our economy, in terms of expenditure in years to come, will be insignificant. It will have shifted from being the predominant source of earnings, the predominant means by which the Gibraltarian people have earned their livelihoods, to reach a point where, in economic terms, it will cease to be important. We are not there yet and we are getting there faster than we would like, frankly, not because we think it is something that should be resisted for any reasons or wanting to cling to the past because we believe that it is something that is good in the world context, that the world should be at peace with itself. But like any other community, historically dependent on a product and on an industry that becomes obsolescent, we have a difficult job in our hands of retraining people, re-educating them, providing them with new skills in a very competitive world and which after 1992 is going to become even more competitive. We are only going to be successful in creating in Gibraltar a homeland for our people and our community of which we can be proud, if we are better than people outside. There is no other way of doing it and, therefore, we have to be totally uncompromising, Mr Speaker, as a Government, in the kind of leadership we give people. We have to continue with the strategy that we have marked out because there is no other one. There is no way without a massive investment in infrastructure, in physical assets that we are going to be able to attract international business to Gibraltar and there is no way without re-training people, that we are going to be able to make any use of the investment that we attract to be kept here because the money will come in and go out if we have to depend on outside labour.

So we have to depend on our own people and we have to give them the skills. People have to get used to new ways of doing things and we cannot run a Gibraltar economy with the size of public sector that we have had in the past and the size of the public administration we have had in the past. Even after all the supposed revolutionary changes we have carried out, let me tell the House, Mr Speaker, that the level of administrative workers in Gibraltar has gone down by 10%. That is all that has happened in 3 years. We have lost about 20% of our white collar workforce in the Government but 10% of that 20% has gone with the activities that have moved outside the Government Service. If you move the Telephone Department, then obviously you move the Telephone Clerks, because you are not going to keep the clerks and lose the telephones. So in terms of the remaining activities of the Government we have lost about 60 jobs through natural wastage in 3 years around 20 a year. It is a very, very slow progress, it has a very long way to go. We are not pushing it any harder than it needs to be pushed, all that we are doing really is not replacing people. When somebody goes then somebody else is re-deployed, retrained, departments are amalgamated and we see the kind of things to which I drew attention in the Audit Department. Obviously there it is quite a dramatic reduction, from 16 to 6. In most other places it is nowhere near as big as that. And, as I say, there we have removed the activity and put it into the private sector and kept the people which is not normal.

We expect, therefore, that the figures for this year, when the Employment Survey is made available and completed, we have not received them yet, but we expect that we will exceed the 8,000 private sector jobs that we set ourselves as the target for 1991. On the whole, again, in the area of employment we seem to be more or less where we wanted to be and where we set out to be.

In the next twelve months, obviously, the biggest area of employment is going to be the Construction Industry because of our own investment programme and because of the investment programme of the private sector. In fact, in 1990, a total of 1,300 people found employment in the Construction Industry and of those something like 600 were new workers who came in from Spain, as frontier workers, and 700 were people already in the local economy, some Spanish, some Moroccans, some Gibraltarians, some Portuguese, who were changing from one building site to the other. That level is likely to be substantially exceeded in the current year because, in fact, in the first 3 or 4 months of the year we have already come close to those levels. So the biggest employment figures in the current year will be in the Construction Industry. We expect that to peak and to come down, that is to say, we do not think that this level of investment is sustainable year after year. I think this is really: we expect to be coming down when we get re-elected next year from these figures.

In terms of the financing of this, as I have mentioned through the capitalisation of assets, obviously the ultimate source of the finance is the raising of Public Debt. Members

opposite will have read that the Bulldog Issue that we made on the International Stock Exchange in London was very well received by investors. It went to a premium and the demand for buying Gibraltar Government stock was in excess of the supply that we provided by issuing £50m. However, we are sticking to the £100m borrowing ceiling that we provided in 1988/89. In fact, at the time that we provided it, we were doing it against the background of a GDP of something like £154m, so effectively we have targetted a maximum National Debt which was of the order of 66% of GDP. That is the kind of level within the Community, for example that Greece, has. The Italians who seem to borrow more than anybody else, have got about 105% of their GDP and the United Kingdom is in the 40%'s. Of course that £100m ceiling, as a percentage of GDP, which is the way that everybody measures it, has been coming down because the GDP has been going up, so with a GDP, last year, of £207m we are now below 50% of GDP with the £100m ceiling and in the year 1990/91 where GDP could be something like £250m, we are down to the 40%'s which is in line with the UK's own National Debt. We have at the moment a facility, unused, from two local banks of £15m and we do not know at this stage whether we will need to make use of that additional £15m within the current financial year to maintain the momentum of the investment programme. Last year we were targetting for £30m and we found we were not able to spend £30m from the Improvement and Development Fund and, as the House can see, we finished with something like £23m and I entered a word of caution last year about our ability to spend as much as we were setting out. In fact, this year, although the target is much more ambitious because it is really two big projects, I mean we have the conversion of South Barracks as well into a School which is £3m plus but the two big chunks are the Housing Estate on the reclamation and the Industrial Park in the Naval Dockyard. Really the only thing that could produce much lower figures than this by the end of the year is if one or both or either of those two projects, for some reason, gets delayed and does not get off the ground and does not stick to the timetable. But if those two are on target, and we hope they will be since they are very important in our strategy, because one is designed to meet the most important social problem that we all recognise in this House has bedevilled Gibraltar, which has been Housing, and the other one is creating new opportunities for new jobs in the private sector by creating purpose made workshops and warehouses which will help us to absorb people who lose their jobs in the MOD. So both things are very, very important and we look to them being completed on target. If they are then we should be fairly certain of spending in excess of £50m, which, in itself, will be a record.

Mr Speaker, the other point I just want to make in terms of rounding up is that, as the Financial and Development Secretary has mentioned, we have in this year's Estimates re-grouped much of the Departments as a consequence of the restructuring that is taking place. That is to say, for

example, the PWD is now looking a very pale shadow of its former robust size, the Minister is the only one that maintains his size. So clearly in that kind of situation, with water going this year, one would need to look next year as to where really it ought to fit, because the remaining activities, for example, in the PWD, will be the Sewers, Cleansing and the PWD Garage.

So, as the Financial and Development Secretary has mentioned, in the format of the Estimates, what he has done has been to extract from last year and put, as previous year's spending, the expenditure that is reflected in this year. If I can explain myself, I am not sure if I am being explicit. If we take Head 18 - Finance and Revenue Collection Services, you will see, Mr Speaker, that the Financial and Development Secretary's office shows zero's before 1991/92. That does not mean that we have created it out of nothing, it means that it was previously included in some other way in the preceding year's Estimates and therefore what is now shown as the Accountant General's Department, will appear to show declines in some areas simply because the figures have moved somewhere else. So it is not that we have been able to make £4m of savings in personal emoluments in the Accountant-General's department, it is that, in fact, the £4m that accounted for people's pays in that area is now accounting for people's pays in some other areas, because, in fact, the total wage bill of the Government and the total employment level of the Government has not been all that dramatically reduced.

In this year's Estimates we are providing something like £46m for wages and salaries and if the House remembers, last year I said the figure was £42m and that we have put in £4m for the pay review so really we are more or less there and, in a way, the accelerated retirements that we have had in a number of areas, initially increased the cost because, of course, we are in a situation where the pension bill of the Government and the bill for gratuities has gone up very rapidly in the last 3 years as a result of people leaving the Service and not being replaced and it will be some years before the effect of that on the wage bill more than compensates the increase in the cost of pensions and gratuities. So for a few more years we are going to see that effect that, in a way, we are having to spend more money up front in order to restructure the public administration and produce a leaner and a more efficient and more cost effective service.

We believe that we have now reached the point where, essentially, with the investment of the Government and the investment of the private sector, we have provided everything that needs to be provided to develop in Gibraltar a totally self-sufficient and independent economic base. The easy part has been done, now we need to attract the customers to make use of what we have provided and therefore the exercise from now on must be to re-double our marketing efforts, to find people willing to establish themselves in Gibraltar and to pay for what will be a first class service comparable to the best anywhere in the Community.

We will have a situation where by 1992, Mr Speaker, we will have cured the deficiencies in Water supply, in Electricity supply, in the Telephone Service, in Office Space, in Refuse Incineration, in fact, in some of those services we will have surpluses. Whereas people have been trying to sell us this stuff for the last few years we may be in a position to ask them to buy off us.

The strategy of the Government has always been acknowledged to be one that contains an element of risk. Like any business takes an element of risk in investing in a facility in anticipation of being able to operate it at a profit, we believe that the opportunity that we have in the European Community is such that, in fact, we can obtain enough business for Gibraltar to use up all the assets we have and many times more what we have, but we have a serious problem of lack of knowledge of what Gibraltar has to offer. The image that people have of Gibraltar is the traditional image, on the one hand of a rundown military base and on the other hand of a place which will not go away and over which Spain and UK consistently quarrel. We need to change that image. It was really a bit of a chicken and egg situation, we had to take a policy decision on how we approached it and we thought, well we cannot really go out and ask people "come to Gibraltar", and then they come here and the lights do not work and we do not have enough of this and we do not have enough of that because then we will have such a negative image that it will take a much bigger effort and it will cost us much more money to redress the bad image we had created on the people who have come. So it is better to improve what we have to offer and then when we invite people to come, at least they can see that things are happening and that we are really coming up with the goods like they have done in Dublin, like they have done in Funchal, like they have done in competing centres in Europe. The technical advice that we are getting shows that we really are sitting on a commodity that is very, very sellable and I can tell the House that the reaction that I have just had in Helsinki, parallels the reaction I had in Geneva earlier this year and the reaction we have had everywhere when we have made a presentation about Gibraltar. There is no doubt that there is an advantage in my being able to launch the Bureaux because it attracts more media attention than if it was done in a less high profile manner. But I think we have to rely heavily on the professionals in the industry, in the legal profession, in the accountancy profession, in the financial services industry generally and the banking sector, to help us to carry that message and they themselves can do it better than anybody else by advising their clients to come to Gibraltar.

We believe that after this year, the efforts of the Government, in partnership with the professionals in the private sector to market Gibraltar, must be the top priority and, therefore, we now have in place the basis of the economic strength which will be the backbone of our economic

independence and, consequently the basis for which we will be able to argue consistently and not just on moral grounds, that we are the owners of Gibraltar by right, by being here for 300 years and that we are paying our way and that all that we are asking is for equal treatment under Community Law, as Community Citizens, and we will succeed or fail by the litmus test of our ability to compete with the best in the Community in a single market. In market conditions which we have accepted with the same difficulties that other Communities have accepted but with perhaps greater self confidence of our abilities to succeed. When we succeed economically, Mr Speaker, we shall be masters in our own home and arbiters of our own destiny.

HON LT-COL E M BRITTO:

Mr Speaker, before I start on my contribution proper it would perhaps be relevant to explain why I am leading on behalf of the Opposition as opposed to the more usual practice of previous years when the opening Opposition contribution has been undertaken by the Leader of the Opposition. The answer quite simply is that we have decided this year, purely on grounds of strategy that the Leader of the Opposition would make his contribution at the end in order to wind up the debate from this side of the House. If the House were being presented with a Finance Bill, which of course has not happened for the last few years, then it would have been different and the Leader of the Opposition would have spoken first. Mr Speaker, having said that, I will be dividing my contribution roughly into two halves. In the first half I will be dealing more on the mathematical exposition following the line that the Honourable Chief Minister has been taking and then in the second half I will deal with what I have called the more human side of the Estimates. What I mean by the more human side is the effect the Estimates have in the average persons day to day life as a result of Government policies or in some cases lack of Government policies have on the average person in Gibraltar. Mr Speaker, let me start of first of all by saying that the Opposition understands the overall target of the Government for self-sufficiency and that, in principle, we have no objection and no quarrel with this policy. If we have any quarrel it is with the methodology rather than with the final aim or final objective or should I say parts of that methodology. We understand, Mr Speaker, that essentially what the Government is doing is trying to replace what was the captive source of MOD spending by dramatically increasing Capital Expenditure in the Improvement and Development Fund whilst at the same time keeping Recurrent Expenditure under the tightest possible control. We also understand, Mr Speaker, the difficulties of trying to forecast figures accurately when preparing Estimates at this time each year. However, Mr Speaker, we are not convinced that the Government has a tight enough control over its own economic policy. We believe that the Government is trying to achieve too much in too short a time. That it is changing its target so frequently by taking on new projects at such a rate and trying to take so many short cuts that the economic

policy is in danger of running out of control. The Chief Minister himself earlier on this morning has given an indication that his own thinking might be in the same direction because he referred to the engine running at top speed. I would take it a stage further and say that the engine is in danger of overheating. I am going to illustrate this in mathematical terms by referring to the wide variations in the last two years between the figures in the Estimates, as predicted by the Government, and the final figures as they have turned out. Perhaps before I do this Mr Speaker, I could take up the Chief Minister again very slightly on his subject of growth in the economy and his final target of 50%. From all the accounts that the Chief Minister has given this morning it looks as if mathematically anyway the Government will achieve this. However, I put it to him, Mr Speaker, as I have argued in the past, that this growth is artificial in the sense that it is boosted by Government borrowing and that in real terms, in terms of how the man in the street is better or worse off, there has been little practical difference to him as to whether the growth of the economy is 10% or 12% or whether it is 1% or 2%. Also in terms of the difficulties being experienced by businesses in Main Street and by the Hotels and the Restaurants, the practical effect is that Gibraltar is in some sort of recession as opposed to some sort of mammoth growth. Coming back to the Estimates, Mr Speaker, any meaningful study on this year's Estimates and in fact on any year's Estimates, must obviously start as the Honourable the Chief Minister did with the look at the Financial Statement on page 5 and indeed to focus on the worrying prediction that Government intends to allow the general reserves to drop to about £4m by this time next year. I say worrying, Mr Speaker, because the record of this Government for getting its figures right when producing its Estimates is not a good one and quite frankly, Mr Speaker their powers of clairvoyance when looking into the crystal ball and trying to forecast figures for Revenue and Expenditure for the coming year are so bad that they have recorded margins of error as high as 60%. With such large margins of error, Mr Speaker, a relatively small margin of £4m it is not impossible that the Consolidated Fund could show a negative balance at some stage and perhaps the Chief Minister himself or even the Financial Secretary might care to comment on the Constitutional and Legal implications of such a possibility.

HON CHIEF MINISTER:

Mr Speaker if the Honourable Member will give way. If the Hon Member actually says how he arrives at those figures then I will be better placed to comment.

HON LT-COL E M BRITTO:

Mr Speaker, I am quoting from page 5 of the Estimates. If the Hon Member is referring to the margin of error of 60% then I will be providing details in a few minutes. In his contribution last year, Mr Speaker, on these Estimates,

the Chief Minister said and I quote from Hansard "The intention of the Government as was made clear last year and the year before is to achieve a balanced Budget by 1991/92 on Recurrent Spending, which means that we are prepared to run down our reserves to about £4m". Right, Mr Speaker, he may well have kept his word to run down the reserve but far from achieving a balanced Budget on Recurrent Spending we have a deficit for 1991/92 of £4.4m and once again last year, Mr Speaker, this time speaking on the Improvement and Development Fund, the Chief Minister again predicted a balanced Budget saying: "Over the next twelve months we are looking for more or less a balanced Budget on Estimates of £30m for receipts and spending". That is another quote from the Hansard and once again, Mr Speaker, he has been proved wrong because receipts were not £30m but £12.1m and expenditure not £30m but £22.8m. Although I must say in fairness to the Chief Minister that he also said "What we have really done is to put an Estimate which is going to be on the high side and therefore it is unlikely that we will be able to spend as much as £30m in the next twelve months".....

HON CHIEF MINISTER:

If the Hon Member will give way. I have just told him in my contribution that in fact the receipts of the £12m were as a result of delays in the paperwork and therefore it is not a question of estimating it wrong because as I have explained to him the money instead of coming in on the 31st March came in on the 1st April. Therefore instead of the money appearing in the Financial Year 1990/1991 it appears in the Financial Year 1991/92. I have explained that, Mr Speaker, before he stood up to speak. Therefore if he did not even understand that bit of what I said I wonder what else he was able to understand!

HON LT-COL E M BRITTO:

Mr Speaker, I am well used to the Chief Minister's tactic of trying to ridicule whenever he is on the defence. I did understand what he said and I am coming to it if he will give me a chance. The point that I am making is precisely what he has made himself and that is that the figures that he has put in the Estimates on previous years have not turned out to be accurate for whatever the reason. They have not been able to achieve those sales. The point that I am making is that if they do the same thing this year then the Consolidated Fund can go into deficit and the I & D Fund will look nothing like it looks like on this piece of paper. That is the point that I am making, Mr Speaker. Whether it was as a result of paperwork or whatever is irrelevant. The fact is that they have been unable to do it. If I may carry on, Mr Speaker, the Chief Minister also said last year, and I quote from Hansard: "The machinery which last year spent almost £15m and the year before spent around £8m cannot really go from £4m to £8, from £8m to £15m and £15m to £30m and £30m to £60m. It cannot double every year." To save the Chief Minister interrupting me

again I am allowing for the fact that he has already pointed that his £63m hinges to a very great extent on two projects, but I repeat he is now doing exactly what he said last year could not be done with the machinery available. He is predicting not just double the figure that he had last year of £22.8m but he is predicting a figure of three times last year of £62.9m and again I am pointing out the discrepancies and the inaccuracies of what is being said and predicted from one year to the next. Mr Speaker one year we are told it cannot be doubled and the next year we are told it can be trebled. Let us now look in some detail, Mr Speaker, at the claim that the Government has shown large margins of error in projection of figures in the Estimates and let us look at the figures in the Improvement and Development over the last two years. In the Estimates for 1989/1990 receipts were forecasted at £12.6m and ended up being £18.2m, a difference of 44%. Expenditure was £14.9m instead of £22.5m a difference of 34%. In the Estimates last year receipts were only £12.1m instead of the £30.5m a difference of 60% and on Expenditure as we have said before there was £22.8m instead of £30m a difference of 24%. It is appreciated as the Chief Minister has said earlier on that the main reason for these differences is Government's failure to predict accurately the level of sale of Government property. Just to show the Chief Minister, Mr Speaker, that I did not need his explanation and that I had realised before he got up to say what the difference was.

HON CHIEF MINISTER:

Mr Speaker, I am sorry but he has not understood.....

HON LT-COL E M BRITTO:

Mr Speaker, I have already allowed him to speak twice, he has a right to reply at the end of the debate. I will let him interrupt me once more but will not allow it again.

HON CHIEF MINISTER:

Mr Speaker, I have no desire to interrupt the Honourable Member. However what he is saying is not true. Mr Speaker, I can let the Hon Member carry on saying things that are not true and then I will correct him at the end if that is what the Hon Member prefers. Mr Speaker, the Hon Member is wrong in saying that he has understood that we have got wrong the level of prediction of sales. How can we be wrong about predicting sales to ourselves. We can be wrong about predicting the sales to somebody else, Mr Speaker, but if we are selling a housing estate to ourselves and it takes the Legal Department a year to prepare the lease that does not mean we have got our estimating wrong what it means is that they are very slow in preparing the lease! The transaction has taken place, the money has gone in and it has been spent. This is what I said at the beginning. The £10m deficit is not a real deficit as I have already told the Hon Member. I have explained that on paper the cash did not come in but in practice I said the cash had been

advanced and spent. So the Hon Member has not understood the explanation that I gave him and if he carries on with his analysis based on his understanding of the position then all his conclusions will be wrong. I can let him carry on drawing wrong conclusions and point them out at the end if that is what he prefers.

HON LT-COL E M BRITTO:

Mr Speaker, I repeat what I said before, it is not a question of getting it wrong or getting it right, it is a question of predictions being made and not being carried out because the Government is unable to fulfil its predictions. Carrying on now to the Consolidated Fund, Mr Speaker. Again despite the Chief Minister's earlier contentions, I should not say despite, the Chief Minister of course is correct in saying that the Government has been able to keep Recurrent spending down to about the £70m if one takes into account the Telephone Department, etc, etc but I will not go into details of what was said. However, taking into account the Consolidated Fund as a whole and taking into account the Consolidated Fund charges of which the greater part is made up of increased interest due to extra Government borrowing then once again the Government has been inconsistent in the figures that they have predicted. Both on Receipts and on Expenditure they have underestimated. In 1989/90 the Receipts were estimated at £81.6m and they ended on £87.4m. Expenditure was £91.4m instead of £86.4m. Similarly in 1990/91, Receipts were £92.5m as opposed to £85.6m and Expenditure £96.2m instead of £90.2m. I repeat what I said before, Mr Speaker, that it is appreciated that the greatest fact in this equation is the Consolidated Fund Charges which have now risen to £17.7m or about £1,000 per annum per voter in Gibraltar. I now turn to the Gibraltar Investment Fund which was created on the 21st April 1988 and by March 1989 it had raised through Debenture Issues about £5.6m. By March 1990 this had risen to about £30m. The Chief Minister has not given us an indication in his contribution and perhaps he could do so when he winds up the debate on what this figure is estimated to be today. I am talking, Mr Speaker, to clarify the point, the current balance in the Gibraltar Investment Fund which the last figure that we had was March 1990 when we had about £30m. What is the present figure estimated to be? More importantly, Mr Speaker, maybe the Honourable the Chief Minister could also give us an indication of what the sources of these funds are. Will the Hon the Chief Minister say whether a part or a greater part of these funds are those funds that have been raised by loans through the Residential or Commercial Property Companies and which involve the transfer of post-war housing stock? Will the Hon the Chief Minister also say, Mr Speaker, because in looking it up everything that has been said on this subject over the last two years nowhere do I find anything that states this clearly. Will the Hon the Chief Minister say whether such Government housing stock has been, is being and will continue to be used as collateral for these commercial loans? And if so, Mr Speaker, will Government say what steps they are taking to ensure that they safeguard the interests of Government

tenants should there be any problem with these loans at any time in the future. Mr Speaker, in a recent party political broadcast I accused the Chief Minister of having an obsession with figures and statistics and I think after what I have said so far today he may well return the compliment. So I will now turn to the more human side of these Estimates as I said at the beginning of my contribution. Mr Speaker for a Government which used an election slogan of "caring for the community" it has some policies which are singularly uncaring and which cause hardship. The Honourable the Chief Minister has reiterated this morning that he is not prepared to change simply because to do so will either reduce revenue or increase expenditure. The best example of what I mean, Mr Speaker, is to take the House back to the Honourable Mr Baldachino's contribution this time last year when he told us that the Government would be increasing its housing stock in various directions and in particular he mentioned the additional thirty or so flats at Laguna Estate. We were told, Mr Speaker, at the time that the intention was to build a new fifth floor on top of these flats, which at the time we welcomed, in principle, the idea of extra housing as we have done throughout the life of this House. Mr Speaker, we did not envisage the way the Government intended to carry this out and the situation today at Laguna Estate is that blocks of houses with tenants inside them are being turned into a building project and the timescale for this building project, I understand, Mr Speaker, is about eighteen months. The effects of what is happening can be seen walking down to Laguna Estate and to see the number of buildings surrounded with scaffolding. There is being constructed in the central patio of these blocks.....

HON J L BALDACHINO:

Mr Speaker, if the Honourable Member will give way because he is making incorrect statements. He is making statements that he has obtained from a tenant of the blocks that he has just mentioned. What he has said is incorrect. If the Hon Member wants information I will provide it when I give my contribution.

HON LT-COL E M BRITTO:

Mr Speaker, I have no doubt that the Minister will be able to correct anything that I say. The fact is that I am raising the matter because it is a matter of great concern to the Opposition and it is a matter of great concern to the people who are living inside the blocks. The great concern is shown by the number of meetings that the Honourable Minister already has had with tenants and by the exchange of letters that I have had with the Law Officer's Chambers and the Attorney-General. The replies that have been given show that the Government intends to carry on regardless. So, Mr Speaker, if the crane has not actually gone up it is actually in the process of being erected or about to be erected. If the crane is not to be erected then the scaffolding certainly has. The point is, Mr Speaker, that despite the results of the Spry Inquiry and the Spry Report, despite this the people living inside these blocks of houses

are living in danger of an accident, in danger of something happening and if Members are smiling on the other side, Mr Speaker, let me point out that today even when the work has only virtually started on one block a number of incidents have already occurred. A wheelbarrow has fallen from a top floor, Mr Speaker, planks of wood have fallen from a top floor, sections of scaffolding have fallen and there has been injury, to my knowledge, to at least one child, though fortunately not seriously. There has also been recorded and reported damage to one motorcycle. There has been burst water pipes as a result of falling materials. It is no good taking the attitude that the work has to go on if the interests of those tenants are not being protected. The Government is taking a totally negative attitude and it gives me no pleasure to say, Mr Speaker, that I pointed out in this House earlier on this year the dangers of keeping the road to the North Mole closed and the Government chose to smile and laugh it away and they kept the road closed. However what I predicted, and it gives me no joy to say so, Mr Speaker, at that time has occurred. There has been a fatal accident. It is with very great regret that I say this but if this madness is not stopped Mr Speaker, and a different course of action taken there is going to be another accident at Laguna Estate. I say this quite clearly in this House, Mr Speaker, there is going to be another accident because old people and children are expected to walk in under scaffolding on which there is a little notice, a laughable little notice, that says "Danger, men working overhead". These tenants do not even have the protection afforded to a worker on a building site because workmen are given crash helmets or a head protector. There have already been accidents and there will continue to be accidents of that I have no doubt. Mr Speaker, I call upon Government today that despite the problem of housing in Gibraltar to look at the way they operate and not to shield behind the fact that the Government cannot have an injunction taken against them to stop the work because an injunction cannot be taken against the Crown. I ask them to stop this madness and to look at matters realistically and to realise that human lives have been put at risk. Mr Speaker, I will go on to another aspect of Government policy and that is the question of clamping of vehicles and fixed penalties and again, Mr Speaker, as I said at the beginning of my contribution that, in principle, the Opposition has no objection to the use of clamps if this improves traffic circulation in Gibraltar. We have no difficulty, in principle, for people who obstruct to be penalised in whatever manner, be it clamping or be it towing away. In the initial stages of this Government's policy the policy was being applied correctly and was being applied with commonsense. There was a police presence accompanying the Commercial Company which undertakes the clamping. Unfortunately, Mr Speaker, the same cannot be said today. I will illustrate just two aspects of what I mean. The first, Mr Speaker, is the tendency that has developed for No Parking or Tow Away Notices to sprout overnight in all areas of Gibraltar. In times gone by when the Police were responsible for this

task a greater effort was made to warn the public that these areas were going to be declared "No Parking Areas". There was a courtesy service of drivers being rung up and warned that their vehicle was in a place that was being declared a "No Parking Area" and was likely to be committing an offence in the next twenty four hours or so. This allowed people to move their vehicles in time. Today, Mr Speaker, the opposite is the case. The notices are put up and no effort is made to warn anybody and it is not unknown, and I get plenty of reports of it, of people going and parking their car perfectly legitimately on a parking place and coming back three days later and finding that it has either been clamped or it has been towed away and they have not been aware that they were committing an offence. The other aspect that is being exploited, Mr Speaker, is this question of parking outside yellow lines. That aspect of breaking the law and I bow to the Attorney-General to tell me whether I am right or I am wrong, is designed to stop people in a place like Casemates for example, which is clearly illuminated with parking bays clearly laid out and if someone parks in such a way that it is outside the parking bay and causing an obstruction is causing an offence. But to shield behind the same law and to apply fixed penalties to areas like for example Engineer Lane Car Park where only parts of the Car Park has painted parking bays and the rest of the Car Park and the road access leading up to it are not and then stick fixed penalties fines to vehicles occupying those places is an abuse of their powers. These vehicles are not causing an obstruction yet they accumulate three or four tickets, ie a ticket for every day. This shows that they are not causing an obstruction because otherwise they would have been towed away. This, Mr Speaker, is a misuse of the law. I will illustrate what GSSL does by a number of examples. The first which I happened to witness personally, when walking down Main Street was at the junction of Engineer Lane towards Casemates. A car overtook me and stopped about twenty or thirty metres ahead. The driver got out, this is at the time of day when there is no parking allowed in Main Street, and dashed across the road into the pharmacy, The Medical Hall, and coming in the opposite direction, Mr Speaker, was the GSSL man who must have seen just as I saw what was happening. Now what did he do? He went straight for the vehicle and clamped it even though the driver came out virtually straightaway with whatever medicine he had gone to buy. A similar example, Mr Speaker, in Governor's Street where a vehicle was clamped when the driver had gone into a stationers and comes out straightaway. In the meantime the vehicle was clamped and it remained clamped in Governor's Street blocking the traffic all the way to the Holiday Inn for about an hour. This is the sort of lack of commonsense that I am talking about, Mr Speaker. Another incident was reported to me of a motorcycle clamp being applied whilst the motorcyclist was actually sitting on the motorcycle. The motorcyclist had gone into a bank and was coming out and the Traffic Warden was coming in the opposite direction and instead of doing what any normal policeman would have done and what commonsense should have dictated, there was a rush to see who could be first, the

motor cyclist starting his engine or the Warden clamping the motorcycle. This is ridiculous, Mr Speaker, yet this is the sort of thing that is happening day in day out. Finally an example, Mr Speaker, of what I call the Main Street trap. Every morning, because since there are no tow away lines painted along Main Street and vehicles can park overnight, and yet any foreign registered vehicle that comes in overnight and as a result of the relatively few tow away signs that are along Main Street the foreign driver misses these signs and is then trapped the following morning. He is clamped and the poor person did not have the foggiest idea that he is committing an offence. Mr Speaker, it is the attitude of the commercial company that is doing the clamping that we are complaining about. It is the single most odious and most unpopular act that this Government has done since they came into office in the eyes of the community. The introduction and clamping that is being carried out and the way that it is being carried out calls, Mr Speaker, for an independent inquiry into the way that clamping is being carried out in Gibraltar. I think that there is a need for an independent inquiry and we would welcome such a move in order that a directive can be given to the GSSL. It is quite clear that whenever the Police come out on television, on interviews, etc and say what directives they have given it is quite clear from the examples that I have given as well as the examples that all of us here present know of from listening over the radio and reading in the press that quite clearly those guidelines are not being carried out, Mr Speaker. Before I depart from the subject of fixed penalties and clamping, perhaps we could be given an indication from that side of the House, Mr Speaker, of what happens to the revenue that is collected from fixed penalties and litter tickets in the Magistrates' Court? What happens to the revenue that is collected by the Courts in the case of a person that does not pay his fixed penalty and is then summoned to appear in Court. What is happening to that revenue that is collected by Government? Will Government confirm or deny that that revenue, despite the administrative cost to the Government, is being passed on to GSSL? The third point that I am going to cover, Mr Speaker, is the question of consumer protection and again we have had it from the Honourable Minister for Trade and Industry, in this House, that consumer protection is a low priority for this Government and this despite the pressure that has been brought to bear and continues to be brought to bear both inside and outside the House by us on the Opposition benches and by such groups as the Womens' Association, the Transport and General Workers' Union and the GGCA. The present situation, Mr Speaker, in case anybody is under a misconception is that there are effectively no arrangements for consumer protection. I know the Minister will argue later on that there is some sort of arrangement whereby people can go down to the Customs Department at Waterport. In effect, Mr Speaker, if one reads the records of the meetings of the Womens' Association and if one reads the letters in the press, the answer is that people are not aware there is any arrangement at all. No effort is being made to advertise these arrangements so although there are

some complaints, from the figures given in a debate recently one sees that these figures have come down to about 15 to 20 instead of the over 1,000 reported in the past. So obviously, Mr Speaker, the public is not aware. There is a need for this, Mr Speaker. There is a need for a centralised office in town that can deal with and investigate consumer complaints. There is a need for arbitration between the client and the shop keeper. The minor irritant day to day basis that does not warrant the expense of taking anybody to Court. There is a need for information to the consumer on matters of consumer's rights and there is a need for a check on the accuracy of advertisements and of trade descriptions. There is also a need, Mr Speaker, for a small debts Court something that has been established in other Countries through a vehicle like the Consumer Protection set-up where small debts can be claimed for and sorted out without the expense of having to go to the Courts. Mr Speaker, in the approaching Single European Act 1992, which envisages the streamlining of national legislation aims at higher levels of consumer protection and we in Gibraltar are simultaneously moving in the opposite direction by abolishing the system of protection that we had despite all its faults. The Minister will no doubt say that it was not effective, but I say that it was effective up to a point since it achieved its aims. Nevertheless it has been done away with purely on economic grounds and there is a need for bringing it back to give some sort of protection to the public even if the cost has to be borne by the community. Mr Speaker, I will touch very briefly on the question of income tax because my Honourable Colleague the Leader of the Opposition will be dealing with this in some more detail. All that I will say is that Government made it clear at the beginning of its term of office that it did not intend lowering income tax but what it should have said, Mr Speaker, is that it intended to raise income tax every year by not increasing personal allowances. These personal allowances which are increased by law automatically every year in the United Kingdom are not increased in Gibraltar and effectively when a person gets a wage increase his rate of taxation increases in two ways. Obviously if he receives a higher pay he pays more income tax, but also as his increase is higher and because our tax structure is divided into a series of Bands the percentage increases as he moves into the higher band. I will however let my Honourable Colleague deal with that in more detail. Mr Speaker, another point that I have made consistently in this House, at Budget time, since I was elected into office and will do so again this year is on the question of drug rehabilitation and to stress once again that there are little if any arrangements for drug rehabilitation in Gibraltar. Mr Speaker, what there used to be before has been disbanded due to lack of support from the Government. I must say that the Government today is totally unresponsive to this need which is sadly lacking and which the people that require to be cared for are in desperate need of. One only has to listen for example in to the recent debate on the GBC programme "Live from the Rock" and to have read letters in the press, as recently as two days ago, from a drug addict

who is trying to recover from his problem to realise the obvious public interest and need that there is for something on these lines to be organised either on a volunteer basis, as was being done before by the Drug Rehabilitation United Group led by Mr Hubert Corby, or by something more official as we were promised by this Government at the beginning of their term in office. Mr Speaker, this is needed now rather than later. I will wind up, Mr Speaker, with my final two points. The first one is on the Department of Labour and Social Security which I shadow but which obviously as I am preceding the Honourable Minister for Labour and Social Security I cannot take him up on anything that he may say so what I will do is that I will invite him to comment on the points that I am going to raise. The first, Mr Speaker, is to ask the Honourable Minister to give us an update on the situation of the building of the Occupational Therapy Centre and the Residential Home for the handicapped. There have been reports of an unexpected increase in costs which are hindering the start of the construction of these two centres and I would like it confirmed by the Honourable Minister that a start is expected soon on these much needed facilities for the Community. On a similar line, Mr Speaker, I will also ask the Minister to give this House an indication as to whether Government has had the opportunity to consider and indeed to formulate a policy on the papers that were presented by the Society for the Handicapped in February of this year on the United Nations declaration on rights of mentally retarded persons, the quota employment scheme for disabled persons and the allowance scheme for disabled persons. On the question of single parents, Mr Speaker, and appreciating that it is not entirely his area of influence, I would ask the Minister or anybody else on the Government side to take up the question of changes in the tax allowance regulations for working single parents who are also in receipt of maintenance and alimony payments and to investigate the alleged discrimination that there is against the single parents in the way the tax allowances are arrived at at the moment. The next point, Mr Speaker, is on the question of local pensions and again to ask the Minister whether Government is in a position to report on the future of local pensions. If not whether they can give us an indication of when they expect to be in a position to do so. Finally, Mr Speaker, could the Government or the Honourable Minister confirm or deny the word that is going around that there is an intention on the part of the Government to either disband, privatise or restructure substantially the Department of Labour and Social Security? It is said that a greater part of its activities are to be taken over by Community Care Limited. Perhaps the Minister could give us some information on that or to state that the rumour is totally unfounded. Finally, Mr Speaker, in conclusion, and I must declare an interest in this subject because I have a son and a daughter studying in UK, I would like to take up some of the problems that were presented to us, the Opposition, by a delegation from the Gibraltar Students Association and which I promised the Association that I would take up at the earliest opportunity in this House. Mr Speaker, I know that the Honourable Minister for Education has been in contact with the Gibraltar Students

Association and I know that most of the problems, if not all, have been communicated to him and I would be grateful if the Hon Minister would take the opportunity when making his contribution to tell us what the Government's policy is on the points that I am going to mention and what the changes if any are intended or not intended to be carried out.

HON J L MOSS:

Mr Speaker, if the Honourable Member will give way. I suggest that if he wants me to comment on any particular matter he should inform me in advance so that I know more or less what is required since I do not know whether I shall be addressing the problems to which the Honourable Member is referring to.

HON LT-COL E M BRITTO:

Mr Speaker, with the greatest respect to the Honourable Minister he sounds a bit like a certain Member who stood for election and was not elected in the 1988 elections who when asked a question in a public debate on GBC Television said "If I had known the economy was going to be brought up I would have prepared myself". With respect to the Minister I do not think that any of what I am going to say should catch him unawares or is meant in any way to trip him up. They are bona fide points and if the Minister can answer them today well and good, if not then maybe he will undertake to answer them at a later stage.

HON J L MOSS:

If the Honourable Member will give way, I have been listening very patiently to the garbage that he has been saying for the last three quarters of an hour and if he wants me to answer a specific point he should mention it now so that I know what I shall be talking about. I know what concerns me but I do not know what concerns him.

HON LT-COL E M BRITTO:

Mr Speaker, we have been treated to greater amounts of garbage from the Honourable Minister than any that I will ever dare to put across in this House. The point that I am making, Mr Speaker, if the Honourable Minister will be patient and listen, are the main problems that were put to us, Mr Speaker. The financial effect on students in UK and how the removal of the Housing benefit scheme and the introduction in the UK of access funds. For the benefit of those, Mr Speaker, who may not be totally aware of what I am talking about I can possibly quote from the Students' Association's own Press Release. Up to about a year or eighteen months ago there was a system in UK whereby students, and that included Gibraltar students, if they were paying above a certain amount in rent they were entitled to reclaim that excess from the Housing Benefit Scheme. Mr Speaker, the United Kingdom Government legislated to remove that benefit

and in fact according to the Press Release that the GSA issued it said "In the United Kingdom the seriousness of the problem was brought home to the Government by the ongoing campaigning work done by the National Union of Students which gained both public and political support. This led to the defeat of the Government on two separate occasions at the House of Lords when trying to legislate the abolition of Housing Benefits. The Government backed from their original proposals setting up access funds and giving additional funding to students encountering financial difficulties. The amount allocated to the fund is currently under review and is more than likely that the fund will be significantly increased. Unfortunately the Gibraltar Government has made no provision to cover for such a substantial loss in income and unlike Housing Benefit our members do not fulfil eligibility requirements for access funds." What I am asking the Minister to tell us is whether in fact they have studied this and whether it is going to be Government policy to provide some sort of parallel fund here in Gibraltar for students who are in need? This fund could possibly be administered by the Department of Education to which students could apply directly. Also whether there are any other plans to alleviate the financial hardship or whether Government does not intend to do anything about it? To illustrate the amount of financial hardship involved this Press Release, which is dated in January of this year, and is based on research carried out by the students themselves in UK in 1990 gives the average loss per student in an academic year of about £444 per year in the north of England to £907 in the London area with obviously intermediate figures inbetween. There was also talk from the Students, Mr Speaker, of a Hardship Fund which the students have set up already amongst themselves from the money raising projects which they have carried out locally and so on but which they have felt in the rising need of financial difficulty in UK needed to be set up and I am told that this Fund has been used once and once only and that it is being used purely for emergency use in cases where for reasons of confidentiality it is not possible for the persons affected to come back to family in Gibraltar and so on. Mr Speaker, again, perhaps the Minister could tell us whether they are looking at this either in conjunction with a parallel access fund or whether they have any sympathy at all towards the case that the students are making? Finally, Mr Speaker, something that I do not want is for the Honourable Minister to shield behind their known position and just throw back at me by saying that that was Government policy at the time that the AACR were in Government. What I am asking is purely and simply whether it continues to be GSLP policy and whether they are prepared to look at any changes in its policy and that is on the question of the enforced return of students to Gibraltar from UK immediately after the completion of their courses. Whether they are prepared to consider either, and I am just asking what the Government policy is, abolishing this altogether or alternatively whether they are prepared to consider putting back the return proviso so that the student can choose to come back in say three years time after he has obtained a higher qualification in UK and then come back and obtain

a better remunerated job in Gibraltar or whether the Government is totally against this? Mr Speaker, that concludes my contribution on the Estimates.

HON J C PEREZ:

Mr Speaker, I was not sure whether to comment at all on the contribution of the Honourable and Gallant gentleman but I think I ought to because although there is very little to analyse, in content, in what the Honourable Member has said in the first contribution to the Budget Debate by the Opposition, and I look forward to the contribution of the Leader of the Opposition and I hope it is more substantive, I can see why he said at the beginning that in essence he has no quarrel with Government policy. This is because basically he has pointed out that he has no quarrel with the target set by the GSLP Government and because he has very little to quarrel about he has been looking at issues to try and make political capital out of people's sensitivities and out of people's complaints. Mr Speaker, to suggest that because the Government is building houses that this should not be done on the top of houses that are already occupied is not to live in the real world. There are dozens of sites today in different places in Gibraltar, in the private sector, where there are construction works going on and there is scaffolding in front of shops and in front of different buildings and people continue to use the building in question. The Honourable Member has not suggested that the scaffolding is unsafe or that the work is unsafe. I think, Mr Speaker, that a lot of the things that he has mentioned have not been checked because it is politically more beneficial to come to this House and accuse the Government of things which are untrue. I am sure my colleague the Minister for Housing will put him right during his contribution. However the fact that he has to raise these types of issues in a debate on the appropriation of money for the year 1991/92 gives me great satisfaction, Mr Speaker. It gives me great satisfaction because in essence the Opposition has nothing to criticise the Government about and they know it. They have nothing to criticise as to our policy. Of course, Mr Britto tried to compare himself as an economic guru with my colleague the Chief Minister by saying that he might be accused of what he accuses the Chief Minister! Well he can rest assured that from this side of the House he will not be accused of that because one thing is to get a calculator and obtain the percentage margin of error in our Estimates from one year to the next but that does not make him, Mr Speaker, an Economic guru. If he had bothered to look at estimates of previous years he would have found out that the margin of error of previous Budgets are in line with these. Mr Speaker, the Hon Member has a chance at any given time during the course of the Financial Year to come to this House and to raise questions and to find out why this particular policy is going one way and why supplementary expenditure is required. Or when re-allocation of expenditure is presented to the House the Hon Member has the opportunity to ask questions and if he thought that the targets were so widely out of line. But

to suggest that we should not be building an extra floor on top of buildings when there are tenants below and that people should not be clamped so indiscriminately is going a bit too far. Mr Speaker, the Hon Member should check what the situation is and he will find that it has not changed. The Gibraltar Police has given a contract to the Gibraltar Security Services Limited and the Gibraltar Security Services Limited are on contract to do what they are asked to do and if it is thought that anything is unfair then the person in question has a right of appeal to the Police. The Police will look at the case in question and if they feel that they have been unfairly clamped or unfairly fined then the money is returned to the person concerned. I can tell the Honourable Member that I have checked my figures before coming to this House and there are less complaints today. I do not believe, and I tell him to his face that he saw a man being clamped whilst sitting on the motorcycle. If he has the information and the name of the individual as well as the number plate let him go to the Police and present his proof to the Police, Mr Speaker, so that the person in question can claim his money back. This is making pure political capital of an issue which is rather sensitive. The legislation on clamping and the legislation on parking tickets was passed by the previous administration and when we came into office we had to put it into effect because they did not have the political guts at the time to make it effective. We put it into effect and we have done it because it is for the good of the pedestrian and it is for the good of the conscientious motorist. It was something that was needed in a Gibraltar which has over 17,000 cars and a few thousand more come across the border daily. We had to have some sort of control and some sort of order in our roads, Mr Speaker. Everybody makes mistakes. There are mistakes made in every profession and I am not saying that the people, the employees of the Gibraltar Security Services Co Ltd, are above making a mistake. The individual who is clamped and the individual given a parking ticket has recourse to go to the Police and make a complaint. Their complaint is then heard and if it has been indiscriminate or that the action has been wrongful then that individual has his fine returned to him, Mr Speaker. The Company is working on contract to the Police. I have invited the Honourable Mr Anthony on some occasions to come and look at the system and how it is operating and to see whether he can find any fault with it or we can make some improvements to it. However, for Col Britto to come and say "This Government is a Government that is clamping a motorcycle whilst the rider was sitting on it as part of his contribution to the state of the nation debate, Mr Speaker, is a bit too much and it gives me great comfort....."

HON LT-COL E M BRITTO:

The Honourable Member is saying that what I have said is untrue and I ask to be allowed to clarify the point under Standing Order No.45 Sub-paragraph 8. Mr Speaker, I agree that the Honourable Minister did not call me a liar but he has said by implication that he did not believe what

I was saying and that it had not happened. To prove that it did happen, Mr Speaker, I will say that the person concerned took the course of action referred to by the Honourable Minister and protested to the Commissioner of Police and the case was upheld and the fine was returned. The motorcycle was clamped Mr Speaker. Whether the Minister believes it or not is another matter but it was a legitimate case and the Commissioner of Police saw this as such and the money was returned. If necessary I can quote the name of the person concerned. I do not however know the motorcycle number.

HON J C PEREZ:

Mr Speaker, I withdraw what I said. The Hon Member did not tell a lie. The Hon Member stated a half truth. Now we have the whole story, Mr Speaker, and the system does work and the Hon Member has just confirmed it. The person went to the Police and he complained and the Police, who gave the contract to the GSSL, refunded the individual with the cost of the fine that had been imposed. Let the Hon Member tell the whole story and not try and ridicule the twelve workers at GSSL and put them in an embarrassing position by saying that they clamp people whilst they are sitting on motorcycles.

HON LT-COL E M BRITTO:

Will the Hon Minister give way?

MR SPEAKER:

I am afraid I cannot allow this to continue. You have given your explanation.

HON J C PEREZ:

Mr Speaker, whilst still on traffic and talking about garbage as we have just been doing, the Honourable Member complains that traffic signs appear at night in different areas. All I can say, Mr Speaker, is that I have had it confirmed by the Honourable the Attorney-General that that is not so. Notices are placed with the appropriate notice given. Perhaps I should explain that the reason for Notices in particular areas is to allow Refuse Vehicles to collect the refuse, Mr Speaker. The parking situation is bad and we all recognise we have to try and do our best so that at least refuse is able to be collected from the people in the Moorish Castle area. The same applies at Humphreys and other areas. These places are targetted at night and clamps used so that people get accustomed to not breaching the law and to enable the refuse vehicle to reach these areas at 5 am or 6 am. Mr Speaker, there are two important things that the Honourable and Gallant Member said. One is that growth is artificial. Well I do not know where the Hon Member learnt his economics or his mathematics, and although I do not have very great qualifications in either, but to suggest that Government borrowing makes the growth artificial after the explanation

that the Honourable the Chief Minister has given is to be ignorant about how growth is measured. I accept that the Honourable Member thinks that too much is being done in too short a space of time and I accept that we would like that pace to be slower because the quicker we do things the less of a chance the Opposition has of being on this side of the House. It means that we are fulfilling everything that we said in our Manifesto and during our election campaign. The problem, I think, with the pace is that Col Britto cannot keep up with it. That, in my view, is the problem. Let me pass on, Mr Speaker, now to the most substantive part on my contribution which is to explain in essence what is happening in Government Services and what has happened in the last three years. If Honourable Members opposite will look at the election Manifesto from time to time to the Section which refers to Government Services, they would find that the commitments to improve the service, the commitments to make it more effective, given at the time of the Manifesto are being fulfilled through the restructuring that was promised there. Mr Speaker, the Public Works Department although mentioned in the Estimates as such this year to all intents and purposes does not exist anymore. That big spender as it was called in this House by the Honourable Mr Featherstone, that grew so big that one could not pinpoint where it was going wrong, because it was so big, is no longer part of the Government machinery. The water moves to a commercial situation on the 2nd July. The contracts have all been completed and I made a statement earlier in this meeting about the situation and Lyonnaise Des Eaux Gibraltar Limited will be starting its operation on the 2nd July. About twelve of the people previously in the Water Section have moved sideways to other Government Departments, the rest of the employees will either go on secondment to the company or join the company fully. There is a period during their secondment by which they can take a decision to move from the Government to the company. All this has been negotiated with the Union concerned and everything is ready to be put into operation. The billing of the water will continue in Government hands until approximately the end of the year by which time the company will be in a position to take it over. There will be areas where there will be overlaps until such time as the company is established and in a position to take over some of the functions of what is the Water Authority today. That leaves basically in Public Works the Stores Section, the Cleansing Department and the Garage. As the Honourable the Chief Minister has said it is not expected that the Estimates will be prepared in the same format next year and we might have a different format as to where these sections are included. The part of the Garage will also contain the Electricians who are back in Government Service and will come under the same Supervisor. Mr Speaker, as far as electricity is concerned Omrod Diesels this year is increasing its capacity and by the time that all the engines are introduced Omrod will account for about two thirds of the electricity produced in Gibraltar and we shall account for about one third of that electricity because we shall be retaining only the Waterport Power Station.

I said in this House that King's Bastion will be closing during this Financial Year. I do not think that the target of the end of June will be met because we have radiators to fit in Engines No.1 and No.3 and whilst these radiators are fitted we are not in a position to release capacity at King's Bastion. This even though we might have the increased capacity from Omrod. The outcome of the Estimates should more or less be the same given that we would be taking less from Omrod and therefore paying less as well as reducing the costs of running King's Bastion by something like the end of August. Mr Speaker, this brings me to the new Incinerator which is being built at Governor's Cottage which again is earmarked to come into stream before April 1992 and therefore before the end of this Financial Year and this will not only cater for refuse disposal needs but also, I think, in the next Financial Year produce 600,000 tons of potable water and something like 20m units of electricity. The Government with the agreement of Omrod will be taking on the electricity from the incinerator and the Lyonnaise Des Eaux Gibraltar Limited is committed to take on the water produced by the incinerator so that would give us increased capacity in electricity and in water and reverse, Mr Speaker, the position that we had when we came into office where our electricity capacity was less than what was needed at peak periods and the water situation was such that immediately when we came into office we had to import water from Northumbria. Mr Speaker, as far as the Post Office is concerned there have been very few innovations in the service that we give to the public given that the public is satisfied with the service provided. I think, we have actually moved more this year on Philately. If Honourable Members look at the outcome of the Philatelic Section this year compared to last year they will find that last year we finished with a profit of about £14,000 to £15,000 and this year we are finishing up with a profit of something like £140,000. A ten-fold increase. There is no indication that the situation is going to continue like that but we will expect it to continue better than the £14,000 that we had last year because some things such as the price of the Europa Issue and the World Wild Fund Issue bring income in which would not otherwise be there were it another type of stamp. Mr Speaker, the Annual Report that we produced this year on Gibraltar Stamps depicting a coin in its cover has done very well and it was sold out completely. Part of the profit that we are reflecting this year is due to this. We invested something like £28,000 and after covering our costs we made a profit of £26,000 which is nearly 100% profit on that investment. We shall continue to do the same this year and we expect the book to be in fact better than last year's. We already have agents asking for orders before it has actually gone out to print. In the Savings Bank investors making use of the one year fixed term deposit bond were offered the option to re-invest their monies on maturity at an extra $\frac{1}{2}$ % for a further one year period. Interest payable on one-year fixed term deposit bond has now been reduced by 1% to 10% in order to keep in line with the reduction in the base rate. An interest of 10.5% will be payable on re-investment. As you know the Savings Bank

Ordinance and Rules were amended on 15th November to allow depositors to withdraw up to £100 on demand. Previously the figure had been £30. Payment to relatives of deceased depositors without the need to produce letters of administration or proof of a will have been increased from £1,000 to £2,000. As far as the Prison is concerned, Mr Speaker, I can say that the Government continues to give the Prison Superintendent and the Prison Officers the support that they need to run the Prison effectively. We are glad to see, and I do not know whether this is a reflection of Government policy, that the number of inmates has depleted and this has been so for the past year. In fact at present, we have more Prison Officers than we have inmates and that has been the situation for the past year. With regard to a new Prison no firm commitment has yet been given, I think, we will not be in a position to give a firm commitment in the near future. The sites that have been mentioned in the past are not as suitable for a Prison, although previously this was thought so. We have found that most of the amenities required to be built and the cost was very high and rather prohibitive at the moment. In all probability the Government will not be in a position to look at the building of a new Prison in the very near future. Mr Speaker, on transport our plans to further improve public transport and to provide bus services to the new residential and other developments are awaiting completion of the major infrastructural work that is taking place on our roads. Negotiations continue to be held with the operators with a view to having new routes implemented as soon as these works so permit. The agreement which was reached, in principle, with Spain for taxis and private hire cars to be able to operate to other territory on reciprocal terms has not yet been implemented. Indeed regrettably a private hire car that made its way to Spain recently with a passenger was apprehended by the Authorities and the car impounded. The Convent is making representations through the Foreign Office to the Spanish Authorities about the matter and we have made the strongest representations to the people in Cadiz with whom we negotiate with from time to time. It however seems that the Spaniards have some practical problems in the application of the agreement although the bottom line seems to be the general attitude that Spain seems to be taking on anything having a local connotation. Anyway we shall continue to pursue the matter and see whether it can be settled through the normal forum on transport outside the Brussels Agreement which we attend regularly, as part of the British Delegation, in Madrid. The requirement to hold a trade licence to operate as Road Transport Contractors have been done away with and in its place the EEC requirement for an operator licence was introduced under the Traffic Ordinance. Apart from falling in line with the European Community it will ensure, once the subsidiary legislation is enacted, that only bona fide operators with sound financial resources are accepted as such. Those already in the business will be accepted as bona fide per se and the new rules will apply to new comers. Mr Speaker, we have also started issuing the EEC driving licence since last December. This is an area where the ordinary man in the street can relate to as to what

the European Community means on a practical level. Licences are issued up to the seventieth birthday and a medical fitness certificate is required for subsequent renewals as well as periodic ones for the driving of Public Service Vehicles and Goods Vehicles. Mr Speaker, as far as the Fire Brigade is concerned the Brigade has attended to over one thousand calls during the Financial Year. Most of them were not related to fire incidents and it shows the versatility of the Brigade and that they are more than a Fire Emergency Service. They have proved this on many occasions and I must say, Mr Speaker, that I am very proud of the effectiveness of the Fire Brigade. The standing is very high in our community as well as obviously the other services in Government. I must however commend the Chief Fire Officer for keeping up a very high standard and being one of the Heads of Department that keeps to his budget every year. Also Mr Speaker, let me thank all the staff in all the Departments for all the help that I have received during the year and particularly, Mr Speaker, those people who give freely their time without remuneration to attend to Statutory Government Boards such as the Lottery Committee, the Transport Commission and other Statutory Boards like the Stamp Advisory Committee. They give of their free time and they contribute to the running and working of the Government. Their work is highly appreciated and, I think, should be recorded at the time when we are finalising the work of one year and looking forward to another where, Mr Speaker, everything is in place for further improvements in the service that we give the general public. Everything is in place, as the Honourable Member has said, there have been massive improvements in the infrastructure, particularly with regard to telecommunications which I have not mentioned, Mr Speaker, where both Joint Venture Companies, GibTel and Nynex, have incorporated massive investment to improve the infrastructure. Nynex recently opened the Fibre Optic Network and this will give all sorts of possibilities to the Finance Centre and to other sectors of the economy. Mr Speaker, I think that as the Honourable the Chief Minister has said we are not only fulfilling our promises to the electorate of caring for the community on issues such as the provision of housing and the provision of social issues which other of my colleagues will be dealing with, but we have placed the infrastructure of Gibraltar on a footing where we have not only catered for our needs but in many cases have surplus capacity which is an essential ingredient for the economy to move forward and to build upon the structure that we have built today. Mr Speaker, I think that I have dealt with the contribution of the Honourable Mr Britto already and it is a pity that I will not be able to have an opportunity to comment on other Members' of the Opposition contributions which is something that I enjoy more than actually giving departmental details. I am however sure that my colleagues and particularly the Honourable the Chief Minister in rounding up will not let me down and comment appropriately on other issues that the Honourable Members might raise. Thank you.

The House recessed at 12.56 pm.

The House resumed at 3.25 pm.

HON K B ANTHONY:

I do not intend, Mr Speaker, to make a very long drawn out contribution to the debate. I would like to begin by referring to some of the points raised by the Honourable the Chief Minister this morning although I am not going to go into a battle of figures with the Chief Minister because I know much better than that since I have had my knuckles wrapped before. The Chief Minister however did say in his contribution the element of risk that there was in the Government strategy and I would like to comment on this generally because I feel this is an important factor that has perhaps been mentioned, but not in depth. An element of risk as I see it and I may be wrong in my estimation, but as I see it, it can backfire. The Honourable the Chief Minister spoke of the Housing and the Industrial Park as being two of the important elements in the future and I would like to deal with Housing first of all. The Hon the Chief Minister spoke of 580 units and I do not believe that all of these have yet been sold. There may be intimations that they may be sold but they have not all been sold at the moment. I think that this is an important factor because obviously for the forecast of the Government to be accurate they are optimising their Housing sales and if that target is not reached then it may well be that they will have a shortfall in their final figures. I cannot help wondering why the houses have not all been snapped up if there is such a desperate desire for housing in Gibraltar and the only reason I can think of, Mr Speaker, is perhaps because the financial restraints when you enter into a mortgage are scaring some people off from taking on the commitment. For a young couple who want to buy their own home it means that they have to enter into a mortgage commitment that is going to take a great deal of money to pay back and in most cases young couples will both have to work because there are not many people who can go into a mortgage situation with only one partner in employment. Then of course there is the raising cost of living that go on every day, and I have mentioned this before, if the Government could give more serious consideration to the dropping of Stamp Duty for first time occupier-buyers. I am not talking about people who buy a flat with the idea of making a quick dollar on it in the next couple of years. I am talking about young couples who buy it and intend to use it as their home and the Stamp Duty in terms of overall finance is rather small but to a young couple who are entering on into a mortgage situation that £800 or so that Stamp Duty entails could make a great deal of difference. £800 when you are starting out with a big financial outlay is a lot of money and I would urge upon the Government to seriously consider this. We also have the £10,000 tax deductible amount and I wonder if this could be extended over from ten years to say fifteen years. That is another possibility. I also must mention at this stage, Mr Speaker, the people who are not going to be in a position to ever buy their own homes. People who are perhaps not in a secure enough position to raise a mortgage and people in the middle-aged category to whom

a mortgage is a financial risk for any bank. These are the people who perhaps would prefer to rent their own home and I appreciate that the Government has plans to build 500 houses. At the beginning of the GSLP's term in office, they spoke about a number of flats that would be returned once the new houses were built but I do not know whether this has been as successful as was forecast three years ago but I notice that the Honourable Member for Housing is nodding his head and he may have information that I do not have. I am however wondering how many people do actually give up a Government flat to go into a house that they have bought? I do not suspect that this is as optimistic a picture as was suggested in this House three years ago. On the Industrial Park this, in principle, I suppose is a very good idea, but it has to be sold and I would have appreciated from the Government side, although it may well come during this debate, Mr Speaker, whether there are any indications of the potential success of the Industrial Park once it is completed? Do they have customers lined up waiting to jump in? Are they going to go out looking for business? Is it going to be one of those items that has to be marketed very strongly to get back the money that is being invested? I am sure that the Honourable Member of the Department of Trade and Industry will speak on this when he contributes to this debate. I notice also, Mr Speaker, that the Honourable the Chief Minister said "must redouble the marketing effort to get people to pay for a first class service". Nobody on this side will argue with that concept but again it is a gamble in two ways because most of the marketing of Gibraltar abroad, with all due respect Mr Speaker, has been done by the Honourable the Chief Minister opening different Gibraltar Information Bureaux and attending Financial Services Seminars. I do not know whether it is his intention to go out and be the one-man marketing team or what his plans are because he did not mention any details of how this was going to be achieved. The Hon the Chief Minister just said it must be done and I would appreciate if the Chief Minister in his closing comments on this debate can give some information to this side of the House. For the man in the street what has he really got to look forward to? I notice that in the Summary of Revenue Income Tax is estimated at £1m more for the coming year, General Rates are to go up by £1.7m in the coming year, Electricity Charges up by £100,000 in the coming year. Logically this is going to come back from the poor old tax payer who instead of getting any financial benefit from the schemes of the Government has at least another year in the wilderness. It appears to be the case of jam yesterday, jam tomorrow but never jam today and I think that this is something that is rather important. I was interested to hear the Honourable Chief Minister speak of the biggest employer being the Construction Industry, but he did say that the figures will peak and then they will drop and this raises a simple thought at the back of my mind, will this lead to unemployment for certain members in the Construction Industry or are there plans already for re-deployment, re-training, moving sideways to another employment? I do not know. But whenever I hear that there is going to be a peak and then a recession or

a drop it worries me a little bit particularly where people are concerned.

HON CHIEF MINISTER:

If the Honourable Member will give way. The position is, as I have mentioned, that last year we imported 600 construction workers from Spain who are commuting frontier workers. Under Community Law when a frontier worker becomes unemployed he registers as unemployed in the State in which he is a resident and not in the State in which he worked. So they do not form part of the local labour market and they will not form part of the labour market even after 1992 unless the Community changes the rules about frontier workers. Consequently they tend to be imported specifically to do a particular job on a building site and today more than ever before what we are finding is that the Construction Companies tend to bring in specialists to do the foundations and then they go. So although we may have a situation where 600 people come in one year that does not mean that the 600 people are here for the whole of the twelve months. You may get 100 people who came in and did, for example, the foundations for Westside and when they are gone we have bricklayers who will then leave and so on. They will not add to the pressure of the local labour market to the extent that they are frontier workers and about 60% of that industry are frontier workers.

HON K ANTHONY:

I thank the Chief Minister for that explanation and that does reassure me because I did have a picture in my mind that local people in the Construction Industry having problems as a result of there being less work. I would like now to turn very briefly to the contribution by the Honourable Minister for Government Services and I would like to say at this stage, Mr Speaker, that I had the enviable or unenviable task of shadowing two Ministries and the Minister for Housing is not one of my responsibilities to shadow and I am prepared to accept anything else that is said in return to the comments I will make. I was delighted to hear the Honourable Minister for Government Services saying that he has offered me the opportunity to investigate the system operated by GSSL, Mr Speaker, I cannot remember this specific invitation, but I fully accept that it was made to me and I can assure the Minister that I will be taking up this invitation as soon as this House recesses so that we can get our heads together and see if we can sort out some of the problems that appear to be accruing at GSSL. I do not want to stay with this subject very long because GSSL is a sore point and I think that enough has been said by my Honourable and Gallant colleague Col Britto. I must however say that they use rather draconian methods and they do not apply the commonsense that was the case when this was the responsibility of the Police Force. I can remember three years ago, Mr Speaker, when GSSL was formed and it was discussed in this House and I remember raising the question "Will they apply their commonsense?". I was assured

by Members on that side that they would use their commonsense and that they were not stupid people. I do not believe for one moment that they are stupid people I however do not believe, Mr Speaker, that they apply commonsense. They apply the rules as they see them and, I think, that they have gained themselves a reputation within Gibraltar that is one that I would certainly not like to have myself. I appreciate very much that the Honourable Minister talks very strongly about the necessity for the control of traffic to allow traffic to flow on our overcrowded roads etc. I sometimes wish, Mr Speaker, that the Honourable Minister was a driver because I do not think he ever drives round at night trying to look frantically for a parking place. If he did this regularly, as I am sure many Members of this House do as well many members of the public who are listening to this debate on radio do, then he would appreciate that it is a major problem. I sometimes get the strong feeling that GSSL are exacerbating the situation rather than helping it. That is why I am delighted to take up the Honourable Minister's invitation to meet with him discuss the situation because I think that it is something that is getting out of hand, out of control and is exasperating the public. It exasperates the motorist in particular and it does no good to the Government's public relations when they are dealing with a Joint Venture Company of this nature. I notice that the Honourable Minister for Government Services said that basically the PWD does not exist anymore because the staff of the Water Section is going to be moved sideways or seconded permanently or temporarily to the Lyonnaise Des Eaux. I sometimes wonder whether the remaining three sections, the Stores, the Cleansing Department and the Garage Section might not move over to the DTI since everything else has gone to DTI these days. It may be an idea that the Government has in mind to create another giant Ministry just as the PWD was the giant before. No doubt the Honourable Minister has his own views on that. The Omrod Diesel Company are doing what I forecast they would do when the formation was announced. This was that they would become the prime supplier of electricity. From the figures quoted to date 2/3rds are produced by Omrod and 1/3rd by Gib Electric. I do not know if this is a particularly good thing because if you are buying electricity from a private company it is often more expensive to the person who has to pay the bills at the end of the month. With regard to the delay of King's Bastion, I shall be delighted when it closes down because I think that it causes a lot of pollution in the centre of town and anybody who lives or works in this area when there is a westerly wind will know what I mean. The new Incinerator is slightly delayed in its opening and obviously the electricity and water contribution which we are going to get from the new Incinerator will be very useful to our community. Again I would have liked some indication of what is going to happen to the staff of the present Incinerator when the new plant opens. Are they going to be moved sideways? Are they going to be re-deployed somewhere else? I have heard rumours, as I am sure many people have, that this new Incinerator is ultra computerised and needs one man with a pointed finger and everything happens by

pressing buttons. One hopes that all the plans for the present staff of the existing Incinerator are catered for. On the Post Office, I wish to say very little because I think that the Post Office is one of the Departments that does very well. The only thing I would suggest is that I would hate to see our Philately Department becoming like Mongolia and the French Colonies pre-war who used to produce masses of coloured stamps simply to make a quick dollar. I think that we should maintain the distinction of having a very collectable type of stamp that appeals to the very serious collector and earns regular sums of cash when these very attractive sets are issued. The Minister spoke about the Prison and said that there is no commitment to a new Prison in the near future. I regret this statement, Mr Speaker, because one of the first points that I raised in this House was the Prison. Not because I am looking for a little Dartmore for the inmates of the Moorish Castle Prison but because I sincerely believe that the Prison within the confines of the Moorish Castle area is an anachronism. We have a very good Heritage Trust and I think that they would be delighted to see the Prison move from that area so that they could restore the Lower Moorish Castle area back to what it was in its hey day as a very fine example of our national heritage. So I would suggest that it might be a good idea if Government were not to push the new prison on one side but to think carefully about whether the feasibility of having a new prison built or converted from an existing building to free the present prison site is possible. On the Fire Brigade, well I can only go along with what the Honourable Minister has said and that is to say that they are doing an exemplary job very versatile and I have nothing but praise for them. Now dealing with the Estimates broadly. I have a lot of points that I intended to raise at Committee Stage but there are one or two things that I would like to comment on. I am delighted to see that Public Lighting has had £15,000 extra allocated this year because Public Lighting does leave a lot to be desired and one of my colleagues and myself walked down Main Street one night and found that there were more lights out than on so I think that this is a very good step forward. In respect of the building from which we are speaking at the moment, the House of Assembly, I notice that there is a total of £100 for minor works, I think that the House of Assembly needs more than minor works because it has a leaking roof and certainly the west facade needs painting badly. I can see the Minister for Government Services wishes to say something, Mr Speaker.

HON J C PEREZ:

Mr Speaker, as I explained at the Budget Session last year when the Honourable Member raised exactly the same point. It is only a token figure and at the end of the year the block vote of minor works is allocated as it has been spent. Each department makes a bid for works and the money is allocated at the end of the year.

HON K ANTHONY:

Mr Speaker, I appreciate that but there is no indication at all that that extra money at the end of the year will be spent on the House of Assembly. A case has to be made and if somebody else has a stronger case it will not necessarily be spent on the House. I said that I felt that this House of Assembly, which is the centre of our Legislature, should have certainly a presentable appearance externally and certainly the western facade is long overdue for a coat of paint and the roof does leak as we all know and there are a number of little items that I think should be looked at.

HON J MOSS:

If the Honourable Member will give way. Perhaps I can enlighten the Hon Member slightly. For my sins one of the functions that I am performing is coordinating the work which is done on Government offices and we have very seriously looked at the possibility of including the House of Assembly in this year's programme and I feel fairly confident that we will be able to do this to some degree. What I would hope is that the Honourable Member does not wish the House of Assembly to take precedence over other worthy causes in the rest of Gibraltar which might be perhaps in a worst state than the House of Assembly is. After all what is needed here is just a refurbishment and nobody is exactly suffering pain and grievance from the present condition.

HON K ANTHONY:

Mr Speaker, I thank the Honourable Member. Of course I have no wish to rob Peter to pay Paul. I do not see why the House of Assembly should get precedence over anybody but it is a point that these are things that have to be seen to sometime. On the Police I have no major comments to make but I notice that in the Estimates there is a reduction in Traffic Parking Control, £42,000 annually. To me this is a bit of a paradox, Mr Speaker, because we do have 4 million visitors a year and we have thousands of cars coming in daily as was quoted in the House this morning therefore I would have thought that Parking and Traffic Control would have been more important and not less important. The thought has crossed my mind that it might be a time for the Government to seriously think about increasing the establishment of the Police Force because with the amount of traffic coming and some of the Police responsibility having gone to GSSL it is always useful to have a Police presence at times when traffic is not always flowing smoothly due to infrastructural work on our roads. The presence of further Police Constables might be an advantage and it is a thought I would like the Government to think about because there has not been an increase in the establishment for a number of years and it may be something that they have not thought was necessary. Returning briefly to Public Works, Mr Speaker, I think, everybody has recognised the value of the tipper bins that have been

placed at strategic corners around Gibraltar in an effort to do away with the unseemly sight of piles of decaying rubbish and burst bags and dirty boxes around our street corners. Yet I feel that we have not gone far enough because at the moment the tipper bins are emptied once a day and I know from personal experience that the tipper bin near where I live is emptied in the morning and by 10 o'clock it is overflowing onto the pavement. Most of it is trade rubbish but nevertheless possibly an increase in the number of tipper bins or two collections daily might be a help in keeping our city as clean and as presentable as we would like it. We all want a clean city and we all want a city that visitors would say "I am glad I went to Gibraltar. It was spotless". We can get there in time but I do not think that this one tipper bin is the answer although it is a step in the right direction. I think we need to go further than that and again it is a thought for the Minister to consider. On Sanitation, Cleaning of Highways an increase of £92,000. I get the feeling and I walk around quite a bit that many of our streets are only cleaned once in a while. There was a time when immediately after the election, in March 1988, when our streets were being washed more than once a day at times but now I rarely see our streets being washed. I do not know what this £92,000 is for. That could perhaps be taken up in Committee Stage.

HON J C PEREZ:

He is probably too busy looking at the lights and he does not see that our streets are being cleaned.

HON K B ANTHONY:

Mr Speaker, a good politician looks in all directions not just in one. I notice that on the Potable Water Supply there is an increase of £143,000 in respect of the Distillers. Again, I am going to raise this at Committee Stage but it seems to me if we are going to go into the Water Supply with the Lyonnaise Des Eaux I bet that at the end of the year I will be asking why £143,000 more is needed for the Distillers? I was interested to note under the Department of Trade and Industry a new vote Head for Public Places and Planted Areas of £791,000. Last year, Mr Speaker, Planted Areas came under the aegis of the Tourist Agency and they still have some money this year but I am wondering whether it is being split up and responsibility is being transferred? No doubt the Minister can give an explanation later on why Planted Areas come under Trade and Industry? I am not going to refer specifically to press reports as I do not believe press reports but there was one in a newspaper yesterday referring to yet another privatised company that is going to look after our major park "The Alameda Gardens". So one wonders perhaps why £4m is necessary for Public Places and Planted Areas. There are places in Gibraltar, Mr Speaker, where the pavements are in a shocking state and one has only to walk round by the Generating Station and see the pavement has collapsed, with gaps in which ladies can catch their heels and cause an accident. I think that this is something that should be looked at seriously because it

is very important. Whether that comes under Highways I am not quite sure, no doubt the Minister will let me know later on. On Salt Water distribution there is a saving of £110,000 and yet I can think of one place where possibly that much money needs to be spent and that is Varyl Begg Estate which is going through traumatic periods of lack of water.....

HON J C PEREZ:

It is being spent, Mr Speaker.

HON K B ANTHONY:

I am delighted to hear that, Mr Speaker, I think, there are a lot of flaws and many of the points I will be raising at Committee Stage because they are specifics. However, broadly speaking there are one or two flaws in this Estimate Bill for 1991/92. I think the Chief Minister is being a little optimistic because he spoke of the dangers, the gamble, and I am sure it is a very premeditated gamble that the Government is making and I hope for the good of Gibraltar that he is successful. I however have doubts at the back of my mind and I think it was mentioned by my Honourable Gallant Colleague that the Government tend to be going too fast too soon and, I think, that it is necessary to temper ambition to achieve reality. We are creating a Gibraltar with lots of very marketable things but a marketable product is only good if you can market it and that is what I am very concerned about. Can we market it? Will we market it so that we do not go in a hole over our heads with money. That is the concern that I feel Mr Speaker. No doubt the Honourable Chief Minister and the other Members on the Government bench will give me their views on some of the points that I have raised in their contribution. Thank you, Mr Speaker.

HON MISS M I MONTEGRIFFO:

Mr Speaker, after having heard the Honourable Mr Ken Anthony in his contribution, I think, I want to start by saying that this is not a GSSL Budget and definitely, Mr Speaker, I am not going to talk about clamping, or scaffolding, or pavements Mr Speaker, and definitely I do not think that I wish to say a lot about garbage either. I think that it is important that having heard the Opposition and as this Mr Speaker is the Budget Session that I should highlight those major improvements that have been carried out in my Department. Members on the opposite benches keep talking on about the benefits to the man in the street or the woman in the street for that matter. But I am confident, Mr Speaker, that in my contribution today I will be able, Mr Speaker, to tell this House, not only of the improvements and the social benefits but also of the many commitments in our Manifesto which have already been achieved in the short space of three years with a GSLP Government in Office. Looking back, as I do every time when I come to a Budget Session, and referring to what I said last year and throughout

the year in this House at Question I am completely confident, Mr Speaker, that we have achieved our objectives. I think, that I will begin my contribution with Sport, kick off as it were, Mr Speaker, with sport. Unquestionably, Mr Speaker, the major event in this area has been the realisation of the new surface at the Victoria Stadium. I do not wish to blow my trumpet too much about this, Mr Speaker, but, I think, that this has been a dream for many sports people in Gibraltar. We now have one of the best and largest artificial surfaces in the whole of Europe and it has been installed, Mr Speaker, to the highest international standards. It will provide its users with the facilities they require to develop their skills and upgrade their standards and attract events to Gibraltar that have never been seen before. Already, Mr Speaker, the European Hockey Federation has chosen Gibraltar to host the Second Cup Winners in the Men's Division, a tournament which the President of the Federation described as a forerunner of many more. Football, Mr Speaker, is also being successful in organising International friendly matches and all the visiting officials and teams that have come to Gibraltar have publicly complemented us on the quality of our surface. I am sure that we are at the beginning of an exciting future not only for sport but also for the whole of Gibraltar. This huge project will undoubtedly go down in our sporting history as one of the most significant events ever achieved. Mr Speaker, turning now to sport generally I wish to put the record straight, as many of our TV viewers were, I think, unintentionally misled recently in a debate into thinking that my Government is only spending £40,000 on sport. This amount, Mr Speaker, is earmarked in the Estimates solely for the purpose of granting Financial Aid and Assistance to Sporting Entities for specific events. On the refurbishment works at the Victoria Stadium alone this last Financial Year Members opposite know that we have spent £84,000 over and above the normal maintenance work. The normal maintenance total cost was £60,000. As a result the whole of our indoor and outdoor facilities have been completely upgraded. The works also included painting, elimination of water penetration, replacing of exterior doors, new fencing and new gates. All of our changing rooms were also re-designed and completely overhauled. So therefore, Mr Speaker, we find ourselves with a completely new Stadium. We also made available sporting facilities at the schools to the Community. These facilities have been further improved and increased. We have provided floodlighting at the Bayside outdoor playing areas and Westside has been reprovisioned with better and more expanded facilities. When we add the indoor facilities at Mackintosh Hall Sports Hall and Hargraves we are now in a position to provide one hundred and forty five hours of Community use per week. Turning to the Victoria Stadium, allocations have also been increased dramatically especially as a result of the new surfaces. Here we have moved from sixty hours to one hundred and eight hours per week. The grand total, Mr Speaker, which includes all our present facilities that is the Victoria Stadium indoor and outdoor playing areas plus community use is five hundred and sixty one hours of allocations per week and I am proud, Mr Speaker, of being

able to say today that this is a great achievement for sport. This year again we have provided more money in the Improvement and Development Fund, the sum of £50,000 for further improvement to our sporting facilities and a further £8,300 to upgrade Hargraves Court. The works, Mr Speaker, have already commenced. I remember that soon after we came into Office I gave a commitment to the then Shadow Minister for Sport the Honourable Col Britto that the Government would encourage developers to include sporting and leisure amenities within their projects. This Mr Speaker, I am happy to say is already happening and my Colleague the Minister for Trade and Industry the Honourable Mr Feetham, recently announced that a £35m leisure complex will be built in the new reclamation area. I am sure that many people will once again be delighted with this other huge step taken. GASA, Mr Speaker, were also provided this past year with a temporary 25 metre pool and in the meantime, as I promised, Mr Speaker, we are engaged in negotiations which will shortly lead to the building of a permanent pool. Gibraltar can boast of having twelve Associations as full or as associated members of International Governing Bodies and they have achieved a lot for Gibraltar due to their perseverance and their hard work. They are the Gibraltar Amateur Swimming Association, the Gibraltar Athletic Association, the Gibraltar Hockey Association, the Gibraltar Basketball Association, the Gibraltar Volleyball Association, the Gibraltar Badminton Association, the Gibraltar Cricket Association, the Gibraltar Boxing Association, the Gibraltar Rowing Association, the Gibraltar Table Soccer Association, Body Building Association and the Federation of Sea Anglers. I have mentioned them because we are witnessing a deplorable situation where the Spanish Authorities are still embarked on a policy in attempting to undermine our status internationally. Spain, Mr Speaker, has no jurisdiction over Gibraltar but she still expects to be consulted whenever a Gibraltarian Association or a Federation seeks International membership. This is, Mr Speaker, but one example where my Government is against Bilateral Agreements being signed with Spain which involve us and which Spain then uses as a tool to negate us of our legitimate rights. We on the other hand, Mr Speaker, are expected to rely on Spain's good will and cooperation when quite the opposite is occurring. Any Sporting Authority that consults Spain is breaking the all important golden rule of sport whereby no-one can be discriminated against on political grounds. If the Spanish Government believes that ultimately they will take us over by resorting to these tactics they are completely mistaken. We are willing to cooperate as good neighbours but without any political strings attached. I think, Mr Speaker, that the Spaniards will have to come to terms with the fact that Gibraltarians are as proud as they are of their nationhood and as long as we continue, Mr Speaker, to be a united people they will never succeed in weakening our determination and aspirations and they will have to continue to come to terms with our flag being hoisted whenever our Associations participate internationally. My Government, Mr Speaker, will give every support necessary, as I am sure all Members in this House and everyone in Gibraltar will, to any of our Sporting Associations or other Federations applying to become members

of European or International Organisations. I wish to take this opportunity to congratulate all those who have, and continue to, do so well in their contribution to our national prestige. Very recently, Mr Speaker, we had an important battle with badminton. I was approached by this Association's Committee a little while back seeking my support in their endeavours to be accepted in a competition where most Mediterranean Nations were represented. They made representations in 1989, and in 1990, Mr Maurice Montegriffo and Mr Francis Viales travelled to Israel and there Gibraltar was accepted by every nation except Spain. The Spanish Federation said they wished to participate but they reiterated in a letter they sent to the Secretary of this Organisation "the refusal of the Spanish Ministry of Sport to allowing Federations to participate with Gibraltar in an any tournament". The reply, Mr Speaker, to Spain expressed regret at their withdrawal from the competition, but informed them that Gibraltar, as a member of International Badminton Federation, had been accepted because nothing in the Constitution warranted Gibraltar's exclusion. I am proud to say today, Mr Speaker, that at this year's Badminton Tournament held in Strasbourg Gibraltar participated as a full member and our flag was hoisted with everyone else's. At the usual annual meeting the President of the Spanish Federation produced a letter confirming a desire to participate in the next tournament but his letter also contained incorrect statements as to what had transpired at the first meeting in Portugal in 1989. Nonetheless these inaccuracies were pointed out by the Portuguese delegates and it was decided that the Badminton Organisation should reply pointing out the inaccuracies to the Spanish Federation and informing them that Gibraltar was now a full member of the International body and that if Spain wished to rejoin it would have to be on this understanding. Therefore, Mr Speaker, my most sincere congratulations to our Badminton Association. I would also like to congratulate, Mr Speaker, our Basketball Association who very recently were selected by FIBA, the International body, to organise in Gibraltar no less than its Permanent Congress as well as the Small Nations Competition. The decision was taken at its last Congress in Sofia, notwithstanding the fact that the Spanish representative was told by its president Raymondo Saporta to withdraw from the Congress as a sign of protest. The representative did so, Mr Speaker, and the Spanish National newspaper ABC in its edition of the 29th May carried an extensive article complaining about FIBA's decision. Nonetheless, Mr Speaker, Spain was alone and Gibraltar again won the game or the battle as it were. Mr Speaker, I move now on to another of my responsibilities our Medical and Health Services. We have said, Mr Speaker, on a number of occasions that we would reshape the Medical Services and I am confident that we have kept our word. Progress in the Health Authority during the Financial Year 1990 and 1991 has gone ahead very rapidly and in a large variety of areas. On the restructural side the list of works, Mr Speaker, is of the value of nearly £300,000. St Bernard's Hospital has been refurbished in areas like the Mortuary and KGV Hospital has been repaired. Three wards, Private

Corridor, St John's and Victoria have been upgraded bringing them up to very high standards. Work, Mr Speaker, has also been carried out at Occupational Therapy and extensive works to the bathrooms at KGV have recently been completed at a cost of just over £50,000. In addition, Mr Speaker, the kitchen at KGV has also been refurbished. St Bernard's kitchen, the milk kitchen in Maternity have been redone and other works have included repairs that can be expected in a very large and old building. Electrical work including new lighting in many public areas in both Hospitals have also been undertaken. The general appearance of the Hospitals have been improved by extensive painting work and renewal to the flooring in the corridors, a programme, Mr Speaker, that today is still continuing. It has completely transformed the sombre look of St Bernard's Hospital. A great deal of vital equipment, Mr Speaker, has also been bought by the Health Authority again to the value of nearly £300,000. The major development has been in the Laboratory with the purchase of a computerised bio-chemistry analyser. This, Mr Speaker, has cost well over £50,000 and is allowing the Department to carry out investigations much more rapidly and a wider range of tests that were not possible in the past to be done locally. It has already been put to good use. Modern equipment for the Operating Theatre has continued to be bought and in addition steady expenditure over the past three years has so improved our Orthopaedic Theatre equipment that total hip and knee replacements can now be carried out in Gibraltar something not possible before. New equipment has also been bought for Maternity, Physio, Occupational Therapy, Speech Therapy and a Dental Suite at the Health Centre has been completely re-equipped. Equipment and Ward furniture has been bought for all of our wards in both Hospitals. We are also continuing to computerise departments and clinical areas within the Health Authority. Mr Speaker, other developments have been the consolidation of the work carried out by the Community Mental Care Nurses at Landport Ditch. There are, Mr Speaker, for 1991 many varied plans in the pipeline, some I am glad to say have already commenced. They include the Intensive Care Unit, a second bathroom area in KGV, work has also commenced on the Maternity Ward and Lady Begg Ward. The next ward due for a major refurbishment which will take in the adjacent Occupational Therapy Department has also started and an extensive painting programme will commence at KGV. So, Mr Speaker, we again are planning to spend even more than in previous years. Record sums as far as the Health Authority is concerned in both works and equipment. Mr Speaker, Charitable, Voluntary Organisations and individuals, continue to give a lot of support and assistance and we are very grateful to them. My Government, Mr Speaker, is very committed to the education and promotion of preventive medicine. We do not only believe in the old saying "Prevention is better than cure" but we act on it. We have therefore, Mr Speaker, coordinated the efforts made by Members of the various professions within the Health Authority with those of the Environment Health Department another of my responsibilities, Mr Speaker, and in the past year there has been a considerable increase in the dissemination of

information on health matters, such as the dangers arising from alcohol, drugs and also of making people more environmentally aware. We have targetted the relevant age groups in the schools where I know that there is excellent cooperation with the teachers. Apart, Mr Speaker, from the subjects that I have referred, there are topics such as personal hygiene and the prevention of dangerous transmittable diseases being discussed. Lectures and a series of talks have been organised in schools and Youth Clubs. In schools alone, Mr Speaker, over 700 students went through a prevention programme. We believe, Mr Speaker, that Health Education today is one of the most effective weapons we have to combat transmittable diseases and drug addiction. We have also just completed arrangements for a series of films and other information on this matter to be brought to the notice of the general public. On the environment, Mr Speaker, a comprehensive awareness programme was also developed for students and in the catering area two new award schemes have been introduced this year. Therefore Mr Speaker, I think, that on Health Education we have seen a tremendous response from our youth who have produced outstanding projects and posters. The value of Health Education is proving to be very beneficial and I cannot end, Mr Speaker, without first acknowledging the help that I am receiving from all Members in my Department and their hard work makes my job so much easier. All of us, Ministers, Mr Speaker, have set ourselves an incredible pace, so much so, Mr Speaker, that even though the Honourable Lt Col Britto has said that perhaps the engine will run out of steam, I am convinced that the Government will be ahead of the engine, Mr Speaker, in case that steam runs out. We have accepted, Mr Speaker, the challenge and we are conscious that Gibraltar needs to stand on its own two feet and I am convinced also, Mr Speaker, that by the end of our term of office the GSLP have produced a very impressive record never before seen in Gibraltar. Thank you, Mr Speaker.

HON DR R G VALARINO:

Mr Speaker, on the General Principles of the Bill it is clear now that the Chief Minister over the last four Budgets has outlined his form of dealing with the Budget, his intentions, his targets and his projected solution at the end of this time. One may disagree with him but this is the way that he believes his Government should go forward and one can only give praise where praise is due. Let us deal with the Departments that I shadow mainly the Health Service including the Environmental Health Department, the Post Office Savings Bank and Philatelic Services and Sport and this time I will start the other way round and leave sport to the end. As far as the Gibraltar Health Authority is concerned I to some extent having looked at this year's figures I see that the figure for this year is equal to the estimated figure for last year, which in fact had to be increased by £1.1m to bring it up to the estimated figure for 1990/91. I sincerely hope that the Minister will be able to deal with this shortfall in the Revenue. Obviously

towards the beginning of January she will be able to derive more benefit from Social Insurance Contributions and there is also the extra amount that she is also the extra amount that she is able to gather from private patients. I think however that it will be a rather tight exercise and I wish her success. I note that in page 95 of the Estimates the item on Medical Equipment, a figure of £300,000 was earmarked and spent last year. I notice that the figure of £300,000 spent last year has been reduced to nothing this year?

HON MISS M I MONTEGRIFFO:

Mr Speaker, it is not a question of it being reduced to nothing. I have just explained the amount of money that we intend to spend in the next Financial Year. The figure is just a token amount in the Estimates.

HON DR R G VALARINO:

With respect to the Honourable Minister, if it had been a token amount I would have expected the sum of £100 to be included and a little note underneath saying token amount. The figure is actually zero and as far as zero is concerned it means zero. So if there had been a token amount put in whether £10 or £100 it would appear in the Estimates. I would then have understood the situation totally. In fact figure down to zero that medical equipment would come from the total budget. Now I understand the position but a token amount should carry a figure I hope the Hon Minister does this in future. There are various things she said in last year's contribution which she has not commented on this year. The Hon Minister said that there had been an improvement in the computerisation and as far as I can see from her comments last year she said that she had plans to computerise two other areas, the GPMS and the Supplies Department ...

HON MISS M I MONTEGRIFFO:

Mr Speaker, if the Honourable Member will give way. I spoke generally in my contribution today. I can however confirm that this has already happened.

HON DR R G VALARINO:

Thank you, Mr Speaker. The Minister also mentioned a Cystologist Screener. I quote "The new post of Cystologist Screener which is in the process of being filled etc etc". Has the post been filled? I would have thought that the Minister in her most eloquent style should have stated that she had now filled the post of Cystologist Screener. I take it for granted that the post has been filled, Mr Speaker. I am also rather worried, and I have mentioned this before, about the Gynaecologist at St Bernard's Hospital. At present we have a part-time Gynaecologist and I do not know how long the Government intends to continue with this part-time Gynaecologist? I would like to tell the Government to please

engage a permanent appointment as soon as possible because people, especially women, get worried about continuity throughout the pregnancy by a single person. Patients certainly do not like seeing someone for the first couple of months and then seeing somebody else for a period and then somebody else then it comes to the delivery stage whether normal or by Caesarean section or whatever. Patients do not like to see a strange face delivering their child. I hope that the Minister will take this on board and I am sure that in her usual fashion she will do so. Turning to various other matters of not so much importance like, for example, the Group practice Medical Scheme I wonder whether later on and when the Hon Minister has a spare minute if she will be able to let me know about the percentage cost of drugs as a percentage of the spending on the Group Practice Medical Scheme Vote. The price of drugs is on the increase and doctors and the Government have to keep a tighter control on the more expensive drugs. These must only be used when there is a need or through the consultancy basis and it is always useful to know where our money, and by that I mean the taxpayers money, is being spent on. I have seen for myself throughout the last year, when I have been going up to Hospital, the improvements that have taken place at St Bernard's Hospital. I have been impressed with the improvements at the various Wards and Mortuary and I hope that this is maintained if no decision is made as to the resiting of the Hospital. Not so long ago I moved a motion on the KGV Hospital and I am glad that looking at yesterday's Chronicle that the Minister appears to state categorically that a tremendous job has been done to the bathrooms and other associated work at a cost of some £50,000. However she then goes on to say that there would be over £1/2m budgeted for works and equipment at the Hospital and I wonder if this £1/2m means work at KGV Hospital or is it going to be work throughout ...

HON M A FEETHAM:

Mr Speaker, there is a printing error.

HON DR R G VALARINO:

So there is a printing error, Mr Speaker! I thought that it was £1/2m to be spent at KGV. Certainly KGV, and I did express that in my motion, certainly needs a lot of improvement and anything we can do for the patients up there I am sure would be most worthwhile. Mr Speaker, nothing has been said about a second Health Centre in the South District. I do believe something was in the pipeline and that something had been said or mooted last year but on this the Minister has this year remained silent. Certainly I am not going to press her on this subject but there is certainly a need for a second Health Centre in the South District when one considers the amount of people now living there. If there is anything in this I should be glad to hear from her anytime she wishes and that would probably avoid a question in the House in the future. All in all I think that both this side of the House and the Government are of the opinion that first and foremost in their consideration is the patient and that politics has to be put on one side

to try and ensure the best for those who are ill, whether they are young, middle-aged or old. On my other responsibilities there is not much to say except that I obviously welcome the new pitch at Victoria Stadium. As a somewhat prominent hockey player in the past I certainly welcome the hockey pitch and I am certain that it can only augur well for the future. I tend to agree with the Minister that we have to be watchful and continue to fight Spain whenever she tries to influence other Countries or Associations to stop our sportsmen from competing. I remember when I was President of the Gibraltar Hockey Association that we spent a considerable amount of time trying to become members of the WHF, the World Hockey Federation, and the EHF, the European Hockey Federation, mainly because the Chairman was a Spaniard. Once that Chairman left we were able to make headway and eventually became recognised in Europe in our own right. In fact we saw a wonderful Hockey tournament not so long ago which just shows the standard of the sport in Gibraltar and how much we ought to thank our sportsmen. I notice that under Sports, and we may perhaps deal with this at Committee Stage, under Improvements of Sporting Facilities - £50,000, maybe at Committee Stage a breakdown of this £50,000 may be made available. I notice that again this year there is an Insurance Premia of £11,000. I noticed this last year and it is in again this year and I wonder what it covers? Does it cover injuries sustained by people at the Stadium? If so up to what amount? We can also deal with this at Committee Stage. So all in all as far as Sport is concerned I think it is well taken care of. On the Post Office and Savings Bank and Philatelic Bureau which I am responsible for shadowing, I notice that the Forecast Out-turn for 1991 was £378,000 whereas the estimated figure was £266,000. At the time I remember the Honourable Minister saying that this was probably due to down-turn in the industry but there was a bit.....

HON J C PEREZ:

So why is the Hon Member raising it, Mr Speaker?

HON DR R G VALARINO:

Because it is slightly different and we could perhaps also deal with this at Committee Stage. I remember the Hon Minister saying that there was a down-turn but I wonder why the figure has grown to this amount and why is he quoting a smaller figure for next year. The Hon Minister could probably answer that one at Committee Stage. That covers my responsibilities and I have nothing more to add. Thank you Mr Speaker.

HON J L MOSS:

Mr Speaker, I feel that I should thank the Honourable Dr Valarino for his comments and I say this quite genuinely because I actually feel that he has been very constructive about the responsibilities that he shadows and it is not something which I have been used to in my three years in this House. So I wholeheartedly welcome it. I feel that

the responsibilities which I cover have been met insofar as the targets which we have set ourselves in our Manifesto in 1988 have been fully met and indeed surpassed. I do not say that everything is working perfectly because that can never be said and because perhaps we did not realise the magnitude of certain of the tasks which we had to carry out and this is a comment which I think is broadly speaking applicable to other areas and not just to my own responsibilities. However one firm commitment which we did have was, of course, on Scholarships and I feel this is a time when I should come to the House and report on the progress that we have made so far. The fact is that we now have two hundred and eighty eight students in UK and we expect this figure to continue growing for one or two more years. I do not feel that the floodgates have been opened in a sense but what we have opened are a series of opportunities for young Gibraltarians to be able to pursue the course of study which they choose in the United Kingdom in a system which I feel is fair and which discriminates against no-one. This accounts for a substantial percentage of the funds which the Government votes for Education purposes and, of course, as the number of students grow in UK this figures continues to increase. I have however said this before and I will say it again that we consider this to be an investment in our future and by no means is it something that we consider that money is just being misspent because it is something that we are building our future with. Now that I have mentioned Scholarship I suppose it is the right time to comment perhaps on some of the matters which the Honourable Col Britto wished me to comment upon in my contribution. I have met the Gibraltar Students Association on a number of occasions and we have fully discussed all the problems which Col Britto referred and a number of others. In fact, whatever it is that concerns them be it the specific issue of housing benefits or other matters. The Association made clear to me their views and they presented me with the results of their findings on housing benefits which were published in the press. However I did make a comment at the time when I met them that I did not feel that this survey was extensive in the sense that only about, I do not recall the exact figure, but it was something in the order of forty to eighty students had been consulted. So I felt that we should have much more knowledge from each and every student as to how they had personally been affected before we could consider how students were being affected. However let me say that the increase that we are projecting this year for the grant is a fairly substantial one and that it is in line with Gibraltar's Index of Retail Prices which in fact in the past year has been higher than that in the United Kingdom. I do not think that our students can complain that they are being short-changed because of this. We need to consider other aspects of how students can be helped. Members know how we managed to help them with the Poll Tax, for example, last year. Of course the British Government has now changed things somewhat and the Poll Tax will no doubt be reduced this year and be phased out completely. I am told by the Department of Education that the DES is still not absolutely clear as to how their own students will be affected by this, so obviously it is

something that we will be monitoring to see how our students are affected. Insofar as hardship is concerned I was not quite clear about what Col Britto was referring to but the only thing I would mention is that in the specific case which he mentioned and obviously he did not mention any names for the sake of confidentiality, the person who applied to the Students Association for help also spoke to the Department and, I think, that some assistance was also forthcoming. This however is obviously an issue which is very confidential and we do not like to talk about this but we certainly look sympathetically at people who have serious problems. I do not know whether this will satisfy the Honourable Member. One aspect which has taken up a significant amount of my time and I am afraid an inordinate amount of money in the last three years has been the maintenance of Schools and the Minor Works of the buildings which the Education Department controls. I am afraid that basically the Education Department controls a very large number of buildings and that most of them were in a condition which required refurbishment and essential works required to be carried out, sometimes for safety reasons and sometimes to better the accommodation and sometimes because we simply wanted to improve our educational standards. Bayside Comprehensive is being officially re-opened on Friday although it never really closed down. It is being officially re-opened and I hope that Honourable Members will be able to go down on Friday and take a look at the work which has been done at Bayside Comprehensive because it is not just putting right whatever had been wrong with the school in terms of the physical building. I think it is pointed towards the future and towards the kind of schooling that we need in Gibraltar if we are to be at the forefront of education which is our ambition and not trailing behind the UK or indeed any of our European competitors. So I would urge them to take a look at what has been done at Bayside. This year we are again spending a very large amount on minor works, Honourable Members on the Opposition bench will have noticed, for example, that a number of projects which were too large to have been considered as Minor Works have been included within the Improvement and Development Fund and this will include substantial works at St Anne's Middle School and also at Sacred Heart where we carried out a lot of work last year, but as I say, it is a very old building and it simply needs a lot of work. The other area which I should talk about is the College of Further Education. This we have been rather successfully turning around, I mentioned this last year, but at the moment we have finally broken through in the sense that we are offering a tremendous amount of courses, some of these are on Day Release, others are part-time, others are for Night Students, but we are concentrating particularly on computerisation, because we feel that this is essentially an area where we have to keep abreast of developments outside Gibraltar and we feel that we have to have a highly trained, highly qualified workforce which can be not just qualified, but can also acquire the necessary experience to be able to carry out whatever tasks are required of them. The College has moved very significantly in this direction and, I think, I can safely

say that they are now the "Training Agency" in Gibraltar that can boast the highest amount of expertise in this field. So I am very pleased at developments there and on another note on computerisation, I should also mention that the target which we set ourselves last year of having each school computerised to the tune of a minimum of one computer between thirty pupils, a ratio that has been used in the UK before, and that this year that target will be met. We announced this last year and last year we already practically doubled the amount of computers that were available in schools and by this year we will have met a target which is far superior to that of many local Authorities in the United Kingdom. So there is cause to be pleased in that field. People who live in the South District cannot fail to have noticed the developments which are occurring at South Barracks. There was a Press announcement some time ago and what we shall be doing with South Barracks is providing very very superior accommodation at First and Middle School level. This is a very major project which we have embarked upon this year and we expect that the Middle School at least will either be completed or very near completion within this Financial Year. I know that the Opposition and in particular the Honourable the Leader of the Opposition had been expressing concern for some years about the state of schooling in the South District and it is my belief that this not only answers that query but will create in the South District two of the finest schools at that level that we will have in Gibraltar. On the subject of Further Education other than Scholarships, of course, and other than the College, we have maintained our links with Hull University which, I think, go back a number of years and we have offered a number of the teachers who successfully obtained the Advanced Diploma in Applied Educational Studies the opportunity to go on to do a Masters in Education. This is a cost-effective course in the sense that all the tuition, in fact, will be done in Gibraltar by Lecturers from Hull and it will enable us to train a much higher proportion, a much higher number, of teachers than it would be possible by using any other kind of In-Service Training abroad. On top of that and as another bonus for Further Education we have the Open University coming in the next couple of weeks and they will be registering local students in a variety of discipline, so again I feel that substantial progress has been made here. One final point which I would like to make on Education is that last year as a result of representations made by the Gibraltar Teachers' Association and, of course, by taking into account the views of people within my Department and looking at the problem we did provide extra funds for the introduction of the National Curriculum. I expect this to be an on-going feature for the next three or four years as we gradually phase in the National Curriculum and again this is a point on which I have to say that the provision which is being made in Gibraltar is much more generous than anything which is being done in the United Kingdom. Another of my responsibilities is of course the Youth Service and I did say last year that the Youth Centre was close to completion and that I expected that it would be a success. Quite frankly the way in which it has been a success has

even exceeded my expectations because there are literally hundreds of young people using that Youth Centre every week and it has become, I would say, the most popular spot for young people to go to in Gibraltar of a certain age and, of course, the beauty of it is that the young people are in a controlled environment where their parents know that they are enjoying themselves but being looked after and the series of activities that is being hosted over there and the enthusiasm with which the young people are participating in them is really impressive. We have also been carrying out on-going improvements to the Adventure Playground and we are in the process refurbishing two playgrounds in the Moorish Castle Estate so in a sense the work that the Youth Office is doing in this area complements what my colleague is doing with the Tourism Agency where they are also doing up a number of playgrounds throughout Gibraltar. The money available for Youth Grants has also increased substantially, I think we are now providing something like 2½ times of what was available in 1988 when I first took over my responsibilities and that is purely in Grants without taking into account the rest of the money that is being spent on youth projects. I think Members need only have a look at the Estimates this year and previous Estimates to see how we have been pushing this area and how we have been increasing expenditure in this area perhaps much faster than in many other areas. Another project that we do have this year is a refurbishment at the Platter Youth Club which services the north part of the Rock and my final point on the Youth Service really is that the policy of Overseas Exchanges which I have encouraged since I took Office has been growing fairly successfully and this year with the Iron Curtain having fallen down we are sending our young people to Czechoslovakia. That should be somewhat of a revelation to them and we do have a Danish Youth Group coming over on an exchange. This is a point on which the Honourable Mr Mascarenhas expressed some interest in the past and he seemed to think that exchanges were only valid if they were reciprocal. It is a year late but it is reciprocal because our young people went over to Denmark last year. On culture, well what can I say, we had two Festivals last year. We are back to one this year. The only advantage is that what we have achieved is a fusion of the two organising committees and a fusion of the two Festivals so that the talent which was available to both Festivals has now formed one entity which I think is much stronger than either of the two parts were before. We have completed the refurbishment which we promised of the John Mackintosh Hall Library and it is now a good Public Library. I would say it is the type of Public Library that Gibraltar needed and we are increasing the number of services available at the Library. Things such as being able to borrow books from libraries in UK and what we are doing really is to acknowledge the fact that it is the only Public Library in Gibraltar now. It also is the European Documentation Centre which is something for which we did get permission for and we do have a considerable number of European Documents there available for anybody who might be interested. So again another area which is worth a visit. This year also saw the revival of the Gibraltar Song Festival. Whilst it was not organised

by the Government itself, I did take a very direct interest in what was happening and in fact I chaired the organising committee. I do however honestly feel that I must pay tribute to the hard working people who put in a lot of effort to ensure that the Song Festival was a success. We are already looking forward to making this event even bigger next year and to try to meet a target of creating the finest Song Festival certainly in the Mediterranean and possibly even in the whole of Europe barring Eurovision perhaps. We are also involved at the moment in commissioning work from a local artist to participate in what is known as a Hope and Optimism portfolio and after all the gloom and doom we have heard from the Opposition benches this morning I am glad somebody still has optimism. This consists of an invitation from the Government of Namibia, the world's newest State, to all the other Countries in the world. What they are doing there is they are creating an Arts Gallery which will have works from a representative of each Country in the world and the Gibraltar Government decided to participate in this because it was an opportunity that was too good to miss since we were being invited, as a Government. We were being invited as a Nation and I chose Mr Mario Finlayson because I felt he was perhaps the oldest established artist in Gibraltar and because I knew that he would do Gibraltar proud. He is currently producing the work which will be on display in Gibraltar before being sent to Namibia later on in the year. The last of my responsibilities which I feel I should mention briefly is Training. This year has seen the creation of the Employment and Training Board and, of course, the opening of the Job Centre. The indication is already that it is being successful in the sense that we have already managed to create a number of courses which a lot of people in Gibraltar are taking advantage of. These courses are of course vocationally orientated and they are also aimed at getting jobs for people on completion. These are not academic courses. We started of last year with Construction Courses because, as the Honourable the Chief Minister mentioned earlier, this was seen as one of the areas in which employment had been growing at a faster pace and we have already been able to put one hundred and five Gibraltarians through this course. I am not saying that this is just one big success story because the one hundred and five Gibraltarians are not all employed in the Construction Industry. Let us be clear about that but a significant amount of them have completed the course and they have gone on to get jobs in the Construction Industry and they have retained those jobs and this is very important because it is a growth industry. There are still a lot of people employed in that industry from outside Gibraltar and it is an area where our people can get jobs and what we have demonstrated by doing this course is that Gibraltarians can get these jobs. In addition to this we have done courses for Heavy Good Vehicles Drivers which was something where there has always been a shortage of in Gibraltar and a lot of permits have been requested in the past. We are doing courses in Retailing to try and improve Gibraltar's image as a Shopping Centre. We are nearing completion, in fact, of a City and Guilds Course in Catering

because, again, there are a significant number of outsiders employed in this Industry and we have done courses in Basic Support Electricity, City and Guilds Courses in Electricity and a lot of courses, again, in Information Technology and courses on Customer Care. In the near future we are planning to move on to doing courses for Shattering and Steel work and by starting a City and Guilds in Hairdressing for young people who are at the moment employed through the Scheme and more courses on Customer Care and on Scaffolding. So as can be seen we are not sitting on our backsides. We are trying to get people into real jobs and the Employment and Training Board and the Job Centre are a very vital element of this strategy. So, Mr Speaker, in conclusion I express satisfaction at the way in which the matters for which I have responsibility have been progressing in the last year but we cannot afford to stand still. Gibraltar may be moving or this Government may be trying to move at a very fast pace but I can assure you that there are people outside who are trying to move as fast as we are and we have to keep ahead of them. The only way to do this is to ensure that we are at the forefront in the areas of training and in the areas of education. This is an absolute must because we cannot afford to lag behind. We have to be in front. Thank you Mr Speaker.

HON M K FEATHERSTONE:

Sir, in last year's Budget Speech I forecast that the year's out-turn of Revenue estimated at £85.5m would be nearer £90m and I have been vindicated in that the actual forecast for the year 1990-1991 is now put at £92.5m, an increase over the estimate of £7m or nearly 8%. This has been due to fiscal drag, or may I say Winston drag, since Import Duties have risen by 5.5%. Much of this I presume being in increased Revenue from Tobacco. This year is of note because the Estimates show deficit budgetting of £4.5m approximately, but again Revenue Income has been conservatively estimated and if last year's performance is anything to go by, the revenue will again be over the estimate, thus wiping out the deficit budgetted for. Revenue is at least £700,000 down in respect of the TV licences and the receipts from the Workers' Hostels have been taken out of the revenue equation and put direct to the actual entities running the schemes. Fiscal drag will put up Income Tax and Import Duties, for as inflation puts up the price of Imports these will pay more in Duty on Importation and will give a bigger yield in tax. Revenue is also down as there were no Telephone charges, these last year were estimated at £1.8m, so that in real terms the increase of Revenue tops the 10% mark. I estimate again that this year will show big increases in revenue so that the £92.8m budgetted for will be nearer the £100m mark, thus wiping out the deficit forecast and giving a healthy surplus. With all this money flowing in there is still no hope of a cut in Income Tax by raising the thresholds to a more realistic level. Gibraltarians are paying considerably more in tax than when the AACR Government left Office. This from a Socialist Government pledged to look after the workers interests. Of course, under the new legislation Income

Tax can be varied by Regulation at any time and we may see some relaxation coming through later in the year as the run up to the General Election progresses and the Government feels that some "goodies" to the electorate must be given. Let us hope so, Mr Speaker, because Gibraltar is the most highly taxed place in Europe. If we have parity with the UK in our wage structure then let us have the same parity in our tax structure. Once again £10m is being put as a contribution to the Social Assistance Fund but we have no details as to the state of this Fund and I would ask Government to give us details as to its health, where it is invested and how much it is worth at the present moment. Turning to Education, Mr Speaker, I am dismayed to see that the sum allotted to Books and Equipment is less than the outturn for last year. In these days of inflation books are a high cost item and they increase in price by some 15% yearly. With the coming of the National Curriculum resources need to be improved and not cut back. I would urge the Minister to see that sums spent on Books and Equipment are kept at least in line with inflation. I am very pleased to see the number of Scholarships that we are giving and this has been a process of national evolution. In 1972 when we took Office there were only a few Scholarships being given, perhaps in their tens and we put it up to well over one hundred or one hundred and fifty, it is up to two hundred and sixty and this augurs well for the future. Perhaps the real future will be a University in Gibraltar and then we will not need to send people to England for their further education. I notice that in the Scholarship Fund there is no revenue under parental contribution? Is this a new idea that no parental contribution is going to be levied? Or is it just a token idea that you put a zero and then see what you can get as the time goes along? Mr Speaker, I would like to ask what Government properties are being sold? Because there is a sum of £67m plus in the Revenue side of the Improvement and Development Fund. Is it all our Housing Estates that are being put under the hammer? It is good to see that an adequate sum is being spent in converting South Barracks into two schools and that a sum is being put for repairs to St Anne's School. Does this envisage the extension so urgently needed? I notice that Bayside School is also getting a third tranche of repairs. Will this school now be on par with Westside? Mr Speaker, nowhere are there any details given of the Joint Venture Companies and as a result these remain a close-guarded secret but I must mention the GSSL who are generally known by the motoring public as the SS. These are people who gleefully clamp you at the least excuse. Time after time the public is subjected to the situation of an area temporarily being designated "No Parking Area" and GSSL will move in and clamp all and sundry thus imposing a £25 fine to get your vehicle mobile again. This happened not so long ago in the parking area at Town Range where they put up in the morning the signs that the area was going to be designated a "Cleaning-Up Area" and half the people with cars there got clamped. The Government pretends they have no part in this.....

HON J C PEREZ:

If the Honourable Minister will give way I will explain to him that that is not the case. The notices are not put up in the morning for the same day. They are put up over twenty four hours before in compliance with the law and in compliance with Police Regulations. Mr Speaker, GSSL does not put them up. The Police put them up. GSSL come into action when the time on the Notice lapses and cars need clamping. So, Mr Speaker, let us not say that two or three hours earlier Boards are put up and people are then clamped because that is not true.

HON M K FEATHERSTONE:

Well I can assure the Honourable Minister that at 7 0'clock in the evening there were no signs in the area in question and at 9 0'clock in the morning the clamps were being put on.

HON J C PEREZ:

The Honourable Member can say that he did not see the Notices but not that there were no signs in place.

HON M K FEATHERSTONE:

Mr Speaker, the Government pretends that they have no part in this but they are Company Directors and must therefore take part of the blame for a situation in which the motorist and the motorcyclist is being harassed unduly in the pursuit of profits for this Company. Finally, the Subventions of the Gibraltar Health Authority is being cut due to the revised allocation by £1.1m. Does this envisage yet another increase in the Social Security Stamps in January next year to obtain a bigger sum to the GHA? If so, this is just one more tax which the average worker has to pay. An increase in the overall burden of taxation on our community. To summarise therefore I will repeat what I said last year, that Revenue has been most conservatively estimated and I prophesise, as I rightly did last year that there will be considerably more Revenue than what has been put in the Estimates. Expenditure may also rise and we will have to wait and see if the Budget deficit can be contained. If not it puts the future into a state of jeopardy for with only £760,000 in the Consolidated Fund Balance for 1992/1993 this will present a difficult picture particularly in terms of cash flow. Thank you Sir.

HON J L BALDACHINO:

Mr Speaker, I would like to answer the points raised by the Honourable Lt-Col Britto on the proposed additional storeys to flats at Laguna Estate. The Honourable Member made out in his contribution as if he was a Knight in Shining Armour protecting the poor tenants at Laguna Estate from the hardship that Government was trying to impose on them by the construction of an extra storey to their Block. The

Hon Member was also preoccupied for the safety of those tenants. I would like, with your permission Mr Speaker, to read a letter that is based on recommendations made by a Health Inspector because I am sure that the Honourable Member must also be preoccupied for the health of the people living there. Mr Speaker, the letter says that "the dustbin recess under the stairs are dirty and a constant source of trouble as they are difficult to keep clean and is sited too near the flats and since the wash-house in the courtyard has been locked up and is no longer used it is suggested that it should be converted for the use as a Refuse Room and the use of the present recess discontinued. It is recommended that this matter should be seriously considered and if possible the present arrangements replaced by the one suggested before the advent of Summer". Of course, Mr Speaker, this is all very well considering that this part of what we are going to do but since the Honourable Member is concerned that this Government is moving too fast, the reality is, Mr Speaker, that when they were in Government they did not move at all because the letter I have just read is dated the 16th February 1970. That is something that they should have done twenty-one years ago and we are going to do it now.

HON A J CANEPA:

Mr Speaker, if the Honourable Member will give way. I am sorry to have to tell him that that letter refers to a period of time of an administration led by the person who is now occupying the Speaker's Chair.

HON J L BALDACHINO:

Mr Speaker, I am fully aware that it refers to a period when you were presiding over the Government as Chief Minister, from 1969 up to 1972, the reality is that from 1972 to 1988 the Honourable Members opposite were in Government for sixteen years and they did not move at all.

HON A J CANEPA:

If we had had access to such information?

HON J L BALDACHINO:

Mr Speaker, I most certainly have.

HON A J CANEPA:

Maybe the Civil Servants today, since it has been transformed, and those that remain, do not know the proper procedures!

HON J L BALDACHINO:

The reality is, Mr Speaker, that I have read the file. Maybe Honourable Members when in Government did not read the files! Apart from that and coming back to the present, let me say that there are certain things which the Honourable Member

said which are incorrect and other things which he has not mentioned. For example, on the crane issue there is no crane

HON LT-COL E M BRITTO:

If the Honourable Member will give way. Mr Speaker, I would like to retract the mention of the crane that I made this morning. I made enquiries over lunchtime after the reaction from the Minister and it appears that I was either misinformed or that I misunderstood. I think it was the former because the information I was given was that the crane was put up and children were playing on the crane and I remember the words distinctly. I have however checked at lunchtime and I retract the word "crane". I understand it is a hoist with a sort of lift to take up building materials. It is not a crane which is the impression that I had. Thank you, Mr Speaker.

HON J L BALDACHINO:

I am grateful for the Honourable Member's words Mr Speaker. The other thing is that there is nothing new in what the GSLP is doing at Laguna Estate. Other blocks at Laguna Estate had extra storeys added to them by the previous administration. Forrester House, Fearless House and the inconvenience to the tenants when they were constructing those extra storeys was even worse, Mr Speaker. Workers at the time had to go inside the flats to make the structure safe which is something that is not going to happen now. On the question of the scaffolding, Mr Speaker, I also walk up and down streets like Honourable Members do and it is surprising that when the Government is going to do something everybody starts complaining. The Honourable Member opposite comes to the House and says that it is something that should not have been done but if he walks down Irish Town he will see that there is a lot of scaffolding there, a lot of danger to passers-by and Parliament Lane is exactly the same, where the Honourable Dr Valarino lives there is scaffolding and if he goes through the whole of Gibraltar he will find scaffolding. Mr Speaker, this is not something new that the tenants were informed of two minutes before we were going to build. This goes back, my Department were informing the tenants of that particular block to remove unauthorised structures since the 12th October 1990. Another letter was sent on the 13th December 1990 and a final letter on the 21st January 1991. It was when that letter was received and they realised that we meant to do it, because they had been used to having letters without nothing happening, that a tenant of that block asked to see me. I was in a meeting with my Honourable Colleague the Minister for Trade and Industry, Mr Feetham, and I saw them in my office in his presence. When they put certain matters to me I said that I would look into their complaints and I would try to do whatever possible to better what they already had there. As a matter of fact I also suggested that they should form themselves into a Tenants Association, since I could not possibly deal with all the tenants' complaints, and it would

be better if they formed themselves into a group and I would be prepared to see them. After that all the ground floor tenants came to see me and I also explained to them the position. They then formed themselves into a Committee and I saw them on the 13th March 1991. In that meeting as they said that they were worried because of the safety involved and I said that I was prepared to meet them on the 20th and I would have with me all the Officers involved like, for example, the Safety Officer, the Environmental Health Officer, the Structural Engineer and the Works Project Manager. A day before the meeting I received a letter, and the Honourable Member must be aware of this, from the Law firm Marrache and Co. The letter insinuated threats from Government. The Government had never threatened anybody but the implications of the letter and the way that it was written and the threats in that letter stating that I was hiding behind Civil Servants. Well, I do not have to hide behind any Civil Servant like the Honourable Member implied. What happened was that since the letter had legal points like the Hon Member said, the answer was from the Honourable the Attorney-General. It is not that the Attorney-General is protecting me and I am putting everybody in front of me.

HON LT-COL E M BRITTO:

If the Honourable Member will give way. I think the Honourable Member must have misunderstood. I was not implying that the Minister personally was shielding behind the Attorney-General or anybody else. I was saying that Government was shielding its policies behind the fact that the Crown could not be served with an injunction to stop the works.

HON J L BALDACHINO:

Fine, Mr Speaker, I am grateful for the Honourable Member's clarification. Nevertheless the point is that if I received a letter from a lawyer then the obvious thing to do is to ask the advice of the Attorney-General and it was the Attorney-General who then answered on a point of law. The reply was that the Government could not have an injunction taken out against it and no Civil Servant that was working for the Crown could be made responsible. Apart from that, Mr Speaker, maybe people think that it would have stopped there but the reality is that I received another letter on the 24th May and I answered that letter, Mr Speaker, and I am with your permission going to read it out. This letter was sent to the representative of that block. On the 28th May 1991 I personally wrote to the four representatives as follows: "I have in front of me the letter of the 24th May above the name of the Renown House Tenants Association expressing concern about the safety at Renown House. Representatives of the tenants have been invited to see me and indeed meetings have taken place to discuss the safety and the general arrangements for the construction work which is to be carried out at Renown. I have invited representatives to meet with me together with all of the professional staff responsible for the safety via Environmental Health and I now repeat that invitation. The

Housing Department does not propose to carry out the works in a way which is unsafe and will accept the professional advice it receives and every practical effort will be made to take account of any representation which may minimise the inconvenience to tenants whilst the works are being carried out. I suggest that you and your colleagues together with the Laguna Estate Association Chairman, who has shown an interest, should meet with me and we can all in a spirit of cooperation and without the need of threats proceed to ensure that the work is carried out in the safest and most suitable way. I suggest you telephone me in order that we can find a time which is convenient to you and I can then proceed to arrange to have present all those people directly interested in the carrying out of the work and the safety arrangements." That has never been taken up, Mr Speaker. If it is a question of safety, I can now confirm and I can give assurances to this House that the Government will conform to all Safety Regulations under any Ordinance exactly the same as any other private landlord. Now if it is a question of Safety why do they not arrange to meet with me and I will explain to them what is being done and how it is being done. On the points that the Honourable Member brought up that there was loose scaffolding, I must say that is also true and I am not denying it. The reality is that when the complaint was received the Company that put up the scaffolding had to make it safe exactly the same as if it had been any other private landlord. The Environmental Health Officer with whom I also had a meeting last week together with the Safety Officer and all the other people cited in the letter have confirmed that the Government is conforming like any other private landlord and is even going beyond what is required by law. If it is safety that is the concern then I am prepared to discuss that, Mr Speaker.

HON LT-COL E M BRITTO:

Mr Speaker, if the Hon Minister will give way. It is not just a question of scaffolding being loose. My information is that pieces of scaffolding have fallen from high levels and that planks from the scaffolding have fallen, that even a wheelbarrow, as I said this morning, has fallen from a roof onto a patio. It is the aspect of safety that I am worried about and already a child has suffered a broken arm or a broken wrist and if that has happened when the work is not being undertaken properly. Because once the work is in full progress the sheer law of averages indicates that something more serious is bound to happen.

HON J L BALDACHINO:

Mr Speaker, I have heard about the wheelbarrow but not about the child. I have heard that there were loose planks and that initially when the scaffolding was first erected there was a strong levanter and some loose planks fell and when the Environmental Health Officer was informed, or the complaint was received, he went to the site and made sure

that everything was secure and he is now satisfied that the Government is meeting all the safety requirements. I can tell the Honourable Member it is not necessary by law to now put chicken wire on the top so that nothing falls off. If the tenants are worried about the safety of the works that are being carried out then I am prepared to meet them and discuss the safety aspect. However if what they wish to discuss is that we should not proceed with the extra floor then perhaps they are hiding behind the safety aspect because as the Honourable Member has to understand I am prepared to sit with them and discuss the safety but if they do not come then something is wrong somewhere. It cannot be the safety aspect. I hope the Hon Member understands that. If it is safety then I am prepared to see them. I have already made that quite clear and the Government is also making it quite clear that it will meet with all the requirements under any Ordinance the same as anybody else. The Honourable Member the spokesman for Housing, Mr Anthony, made certain references and one of the things that he referred to was the five hundred and eighty houses which in fact is five hundred and eighty four. I think that he has got it all wrong in the sense that he has mixed up those houses with the ones at Westside in the £28m because he says the homes have not been sold. I have to inform the Honourable Member that the five hundred and eighty four houses that the Honourable the Chief Minister was referring to in connection with the £28m are for those that are going to be financed by the Government and they are already under construction between the Generating Station and Varyl Begg. That is one thing. That has no relationship to the ones that are for sale. I think the Honourable Member was wrong in that aspect and I wanted to clarify that. On home-ownership, the Hon Member attributed a statement to me which as a matter of fact was a statement made by the AACR when they were in Government and which like the Honourable Member, at the time, when I was sitting on the Opposition benches, had certain reservations to the fact that not a lot of houses would be released because obviously people were living in subsidised rents, paying very low rents, and there was no attraction to move into home-ownership. I never said, Mr Speaker, that we would get a lot of houses back. As a matter of fact that position was defened by the previous administration when they were on this side. I estimate that there is going to be about one hundred or so flats being returned as a result of the three projects, Westside I, Westside II and Brympton. The Hon Member also mentioned that if there were a young single earner in the family and not two that it was going to be difficult for the person to buy a flat even with the £10,000 tax allowance. Let me tell the Honourable Member that although I am convinced that we are very near to finding an acceptable solution to the housing problem, that I am not prepared, my Government, is not prepared, to do is to make it so attractive and so easy for people to go into home-ownership that they then in the future, they and Gibraltar has a problem because they cannot keep up with the payments. I think, Mr Speaker, that there must be a balance. What cannot be done is force someone and make it so easy that you end up having another kind of problem

in the future. That is my personal view. There must be the right balance and the right people must make the right decision whether to buy. I am also not in favour of Building Societies or Banks providing more than two and half times or three times their wages. That might also be a factor that could bring implications to the family afterwards. Without any doubt, Mr Speaker, we will always have people that will not be able to go into Home-ownership. I have always said this when I was on that side and also on this side. We must provide facilities for Home-ownership and nearly two thousand flats have already been sold in three years from a nil position. Although the Government is not in a position to carry on building flats for rent, it nevertheless must provide accommodation for those unable to buy their own homes. Government is using its own money whereas before housing was financed by ODA. We still have a housing problem but I can tell the Honourable Member that not only have we contained the problem but I am now convinced that we are now making in-roads to finding a solution and obviously the solution cannot be found overnight. It has to take time because the houses have to be built. Whether Government flats are released or not, the reality is that people who are buying are the people who were in the Waiting List and that will reduce the Waiting List and other people who are in the Waiting List have a better chance of getting Government accommodation because there is less competition. On the question of the Government flats, Mr Speaker, and the question of whether Government is investing its money properly, I have found since I came into Government that we have a lot of elderly people living in the upper town and in many cases they do not have running water or bathing facilities, so the Government's intention is that we owe our elderly, at least, a decent way of living for the short period left of life and the Government is also embarking in providing flats for them. Apart from that some of the flats are being refurbished to make provision for handicapped persons. Mr Speaker, nearly five thousand Government flats are overdue for refurbishment and if we take the comments that the Honourable Member has made about the Laguna Estate then it will mean that we will not be able to refurbish any other dwellings because I will not be able to put any scaffolding up. Those are the implications of what the Honourable Member has said. Because unless we hire a helicopter I do not see how otherwise it will be possible without scaffolding. It creates inconvenience for the tenants living in the Estate but the reality is that we cannot move any of my tenants out because that is why I am building flats because I do not have enough. Apart from that we have completed three other flats at Glacis Estate and we have also just refurbished three other flats which we had to rehabilitate since they were not in the Housing stock. So in essence, Mr Speaker, we have built eight new flats during the course of last year. We have also carried out refurbishment in some flats at Laguna, at Moorish Castle Estate and to Penny House. We are now refurbishing Vineyard House and Rosia House and we intend in the programme for 1991/92 to refurbish six blocks at Laguna Estate and three other blocks at Moorish Castle. There have also been

extensive work to Alameda Estate. Glacis Estate will have two blocks painted and Varyl Begg six blocks painted. The reality is, Mr Speaker, that when we had a workforce that was not producing in the sense that we are using them to construct houses and there will be some return in the way of assets for the Government. I am happy at the way things are going even though one is never satisfied. At least there has been a vast improvement in the Maintenance Section that before came under the Public Works Department. It is clear that if Honourable Members go around Gibraltar they will see that what I am saying is completely true because they can find out by the amount of scaffolding that we have everywhere. My Department has also looked into the complaints that have been received on the Rent-Collection Office and we will be moving to our new premises by Library Street, ex Consumer Protection Office, once the telephones are connected. The Rent Collection is being computerised. It has already been processed and on allocations, Mr Speaker, during the course of last year two hundred and one flats were allocated in the different categories, in other words, social, by points and on medical grounds. This current year up to date there has already been fifty six flats allocated. My Department is also now being increased to cater for a more professional setup with a more technical input on planning and things like getting an extra HPTO which used to be under the Trade and Industry before. What I can say, Mr Speaker, finally in summing up is that even though we still have a long way to go to find a solution to the housing problem, I am sure that we are now seeing a light at the end of the tunnel and that when Westside 1, Westside 2 and Brympton are completed and people start moving it will mean that there will be a substantial reduction in the Housing Waiting List either because there are people who are moving in, sometimes there are two families of the same household in the Housing Waiting List. The Government by introducing the £10,000 tax allowance and I have to refer to a statement that was made by the Honourable Mr Featherstone when he said that the Government was not giving anything back, well let me assure the Honourable Member that what the Government is doing, and as the Honourable Chief Minister has said, is giving money back to that part of the economy that needs to be redressed. The £10,000 is money that the Government has collected in tax and is giving back. There are many ways of giving money back but what the Government has done is that it is prepared to help that area of the economy and one cannot say that the Government has not given anything back and that the goodies will come in a few months time when the election is due. The Government is doing this before and the goodies have been there. The only thing is that there are a different type of goodies and a different way of going about it to what the Honourable Members used to do before when they used to borrow money to give somebody back £1.00 or £1.50. Maybe to the person that got the £1.50 in his pocket it may have looked a lot but in reality he was not helping any part of the economy. With that, Mr Speaker, I end my contribution and thank the House for listening to me.

HON R MOR:

Mr Speaker, before I proceed with my contribution I would

like to deal with some of the points which were raised by the Honourable Lt-Col Britto in his contribution this morning. In the first place, Mr Speaker, the Honourable Member raised the question of St Bernadette's Occupational Therapy Centre and the situation regarding the building of the new centre. As the Honourable Member will realise, although I am responsible for the running of St Bernadette's, the actual construction of a new building is of course a matter for the Department of Trade and Industry. However, Mr Speaker, I am informed by my Colleague, the Honourable Michael Feetham, that he sent a letter last night to the Society for the Handicapped just in time for their annual general meeting on this matter and I am sure, Mr Speaker, that my colleague will be pleased to expand on this letter during his contribution later on. The other point which the Honourable Member raised, Mr Speaker, was in respect of the United Nations Charter or the United Nations Declaration on the Rights of the Disabled. I do not feel for one moment that here in Gibraltar it can be said that we negate any rights to persons just because of the fact that they are disabled. I am not saying that this is now the case because of this Government but what I am saying is that it has always been the case in Gibraltar irrespective of whatever Government has been in power. Gibraltar, as I see it, Mr Speaker, has always been a caring society and this is evident to anyone who cares to look around. There of course shortcomings like in every other society and we can argue over what improvements can be done, but from that to imply that the disabled's rights, as individuals, are not being recognised in Gibraltar, Mr Speaker, is I feel not a proper thing to imply in a place like Gibraltar. The Honourable Member also raised the question of allowances for the disabled. Well, Mr Speaker, this is something we are currently pursuing and different options are being looked at and it is the Government's view that the best possible way in which one can help persons who are unable to perform normal work due to a disablement or handicap, is to provide some form of sheltered employment from which they can draw a wage like everyone else and be treated like everyone else. In a small place like Gibraltar we believe that it should be possible to concentrate the efforts of our disabled in a productive sense and ensure an income in their own right. As I say, Mr Speaker, the Government is looking at several options open to us and we hope to be able to say more on this during the course of the year. In the meantime for the purposes of this debate whatever we do will be reflected in next year's Estimates and not during this Budget. The Honourable Member also referred to a problem as regards single parents. Well let me say that we have not altered anything in the scheme regarding single parents from what we inherited from the previous administration. It is my understanding that problems associated with single parents are normally brought to our attention by the Gibraltar Womens' Association and let me say that I have not heard anything from them. May I suggest, Mr Speaker, that the Honourable Member writes to me on the specific problems he referred to this morning and I will definitely look and see what can be done.

HON LT-COL E M BRITTO:

If the Honourable Member will give way? I am surprised Mr Speaker, that the Hon Minister has not heard from the Womens' Association because I know the matter was aired at their recent general meeting and my understanding was that they had been pressuring for something to be done. I may be wrong, but I will certainly take up the Minister's offer since it is a little bit complex to deal with it across the table.

HON R MOR:

Thank you, Mr Speaker. The pressure definitely has not been put on me. Mr Speaker, the Honourable Member also enquired about pensions. As you know it is the policy of this Government not to make public statements on pensions which could be misinterpreted or misquoted. However, Mr Speaker, I have discussed this matter with the Honourable the Chief Minister and he will try and deal with it during his contribution. The Honourable Member, Mr Speaker, also expressed some concern about the Department of Labour and Social Security. Let me say that as far as I know all explanations have been given and I am not aware of any expression of concern from the staff or have any representations been made. In any case, Mr Speaker, there are no dramatic changes envisaged during the course of this Financial Year. Let me now move on to my contribution, Mr Speaker. As is known it has been the practice of this Government, since 1988 when our policies were stated, what our Programme was and, in fact, what we normally do at Budget Sessions is to update the House on the state of our different policies. Let me say, Mr Speaker, that this is a procedure which was not being practiced before in the House and to my mind represents a degree of open Government which was previously unknown in Gibraltar. We established in 1988, in general terms, what our targets would be for this term of office and what I now propose to do is go into those areas which correspond to my Ministry and inform the House on the position. Moving on to Employment, Mr Speaker, which is one of my areas of responsibility, at the end of 1987 the total number of persons in Insurable employment stood at 14,018. At the end of 1988 there were 14,387 persons in Employment. On the 31st December 1989 the figure was 14,311 and at the end of 1990 the provisional figures pending some possible minor adjustments is 14,178. As can be seen Mr Speaker, if one compares the figures between years, one will notice that there has not been any dramatic increases in the numbers of employed. It will however have been noticed that there has been a very noticeable change in the manner and the speed in which things are being done currently in Gibraltar. If viewed in the context that things are indeed moving much faster than was previously the case and that this is being achieved without any resulting substantial increases in manpower then, Mr Speaker, quite clearly there has been a really considerable increase in the productivity of our workforce. As you know, Mr Speaker, this is a message which this Government is constantly trying to put across,

that unless we all manage through our efforts to become highly efficient and able to compete with the outside world our very survival as a people will be very much at risk. As the Chief Minister has already pointed out repeatedly on several occasions, the productivity of our workforce has increased considerably but that this is still not enough. Our workforce still lacks behind in productivity to that of the workforce in the United Kingdom and our objective is that we should be much better than the United Kingdom and more competitive with the type of efficiency and productivity which exists in other European States. In the way that Europe is moving we can no longer just use the United Kingdom as a yardstick with which to measure ourselves, we need to be far more ambitious and try to match the most efficient and prosperous of our European Members. Mr Speaker, in 1988 as I said, we had to make sure that the planned growth of our economy would provide jobs for our people and that it should not be entirely dependent on importing more and more labour. As I have already stated the number of jobs in Gibraltar has not seen any substantial increases since 1987 and the figure has remained within the figure of 14,000 jobs. It could however be the case, Mr Speaker, that we could have had a much larger proportion of imported labour with a corresponding increase in the unemployed in Gibraltar. Let me assure the House that this is not the case. In fact Mr Speaker, I have carried out a comparability exercise which will demonstrate firstly that this is not the case and secondly it will show that the number of unemployed in Gibraltar reached its lowest comparable level in 1990 since full unemployment statistics were first produced in 1982. In order to compare this year, Mr Speaker, I have added every monthly total for each year and divided the grand total by twelve which obviously produces the average monthly total for the year requested. The yearly performance in respect of the unemployed can then be compared and trends can be more easily identified. As a matter of interest, Mr Speaker, this exercise has revealed that in 1990, last year, the lowest comparable average figure of unemployed persons was recorded since unemployment statistics were first produced. As I have said this started in 1982, the exercise shows, Mr Speaker, that between 1982 and 1987 the yearly averages range from the lowest in 1982 of 420 unemployed to the highest in 1986 of 505 unemployed. Since 1988, Mr Speaker, during the beginning of our term of Office the yearly average was 475 in 1988, 428 in 1989 and 405 in 1990, which as I say is the lowest level of comparable unemployment ever recorded since 1982. Let me say Mr Speaker, that this has been achieved in spite of tremendous restrictions in the labour market which produced substantial pressure on the prospects of the unemployed to secure employment. It has to be seen in the light of a situation where the unemployed faced a practical total freeze in employment by all the major employers in Gibraltar. Since 1988 we have had a situation where the Government of Gibraltar, the Ministry of Defence and the Property Services Agency have not offered employment and GSL and their Associated Companies did not offer any employment opportunities either. That is to say, Mr Speaker, all the

employers who under normal circumstances would have been in a position to absorb many of the unemployed due to their comparatively sizeable potential, have for different reasons been unable to provide any outlets for the unemployed. All this obviously made my task all that more difficult and in this scenario it is therefore a matter of personal satisfaction that the year's monthly average unemployment figure came to an all time record low in 1990. However, Mr Speaker, let me say that I am not complacent in any way about this and there are difficult times ahead. There are many workers who are still under threat of compulsory redundancies due to circumstances which are completely outside of our control. I am of course referring to the further expected cuts in the Ministry of Defence and the Property Services Agency. I have not been made aware yet of the exact numbers involved or the trades and professions to be affected it is however my understanding that procedures inviting employees to accept voluntary redundancies have been or are being introduced in different areas of employment. The sad conclusion is that jobs which have traditionally provided the means of living for many Gibraltarian families will disappear completely from our labour market. However as I said in 1988, Mr Speaker, our expectations to generate a sufficient demand for labour for our Investment Programme is today a reality and there should be sufficient opportunities in the private sector to absorb most, if not all the redundant workers. The problem which these workers could face, Mr Speaker, is one which was referred to this morning by the Chief Minister and is the one of a mismatch of the skills available and the skills in demand. For this reason, Mr Speaker, we have already taken steps to facilitate the adaptation of our workers to meet the needs of the labour market and is my Honourable Colleague the Minister for Education, Youth and Culture was saying earlier on about the courses that are available and which will form part of the strategy to assist all the unemployed workers to meet the challenges which they will be facing. All this is being done through the provision of the Training Programmes which are designed to assist as it is best. As is known, Mr Speaker, in October 1988, I introduced a Training Scheme for school leavers which turned out to be so successful that by March 1989, we had practically run out of school leavers and so what we did was to extend the age group to include those other young people who were between the ages of 18 to 24. This meant that our Scheme was catering for all young people under the age of 25. At around that time, Mr Speaker, I informed the House that the European Community was considering the problems of the unemployed and that they were suggesting that Member States should start introducing Training Schemes in 1990. For this purpose the Community was willing to provide financial assistance from the European Social Fund. Given that the analysis of the problems of the unemployed was very similar to ours I had, in fact, already been in touch with the Department of Employment in the United Kingdom to find out what our chances were to obtain aid from the Community. The reply I received was that they would be willing to include Gibraltar as part of the United Kingdom application for this funding and we were sent application forms which would be considered

together with all the other applications from within the United Kingdom. As the House is aware in December 1990, I was informed that our application had been successful. This represented one of the most outstanding achievements of the GSLP Government in 1990 and, Mr Speaker, it is obviously a matter of personal satisfaction to go down in Gibraltar's political history as part of the first Government to have ever obtained aid from the European Community since we joined in 1973. As I have already said, Mr Speaker, our Training Scheme already caters for those young people under the age of 25. However because of the aid from the European Social Fund we are now able to not only cater or to assist in the programmes which already operate for the under 25, but we can now also cater for those unemployed persons who are aged over 25 with no other age limit attached. So, Mr Speaker, because of our success in obtaining this aid we are now in a position to provide training needs for all our unemployed. Just as a matter of interest, Mr Speaker, the project which we are currently running and which is being funded by the European Community are in fact two Training Schemes. One which includes Construction Training and that takes into account training given at the Construction Training Centre as well as in the Factory and the other Training Scheme covers more areas such as Engineering, Commercial, Hotels, Banking, Finance Centre, Tourism and has a variety of training in other different areas which are in demand in Gibraltar. Within those two Schemes which are sub-divided, one covers the under 25s and the other the over 25s. This means, in effect, that we have four different projects which are being funded from the European Social Fund. Let me say, Mr Speaker, that the needs of Social Services are constantly under review and that this is an on-going process. Whenever we are in a position to carry out improvements to any particular area we will obviously make this known but it is however the case that there is no substantial change in this Budget. So in conclusion, Mr Speaker, I would like to state my appreciation to the Director of Labour and Social Security, Joe Capurro, his staff, the staff at St Bernardette's and the Homes for their assistance during the year. Thank you, Sir.

HON G MASCARENHAS:

Mr Speaker, having listened to the Chief Minister this morning with great interest I note that he was unusually brief but for the first time in the life of this House he was more concise, and I do not know whether he was doing it for the benefit of Members of this side of the House or for the benefit of the visiting MP's, but he told us in very plain language what his intentions were when he came in in 1988. This time he did not give us any lectures on economics. He spoke very straightforwardly and I for one am most grateful to him, because, speaking for myself, I have seen the light and perhaps I have seen the £63m in the Improvement and Development Fund and that to me is mind-boggling. When I saw the figure a few weeks back when we were presented with the Estimates I was astonished. Of course I was also very impressed by the Chief Minister in the way that he

is so sure of himself and the policies of his Government. An advantage that he has over the then AACR Government is, of course, that he can restructure and he can do things that even if we had thought of doing at the time it would have been impossible to do. I commented to my Honourable Colleague the Leader of the Opposition this morning that if he had done or tried to do 10% of what the Chief Minister and the GSLP Government have been able to do we would have had 5,000 people here at the Piazza at every meeting of the House. I am not saying this to be critical it is just that perhaps I am a little bit envious. Mr Speaker, perhaps the mistake that the AACR made, before my time, was to disaffiliate itself from the Union. That was the greatest mistake that has possibly been made and it was done no doubt with the best interest in the world. I was not there at the time, Mr Speaker, and therefore it is not up to me to criticise the decision but I do feel a bit envious about the things being done by the GSLP Government. The AACR would certainly never have contemplated such things. I have a few notes which I took from the Chief Minister's speech and I hope that he can clarify some of the points. Firstly, Mr Speaker, on the question of using Private Sector Companies to Audit Government Departments. We on this side of the House feel that the cost of the Audit Department with sixteen staff members and, possibly it could be run with less, but we feel that however good a job the Private Sector Companies do they can never be as thorough as the Civil Service. The very nature of the Civil Servant makes them excellent Auditors. Whether we like it or not, by their very nature private sector firms will look at things in a very global manner and not go for the nitty gritty. I think that it is a mistake because the savings are negligible. Yes, the Chief Minister and the Government has at its disposal bodies that can be moved to other Departments, I take that point entirely but we feel that that is a mistake in the long run and certainly once the Government has taken the step, the fees that these firms may charge may increase dramatically over the years. On the Development Programme, the Honourable Chief Minister also mentioned the figure of 14,000 as the number of employed persons but can he connect those 14,000 that he mentioned this morning with the £63m programme that is under way? How many more persons will be employed? What does the Chief Minister envisage that the numbers will be increased to as a result of the Improvement and Development Fund? The Chief Minister also gave us some examples on the borrowing ceiling. He quoted that we were more or less on 66% of GDP when the ceiling was raised to £100m and he quoted some examples, he said that the UK was at 40%, Greece similar to us, the Italians over 100%. On this year's GDP which he says is £207m and expect to go to £250m next year. Does he have the intention of raising that ceiling of £100m because of GDP increase? On the question of the financing of the Improvement and Development Fund through the capitalisation of assets and the Chief Minister having said today that he is taking a big risk and that perhaps we could have thousands of square feet of unused offices all over Gibraltar and we might be in a situation in a few years time of an

AACR Government or a GSD Government or somebody else being landed with a bankrupt Gibraltar, God forbid it ever happens because we hope that the Government is successful, but having mobilised those assets if we were to default what would be the situation of the poor tenants at Laguna Estate or Humphries? What would be the situation? The Minister is laughing but what is the real situation of those tenants? Will they be owned by Barclay's Bank or Lloyds Bank or whoever has lent money to the Government? I hope the Honourable the Chief Minister can give us an explanation when he exercises his right to reply. Mr Speaker, I am in the awkward position of having to shadow a Ministry which is no longer in the Estimates Book. I cannot find Tourism anywhere so my contribution will be a very general one. It will however be very interesting to hear what the Minister's forecast for the year will be because last year the Industry was in crisis and I honestly do not know what word we can use this year because the Hon Minister has a similar situation on his hands. The industry was in crisis, I honestly do not know what worst words we can use this year because he has a similar situation on his hands. I hope he realises that. Excepting perhaps some growth in the day-tourist area, the rest of the sector will be experiencing a very very bad year. He can take that from me and I think that the disastrous 1990 was a relatively good year compared to 1991. He shall wait and see. Perhaps the Honourable Minister's responsibilities with his other duties as Minister responsible for GSL may take up too much of his time and he is unable to devote himself fully to tourism. Whatever the reason, Mr Speaker, the fact remains that the GSLP Government since taking office in 1988 have virtually ignored the tourist industry, which was something that we attached a lot of importance to, since there are many livelihoods which depend on this sector. It seems astonishing that with the declining MOD job situation, that tourism which is a sector where jobs could be created and yet for all the growth that the GSLP claims, tourism is in virtual decline and has been for the last three years. This year the Honourable Minister cannot blame the lack of seats when October comes. We have plenty of charter flights and new scheduled services and therefore he cannot use that as he used it last year. The Minister has harped on improving the tourist product in order to bring more up market tourism. In effect, can he tell us what practical steps he has taken? Today we are debating estimates of expenditure for 1991/92, and we have the most ambitious Improvement and Development Fund in Gibraltar's history, no doubt about that. It is the most ambitious Fund in Gibraltar's history. Nearly £63m, and out of £63m there is £150,000 earmarked for Tourist Development. I am not a mathematician, but that is 0.25% for Tourist Development, surely, the Minister could have done a little bit better in obtaining more money for Tourism. I think it is a sad indictment of the Minister for his unwillingness or his incapacity in persuading or convincing his colleagues that a bigger share of the budget should go to expanding the tourism industry. I know the Chief Minister does not have much faith in the Tourist Industry, but certainly the Hon Minister's colleague, the Minister

for Trade and Industry, has been closely involved in tourism over the years and I am sure that a more determined approach from the Honourable Mr Michael Feetham, might have helped his colleague to obtain more funds. The fact remains that the Government's record on Tourism is a disaster. I think it is four years of lip service and no action. I am sorry to say to my good friend Joe Pilcher that he might well go down in history as having virtually destroyed Tourism. The Hon Member can say otherwise, but can he give me figures which might prove otherwise? Under the Government Tourist Agency Limited, Mr Speaker, there is no way I can prove or disprove the figures. I do not have any evidence in front of me that can change my mind. The Hon Member might say he is increasing the promotion aspect but we are not seeing the value of these promotions. I do not know whether he makes programmes that then are not carried out. He promised us promotions in Spain. Where are they, Mr Speaker? I have not seen any and therefore I can accuse him of paying lip service to Tourism but not taking enough action. I feel sorry for him, Mr Speaker, because he is a good friend of mine but I think he will go down as having been one of the worst Ministers of Tourism ever. It is too late, and the Hon Minister would agree, to redress the situation this year and I agree with him. I am however not accusing him of having failed this year, Mr Speaker, I am accusing him of having failed over the last three years. Perhaps there should have been a reshuffle. Perhaps his responsibilities are too many for him and I give him perhaps the benefit of the doubt and perhaps the Minister for Trade and Industry should have taken over. However, I still say that he has not been able to grasp the essentials of tourism, with or without the support of his colleagues in Government, but he certainly has not been able to make it work. We do not need huge numbers of tourists like our neighbours do, Mr Speaker, or like the Greeks do, or the Italians. We need a very small number. The Hon Minister can claim victory in having signed up the Hyatt and Sheraton Hotels, or what have you, but if he does not have the people to fill up these hotels then God knows what the future will hold.

The House recessed at 5.05 pm.

The House resumed at 5.25 pm.

HON J E PILCHER:

Mr Speaker, in giving my contribution this year to the what is normally called the Budget Debate, I will change slightly what I have done in previous year. Normally I do not mention the GSL element in the Budget Debate because it is outside the Government ambit and what we do is have a debate when the GSL Accounts are tabled in the House of Assembly. However, with your leave, Mr Speaker, at the end of my contribution I will be making a policy statement on GSL. I have mentioned to both the Leader of the Opposition and the Leader of the GSD that although I do not have enough information, at this stage, I will be more than happy to try and answer any questions they ask during their own contributions. Mr Speaker, in looking at the debate

yesterday, like my Honourable Colleague Mr Juan Carlos Perez, I also like to analyse the different contributions made by the Opposition to see what is or what should be the voice of those people who are opposing what the Government is trying to do. Mr Speaker, by doing that one tends to get an idea of what the other side is thinking. I have to say like the Honourable Juan Carlos Perez that I was very happy yesterday in noting that there were very few points that the Opposition raised about the way that we were doing things Mr Speaker. I think all of them including the final Speaker, with whom obviously I cannot agree entirely, and with the exception of the Honourable Mr Featherstone who reminds me every year of somebody reading the weather, because he says that it may rain, be cloudy, be sunny and possibly thundery with a possibility of a lot of wind. The Hon Member then comes back the following year and claims to be vindicated. Be that as it may all the Members opposite in one way or another did not totally disagree with our policy. The only consistent point throughout, Mr Speaker, which they criticised has been the "GSSL bashing exercise". The bashing exercise on the clamping machinery. This has already been explained very clearly to them and it has been pointed out that it is not a machinery of the Government. It is a machinery which has been implemented to improve the traffic situation and I will go and talk about that point slightly when I tackle my responsibility as Chairman of the Litter Control Committee. I was very worried throughout the day, Mr Speaker, because I thought that Honourable Members opposite would accuse me of trying to mentalise the youngsters of Gibraltar because if they take the time to go down to Eastern Beach, they will see that in the new playground we have provided a Tow Truck and I was worried, Mr Speaker, that a Tow Truck as part of the playground equipment would lead to accusations of brain washing the youngsters! As I say, Mr Speaker, all in all, I am relatively happy that the Opposition really had put in very little meat into their contributions about the state of the economy which after all is what we are trying to put right. That was until we arrived at the Honourable George Mascarenhas's contribution. To start of with, Mr Speaker, I would like to ask the Honourable George Mascarenhas to transfer me from his list of friends and to his list of enemies please. I am talking politically, Mr Speaker, I am not talking on a personal basis. I say this because everytime he mentions me among his friends he brings out his knife from his bag and stabs me with it, Mr Speaker. My initial reaction, Mr Speaker, was like, I suppose, many Gibraltarians Latin blood, to counter attack but I thought that the best way to tackle it was, having learnt a lot from my Honourable Colleague the Chief Minister, to try and analyse his contribution logically and see why the Hon Member acted in this manner. Was it just an attack on the Government or was it a personal attack on me, Mr Speaker. I tried to analyse first of all why Mr Speaker. Is it because the Honourable Member opposite feels that since he is the Deputy Leader of the AACR that he should attack the Deputy Leader of the GSLP? I do not think so, Mr Speaker, because he was the Deputy Leader last year and at no stage did he

say anything like now. Also is it consistent with what the Honourable Member opposite normally does? The answer again is no, Mr Speaker. I have sat on both sides of this House and I have never heard the Honourable Member make a personal attack on individual Members about their efficiency in the Government. Is it, Mr Speaker, that the Honourable George Mascarenhas felt that he had found a chink in the armour of the GSLP? The answer, Mr Speaker, again must be no. Because if I know, and I hope I do about politics, every single Member opposite, would have gone for me like they did on clamping. Was it then, Mr Speaker, a personal problem? Is it perhaps related to the Hon Member's resignation from the Association of Gibraltar Travel Agents? Was there something in his business life that created this?

HON G MASCARENHAS:

Interruption.

HON J E PILCHER:

Mr Speaker, if the Honourable Member will let me finish I will say that I have discarded this entirely because I know that the Hon Mr Mascarenhas is an honest person and would have declared a vested interest. So I have discarded all these reasons, Mr Speaker, and I think that the only reason that I can find is whether it is true that the Hon Mr Mascarenhas was right in what he was saying? So obviously having arrived at that position I decided to look closely at the Hon Mr Mascarenhas contribution to see the points that he raised. However, when I looked at the Hon Member's contribution what I found was six or seven global points, Mr Speaker, made in a very negative fashion with very little meat behind what he had actually said. In trying to analyse that even further, I said, well if the Honourable Mr Mascarenhas is saying that we have destroyed Tourism for the last three years, then obviously he cannot have discovered that now. He must have discovered that previously. So I go back, Mr Speaker, to last year's Hansard and see what the Hon Member said. I quote: "Mr Speaker, I move now to Tourism. I have to criticise the attitude of the Government generally on Tourism. We know it is a bad year for the reasons that the Minister has explained". I explained last year that there was a recession in the UK and various elements which were creating problems in Tourism internationally, the Hon Member went on to say "we know it is a bad year for the reasons that the Minister has explained and I do not disagree with him but what he is doing to redress the situation. There are no seats available for people to come to Gibraltar during the whole of the summer. How does he expect to get tourists to come to Gibraltar if there are no seats? Perhaps he can tell us what he is doing about it? The Honourable Minister can go to Northern Europe but it is pie in the sky that it is going to bring tourists from Northern Europe." His whole emphasise last year, Mr Speaker, was virtually saying that he agreed that there was a major recession in UK, our main market, and that he agreed with me that we had to look at the Northern European

market, the Scandinavian market, for the future, but what the hell was I doing today about bringing more airlines to Gibraltar which is the lifeline of tourism. Yesterday, Mr Speaker, the Hon Member happened to move within fifteen seconds from saying things were very bad and that now we could not blame the airlines, because the airlines were coming in. Of course that is so, because we have worked very hard, Mr Speaker, to try and convince people to come to Gibraltar. We have only to look at the passengers arriving at the Airport, something which I will be mentioning in a moment, to see that airlines are bringing in passengers. So, Mr Speaker, if that is what he felt last year, and by his own admission he has said that we have managed to solve that problem, then what else was there Mr Speaker. He also stated, Mr Speaker, that I had said that the Industry was not in crisis, something which I said last year and continue to say now. The Industry has been suffering many problems, which I will prove to the Honourable Mr Mascarenhas as I go through the statistics, but it was not a crisis and it was not a disaster. There were serious problems with the Tourist Industry, internationally, and the Hon Member accepted that last year, Mr Speaker. The Honourable Member opposite seems to fail to understand that two minor things have happened between last year's debate and today. Very minor things of course! One was the Gulf crisis, a very minor event! And the other a major recession in the UK. This second problem caused the second major tour operator in UK ILG to collapse and as a result took with it a main airline serving in Gibraltar, Air Europe. The Hon Member seems to forget these happenings. How can the Honourable Member opposite in analysing tourism and in analysing what is affecting Gibraltar, forget that Gibraltar is part of a global tourist market and as such is affected by problems that happen elsewhere. The Hon Member says that we need very few tourists to come to Gibraltar and that the Government should bring them. Mr Speaker, as I go through my contribution I will answer each and every one of these points. The Hon Member also said, and again is something he intimated last year, that perhaps I should devote myself entirely to tourism. At least I think he did mention this point last year but because the Hon Member spoke after I had last year I was not able to comment on it. Nor did I think it was necessary at the time, but Mr Speaker, let me advise the Honourable Member opposite that I go to GSL every morning at 9.30 and spend from 9.30 to 1.30 there and then spend at the Tourist Office from 1.30 to about 6, 7 or 8 at night or as long as is necessary. The time that I spend at the Tourist Office, Mr Speaker, is about 100 times more than the Hon Member ever spent in any of the Ministries for which he was responsible when he was sitting on this side of the House. Most of the time he used to spend at Cannon Travel. Mr Speaker, again I do not spend less time at the Tourist Office than the previous Minister of Tourism, Mr Horace Zammitt. I am sorry, Mr Speaker, that I have to bring the Honourable Mr Horace Zammitt into the picture but I think it is relevant even if he is now out of politics and does not deserve to be bashed about in this House, particularly after the way he has been treated by certain Members opposite.

But the Hon Mr Zammitt used to come into the office for half an hour, read the Chronicle, make a couple of jokes and then leave, Mr Speaker.

HON A J CANEPA:

Mr Speaker, I think it is quite proper that the Hon Mr Pilcher should bring the performance of Mr Horace Zammitt, as a Minister for Tourism, into the debate but I do not think that a remark of the nature that he has just made against Members opposite was warranted. I would particularly, Mr Speaker, ask him to be very careful and to analyse and think if he really means Members opposite? Or does the Hon Member mean Members of the party opposite who are no longer in the House?

HON J E PILCHER:

Mr Speaker, I withdraw the comment I just made about Members presently in the House and leave the comment to mean Members in the Party. The Honourable Leader of the Opposition is quite right in saying that what I am trying to do is to analyse not the performance of Mr Horace Zammitt, but the performance of the previous Minister of Tourism who happened to be a colleague of Mr Mascarenhas, Mr Speaker, who stands up in the House today and tells me that I spend six or seven hours every day at the Tourist Office and that that is not enough and then to compound his error he says that perhaps tourism should be transferred to the Honourable Minister for Trade and Industry who probably works even more hours than I do! I suppose, Mr Speaker, that that would then be a compounding of the problem even further. So it is utter nonsense, Mr Speaker. In any case, Mr Speaker, changes are entirely the prerogative of the Honourable the Chief Minister and if he decides that Ministers should be changed because a Minister is better suited, then it is up to him but I will not accept, Mr Speaker, that there is a problem of tourism because I have too many other problems with GSL and do not have enough time to devote to tourism. I can assure the House that all Ministers on this side of the House put every single minute necessary to be able to tackle their responsibilities, Mr Speaker. Mr Speaker, the Hon Mr Mascarenhas was somewhat incoherent and I am therefore not able to comment on specific points but he did say something about "up market tourism" and that I should not say that the "Hyatts and the Sheratons are a success". Well they are, Mr Speaker, because if Hyatt is prepared to come to Gibraltar and is prepared after having done a Feasibility Exercise to come to Gibraltar then that is proof that the "up market" syndrome is working. Whether the Hon Member agrees that we should go up market or not is not an issue. I will comment on this later, Mr Speaker, because the Hon Member may not agree. The difference between this year's comments and last year's comments is that I have many committees, the Tourism Council, the Association of UK Travel Agents, all working together with us and virtually the message is clear, at least it was clear until the Hon Member resigned as President of the Association of Gibraltar's Travel Agents.

HON G MASCARENHAS:

Mr Speaker, on a point of order. If the Honourable Member will give way. I did not resign from the Association of Travel Agents.

HON J E PILCHER:

The Hon Member was removed from office then?

HON G MASCARENHAS:

No, Mr Speaker, I did not seek re-election.

HON J E PILCHER:

I am sorry, Mr Speaker, if I jump from point to point, I am genuinely trying to analyse the comments that the Hon Member made in order to see whether logically, as I said at the start, he is right in what he said. The Hon Member then went to say that from what he could see in the Budget we were spending 0.25% on tourism. Mr Speaker, that is utter nonsense. I answered him last year when he asked the same question. The Hon Member said last year, Mr Speaker, something about only £50,000 having been put in the Improvement and Development Fund. The Improvement and Development Fund, Mr Speaker, is not related directly to what the Tourism Agency is doing. I answered the Honourable Member last year about how much money we spent during 1989/90 on advertising and during my contribution today will say how much we are spending on marketing during 1991. This, Mr Speaker, is also a point which seems to escape Members opposite and that is that they look and say eg the Hospital instead of receiving £1m, it is getting £750,000. Mr Speaker, they do not realise that the monetary element is unimportant. Because, Mr Speaker, if I had zero penny in my Budget for Tourism for Capital Investment because the whole of Gibraltar and all the Tourist Sites were perfect why should that be criticised? In his contribution the Hon Member said that in the Improvement and Development Fund there was very little money. The Hon Member must have taken into account that the Agency has probably capitalised about £200,000 during 1990/91 in improvements to St Michael's Cave, the Apes Den, and Information. Has the Hon Member any specific areas where we have not done work on improving the product? Because if he has then I can answer him what it is that we are doing over the next year. It is not good enough to just say, "you have very little money". Because if I do not need any money why should I be given any? It is not true to say, Mr Speaker, as I explained last year, that the £120,000 this year is for specific improvements under the Improvement and Development Fund and which has nothing to do with the running of the Tourism Agency or the responsibility for the Tourism Agency on marketing or on capitalisation of equipment and assets. The Hon Member mentioned also the fact that when we had said that we were going to advertise in Spain, we had not. Mr Speaker, again the Honourable Member is wrong. We have now agreed the

advertising, which as he is aware, is being done in conjunction with the Chamber of Commerce. It was agreed that we would leave it for later because we wanted to have a summer burst. So we did not want to do it too early. Now that the Spanish market is going on holiday is when the marketing campaign in Spain will start. Whether the Hon Member agrees that that is the way that it should be done or not is immaterial, Mr Speaker. Every single aspect of the tourist industry believes that the advertising budget should be spent in a different way. That is a reality which, I think, the Honourable Mr Mascarenhas must accept and obviously the Agency and the Government has to take a decision on how best to spend it. Hoteliers would like it to be spent one way. Airlines another way and it is obvious, Mr Speaker, that at the end of the day somebody has to sit down and make a decision of where that money is to be spent. I have had meetings, as I have said, with the Tourist Industry, with the Tourism Council, with the Association of Gibraltar Travel Agents, with the Association of UK Travel Agents and they have had nothing but praise about what we are trying to do. In fact, the Association of Gibraltar Travel Agents want to link up with us to produce a better marketing and a better system of selling Gibraltar with their "Rock 92". So we are working in conjunction with the Industry as a whole, Mr Speaker. I therefore do not understand who it is that the Honourable Mr Mascarenhas is representing when he made the comments that he made. I could not understand the logic behind what the Hon Member was saying. Is there a crisis? There is certainly a serious problem this year, Mr Speaker. A very serious problem for Tourism. Does not the Honourable Member opposite who is a Member of the Tourist Industry read newspapers like the Travel Trade Gazette which is probably the Bible of the Tourist trade? If he does read it, Mr Speaker, he must have noticed the articles published in it and which I read on a day to day basis. For example, the article I have here in front of me, Mr Speaker, of May 23rd says, "CAA warns of losses in UK of £561m". We know that there is a serious international crisis in tourism. There has been a Gulf crisis. The Honourable Member opposite is aware that during the Gulf crisis Concorde was flying with one passenger in the route Paris/New York. This together with recession, not only in the UK, but in other markets has accounted for a downfall in Tourism of 45% this year. The Honourable Mr Mascarenhas is aware that the Costa Del Sol is virtually empty. Gibraltarians visiting the Costa Del Sol have seen it for themselves. It is not the only area that is having problems. Malta is having problems, Greece is also having problems. The Hon Member is aware of this because he is a Member of the Tourist Industry and reads the same Reports that I do. What is it then that the Honourable Member is implying? That we in Gibraltar with a small budget can reverse the £561m that is going to be lost in Civil Aviation in UK? Mr Speaker, there is obviously an international crisis this year, I will not say that there is a crisis but that this year there is a serious problem, Mr Speaker. It is a serious problem which we are trying our damnest to redress. However what we are trying to do to attract tourists to Gibraltar is also being attempted by other places suffering a recession

like we are. It is a very serious year for Tourism we cannot get away from that. We are however attracting charter airlines to come to Gibraltar and we have tried to get Tour Operators linked to Gibraltar, but, of course, Mr Speaker, the Hon Member also understands, because he runs a travel agency, that when there are problems in tourism then there are even bigger problems for Gibraltar. We explained this last year ad nauseum to the tourist industry when I said that the more pressure there is the more pressure that is placed for hotels to lower prices, for airlines to lower prices in order to compete by attracting volume, Mr Speaker. It is difficult for Gibraltar to compete in this way because not all hotels in Gibraltar, Mr Speaker, want to compete in the volume market. Some hotels are doing very well in the business market. We do not have 1,800 hotel beds in Gibraltar. We have 1,800 hotel beds a lot of which, and obviously cannot divulge information which is obtained by the Government on a confidential basis, are business beds and which are over the counter beds and which are not available to Tour Operators. We have just brought, Mr Speaker, with the Air 2000 which is probably the second largest Tour Operator in UK coming through the Gibraltar airport into Spain. It is not possible, Mr Speaker, for this operator to contract a small number of beds because they deal in contracts of volume and that is not viable. The Government, Mr Speaker, is looking at that in many ways, the Honourable Mr Feetham is looking at the possibility of reclamation in the East Side in order to try and increase our capacity. What is not true is what the Hon Mr Mascarenhas has said that the Chief Minister is not interested in tourism. That is a fallacy. Tourism is an important element of our economy. The problem is that it appears that the Honourable Mr George Mascarenhas does not understand what the Chief Minister said in his initial contribution yesterday when he said that we were living in the real world and that it was no good any more to complain and say that there was a crisis and what was the Government doing about it? Mr Speaker, if there is a crisis we all have to work together to see what can be done about it because there is nothing that the Government in isolation can do. Even if I doubled my advertising budget tomorrow it would still be a drop in the ocean. If I doubled our hotel capacity that too would be a drop in the ocean. I am not saying that there is not a serious problem because I admit there is a serious problem and it has to be addressed. But it has to be addressed by all of us working together. This is what I have been doing and I have another meeting on the 17th June in the UK with the UK Tour Operators. But to come to this House and, to say that everything is in a bad way and that I will go down in the annals of history as the Minister who destroyed tourism in Gibraltar is a bit too much and certainly if that were the case it would be up to the people of Gibraltar to decide. In any event Mr Speaker, I would prefer a mention like that than "the man who came in, went out and is not mentioned anywhere else", Mr Speaker. So having analysed that there is no serious thinking behind his arguments, I do not understand why the Hon Member attacked me in the way that he did because there is no logic behind

the attack. Therefore if there is no logic, it is either madness or stress. I think, Mr Speaker, that it could be mental garbage and I will treat it with the contempt that it deserves. If the Hon Member has the political guts then let him stand at the next election and let the people judge. Mr Speaker, having dealt with that slight problem, I hope, adequately I will move now to my normal contribution. Mr Speaker, I explained last year the changes that occurred in the Public Places and Planted Areas in answer to a question that the Honourable Mr Anthony asked. I did explain the breakdown last year of Head 15 under DTI which is Public and Planted Areas which although under the DTI Head came under the responsibility of the Tourism Ministry. What I have to add this year is that we have now, after we had prepared the Estimates, moved the whole of the Public and Planted Areas to the Tourism Agency. It now all comes under the responsibility of the Tourism Agency. There was a transitional period and as a result people did get confused as to where the responsibility lay. I can tell the Honourable Member that Public Places and Planted Areas and all its personnel as from a week ago have been seconded to the Tourism Agency. If the Hon Member looks at the previous year's debate he will see the breakdown and the only difference is the extra amount of wages, Mr Speaker. If the Hon Member wishes I will provide a breakdown at Committee Stage, Mr Speaker. Head 103 is the only Head concerning Tourism and that relates not to the work of the Tourism Agency itself but to the development of tourism which is the responsibility of the Government. For example, Mr Speaker, Members will see Improvement to Beaches, which is normal maintenance of beaches on a year to year basis, improvement to Planted Areas and, I think, Improvements to Sites. Last year I explained the four year Advertising and Marketing Plan and there have been questions throughout the year, Mr Speaker, on this. I did mention earlier on in the year that we spent in the region of £380,000 under the Marketing budget in 1989/90. Although the Accounts have not been audited totally, we are closer to £450,000 for the 1991 period. We will try and maintain that within the confines, Mr Speaker, of the budget of the Agency. Because of the crisis following the Gulf War, we have spent, Mr Speaker, a substantial amount of money in marketing Gibraltar this year. Let us not forget, Mr Speaker, that everytime the Honourable the Chief Minister, the Honourable Mr Feetham, myself or any other Minister opens a Gibraltar Information Bureau or talks to somebody that we are marketing Gibraltar. Perhaps the Hon Mr Mascarenhas forgot that. It may be in connection with the Finance Centre or Tourism or any other single aspect of Gibraltar, but it is marketing. We are doing more to market tourism to Gibraltar today than has ever been done Mr Speaker. The new campaign, as I said, will be starting in Spain shortly. Mr Speaker, I will not delay the House by going through every improvement that we have made to the product, although at one stage I was tempted to read everything that we had done to prove to the House that every single one of the things that I stated last year had been implemented. The Apes Den, St Michael's Cave, the Information Offices all have been completed Mr Speaker. The Rock Tour system, as I mentioned last year, has been enhanced by the creation

of Official Licensed Guides and the transitional period is almost over. The creation of the Nature Reserve, which I hope will be able to commence in the 1st week in July, although as Honourable Members opposite are aware we have had problems with Engineer Road and this might delay slightly the opening of the Nature Reserve. The Nature Reserve, Mr Speaker, is being viewed by the Tourism Agency in a way that will enhance the Rock Tour system and what people will be asked to do, and there will be a Press Release with all the details. There will be a one off payment which will encompass a visit to St Michael's Cave, the Apes Den and the Galleries. Any resident in Gibraltar can come to the Tourism Agency and obtain a free access pass into the Nature Reserve. We have done this, in conjunction with the Public Service Vehicles and the Taxi Association. Last year, Mr Speaker, I announced the introduction of the Litter Control Ordinance. Litter control is something which I took upon myself because I felt that it was needed and, I think, there has been an improvement, at least no Member opposite has said that Gibraltar is dirty. I am very proud to say Mr Speaker, as Chairman of the Litter Control Committee that the Litter Control Committee has been working very hard over the last six months and I am sure that every single Gibraltarian has noticed the difference in the cleanliness in Gibraltar over the last six months. There is still some way to go but only last week someone said to me that they wished that London were as clean as Gibraltar. That is the first step. I have always believed that that would be the case, a clean Gibraltar that we could all be proud of. It is true to say that we have had to use an enforcement system and have litter tickets but, I think, in general the people of Gibraltar are today much prouder and areas like Devil's Tower Road, Waterport etc which were eyesores, today are much more clean. This is not only due to the Litter Control Committee it is due to all the people living in those areas. I must make a special mention of the Cleansing Department, Mr Speaker. It is not a Department that I head, it is a Department which has been left behind in the so called Public Works. If people in Gibraltar were able to see the work undertaken by the Litter Control Committee every week and see the work that that Cleansing Department does, Mr Speaker, no one would dare speak badly of that Department. So I think that there have been a great improvement in the ambience of Gibraltar and the perception of tourists that come to Gibraltar is that it is much tidier. Of course, it is true that because I have a more beautiful Apes Den and a cleaner Gibraltar but that does not mean that I have tourists. The Honourable Members opposite must understand that we set ourselves two targets in marketing Gibraltar and improving our sites. We believe that if the tourists come here and the sites are not up to scratch and the place is dirty then that is the worst marketing that Gibraltar could ever have. So I will not say that we have gone completely down the path of having a 100% improved product but we are well on the way, Mr Speaker. Together with the Gibraltar Airport Services Limited we are marketing the Airport and there has been some success, Mr Speaker, with various of the tour operators linked up with Unijet

linked with the Air UK Leisure Operation. We have linked up with the Air 2000, a British Midlands operations and after the demise of Air Europe, my Department and I have worked very hard to try and secure a second airline for Gibraltar and Members are aware that we have managed to convince Dan Air of the importance to us of flying to Gibraltar and the Dan Air operations will start on the 14th of this month. The Government feels that there has to be two airlines feeding Gibraltar and we will continue to monitor the situation to ensure that there is no, shall we say "unfair" competition, Mr Speaker, because of the charter operations do not present specific problems to the Scheduled Operations. There is one comment that I have to make a very negative comment and I have made it before but I feel very strongly about it, Mr Speaker, and that is the continued vandalism not only of tourist sites, but to our beaches. We have issued various Press Releases but I wish to take the opportunity now that the debate is being heard live on the radio to try and solicit every single citizen's help to try to do away with something which at the end of the day is not understandable to me. I have been young, Mr Speaker, I have been wild like the rest of us but I do not find any logic in what was done the other day at Little Bay. We painted all the changing rooms and two hours later the whole place was painted in black. There were also problems yesterday at Catalan Bay where someone started a fire. The situation with regards to vandalism is something which unfortunately happens day in day out and all we can do is to try and explain to people that we need their support. Beaches, I think, I can publicly state, Mr Speaker, that by the 8th June which is the Official Bathing Season the beaches will be operational. During the course of 1989 and 1990 we were able to improve the maintenance of the Upper Rock, the toilet refurbishment is there for everybody to see, the Parks and particularly the Children's Playgrounds which is something of which I am proud and am glad to see letters in the press like the one by eight mothers yesterday saying how happy they and the children of Gibraltar are. I have to say that the only area which I had not been able to tackle is the major problem of the Alameda Gardens. We all know that the Alameda Gardens which was something given to the people of Gibraltar a long time ago and was a source of pride for many Gibraltarians many years ago, but for some time has been in decline. There has been a transitional period with the move of Public and Planted Places personnel from the Government Service to the Tourism Agency and we now have an agreement with the Union and with a private entity for the contracting of the Alameda Gardens for the maintenance and this entity is linked up to the International Botanical Federation and to Kew Gardens. It is the intention to create a Botanical Park at the Alameda Gardens. I do not want to say more at this stage, Mr Speaker, because there is going to be a presentation on Thursday where a representative of the International Botanical Federation and Dr John Cortes who is heading the local entity and myself will have more to say about this project. We are proceeding with infrastructural works like paving, lighting, fencing etc and a maintenance contract is in place that will ensure

that within two to three years the Alameda Gardens will be back to its former glory and hopefully be used by the people of Gibraltar. This only leaves the Planted Areas section which is something that the Tourism Agency is looking at this year, Mr Speaker. Basically what I am saying is that all the areas that were the responsibility of the Public and Planted Areas have now been taken over by the Tourism Agency. I would just like to very quickly give the Honourable Mr Mascarenhas the statistics for last year to prove to him that although we have had a problem it was not as serious a problem as he thought. Frontier statistics last year showed Mr Speaker, that we had four million one hundred and fifty six thousand people coming into Gibraltar through the land frontier, an 11% increase. Even taking into account, Mr Speaker, the increasing number of frontier workers and taking into account that those statistics are not absolutely accurate there is no doubt that there was an increase in frontier movements and in day excursionists. The sites, Mr Speaker, showed various movements. We had for example, the Museum statistics which showed a 20% decrease. St Michael's Cave showed a 30% decrease. The Upper Galleries showed a 6% increase. I think that it is quite clear, Mr Speaker, that we are not necessarily talking about a major change of trends ie less tourists at the Upper Rock because we open the Apes Den on the 1st July and between the 1st July and the end of last month there had been in excess of three hundred thousand visits to the Apes Den, so it is a changing market and not necessarily because you have less on one side does it necessarily mean that you have less people. The marker, Mr Speaker, clearly is that coach arrivals were down 9% last year. However the number of foreign motor vehicles were up 18%. So I think all told we understand and accept that we have had a problem, but it was a problem and not a calamity, Mr Speaker, last year. Mr Speaker, as I pointed out to the Honourable Member last year the Arrivals at Hotels have changed, the trend is that more people were staying less days in Gibraltar and that provided problems in Hotel Occupancy. The overall figure for the end of 1989 I told the Hon Member would prove that there had been more Arrivals at the Hotels last year than the year, before. Mr Speaker, the trend continued until November of last year. I am not saying for a moment, Mr Speaker, that the Hotels are not suffering a serious problem because there is a change in the trend. Obviously if the tourist come from UK then he might stay five days but if he comes from Spain he may only stay two. It is not that the tourists are not coming. Because as far as I am concerned whoever stays at a hotel is a tourist, whether he is a businessman or a real tourist. He is a tourist because when he finishes his business here he acts like a tourist. Overall Mr Speaker, the figures for 1990, and I do not have them all, they have to be worked out yet, and we will be tabling the Report, hopefully, in the next House of Assembly, is that up to October of last year, the trend was the same. It started coming down in November/December and certainly January/February and that I think was related to the Gulf Crisis. Mr Speaker, I think, I will end with the Civil Aviation aspect. I think, Mr Speaker, that as far as the

Airport is concerned, and I have already mentioned the different changes that there have been since the Terminal was opened and again without wanting to sound too optimistic it is something that, I think, everybody can be very proud of. We have to monitor the difficulties particularly after the demise of Air Europe. We want to be absolutely sure that we get it right because we do not want to have airlines galore coming to Gibraltar and then creating a problem in the market. Basically that is my contribution on tourism and Civil Aviation and as I say I have not had any major lead from anybody on which areas to concentrate. That is with the exception of the Honourable Mr Mascarenhas. I would like now Mr Speaker, to come back to what I said at the beginning that I have a policy statement that I would like to make on GSL. The Honourable Members opposite will have to excuse me because what I have in front of me is really hot from the press. I finished a meeting this morning between 9 and 10.30 and what I am going to advise the House of Assembly is something which has happened virtually two hours ago. So the detailed information which may be I will endeavour to provide as quickly as possible. Let me explain myself, Mr Speaker, in 1987, the Yard lost about £11m, in 1988 £8m and in 1989 £5m. We were able in 1990 to lower the losses to about £1.5m. Thereby showing that we had arrived at economic viability. I remember the Chief Minister in his contribution on the Accounts last year saying that that did not mean that we were happy at a situation where really we had a neutral GSL. A yard that was not costing the taxpayer money because as, I think, we said during the election that economic viability meant that it was no longer a drain on the economy. Mr Speaker, we were not happy with a situation that although not costing money it is not making money and we feel that that element of the workforce could be better utilised to produce money for Gibraltar. So when we analysed the Accounts we saw a great improvement and that although GSL had stopped being a drain on the economy we were not happy and there have been intensive negotiations and discussions over the last two or three months between Kvaerner the Unions and the Government to consider the possibility of a future for the shiprepairing operation if we were able to produce an empty yard so that a new operator could start from scratch. Now, Mr Speaker, it was not possible to produce that with Kvaerner but I remember us discussing the matter here in the House and there was a cross party feeling that the way forward was with an entity like Kvaerner that could produce the capital investment and the investment on infrastructure and equipment necessary to make a go of the operation. The Government could not do that because after having lost a substantial sum of money we could not provide the £5m required for the operation. I think, Mr Speaker, that the message was loud and clear, and as a consequence of that we started exploratory talks, if you like, with the Unions and these have virtually centred around the possibility of ceasing operations. They were not related to the closure of operation and they were not related to putting the company into liquidation. It is a question of ceasing operations and restarting them if possible with a new contractor. That, Mr Speaker, I have to report is the thinking of the Government, and has also

been the thinking of the Union. As a result we have over the last week come to an agreement with the Union whereby GSL will cease operations on the 2nd July this year Mr Speaker. There has been a package agreed with the workforce and the details of that obviously are not available totally yet but it is the intention of the management of GSL and of myself to start working on that immediately after the end of this meeting. We will be putting the Yard on a holding operation leading to the ceasing of operations on the 2nd July. The possibilities that this gives the Government, Mr Speaker, and the possibilities it gives the workforce is that it will be able to attract and we are committed to try, Mr Speaker, an entity which will be able to provide the capital investment required to be able to make a success of the Yard. The Government feels, Mr Speaker, that shiprepairing and the Port in general is an important economic activity which we do not want to lose. However, Mr Speaker, as the Chief Minister himself pointed out last year we are not in the business of creating subsidised employment in order to keep people working and that overall message is a message that has gone out to the Civil Service and Government employees in general and to Gibraltarians generally and I am glad to say, Mr Speaker, that the relationship which we have been able to create with the workforce in GSL has been of such magnitude that we have been able to take a Yard which was employing 800 people to one employing 160 people and from losing £11m to losing just £1.5m. Now, Mr Speaker, we are required to continue working together to try and provide the necessary framework to be able to see whether the future means that we can keep shiprepairing operations running in Gibraltar, Mr Speaker. I would like to publicly thank the Unions for their cooperation in what has been, Mr Speaker, a long three years of hard struggle to arrive at a situation where we feel that today we are at a crossroads of what can or cannot be the future of Gibrepair. It is now my intention, Mr Speaker, to try and accelerate the Accounts of GSL for 1990 to be able to bring them to the July House where I will not only have the information on the Accounts but obviously all the detailed breakdown of the costs of the package and hopefully some further information. I will have no difficulty in trying to the best of my ability, of what I know at this very moment, to answer any questions which either the Leader of the Opposition or the Leader of the GSD have, Mr Speaker. Thank you.

HON P CARUANA:

Mr Speaker I arise with the appropriate degree of trepidation to deliver my maiden speech to the House in circumstances which render it something of a baptism of fire on the occasion of the debate of the Appropriation Bill for this year. Before I do that, Mr Speaker, I would like to thank the Honourable the Chief Minister for his words of welcome to the House. He has urged me, I think, if I understood him correctly, to be helpful and constructive and I hope that I will be that, but I also hope that he will find that when needs be I will be firm and vigilant in the performance of the

role for which I am paid in this House to do, namely to oppose the Government of the day. Mr Speaker, the economy and the success of the economy is important to every community, to every nation, to every territory but it is especially important to us here in Gibraltar because as the Chief Minister has, I think, pointed out himself in the past on various occasions, the success that we have in transforming our economy to one of self sufficiency will to a very great extent determine the freedom of manoeuvre and the control that we have over our own political destiny in the future and the place that we are able to carve out for ourselves in the newly emerging world and perhaps more significantly in the European political and economic order. Mr Speaker, having said that, it must be obvious to anyone that has observed and have thought about the economy of Gibraltar that the only option realistically available to achieve those aims are indeed that we should strive for the greatest possible measure of economic self sufficiency. The days when we could look to others to keep us economically afloat, we all know and recognise, are over and if you accept that fact then one is forced to the inescapable conclusion that the only other alternative is to fend for oneself and the only way of fending for oneself is to establish the greatest possible degree of economic self sufficiency and there after of course to distribute fairly amongst all sectors of the community the wealth that one is able to create by so doing. Mr Speaker, we recognise in my party the importance in infrastructural investment and in the enlargement of our building stock in Gibraltar as a means of positioning the economy of Gibraltar in a good place to accommodate and sustain our economic activity which is needed to attract and generate in Gibraltar in order to achieve the goals that I have just mentioned and which I think everybody in this House and indeed in this community has as a common objective. The point that, I think, needs to be made and, I think, that it is again consensus because I do not think that the Members opposite would quarrel with it, is that infrastructural and property development does not of itself constitute that sustainable economic activity that we are all looking for. It, as I have said, places us in a position where we can accommodate that, but it will not of itself sustain the economy for several reasons. Firstly because it is not sustainable in time physically and secondly because it does not of itself generate economic activity for this community. The value to the local economy of these impressive property development and infrastructural projects is not as great as the large sums involved in the project because they do not translate into value to the economy on the same scale. The fact of the matter is that if you spend £200m on property development in Gibraltar, by the time you have paid imported labour, by the time that you have paid imported building materials, by the time you have given tax incentives and by the time profit has been repatriated, the actual benefit to this economy, what stays behind, is not of the same magnitude by any means as the figures that are bandied about as the cost of building the project in the first place. The Chief Minister concentrates on the Gross Domestic Product as a measure of the success of the economy in Gibraltar

and, of course, Gross Domestic Product can be calculated in many ways as the Chief Minister informed us in his educational address to this House last year and the percentage of Gross Domestic Product that the Chief Minister says is usual for Domestic Capital Formation is, I think, he quoted at 25% or a figure of that order. But, of course, Mr Speaker, in ordinary economies that figure does not consist almost exclusively as it does in Gibraltar of property development. Gross Domestic Capital Formation includes many other things and I would ask the Chief Minister to accept that in terms of the property development input of Gross Domestic Capital Formation a figure below 5% relating to property development is much more likely to be the order of the day. Of course there is the question of the Gibraltar Components Factory which is capital development of a different nature, it is itself of a productive nature but with the exception of the Gibraltar Components Factory nothing else has been created outside the scope of property development. I think, Mr Speaker, that the Chief Minister as far back as 1989, in his address to this debate then, established the acid test, and if the House would bear with me whilst I read from Hansard. The Hon Chief Minister said: "I think that it remains to be seen that it is an important test of confidence in the economy to what extent the completed projects we are going to be seeing this year will develop into having tenants and generating economic activity and creating employment". I think the Chief Minister has confirmed that in his opening address to the House when he said that what we have achieved so far, or what his Government has achieved so far, is the easy part. Mr Speaker, the construction of the property development that has taken place so far in Gibraltar is not to be diminished and it is not to be under-played. It serves two roles as I understand it and as my party believes. First of all, it creates the capacity to satisfy the demand that might be generated in the future for those facilities and secondly it assists the Government to a degree in stimulating the economy through what might otherwise be a dull or recessionary patch. The concentration therefore, Mr Speaker, of the creation of assets in Gibraltar, assets which do not of themselves generate any degree of sustainable economic activity, is one that my party welcomes but will put into context by saying that it is not the success in terms of generating economic activity that some people might believe. As the Chief Minister himself admitted yesterday all the hard work still needs to be done and the point that I try to make is that those outside the Government benches are equally aware that the Government is still to be subjected to the proper test as to whether its economic strategy for Gibraltar is succeeding or has succeeded. Because, Mr Speaker, three years into the term of office of this Government, I think, it is fair to say that Gibraltar is no nearer in terms of the sustainable economic and underlined economic activity that it generates. It is no nearer to developing the degree of economic self-sufficiency that we did not have in 1988. What the Government has achieved so far, Mr Speaker, is that it has successfully attracted a degree of foreign investment into Gibraltar and in addition it has gone to the banks and to other lenders and it has borrowed money which it has spent in the economy,

Mr Speaker. However it does not require a great degree of economic acumen to borrow and spend. Therefore, Mr Speaker, in leaving this point I simply highlight the fact that the hiper-activity that exists, the welcomed hiper-activity, to be as generous as, I think, one needs to be, that exists in the development front should not be allowed to convert itself into an optical illusion of underlined economic prosperity which it is not. The reality in terms of those aspects of the economy that affects people's daily lives, Mr Speaker, is this. That the Finance Centre is very subdued indeed today. That we have for reasons that are well known to this House lost the Spanish market to a very substantial degree and that the new ones that we are all going to work very hard at together in partnership with the Government to create have not yet materialised. So to the extent that the Finance Centre is a sector of sustainable economic activity in Gibraltar then I feel qualified to say, Mr Speaker, that that sector far from being a growing one is in fact shrinking in respect of the performance of 1990 and 1989. The traditional Tourist Industry, tourist market, is for all the reasons that we have heard, and I do not propose at this stage to go into, is also subdued and now non-existent. We have now heard from the Honourable Minister for GSL, that GSL is also winding up at least in its present form and we do not know if it will survive in any other form. I have it as a matter of information from leading retailers in Gibraltar, Mr Speaker, that Main Street trade is also very subdued in terms of the business that it gets from the day visitor market. Mr Speaker, those are the traditional areas of economic activity in Gibraltar, those are the chosen economic activities, sustainable economic activity for this community and it has to be said that in practically all of them, in fact, in all of them there is no scope for optimism at this stage and as that translates into the job market prospects, Mr Speaker, the reality is that new job opportunities are not being created in the private sector except of course in the Construction Industry. The order of the day is very much natural wastage or early retirement and retrenchment in the job market. I think, Mr Speaker, that the job statistics that the Honourable Minister for Labour gave to us yesterday showed that over the last three years the degree of economic activity in this economy, as manifested by the number of people employed, has been static from 1988 (and I do not say 1988 because that is the year in which this Government came into power) it is simply because of the statistics that were brought to the House yesterday. The statistics have remained pretty static one year up one year down of around 14,000 plus a few hundred. To the extent that the number of people employed in an economy is a measure of the economic activity making all due allowance for productivity etc is another measure, Mr Speaker, but this in addition to what everyone can see just by walking down Main Street and into offices in Gibraltar shows that it is not by any means in a healthy condition today and it is certainly not at the level that will sustain the sort of self-sufficient economy that we all want for Gibraltar and that we must all work hard to achieve. Therefore Mr Speaker, whilst I applaud the marketing efforts being made

by the Honourable Members opposite and whilst I applaud the infrastructural investment and the property investment and the positioning that they are doing of this economy hopefully waiting for better times ahead, is not itself an economic performance in addressing the underlined economic activities. It is at best preparatory action, preparatory steps in that direction. Mr Speaker, there are, as my party sees it two principle sectors that will sustain and are capable of sustaining that degree of economic activity that we all want for Gibraltar. The first is the Finance Centre and the second is the Tourist Industry. But Mr Speaker, there are hopefully others which ought to be explored such things as Port Transshipment Work, Shiprepairing in whatever form it may be possible after the closure of GSL in its present form, Light and Manufacturing Industries and the Service Industries generally, Mr Speaker, because what we must have if we are not going to put ourselves in a position where we are vulnerable to outside influences is the greatest possible diversity within the economy. But realistically speaking, as we speak today, it is really the Finance Centre and Tourism which unlike Property Construction are capable of providing that underlined and sustainable economic activity that Gibraltar requires. Mr Speaker, the Finance Centre, in our view, is well placed to succeed and to succeed in a way that can achieve for Gibraltar that degree of economic self-sufficiency that we seek. But there are obstacles, Mr Speaker, and, I think, that it would be foolish to hide ourselves from these obstacles. The direct Government marketing input that is being undertaken by the Members opposite and the embryonic initiative of the Financial and Development Secretary to involve the private sector to a greater extent in the marketing input of the Finance Centre are very constructive indeed. But it is not in our opinion enough, Mr Speaker, to market Gibraltar as a whole. We in the GSD believe and we have for some time through my predecessor in this seat said before in this House that we believe that we cannot be all things to all men with that degree of credibility that we need to achieve if we are to succeed. If we want to grow from more than being a Company Brass Plate jurisdiction and a Bank Deposit taking jurisdiction that we are today then we must target key players to come into the Financial Services Industry and to come and set up "Bricks and Mortar Operations" in this community. Then, Mr Speaker, on the basis of the herd instinct this will have the effect of bringing in other operators to Gibraltar, if only on the basis that everybody wants to be where their competitor is. In particular, Mr Speaker, we must target particular products. UCITs and Fund Management generally have already been successfully targetted, Mr Speaker, but there are others like Life Insurance, Pensions and products of that kind which are niche products, particular products, and which our EEC status will make them very attractive for Gibraltar because of the ability to market them on a Pan-European basis. But Mr Speaker, there are obstacles, potential obstacles in the path of the not

inconsiderable effort that the Government is investing on the question of marketing. The first obstacle, Mr Speaker, and I will mention it briefly and only to the extent that it is relevant is the need to kill stone dead, the specious argument that Spain now appears to be producing, that somehow Gibraltar's status within the EEC is suspect or open to interpretation. The fact of the matter is, Mr Speaker, that even though this may seem a legalistically infantile argument, it is a point of view heard by people in other Countries that are not interested in the legalities of the argument and as a result it is capable of being very damaging indeed to the marketing effort that we are making in Gibraltar on the question of the Finance Centre. The other point, Mr Speaker, is the question of how the international community perceives the state of our relations with Spain. The fact of the matter is that Spain is hostile to Gibraltar's Finance Centre development and that Spain will use whatever means it has at its disposal to sabotage our efforts in this regard. They are provocative, Mr Speaker, but our own economic self interest requires that notwithstanding that hostility and notwithstanding that provocation and notwithstanding the sabotage that Spain would put in our way, we have to, and in the GSD we believe, find a formula if only for the purposes of marketing our Finance Centre and our economy generally. We in the GSD therefore feel that we have to find a formula that enables us to lower the temperature in the kitchen of our relations with our neighbours. Mr Speaker, whilst on the Finance Centre, I would just like to mention one or two other points and that is that there is a need, if we are going to target the Finance Centre as the principle source or a principle sector of economic activity in Gibraltar, and I am gratified to hear the comments made by the Honourable the Minister for Education and the Minister for Labour as to the resources that are now being channelled into the question of youth training, Mr Speaker, there is much more that can and should be done not only by outside school training but also within the school curriculum to prepare Gibraltarian school leavers for the job market. If the Finance Centre is one of the principal sources then we believe that more resources should be provided to prepare our school leavers for the jobs that are available in the Finance Centre and which are presently to a great extent filled by expatriates and which ought to be filled and can be filled by Gibraltarians. Mr Speaker, if the House will bear with me for just a few more minutes on the question of the Finance Centre I must say that there is one area of this activity which I would like to take this opportunity to commend to the Honourable Members opposite. It is an area that the Honourable the Chief Minister and the Honourable the Minister for Trade and Industry have shown an interest in the past and that is the question of shipping, ship registering and ship financing activity. Mr Speaker, I am not sure of the rules as to when Honourable Members should declare an interest, but I would declare an interest just in case, because it is an area of professional activity in which I have a great interest. The fact of the matter is Mr Speaker, that there is a great potential in Gibraltar for the development of an International Shipping Registry

and with it all the ship financing and all the ancillary shipping that is connected to this work, Mr Speaker, even as a base, as is Monaco, as a base for the physical location of ship management activity. The fact of the matter is, Mr Speaker, that between 1985 and 1989, the Gibraltar Shipping Registry in a very quiet way grew into becoming, excluding Hong Kong which has a hybrid status, the British Port of Registry with the second highest tonnage and that was achieved, Mr Speaker, by the efforts of a few practitioners in Gibraltar, a few leading firms of shipping solicitors in London, a few, mainly continental banks, involved in the shipping business and a few continentally based shipmanaging activities that consistently put their tonnage on to the Gibraltar Register. Alas, Mr Speaker, the Registry in terms of tonnage outflow has been in steady decline since 1989. Mr Speaker, if the House will bear with me, I would like to say that there are four principle reasons that we as operators in that area and the feedback that we get from the market place, why that has happened. The first and it is not in our control is that the Norwegian Government has established what we all know as NIST, the Norwegian International Ship Registry, which in effect is a Norwegian on-shore but off-shore so to speak Shipping Registry that gives Norwegian ship owners at home really what they were previously coming to Gibraltar to get. The second and principal cause of the decline, Mr Speaker, is the need for Gibraltar registered ships to have British Masters, Chief Engineers and Chief Officers, and the reason for that Mr Speaker is two-fold. Firstly that there is simply not enough British Officers of that seniority to man all foreign ships that want to come to the Gibraltar Registry and secondly that it is culturally violent to expect a German or a Greek ship owner to employ British people in such senior positions. The fact of the matter is that it is not consistent for us to be an International Off-Shore Register and be so tied into the British situation. And so, Mr Speaker, it is noteworthy that much of the tonnage that has been lost from Gibraltar, much of the new business that is not coming to Gibraltar, is going to the Bahamas and the Bahamas have the system where they do not require Senior British Officers but they will accept Officers from any certified maritime nation. Very briefly and to finish of on this, Mr Speaker, the other two reasons are the fact that we are placing too much reliance on Department of Transport Surveyors in the United Kingdom, and this is not a call to lower the standards because the fact of the matter is that foreign ship owners mistakenly believe that British Standards are higher than anywhere else and therefore they think that they are going to have to alter their ships and that is not the case. Mr Speaker, the fourth one is that regrettably and notwithstanding the fact that Gibraltar now applies some of the highest available standards in terms of shipping we are still black-listed on the ITF list of flags of convenience. Those are the four reasons, Mr Speaker, why the Shipping Registry of Gibraltar is not prospering. The solutions, I think, are to proceed with the British Government on the British Officer question, to use whatever good offices the Government has with the ITF and to have more reliance on Gibraltar's Surveyors.

Mr Speaker, if I can move now to the question of tourism and without wishing to add to the Honourable Minister's problems in that field although I have heard his spirited defence this morning, Mr Speaker, the GSD believes that the Government still lacks a viable strategy and objective. I am not saying that it lacks a strategy and objective, I think, in terms of the reality of the market place but it lacks a viable strategy and objective. We do not underestimate the effects of the Gulf War or the effects of the general economic recession because we hear all that, we know all that and we know what is within and what is outside of the control of the Government in this regard. But, Mr Speaker, the Day Tourist Market which appears to be the one on which Gibraltar is increasingly relying, is itself subject to outside interference to the additional degree that all tourist markets are subject to, mainly that our neighbours whilst they are not feeling particularly friendly towards us, have it in their means to make the Day Tourist less accessible, less conveniently accessible to this market. Mr Speaker, the traditional, the truth be told, for whatever reasons and the reasons are not necessarily important, the fact of the matter is that the traditional tourist market as it used to exist in Gibraltar is non-existent in terms of the visitor. And again as with the Finance Centre, we commend to the Government the concentration on niche markets, Gibraltar is not in a physical condition at the moment to appeal to the up-market tourists and if the Honourable Minister had said that whilst his Honourable colleague for Trade and Industry was finishing the rebuilding of Gibraltar he had decided to suspend the campaign to attract up-market tourists to Gibraltar, I would have seen a degree of logic in that, but the fact of the matter is, Mr Speaker, that Gibraltar is not today in a physical condition either by the condition of the amenities that it has to offer to attract up-market tourists. We would much rather see the Tourist Industry concentrating on niche markets such as Heritage and History, Water Sports, Diving, Ornithology and, Mr Speaker, the question of Language Courses. There are holiday resorts in Britain that do a very good trade indeed simply by organising Language Courses to Foreigners as a means of attracting tourists. Mr Speaker may I also commend particularly to the Government the Conference market. The Conference market is an enormous market for the generation of tourist activity, it requires the development of a purpose built Conference Centre and we believe, Mr Speaker, that it is a very significant potential market indeed that Gibraltar is not today targetting. Mr Speaker, once again there is no Finance Bill and let us say straightaway, as I am sure the Government would accept, that what that means is that for the fourth year running the people of Gibraltar have suffered increases in the levels of Personal Taxation. We accept the basic strategy of channelling resources to those elements of public expenditure which are capable of contributing to the growth of the economy. However, we believe that there is room at least to maintain the level of taxation and not to increase it. The fact of the matter is, Mr Speaker, that the economy

is actually delivering very little by way of improvements to the people in the street today. The revenues, and I think that there is a historical tendency to do this, the revenues as estimated by the Government are under-estimated, and I agree with the views that have been expressed before from this side of the House, that there will be a surplus in revenue for this year above the estimated figure that will show that the Government was in a position without prejudicing its Capital Renewal Programme to have given the people of Gibraltar a degree of fiscal relief. However, for the fourth year running the Government has chosen, and it is a matter of political judgement for them, not to give any tax relief. The possibility always exists that, of course, they will do it between now and the next General Election and, of course, if they do that, those of us on this side of the House will no doubt feel free to make the appropriate remarks about political opportunism and things of that kind. The Manifesto of the Honourable Members' opposite in 1989 I fully accept, as was repeated last year and this year, did not promise tax cuts. But it is also true to say, Mr Speaker, that it did not say anything about tax increases either. As I have said, Mr Speaker, the economy today if you stop people in the street and ask them how their personal position has improved in the last three years there will not be many people in Gibraltar that will take the view that there has been very much done to improve the position of the average person. I do not overlook the macro economics of the Government's ultimate strategy. The fact of the matter is that today there is more uncertainty on the question of job security. The fact is that there has been tax increases, the fact is that the effective purchasing power of pensions has not been kept up, the fact of the matter is, Mr Speaker, that people are paying higher Electricity prices, that there are higher Social Insurance contributions, that there are lower Government expenditure on the question of Government Services and, Mr Speaker, there is not a small amount of public inconvenience on the question of the albeit inevitable inconvenience as a result of the question of property development. Therefore, Mr Speaker, the economy as seen from the man in the street is not the boom success story that the property development activity' is orchestrating would tend to indicate. The fact of the matter is, Mr Speaker, that the stagnation in the underlying economic activity is reflected in the amount that the Government collects in taxation and estimates that it will collect in taxation. The fact is that the figures are stagnant, that the amount of money that the Government collects in direct taxation has not themselves maintained the purchasing power that they had since 1989. Therefore to the extent that the amount of money that the Government collects in taxation is an indicator, albeit a delayed indicator, of the economic activity that the economy is generating, the there is another indicator of the fact that the underlying economic activity in this community is not by any means vibrant. Therefore, Mr Speaker, in rounding up on the question of the general state of the economy and in summarising, we applaud the attempts that the Government is making to improve the infrastructure of Gibraltar, that is not in itself an economic policy, it

does not in itself achieve the economic policy objectives that the Government has set for itself, and which we share and agree with. Its underlying economy excluding property development is stagnant and indeed in recession and, of course, it is always possible to produce measures of economic health, measures of economic activity, such as Gross Domestic Product which give undue weight to short-term non-sustainable activity such as construction. Mr Speaker, I would like to move on to the question of foreign investment and I would like to make a cautionary note. It is no more than a cautionary note. Mr Speaker, no one should believe for one moment that the point that I am about to make is to any degree a criticism of foreign investment because we recognise it as a completely unavoidable tool for the economic restructuring and regeneration of this community. But, Mr Speaker, we believe that the Government is taking insufficient care of the increasing amount of economic activity on which it has a direct influence. The Government is paying insufficient attention to the protection of the local elements, the local business players, in those activities. Mr Speaker, I am referring specifically to the Construction Industry and I am referring specifically to the growing number of Gibraltarians that now earn their living in the professions connected with the Construction Industry, Surveyors, Engineers, Architects and people of that nature. Many of whom have left the Government Service, Mr Speaker, precisely to set themselves up in private practice on their own. The point that I am trying to make is that in attracting foreign investment to Gibraltar, the Government is too close to particular foreign investors and too close to the professional advisers of those particular foreign investors. Can I, Mr Speaker, give an example to illustrate my point. We have South Barracks which the Government is converting into a school at a cost of about £3.6m and that is not foreign investment sensitive in any way because that is local Government money that is being invested for a purely local purpose. Mr Speaker, again subject to being corrected on the basis of any particular arrangement that might have been made in this case, usually the professional fee, chunk, out of the construction project is between 8% to 10%. The fact of the matter is that in this project that would be about £300,000 of totally local spending, on local matters by the local Government. £300,000, Mr Speaker, at a time when other Government policies are restricting the sort of work in town that all these people used to earn their living from, is a very significant sum of money and the fact of the matter is, Mr Speaker, that there is not a single Gibraltarian business on the Professional Board List of that project. We have foreign Architects, we have foreign Engineers and we have foreign Surveyors and that raises.....

HON J L MOSS:

Mr Speaker, if the Honourable Member will give way. Perhaps the Honourable Member who has taken so much time to look at this particular project might realise that there are Gibraltarians working in some of the firms which he is mentioning and he might also care to think about the welfare of the children who need to go into those schools, the speed

at which this project had to go ahead and also take into account that there were possibilities that the buildings in which the children are now housed could be unsafe.

HON P CARUANA:

Mr Speaker, I just do not understand the intervention of the Honourable Member opposite. It is not a criticism of the school and presumably the Honourable Member is not suggesting that Gibraltar professionals are not competent to render the same services as the overseas professionals are rendering and that is the only point that I am making for the benefit of the Honourable Member opposite. The fact of the matter is that here is a project in which Government could have channelled £300,000 of revenue to local business and it has chosen to channel it to overseas business and let us not forget with the euphoria of foreign investment that when push comes to shove and if the economy should not go in the direction that we are all hoping that it should go the people that will stay in Gibraltar are the Gibraltarian Architects, the Gibraltarian Surveyors and the Gibraltarian Engineers and that those who are in Gibraltar for the purpose of economic and commercial gain only will be the first to leave. Mr Speaker, in the management of the economy as in other aspects of Government activity, it is very often the methodology of the Government rather than the policies that they pursue, in broad terms, that causes widespread concern and anxiety in this community. It is the view of the Party that I lead, and we believe that it is a view shared by a significant sector of this community, that this Government is unnecessarily obsessed with secrecy. Mr Speaker, I know that the Members opposite do not agree and I know that I am not going to persuade the Members opposite by anything that I say. But, Mr Speaker, it has to be said, that that is the perception in the street and that they have a tendency in practically everything that they do to organise their affairs in the way that makes them as unaccountable as possible, as a philosophical style, not very often for any particular reason. There is a tendency which is perceived in the street, and the Honourable Members opposite can take the view that all that I am saying is the product of the fertile imagination of Opposition politicians, they can take that view if they wish, but, Mr Speaker, that is not how it is perceived in the street. There is a tendency to close up rather than to open up as they promised to do with the machinery of Government and the machinery of politics generally in Gibraltar. There is a tendency to diminish the role of this House and, Mr Speaker, I can only have noticed that from the outside because I have only been in this House for two days so certainly that comment is not based on anything that I have noticed from within the House, but there is a tendency to diminish the role of this House in the administration of the affairs of this community. Mr Speaker, and really the evidence is so substantial that I would have thought the proposition almost incapable of being argued against. There is the systematic policy approach of the Government trying to rest away from this House traditional facilities, powers,

jurisdiction which have belonged to the legislature for as long as Parliamentary democracy itself has existed and that is, Mr Speaker, the right to raise Public Finance and the right to raise Public Revenue. Because Mr Speaker, if they have already done it on the question of setting the levels of Income Tax which is how the main public revenue is raised, they now propose to do it, not only in relation to the level of Import Duties, but on the goods that we pay Import Duties and not pay Import Duty. They are seeking the powers to do that in respect of all Revenue under the Licensing and Fees Ordinance. They are also seeking to do it for Stamp Duties, not only on the rates, but on the documents that should be subject to Stamp Duty and on the question of every single fine and penalty that is imposed by local legislation. Mr Speaker, this is an undeniable trend to deprive this House of its traditional status as the raiser and scrutiniser of public funds and to transfer that prerogative to the Executive. Now, Mr Speaker, it is all very well for instance to come later to the House to table the proposal and to ask the House to rubber stamp it. Because that is all it would be by that stage, theoretically, a rubber stamp. I remind the Hon Chief Minister, Mr Speaker, that when he opened this debate and explained the virtue of the provision in the Revenue Estimate of Expenditure for possible overspending by Government Departments, the Hon Chief Minister said that it was intolerable for Government Departments to spend money in excess of their authority and come back to the Government after the event, or back to the House, after the event to seek retrospective regularisation, and, Mr Speaker, that same philosophy can be lifted verbatim from that situation and transferred to this situation. The fact of the matter is that that is precisely what the Chief Minister and the Honourable Members opposite are doing when raising finance. What they want to do is to decide behind closed doors tomorrow that the rate of Import Duty should be increased, that the rates of Tax should be increased, increase them, thereby raising public revenue which is the prerogative of this House and then come back to the House and say "Revenue, Taxation has been increased by virtue of the exercise of our powers in these Regulations, will the House now please backdate the approval?". Mr Speaker, that is a denial of the long-standing basis of parliamentary democracy that Parliament and not the Executive raises finance. Mr Speaker, there is broad consensus in the community that this is happening and I know that Members opposite do not share this view because if they did agree with it, it would be even worse to the extent that they were doing it as a matter of calculated premeditation. There is broad consensus in the community that the Government is far too secretive on a whole list of things and I will just give a few examples. On the buying and selling of public assets, on the allocation of Government Contracts and Government properties. They have abandoned the Public Tender system, on the management and purpose of the National Debt, on the plans for the Pension Schemes, on the funding and the performance of Joint Venture Companies and wholly owned Government Companies. In summary, Mr Speaker, there is a perception in the street, and whether it is right or

wrong is a secondary point, but that the principle point is that it exists and it should not exist, that there are Ministers in this Government who in effect spend their time wheeling and dealing behind closed doors in relation to public assets and are then not willing to account publicly for what they are doing. Mr Speaker, these are not the product, at least speaking for myself, this is not the product of a bored or a paranoid opposition politician, because the fact of the matter is that if you put your ear to the ground these views are widely being aired by a very significant cross-section of this community. If I can move on to the Joint Venture Companies, in particular, and I know a lot of this has been said in the House before, but as a new Member I hope that the House will bear with me and give me the opportunity to put on record my own views on this matter, the fact is, Mr Speaker, that we in the Gibraltar Social Democrats regard Joint Venture Companies as a legitimate tool for the privatisation or semi-privatisation of Government utilities. However, we think it is completely illegitimate and improper that Joint Venture Companies in the private sector should be used as the means by which the Government, especially in a small community such as this, sets itself up in competition with other members, other operators, other players in a particular sector. The fact of the matter is, Mr Speaker, that whether it is intended or not, it has a tremendous distorting effect on the market in favour of the Joint Venture in which the Government has an interest, and in addition to that, it deprives the rest of the sector of the Government business and which constitutes unfair competition on the basis of inside knowledge. The fact of the matter is, Mr Speaker, that it is the Government's publicly stated policy that any work ought to be given to a Joint Venture Company in which the Government has an interest. When you consider that the Government is the biggest spender of money in this community then this has a tremendously distorting effect and is generally perceived as being unfair competition in favour of the Government Joint Venture. Mr Speaker, it is in our view incorrect and indefensible that public assets and monies should be injected, invested or in any way made available to private companies, whether they be Government owned or Joint Venture Companies without public accountability of that fact. The fact of the matter is that Honourable Members opposite should not forget that unlike the practice in the United Kingdom there is no filing of Accounts by Companies at the Public Companies Registry and that therefore if the Government is not prepared to give information, the information simply never becomes available. Mr Speaker, Joint Venture Companies are in our view not just Joint Venture Companies, but are generally being used by this Government as a means of taking traditional areas of Government activity for which they were accountable out of the public political arena and into the commercial field, where they are politically unaccountable. There is Mr Speaker, as far as I am aware no precedent in a civilised western or non-western democratic parliamentary state for elected Ministers of the Crown to sit as Chairmen or as Directors of Private Companies and then take the view that they are not politically accountable or bound to give information on the affairs of those companies

even when public finance is involved. I think, Mr Speaker, there is no precedent anywhere else, Mr Speaker, and to that extent we are in Gibraltar distorting the operation of traditional parliamentary democracy. I have not been able to find a single parliamentary democracy that allows elected Ministers of the Crown to sit as directors, in a dual capacity in a commercial sense, Mr Speaker, and then when asked to give information on companies in which public monies have been invested, to say that as the Chairman of a public company, private commercial information cannot be revealed! Mr Speaker, I am not in a position to do anything about this but my duty as a Member of the Opposition is to state what is occurring and to repeat it as often as I consider it necessary because this is a serious distortion of the quality and nature of parliamentary democratic Government as it has hitherto be known everywhere else in the world. Of course, Mr Speaker, we are free in Gibraltar to invent new systems of Constitutional Government and then, of course, it will be up to the people to express a view as to whether they want it or not. Mr Speaker, the Gibraltar Investment Fund is an example in relation to this area because, of course, one supposes from the limited information available in the last set of published Accounts of the Government of Gibraltar that the bulk of these Joint Venture Companies and privately owned Government Companies sit under the Gibraltar Investment Fund, and that Fund is now substantial because it is now up to £30m. According to the last accounts at the end of 1989 it was at about £5m. There is a significant amount of public monies in the Gibraltar Investment Fund which presumably has then been invested in private companies. Mr Speaker, and if the funds were invested directly by the Fund, of course, the fortunes of that Fund would be reflected in the Accounts of the Fund when they eventually are produced, but the fact of the matter is that as the Fund is in practice, invested by the acquisition of shares in limited companies or by the making of loans to limited companies, the reality is that all you ever get in the Accounts is a list of the shareholdings, a list of the share capital and a list, if any, of the loans the company has received from the Fund. You, however, never get the people of Gibraltar, or this House, to know how those public funds have been invested by that company. For what purpose they have been applied or whether they have been lost. I suppose we will get to hear of the successful ones alright. But we shall certainly not get to hear of the unsuccessful ones. Mr Speaker, I am not saying that there are any unsuccessful ones. What I am saying is not that the Government is doing things rightly or wrongly, what I am saying is that we do not know what is happening in this public fund and, I think, that we should, as elected Members, and the public as a whole, have the right to know how those public funds are being utilised so that we can form a view as to whether it is being well done or badly done. Mr Speaker, I would call upon any of the Honourable Members opposite who are still to speak to accept or reject, as a matter of principle, that this House should receive and is entitled to full information about the disposition, destiny and fortune of public funds? If the Government

thinks differently then I would call upon the Honourable Members opposite to say so. If there are reasons why the Government thinks that this House should not receive timely and full information about how public funds are being invested then I would ask the Members opposite to explain what that sound reason is. If their argument is that the information is commercially sensitive and contracts cannot be published because they will prejudice negotiations in future then that argument is wearing particularly thin and there is a public perception, and I am not going to go on too long about this point because it has been fully debated publicly recently, there is a public perception that this is a poor argument which reflects the Government's attitude right across the board on its disinclination to open up. This also applies, Mr Speaker, to the planning process. The fact of the matter is, Mr Speaker, that the people of Gibraltar are stating, and the latest manifestation of it is the Catalan Bay residents, that they want to be consulted on the question of planning and they want to have an input on what Gibraltar is, how Gibraltar's present looks are going to be changed and what Gibraltar's look will be in the future. Mr Speaker, heritage is not just about preserving things. Heritage is about what we are going to have in the future because what we build today will be tomorrow's heritage and the fact of the matter is, Mr Speaker, that in arguing against that proposition Honourable Members opposite will also have to address the argument of why every other democratic state in Europe has a system that gives individuals a say, not just on development plans generally, and it is not so much to that area that my comments are addressed, but specifically, on specific planning applications. The fact is, Mr Speaker, that this happens everywhere else in the world and if it happens everywhere else in the world, Mr Speaker, it must be for a good reason. I fully understand that at a time that Gibraltar is trying to restructure itself, restructure its physical fibre, we cannot get bogged down, or the Honourable Member opposite may think it is dangerous to get bogged down in the Development Planning process which is used elsewhere. Mr Speaker, Planning Applications, planning should not be conceived and executed at such a speed that there cannot be a period of notice and reflection. Mr Speaker, we believe as a matter of principle, and it is one with which clearly this Government does not agree, that information about public affairs, information about public assets and information about public finances belongs not only to the Government of the day, but that it should also belong to the people of Gibraltar and more specifically to all the elected Members who are representatives of the people. We urge the Government, as we intend to do with a degree of consistency, to reconsider their general attitude across the whole board of the question of information. Mr Speaker, on the question of pensions we would call upon the Government to express and to state the stage at which they are in and the progress that it might have made in relation to the long-term solution of the structural problems that affect pensions in Gibraltar. It is a matter again of some concern to the community. We are aware that there are interim temporary measures in place

and we call upon the Government to keep the House informed of progress in that regard. Mr Speaker, we do not believe that even at a time when Government's expenditure is squeezed and when pension funds may not be as solvent as perhaps they would ideally be, that the elderly in this community should be exposed to that squeeze or at least they should be as protected as possible, bearing in mind that they too have to live in the real world and face the consequences of it. Mr Speaker, in terms of preserving the real purchasing power of pensions and taking into the account the rising cost for electricity and other expenditure, Mr Speaker, we call upon the Government to increase the levels of pensions to the levels that they believe accommodate all the real day to day increases. Because, Mr Speaker, by virtue of their advanced years, pensioners are the one category of people in this community that may not be able to afford to wait for the fruits of long-term economic policies and objectives. Mr Speaker, on the question of the Social Assistance Fund, I would echo the request that has been made, or the point that has been made, earlier in this debate by another Member on this side and that is that the Social Assistance Fund one presumes is now healthy, and the fact that one has to use the words "presumes that it is now healthy" suggests of course that we do not know whether it is healthy or whether it is not and, of course, we do not, Mr Speaker, because we do not have any information about it. We call upon the Government to provide information about this substantial Fund because there has been a substantial transfer of money, £10m each year and I think, Mr Speaker, that information should be made generally available. Mr Speaker, the purpose of this debate is not for me to ask specifically for information and I will settle for the general proposition which I put about five or ten minutes ago "that the Government accepts, as a matter of principle, that all matters of public expenditure and public funding should be made fully available to this House. If the Government accepts that proposition then the illicitation of particular information can be left for another date. The House, Mr Speaker, does not know how these funds are being utilised. We do not know how or to what extent it is being distributed by the Community Care set up. Are the funds being subjected to independent supervision by Auditors? Be they in-house or privately contracted Auditors. Is there a reserve in that Fund? Where is that reserve physically located? In what form is it? What is it being used for? Mr Speaker, it is really extraordinary that one should be asking for such information. It is information which at least should be made available to this House. Mr Speaker, the reality of the matter is that 24% of Government expenditure is now voted on the basis that this House does not know exactly how it is going to be used. The 24% of the money that this House will vote on this Appropriation Bill is in effect being voted for, at least by the Members on this side, on a blank cheque basis. As far as the duty of this House is concerned, not only should it vote the funds but it should be allowed to exercise its judgement as to whether those funds ought to be voted or not. It should also know exactly what it is being used for. How it is going to be administered and by whom it is going to be administered. What are the

prospects for those funds? To the extent that we do not know anything in relation to this, and I do not know if Members opposite accept my mathematics which as I say is 24%, to that extent and in relation to that 24%, what the Government is saying to us is vote on a blank cheque basis. Mr Speaker, the Improvement and Development Fund is clearly the area where the main bulk of Government expenditure on capital infrastructure is going to take place. We do not know exactly what the Investment Fund may be doing in that area. The fact of the matter is, Mr Speaker, that the bulk of the receipts into the Improvement and Development Fund is from the sale of Government properties and the two largest items in relation to the proposed expenditure of that sum is the housing units at GIB 5 and the Industrial Park. Mr Speaker, those funds are covered by the anticipated revenues of the Development Fund to the extent that the anticipated expenditure by the Improvement and Development on those two projects this forthcoming year is covered by the proposed revenues of the Fund from sale of Government properties. Mr Speaker, both inside and outside this House, the explanation as to the object of the recent £50m borrowing by Government has been and I know the Honourable Financial and Development Secretary said that initially it will be used perhaps for re-scheduling or reorganising some Government debt but at a more political level it subsequently transpired that, in fact, the purpose is substantially for these two projects. Mr Speaker, I therefore ask the Honourable Members opposite simply to clarify that if the money has been borrowed for the expenditure on those two projects and it has also been said from the sale of Government properties then would the Honourable Minister when he replies simply clarify by way of explanation what it is proposed to do with the proceeds of the funds drawn down? Is it going to sit in reserve? To meet further expenditure on those projects? There is no reflection, of this at least from any of the Accounts in the Estimates. There is no provision for interest payments so it does not appear that the funds are going to sit in the Consolidated Fund? It does not appear that the funds are going to sit in the Improvement and Development Fund. So would Honourable Members clarify where those proceeds are going, to sit whilst they are not being used and in what Account they will sit and to the extent that those funds are used for the funding of these projects in the Improvement and Development Fund. Presumably if all the proposed Government sale of properties go through the Fund will end in surplus? The other possibility of course, Mr Speaker, is that somehow these funds are the ones that going to be used by Government owned companies from purchase from Government of the Alameda Estate and the other properties that the Government is transferring into Gibraltar Commercial and Residential Property Limited. Of course the proceeds will reach the Government as proceeds of sale and not drawn down as loans. Mr Speaker, I would like that clarified. Where are those £50m going to sit? In what Fund they are going to sit? What is the object of it and the interest until those funds are used? Mr Speaker, the Honourable Member said that he expected the Industrial Park to generate employment. Well, of course, it might but at the moment what seems to be happening is that the Government

is cajoling stores and such activities to move out of existing areas of town because that is desirable in terms of Town Planning. Mr Speaker, but that in itself will not generate additional employment. So perhaps these other areas of economic activity that they are hoping will be able to generate employment. Mr Speaker, I will also appreciate from the Government to disclose the full list of properties that are going to be sold by Government to produce £67m and the mechanism whereby the Government in effect sells property from itself to a Government owned company. I would like the Government to state the basis upon which these Companies are funded. As I understand it, and I stand to be corrected, what happens is that the Government sells its properties, for example, a block in the Alameda Estate presumably to Gibraltar Residential Property Company and the Residential Property Company has presumably borrowed the money commercially to pay the Government the proceeds of the sale? I would ask any of the Members opposite that still have to speak to explain the mechanism. And if that is how it happens do they not take the view that the borrowings of that Company constitute Government borrowings to the extent presumably that the borrowings are secured either on the Government properties or on the rents that those properties generate? Mr Speaker, I think, that to the extent that Government in one form or another may be borrowing through the medium of a company, if it is borrowing and it is information that I seek, I think that this House should know the full extent of Government's borrowings, either directly or through companies. Mr Speaker, on the question of Government borrowing generally and, of course, I hasten to say that it is an entirely legitimate tool of Government economic management and planning which I do not of itself criticise, in principle. However, Mr Speaker, there is concern, again which I bring in from outside this House, as to the extent to which the present borrowing by the Government may become a burden to this and future generations of Gibraltarians if these policies do not work, and again I say that we all hope that they will. Of course, Mr Speaker, the Chief Minister has recognised that its economic policy constitutes a risk. The Chief Minister said in a recent seminar in London that it was a risk that any businessman would take in order to prepare his market place for an anticipated influx of business. Mr Speaker, obviously, it is trite and hardly necessarily to point out that the analogy is not entirely applicable, the fact of the matter is that if a company fails, what fails is that company and that company's employees. The consequences are considerably less than the problems that this economy might face if the risk that the Chief Minister has himself identified goes against us. Mr Speaker, therefore as far as the Party that I lead is concerned our position on the Government's economic performance is that whilst we recognise and accept and support the objectives and whilst we recognise that what they have done to date are steps in that direction, as far as we are concerned, the jury is still out on this Government in the sense that the verdict of the jury is the success of the objectives, and let me hasten to say that I put myself at the forefront of the people that hope

that the Government's economy delivers what it is calculated to deliver. The jury is also out on the question of Government borrowings and Government expenditure, and until such time as we know exactly what those borrowed funds are being applied to. I am grateful, Mr Speaker.

The House recessed 5.05 pm

The House resumed 5.25 pm

HON M A FEETHAM:

Mr Speaker, I can well appreciate the problem of being in Opposition particularly when results are being produced. This adds to the predicament of the Opposition because if on the one hand you recognise that achievements are being made and you keep quiet about it the view could be taken that the Opposition is being too soft. That of course leads to the probability that we get somebody being elected on a ticket of more opposition. The realities are, Mr Speaker, that when one listens to all the arguments that have been put up to now by Members of the Opposition, the reality is that we are not arguing about changing the system. Nobody is arguing about changing the system. That is to say that nobody is arguing about changing the capitalist system for any other type of system. Then what we are talking about, Mr Speaker, is how to go about producing results in the capitalist system? Mr Speaker, in the face of our membership in the European Community that is precisely what we are talking about. So at the end of the day as far as Government and Opposition is concerned we are talking about how we spend Public Expenditure and to what use we put our Public Expenditure. So, Col Britto, as he obviously has to be seen to be opposing and has to come out and said things, cliches, like "We are doing too much too soon", "We are taking shortcuts", "We are overheating", and "We are creating an artificial growth". The solitary Member in the Opposition on the other hand who has come in offering more opposition is required to talk about working within the system. The Hon Member immediately comes about and says that he agrees with everything that we are doing, except that towards the rounding up of his debate he goes into a charade under the theme of openness. This theme in which the GSD believes, and which must be his future Manifesto, is we believe this, we believe that and reminded me of the speech of a famous Statesman who said "I have a dream". But the realities are that we are down to the basics of running a Government. We are really talking about giving the emphasis to create economic growth in Gibraltar in the light of existing circumstances worldwide and not just in Gibraltar. We cannot lose sight of the fact that Gibraltar was faced with serious problems and of course we cannot answer for what was happening before 1988, but I think we are entitled to use that as a basis of how we found the economy in 1988. It is a fact that in 1988, the argument that was being put by the previous administration was that all that the economy required was fine tuning and what was happening was that Government were borrowing for recurrent expenditure. There was no expenditure

in infrastructure and in terms of employment what was happening, and the statistics are there, that for every job lost in the MOD one was created in the Government. So what is it that we were having, Mr Speaker? What is it that we were faced with? Mr Speaker, the scenario that we were faced with was a disaster. That is the reality of the situation. Why? Because had we carried on with the continuation of a fine tuning policy we would have had, going on the basis of the 1988 Budget of £70m, a Budget of round about £82m plus this year. The argument today would not have been about decreasing taxation, Mr Speaker, the argument today would have been about increasing taxation to sustain the system that was there before we came into power in 1988. Now, what would that have meant? That would have meant that there would have been less spending power and it would have meant that the recession of the last three years which has been worldwide would have affected Gibraltar even more so if we had not done the things that we have done so far. So, Mr Speaker, it is not a question of overheating. It is not a question of artificial growth. It is a question of having taken a calculated and bold step in the full knowledge, Mr Speaker, that Gibraltar could not afford to be run in the way it used to be run before with external forces outside the perimeter of the Gibraltar Government pulling strings and pulling the Gibraltarian in whatever way they wished us to go. The reality is, Mr Speaker, that we have to take the destiny of Gibraltar in our own hands and if Gibraltar wants to go down the drain it will go down the drain because the Gibraltarians chose that it go down the drain. Not because we were subjected to forces from outside and not necessarily from Spain, Mr Speaker. So we have done what every other Government in Europe has been doing in order to safeguard their own economy Mr Speaker. The argument in the UK today between a Labour Government and a Conservative Government is again not about changing the system, it is how to spend the money and where one is going to put it. We decided, Mr Speaker, that we have to have a development plan that is going to consolidate the economy of Gibraltar that is going to be the basis for sustained growth in the future and that is aimed to make Gibraltar self-sufficient. That our development plan does not work, that it fails only time will tell. But let me say, Mr Speaker, that if we had not taken the steps that we have taken I would not like to imagine the sort of picture that Gibraltar would today be facing. Never mind the tourist problem, the Financial Centre problems which I would agree with the Member opposite has been sustained by the hard work put in by the legal profession and other sectors under the the philosophy of the Tax Haven situation. Something which we have to overcome, Mr Speaker, because we do not believe that Gibraltar's future as a Finance Centre is based on the old philosophy of the Tax Haven because we are Members of the Community and therefore we have to go for the right niche with the right product and that is what the argument is all about. But before we can even talk about these things we have to put our infrastructure in place. Our infrastructure in place means using our own funding and not going to UK for funds. We are the first Government that has obtained no Development Aid from the British

Government, not that we want any handouts, as I have already said. Our efforts, our sweat, our tears will produce the result that is required to take Gibraltar into the 21st Century. So we have done what anybody else would have done in our situation. We realised we had to invest in infrastructure, in meeting social obligations, housing our people, as my colleague has already said, because without these things Gibraltar has no future at all. If we keep people in substandard accommodation you do not have a moral basis for arguing that Gibraltar is secure because security begins at home, in the household, with proper housing conditions. All these things cost money, Mr Speaker, so how do we produce this money? Do people still think, as I said on television the other evening, that we are living on the backs of the British Government. That is gone, Mr Speaker. There is no magic wand in the horizon. Money is not coming in because money wants to come in. We have to create that money and we have to create that money by using our assets. Recycling our assets to produce sustained growth in the future. That is what all the argument is about. And so, Mr Speaker, when the Honourable Member opposite or any of them talk about taking risks and so on and so forth and that Gibraltar is not a business that winds down and nothing much happens. Mr Speaker, unless we diversify and do not put Gibraltar all the eggs in one basket, the likely result is that we will have to wind up. I am just replying, Mr Speaker, to what the Hon Member has just said about a company. There is a difference, of course, there is a difference. In our expenditure we are not only investing in infrastructure, we are also investing in projects to diversify the economy and when my Honourable Member opposite says that "we in the GSD", and I think he listed a number of things, port work, shiprepair, light manufacturing industry as a means of diversifying the economy. Of course that is what we are saying. But how can you diversify, Mr Speaker, the economy with light industry if you do not have the infrastructure in place to offer? This is where the Industrial Park comes in. The expansion of our generating capacity, the expansion of our Incinerator and so on is all part of the wider issues of infrastructure that will permit us, hopefully, to be able to attract the light industry that is required. But the reality, Mr Speaker, is that that is what we are trying to do. There is nothing secret about our economic plan. I think that we are taking sensible steps and we are taking bold steps. Certainly we are doing that and we recognise it. But to say on the one hand that what we are doing is not sustainable and, I think, the Honourable Member said opposite that we had done the easy part. Well I am glad that we have done the easy part, although it has been done very difficult although he thinks it's the easy part. There is no doubt that we have a long way to go. I agree with that entirely. We have absolutely a long way to go. Nobody on this side is saying that after four years in Government, we or any other Government, pursuing the policies that we are pursuing, in the context of the competition that we have and in the concept of the European Community that we have done everything that needs to be done. Mr Speaker, a hell of a lot more needs to be done

because we are forty years behind in the competitive development of other Communities and other Off-shore Centres for example. A lot has to be done but we are working on it. However to discard the private sector investment that has already been attracted to Gibraltar as being a problem or that it could be a problem is a bit too much. All we can do is to sell Gibraltar in the best possible light because we do believe in the potential of Gibraltar. We do believe that Gibraltar has a future and if people come to Gibraltar and invest huge sums of money in Gibraltar I for one I am not going to say to them do not do it. I am, no more responsible, Mr Speaker, if there is a risk than the AACR were before they proceeded with the ICC Centre or Cornwall's Centre. People invest after looking at the facts and then making a decision. We all do that. That is part of the strategy. We are not standing around and we are not sitting back. On marketing in general another point that has been raised by the Honourable Mr Anthony, Mr Caruana and others in the Opposition, I think, I have said that we have started putting in, first of all, our basic requirements into place and I have already described to the House the number of things that we are doing on that broad front. Now in our judgement we need to begin to go about with a professional and indeed an aggressive marketing of Gibraltar on all fronts. Of course we are working on that very very closely with an awful lot of professionals in the private sector to whom Gibraltar owes a great deal because the resources that have been achieved up to now includes the effort of a lot of people in Gibraltar and not exclusively of the Government. People in the professional field and other interests in Gibraltar and we are working very closely together because we all believe that if we are going to get our act right then we are going to have to understand and we are going to have to coordinate that marketing policy and that is happening, Mr Speaker. I have a team that I meet regularly with, of top people in Gibraltar, and we have worked out a marketing strategy, no doubt some of things that were said by the Honourable Member opposite quite rightly are part of the strategy that we are pursuing and that the Financial and Development Secretary is coordinating on behalf of the Government. Mr Speaker, one cannot argue about reputation until you have your infrastructure in place and the fact that we have created in our time in office the Financial Services Ordinance, we have set up the Commission, we have employed a Commissioner and now the Government welcomes obviously hands down the appointment of Michael Davidson as Banking Supervisor. Because what we need are people with his kind of experience in the right places. That is what is needed. Then all of us in this House, including the Opposition, can work towards building up Gibraltar in their different line of interest, they on that side and we on this side. That is the way that we have to do it. There is nothing new. We are not doing anything that people should feel has been discovered by the GSLP. No, Gibraltar has to establish a new economic base and we are working on all fronts to achieve it. That is all we are doing and trying to overcome a lot of the old problems that we have inherited at the same time and that is difficult enough. So Mr Speaker,

in the short time that I have spoken, I hope that I have more or less answered everything although I am not going to get myself involved in the tiny winy bits that may have been said, I am talking about the policy. The strategy and the thinking of the Government. That is all we in this House are responsible for. But there are one or two points that I need to answer. The point was made by the new Honourable Member opposite that we must not lose sight of the fact that there are an awful lot of local professionals involved in the development side that were previously employed by Government and who are now in the private sector. If there is going to be any work from the Government then we should think about them first. I could not agree more with the Hon Member. However, nothing is perfect and sometimes things are not possible. It is no more possible than it was when these same people, who are today in the private sector, used to work in the Government when they were being accused of doing private sector work and of taking work from private sector individuals. So you cannot win. That is a fact. A lot of Government employees were being accused of doing private sector work when they were in the Government. The private sector does not want anybody else to do work, except them. That is the point that I am trying to make. It is not possible and the world is not perfect and we will just have to struggle on and try to do the best that we can. However I can tell the Hon Member that the analysis of the Planning Application Stage something in which I take great interest because I see all planning applications and I do not want something to come up that I do not know about and then get slaughtered by a Member opposite on a decision somebody else has taken. I like to be involved. That is the type of individual that I am. If you look at the analysis of Planning Applications today then we will see that most of the Planning Applications that are submitted are from Members of the professional grades, The Association of Professionals in Gibraltar. Most of the Applications are from them. From that group of individuals. Now if you receive a major development then, of course, there is always a possibility, that a developer likes to work with a particular Architect that he knows and with whom they have worked over the years. We have inherited today in Gibraltar that type of individual, Mr Speaker, who is now an established company in Gibraltar that has worked with British Companies and who were the traditional market in Gibraltar before. It is just the changing trend. So I hope that Members opposite will understand that while he may not agree on some of the things that we are doing, the principles, the policy, I think, are the correct ones. What I would like to do for the benefit of Members opposite after having answered some of their points, some other points, of course, will be dealt with the Chief Minister in his reply. For the benefit of Members opposite I would like to make a statement on the position of the major developments in Gibraltar so that the House is informed on the state of play. On the infrastructure which concerns everybody, the main Infrastructural Contract, approximately two thirds of the work envisaged under that programme has already been completed. This Infrastructure Contract is divided into

three main areas of work. On the North Mole Reclamation, salt, potable water and twin salt water pumping mains, electrical and telephone ducts, and surface water sewers and pumping mains have been laid and completed within this section of the Reclamation Area. Only the final connections to the existing North Mole remains to be completed together with the final road network in the Reclamation Area itself and this is scheduled to be completed by September. The Sewage Pumping Area in this area should be completed in November. In the main Reclamation Area, the services of the main reclamation are approximately two thirds completed. This has allowed access to the development site whilst the infrastructure contractor continues with the road building programme in other areas of the reclamation site. The Sewage Pumping House is near completion, that is a good sign for the people in Varyl Begg, and work on the Mechanical and Electrical installation will commence shortly. The Pumping Mains to this Pumping Station will be connected during the following weeks, all the electrical work having been laid before hand. Insofar as Queensway is concerned, the laying of services along Queensway is progressing slightly behind schedule due to the large number of unforeseen obstructions encountered. These include old obsolete services which have had to be removed, all pipes which have to be repaired and also the poor quality of the field material used to carry out the original reclamation of the Queensway itself, an historical problem. The contractors however are confident that they will complete all the works by the end of 1991. Regardless of all these problems, the Government has been able through very close monitoring of the works to maintain at least a steady one-way traffic system along Queensway. One big alleviating factor has been the foresight of the Government in converting Naval Ground No.2 into a much needed Car Park and not into a Leisure Complex as some people had suggested. The Car Park is now widely used by a large cross-section of the community and it is a good exercise in any case for engaging demand for further provision of pay Car Parks. Potable and salt water works, in the Waterport area, Corral Road and extending up to and including Moorish Castle are now substantially complete with only the Waterport Wharf Road and Moorish Castle Reservoir connections remaining. In the main, I think, everybody agrees that the reclamation works have continued at a remarkable speed with the level of construction works proceeding at the rate, which, I think, again Members will agree, has never been witnessed in Gibraltar before. My colleague, the Minister for Housing has already stated that the Westside development is nearing completion of the first Phase and that purchasers will be able to obtain their flats during the latter part of the current year. Westside 2 is also well under way and everybody can see that the super structure is nearly two thirds complete. The foundation works have already started, as my colleague has already stated, to the 584 residential units of the Government's own project GIB 5. Europort, Mr Speaker, is nearing the completion of Phase I and this is due to be completed towards the end of this year. Of course, since the last meeting

of the House the intergration of the Hyatt Hotel as part of the development concept will add prestige and improve the facilities being offered as part of the investment concept. Furthermore, Mr Speaker, the Government has recently announced the agreement reached with new investors for the development of a fully intergrated leisure and commercial complex to be built in the main reclamation area adjoining the Europort Complex, Westside 1, Westside 2 and GIB 5. The development is an important jigsaw piece in the overall planning strategy for the urban growth of Gibraltar and will provide essential leisure facilities for the population of Gibraltar which have been starved of such amenities over the years. Members will no doubt have also noticed that the prestigious Queensway Quay Development has already started and the first 125 units will be available in the Spring 1993, as well as the business flats complex of Eurotowers where 198 units will be available in 1993. It would appear from the comments that have been made in the House that all Members agree with the principle of the Industrial Park and the concept behind the Industrial Park. Members may be aware that the contract for the construction of the Industrial Business Park, in part of the old Dockyard, was signed in January 1991, after several months of planning, market research and negotiations between contractors. The New Harbours Development concept provides accommodation for the mixed uses of warehouse, light industry and office space within a self-contained, well managed environment, vital to the Government's own strategy on long-term use planning and job creation and diversification of the economy. I think, and no doubt it will happen that it will also stimulate wider financial and environmental development in the sense that we could have light industry in the Dockyard and companies operating off-shore taking office space elsewhere for the purpose of the Industrial Park. It will also quite rightly decongest the haphazard and disorganised existing industrial related accommodation which has been the plight of Gibraltar for the last fourteen years. The enabling works commenced in January 1991 and this involved the identification of all the existing services located in the development area. This has been a mammoth task, Mr Speaker, when one acknowledges that the development of the Dockyard over the last one hundred years has been carried out without any reference to proper planning procedures and very few records have been found. Marketing of the new premises and lease arrangements for new tenants will commence this month and from the applications already received, it looks like the Industrial Park will be a substantial success. One of the developments that my colleague, the Minister for Labour, has already intimated in his address, is the one that we all, I think, associate ourselves mostly with because of the nature of the development, and that is the contract for the St Bernadette's Centre for the Handicapped which will be signed during the week ending the 14th June. Work is due to commence immediately after. The ground floor of the building consists of an area of 880 square metres, and amongst other facilities will include Assembly Halls, Staff areas, Medical rooms, Workshops, Therapy rooms and so on. The first floor will

comprise in addition to the original plan, will also include on the first floor, a residential home for the handicapped, thus assisting in alleviating parents during some periods of the year when requirement for assistance is necessary. It will mean that the children will be in the residential home whilst parents can take, for example, a holiday or a rest from the major problems that they are faced in this context. The amenities will include fourteen bedrooms, plus a further four intensive care bedrooms. The kitchen, the dining room, will have all the necessary and anxillary facilities that are required. This, as I have said, Mr Speaker, is a major contribution by the Government for the care and welfare of our less fortunate citizens and I am sure, that it will be welcomed by all the members of our community. Finally, Mr Speaker, two further areas of interest, one is that no doubt it will not have failed Members to have seen that work on soil investigations are at present taking place on the East Side. This is being carried out by professionals and Members will have seen the barge on four legs. It is envisaged if it is feasible that a development on the East Side of approximately 60 acres could be provided. Once the results are produced this will allow the Government to assess the situation and no final decision will be taken until this is known. The final point is that we have done a great deal of work in the area for stabilising our beaches as Members will have seen. The beach drawings that have been done show a small but certainly a very important addition of reclamation in Camp Bay which has increased the beach facilities in Camp Bay by about 50% with this latest reclamation, which is only phase I. We intend to do more work in that respect and this has helped in stabilising the loss of the sand in these beaches. We intend to continue with these sort of initiatives in the future so that we can upgrade some of the infrastructure in terms of beaches that is so important for my colleague as part of his campaign to get tourists to stay in Gibraltar. So, I think, that the message, Mr Speaker, from this side of the House is that Gibraltar is working, that Gibraltar is producing the results, that the private sector and the Government initiatives, investment and involvement in working together is the right course and, I think, above everything else that this has produced a very high level of investment which is a sign of confidence and if there is a sign of confidence from people that wish to invest in Gibraltar then it must be because at least the easy part that we have done up to now has produced the right level of confidence so that the difficult part that needs to be tackled in the future is a success, Mr Speaker.

HON A J CANEPA:

Thank you Mr Speaker. I am going to divide my contribution into three parts, not necessarily equal. In the first part I propose to deal with a number of points that have come up in the course of the debate which I feel I should comment on. Secondly I will go on to deal with the main part of my speech which was the one that I had prepared when I scrutinised the Estimates and the Opposition discussed the

line, the tactics, and the approach that we would take during the debate. I did not have any sort of conclusion at the time and I have now decided more or less in my mind the nature of the conclusion. So it will be a bit different because whereas most of my speech will be of a cerebral nature bringing my intelligence to bear, I think, I am going to allow my feelings, my heart, to speak in the conclusion. I think I am entitled to do that once in a while. Mr Speaker, I could not help noting how the Chief Minister took advantage yesterday morning of the presence of the six Members of Parliament, and one cannot but stress the importance that there should be six Members of Parliament visiting Gibraltar at the same time, since it is very very important particularly in the context of the bad press which Gibraltar has been receiving of late, but, as I say, could not help noting how he took advantage of their presence here to put across to them and to the House a message which was much more direct and much more simpler and easier to understand, as my colleague Mr George Mascarenhas mentioned, than what we have been hearing in the last three years. I think his speech was comfortably within the hour and it was very lucid and very much to the point and the message was absolutely clear-cut and I am sure that the MP's have taken it on board and they know that we in Gibraltar, insofar as our survival as a people is concerned, in the kind of Gibraltar that we want for ourselves and for future generations, I think, they will have taken the message that we mean business. We are here. We are here to stay and somehow or other we are going to survive as a free community. If from the Opposition we are not able to be as effective as we would like to be, and as we are being criticised for not being, then part of the reason for that is that what we are debating in the House in these last two days is only an Appropriation Bill and it is not easy to quarrel with the Government when they are bringing projects involving considerable expenditure. Usually what Oppositions do is that they encourage the Government to spend more. However if the Government is responsive and reacting and if they are moving in the direction in which one would wish to see them move, for instance, and I declare an interest, if they are building or converting a building into two new schools in the South District, and I declare an interest because my wife is going to be the Headmistress of one of them, then I cannot quarrel with the Government and say "look do not spend £3m on this, spend £5m on another school in the North District". So part of our difficulty is that, Mr Speaker. There is no Finance Bill and it is the measures which are contained in a Finance Bill, the taxation measures, which really give the Opposition an opportunity to react on the spot for those measures and to go to town and to criticise the Government on everything that they are doing is wrong. That is what I used to see between 1972 and 1988. That is no longer possible. We are able nevertheless, that does not mean that on taxation I will not have a great deal to say, later on in my contribution, but that is part of our difficulty. We are in a way fighting with one arm strapped behind our back. I think there is in the House a consensus about the Government's economic objectives. The Government is out to achieve economic self-sufficiency and I am very glad

that Mr Peter Caruana spoke before me because he has added his voice to that consensus. The Hon Member agrees with the objectives of the Government and if he had not done that and only the Honourable Col Britto and I had done it then in certain quarters in Gibraltar, and I am not just talking about the GSD, they would be saying "there you are Adolfo Canepa is again prevailing upon Ernest Britto to be soft, to take a soft line against the Government and therefore we do not have an effective Opposition". I hope that in the same way as we have a consensus on the economic objectives that before the next General Election arrives we will also have managed to convince the Honourable Peter Caruana to join the consensus that we now have on the Brussels Agreement and on our approach. Gibraltar is at a crucial juncture in its affairs. Gibraltar is as much under threat today as when the frontier closed. When you were in Office, Mr Speaker, and when we were in Office and it is likely to be under threat for years after the Hon Mr Bossano ceases to be in Office and unless Gibraltarians get the message home; "That Spain has not altered one iota". They are, insofar as Gibraltar is concerned and I think, the best way to describe their policy is to use a Spanish word, they are "Coerentes" and "coerentes" means, logically consistent, and so they have been. They have not changed and one has not discovered the moon by reading Moran's book or by reading from the submission which they have made to the European Court. It is just confirmation of what we have suspected all along, but which it is very convenient for some people in Gibraltar to forget, particularly when one has a lot of interest over there. It is very easy to forget that and they are making a grave error if they think that that is the way ahead and I will also have something to say later on when I talk about the effect in human terms and in population terms what the Government's objectives are hoping to achieve. So the message that must come, Mr Speaker, is that we are at this important crossroads and that whilst we may disagree on whether the Government has too much secrecy and on whether they are going about things in the right way insofar as the Joint Ventures are concerned and so on but we must be agreed and continue to be agreed on the essentials. On the essentials there can be no turning back because we are talking about our survival as a people. Therefore I who in common with the Chief Minister when he said to the MPs on Monday, "I belong to a minority of people who believe that it is possible to be a politician and to be honest", and I think I also belong to that minority and my record in this House over the years can prove that I also belong to that minority. You can be a politician and be honest and because I am honest I cannot deny that for a number of years as Minister for Economic Development on that side of the House every year at this time when we were discussing the Estimates and the Budget, I said that the objective must be economic self-sufficiency because if Gibraltar is economically strong it is politically strong but if we are economically weak we are politically weak and because I have changed sides and Mr Bossano is over there now I must say that that policy is wrong. That would

be dishonest and that is not the way that I conduct my politics and if people do not like it they can kick me out. They can just not re-elect me and I will be perfectly happy. However for the sake of making political capital of popularity I will not in any way compromise my principles and that is why I say today that I support the Government on their broad economic objectives, and we in the AACR support it. If that means ineffective Opposition and if the people kick us out well so be it. We will go out with our heads high. Yesterday the Honourable Mr Britto, incidentally perhaps I should also say that this notion of economic independence and in particular not being dependent on MOD expenditure is something which could not be closer to our hearts in that it is the surest basis of the attainment of the principle which in all my years in public life has been closer to my heart and that is the right that the people of Gibraltar have to their land. That is something that cannot be realised if we are going to continue to be dependent on the MOD so that they can mess us about in the way that they have been doing for over a decade. So I am sure that that message will have got across to the Members of Parliament and that is all to the good. Yesterday, the Honourable Col Britto, and I am not one, Mr Speaker, in nearly twenty years in this House, I do not think that I have very often quarrelled or taken to task the members of the media because they have a very difficult task to perform, they are very professional and they have, in any case, always have a professional judgement to exercise in respect of how they report anything. That is a matter for them with which I would not quarrel. Whilst I do not particularly mind that a speech which we viewed as an important one, because it was setting the ground for the line that we were going to take was not reported, that is not what I am quarrelling with. What I do quarrel is that something important which the Honourable Col Britto said was probably inadvertently twisted by the Honourable Juan Carlos Perez and that is the way that it has been reported. Col Britto, did not say that what we have is artificial economic growth, those were not the words that he used. That is the way that he has been reported. That is the way that the Honourable Juan Carlos Perez interpreted him and it has been reported in the media as that. It is very simple, the proof is here, the copious notes are here and what the Hon Col Britto said was that the economic growth was being artificially boosted by massive direct Government investment, that is not quite the same thing. In my view there is more than a fine distinction in that. Mr Pilcher, I am sorry to see . . . got very upset. I would have hoped that overnight he would have felt that after all the Honourable George Mascarenhas spoke for fifteen minutes and he spent five of those criticising him. His friend! Because the Honourable Mr Mascarenhas friend is my former pupil, I hope to be more objective and kind to him, if I put some not very positive remarks in his report. I will try to compensate in others. I do not think that it was called for that he should have spent about half an hour defending himself on the question of tourism as he did, but it is indicative of what we have noted in the last three years and that is that Honourable Members opposite tend

to be most sensitive when they are criticised. They seem to be unable to take criticism. And when there is criticism of the kind that Mr Mascarenhas made and one can hardly blame, Mr Mascarenhas, after all the amount of information that he has to go on in order to put across a point of view on tourism is negligible. What information does he have to go on? Some information was given by the Honourable Mr Pilcher, subsequent to his speech but apart from that there was very little to go on and whether they like it or not, the impression that they gave over the years in Government and here in the House and possibly because of the problems of GSL and possibly because of the way that they are trying to implement their economic strategy, the impression that the GSLP has given over the years is that tourism was not a very high priority for them. It is a low priority and therefore it is legitimate, I think, that they should be brought to heel and taken to task about that. But the reaction to such criticism should be one of, was it not contempt, because contempt you would dismiss it with a word or two. But sarcasm and the allegations that there was no thinking behind what he had said. That there was no logic. Mental garbage? Incidentally, he did point out that foreign vehicles were up by 18%, and I think that looking at those statistics, which are no doubt beneficial to the sale of petrol and to the Winston business, I think, that they should be looked at more critically. I am going to give a small bouquet to Mr Pilcher. In fact, I have just done so. I have recorded an interview on radio and therefore I do not know when it is going to be used. But even before I had spoken I had said that he has put in a tremendous amount of effort into trying to keep GSL afloat. I do not want to be here this afternoon as controversial as perhaps I have been on radio insofar as the history of GSL is concerned because, I think, it is now history if its operations are going to be wound up next month. We are therefore not going to rake out the old Appledore controversy and so on but it is unfortunate. It is a pity that it is closing down because it has been a decade from 1981 to 1991, in which Ministers from both administrations, now notably Mr Pilcher and the Chief Minister, and previously myself, the Hon Mr Featherstone, two Financial Secretaries, and the present Administrative Secretary, Mr Ernest Montado and the hours that were spent on the future of that wretched Yard makes me feel very sad that operations are having to be suspended. I do recognise the amount of effort and hard work that the Honourable Member opposite has put and that he has had some measure of success in cutting the losses down. The reality however is that we would all have liked to have seen Kvaerner or somebody else take it over and that the Yard should have kept going. I hope that the Government are genuine in their desire to try and see whether it is at all possible for operations to be resumed by some other entity taking it over. Because after all the package that the Port of Gibraltar offers on shipping includes bunkering services, transhipment to the extent that we are able to have them, Shipping Registry business and Ship Repairing is a very important part of that package which together even today makes a significant contribution to

the economy, something of the order, I think, of 8% to 10% of the economy and it is therefore a significant contribution. Quite honestly, Mr Speaker, I do not know what can be done with those docks other than for ship repairing? We can have them full of water and perhaps have ships, yachts and so on floating in them, something like a small yacht marina or they can be filled up. So I hope that because it is not easy to find an alternative use for them the Government which have clearly shown that they are in a hurry to get things done will be patient insofar as those docks are concerned and will not put them to alternative use. At least not to an alternative use that would be incompatible with their once again being utilised for the purpose that they were meant. Mr Feetham, Mr Speaker, said something at the beginning of his contribution that I do not think I can leave unchallenged because, I think, it demonstrates the point that my Honourable colleague, Mr George Mascarenhas, was making. The Hon Minister said that for every job lost in the MOD one job was being created in the Gibraltar Government. That of course, Mr Speaker, is not strictly true, it is partly true, certainly. When we were under pressure from the Honourable Members opposite and no less from the TGWU and other Unions to take them on, to employ people that became redundant in the MOD Departments, and we were receptive, as Gibraltarians, and tried very hard to employ those people in Government Departments whenever we could. At least we should be given some credit for having been compassionate! Even if in economic terms it was not the best possible alternative. However in social terms we were being responsible. However that is indicative of some of the problems which successive AACR administrations have faced over the years. We were not allowed the freedom to govern which this Government now enjoys. Mr Speaker, I come now to the contribution of the Honourable Mr Peter Caruana and I think that at the outset in the best parliamentary tradition, I want to congratulate him for his lucid and comprehensive speech. It is comprehensive but I did not hear a great deal that was new and that I have not heard in this House over the last three years from this side of the House. The trouble is that we, as we have said previously, are naturally reticent to rake up the speeches of the last three years and put them all together into a new speech, into a new package. This could have been done by Mr Britto leading off and it could have been done by me in winding up. In reality that was the net product of his speech which was very clearly put across, very lucidly, and very coherently argued. In fact, there were a number of suggestions that he made which I have heard in this House from people who were Members of the House before my time and I will mention one or two instances in a moment. The Honourable Mr Bossano, the Chief Minister, in welcoming and congratulating him yesterday as a Member of the House pointed out the fact that he is occupying the seat which for sixteen years he occupied until he moved across. May I also point out to him that he is also occupying the seat that somebody else occupied and I very much hope that he will not prematurely resign from the House!

In continuing more or less in a less serious vein, I think, I could describe his contribution in bullfighting terms. I have gone off bullfighting for some years, but when I was younger one of my favourite bull-fighters was Curro Romero and Curro Romero had the knack, Mr Speaker, that you had to follow him for about twenty full-fights before he would do that which you dearly wanted him to do and that was to lift the lid of the essence of bull-fighting and give you a glimpse of the real art, well I think, the Honourable Mr Peter Caruana did that he lifted the lid of the essence of leadership and effective Opposition and we got a glimpse of that this morning. He said that the Government was only taking preparatory steps. I think the Chief Minister himself said that they were only laying down the economic basis and that property development and the creation of assets was not quite the success that it is bandied about that it is made out to be. He therefore argued that the Finance Centre and Tourism should be the basis of our economy. The Hon Member then spoke about other things and he highlighted the Shipping Registry. Well, let me tell the Honourable Member that I do not think, with all humility, that there is any Member in the House today who has worked for longer on the question of the Shipping Registry than I have. I worked very assiduously at it for five years, including a very intensive apprenticeship course in London when I had meetings with Barristers of eminent Legal Firms that specialised in Shipping Registry, with Ship Brokers, with Ship Owners, it was a crash course and lasted for about four days and I learned a great deal about the Shipping Registry then. Yes, Shipping Registry does have some potential. In fact there are Authorities, I think Vanuatu is one, which virtually survive, on this but there are difficulties and amongst the obstacles are the British Government. Because even now they do not agree that the Master not being British. They were quite willing to make exemptions at the time of the Falklands conflict when they needed Merchant Shipping down there in a hurry. Then a Swedish or Norwegian Master was alright. When you point this out to them they still are not prepared to make exemptions for Gibraltar. So that is one obstacle. The National Union of Seamen and the view that they take on this matter and on the nature of the legislation is also an important factor because if you get them on the wrong side, if they are against you, and accidents happen and they do in the world of shipping, then you will be blacked with all that that brings. That is another factor, Mr Speaker. The other one is the British Shipping Association who detest flagging out because they do not like to see the British Registry being abandoned for the Gibraltar Registry. However it is possible to have some success and we were able to have some success and the Honourable Mr Feetham, in answer to a question that I put to him, has been very clear in the view that the Government takes. They prefer to have fewer ships in the Registry and that we should conform with certain very high standards. I think, I also want to tell the Honourable Minister and I have a note here where I notice

that he said, perhaps in the less serious vein that I had previously, and he should not say it too often about the Government that they applaud what the Government is doing. Well, Mr Speaker, that language is not synonymous with effective Opposition. Do not applaud them because you may end up being criticised like someone I know is. There is also something very important and significant that the Hon Member said was about the need to kill Spain's specious argument that Gibraltar is not within the EEC and the adverse effect that that can have on us. Not just on the development of our Finance Centre but on many other matters and I think, I will have to tell him that the genesis of that is the Brussels Agreement. Mr Speaker, I feel bound to say that I have no doubt that if we had ever suspected, the AACR administration, that this was going to happen then we would not have gone down the road of the Brussels Agreement in the manner in which we did. In the same way as my short-lived Administration of three and a half months never envisaged for one moment that we would ever to bring legislation to this House to amend our Customs and Immigration laws in order to allow the implementation of the Airport Agreement, I can tell Honourable Members that we would not have enacted legislation on advance implementation if we had suspected for one moment that Spain was going to use the Brussels Agreement against us in the context of the EEC and in the way that they are now doing. Mr Speaker, why do they do that? Because the Brussels Agreement anti-dates their accession to the EEC? Well it post-dates our accession to the EEC because we became Members in 1973 and there was nothing wrong and nothing ever happened between 1973 and 1985 or 1986 when on the 27th November 1984, when the Brussels Agreement was signed. So I have no doubt that we would not have gone down that path. We did it with the best will in the world and we did it as an act of good faith and we would not, not one of us, in that Administration would ever have gone down that road if we had realised that Spain was going to be able to use that in order to tie our hands in everything that has to do with the EEC. Rumours are now going round Gibraltar, Mr Speaker, that passports will not be valid. This is abominable. What is happening? The situation regarding foreign investment that the Hon Member spoke about, I think, he has repeated part of what I had to say in the context of what last year I termed as the dangers of "neo colonialism". That people from outside who invest in Gibraltar may get the opportunity to behave as neo colonials because of the advantages that that gives them. That, Mr Speaker, was very much in line with something that I had to say last year. But I can assure the Honourable Member that much of what he had to say on virtually everything from the Joint Venture Companies, to the Investment Fund and to lack of public information well we have complained about all that. Mr Speaker, last year, the main thrust of my contribution was the argument that we were putting across that the Government was taking a huge gamble in its strategy over the economy and particularly because of the unprecedented levels of borrowing and we now know that the Chief Minister himself has described

it as a risk and not for the reasons which we understand. The Estimates for this coming year, 1991/1992, indicate fully how the Government has taken a very important step forward in the implementation of their economic strategy. Looking through the Estimates, comparing their format, in content and certainly in format, if compared with what there was there three years ago then I think, the extent of that step forward can be seen in a very dramatic way. One can see the provision of large sums of money the investment of huge sums of money, certainly by our standards in Gibraltar. £16½m on the Industrial Park, with £12½m to go. Further Land Reclamation of £9m, Housing £18.6m with a balance of £17m to go, £3m on Social Development and which I have welcomed for South Barracks School. On the receipt side, Mr Speaker, £11m has come from the sale of Government properties this year with £67m earmarked for 1991/1992 and these figures alone, I think, underline dramatically the extent of the gamble which is being taken and if this comes off, if the gamble comes off, I think, Gibraltar will most assuredly swing in spite of the MOD cuts. If not, Mr Speaker, we are going to sink without trace. I however agree with the Honourable Mr Feetham, that it is better that we should sink than we have tried to do our best to prevent that from happening, than that it should happen because of what others elsewhere might do. So it is either success with economic self-sufficiency at the end of the road or ruin. There is no turning back. In the words of that song from that wonderful show "The Phantom of the Opera" we have reached the point of no return. That, I think, is going to become clear over the next twelve months. Whether this strategy succeeds or not will not be known, before the next General Election, so that when people judge the Government, when they go back to the electorate in a year's time, I think, it will have to be very much an act of faith on peoples' part, because the results will not yet be seen. We can point out the dangers, the question marks, as the Honourable Mr Peter Caruana said, the jury is out but the jury is not going to come back before the General Election and they may then give a verdict. The result in economic terms will not however be seen until some time later. Mr Speaker, in this gamble that the Government is taking all we can do is point out the dangers but we cannot stop them from proceeding on those lines. They are in Office and it is their responsibility. It is their job and no matter how effective we try to be or what arguments we put the show is on the road. In a way, Mr Speaker, the Estimates of 1991/1992, show that anybody coming in after next year's General Election, other than the GSLP, will not be able to stop the show. I think, they will have to continue down that road because of the enormity of the investment which the Government themselves directly are putting into the Development Plan. If I say that, Mr Speaker, does it mean that the Opposition is ineffective? What we have indicated is that we certainly would not have gone at the speed that they have done, I think, we would have been more cautious perhaps because in a way we were conditioned by many years of a closed frontier. At that time you did not know where

the next penny was going to come from. But the signs are clear. The MOD and PSA are moving out and I do not think that the PSA are going to privatise. A year ago or eighteen months ago I thought they might but today, I think, they will move out of Gibraltar, lock, stock and barrel. I know, Mr Speaker, that I am likely to be criticised for the line that I am taking and it is a line which I am prepared to defend on "Live on the Rock" on television tomorrow night and take the criticism that will no doubt come. I think, it is a responsible attitude to take. As I say, perhaps we tend to be more cautious because as someone who is not here now once said that both Mr Bossano and I were prisoners of the siege mentality. I accept that I am a prisoner of the siege mentality because of the threat from the people across the way and to which I referred earlier in my speech. I think the threat is still there. In that sense I am still a prisoner. Our inbred caution during those years was the nature of the realities. If the Honourable Members opposite are budgetting for a surplus in the Consolidated Fund at the end of next year of £4m, Honourable Members who were here then, I think, there is only Mr Bossano, Mr Featherstone and you, Mr Speaker, and these Members will remember that one year we actually finished the year with £89,000 in the kitty. That was all that we had. So with that reality our approach had to be realistic and taking into account that constraint. When the history books are written, then something that will go down to the credit of AACR administrations between 1972 and 1985 is how they pulled Gibraltar through. We pulled Gibraltar through. During very difficult years when the only thing we had was some ODA assistance for our Development Programme we pulled Gibraltar through and no-one starved and no worker in employment at the end of the week did not receive his wage or no salaried man did not receive his salary at the end of the month. Businesses did not collapse during those years. Most of them managed to keep going perhaps some with assistance from the Government. We were very forebearing with them and particularly during the most difficult years from 1982 to 1984 with a partially opened frontier when Spain nearly achieved what she was not able to achieve with the totally closed frontier. Mr Speaker, when that border was opened to pedestrians only, with discriminatory one-way traffic, the Gibraltar Government in the Consolidated Fund had a balance of £12m which over a period of two years dissipated to about £3m. We were at the time facing economic ruin and businesses owed the Government very considerable sums of money in arrears of PAYE, Social Insurance, Municipal Services. Perhaps some of those bills having not yet even today been paid off. I do not know. I am sure that the history books will be rather more charitable than what the heat of the political arena allows. I honestly think it was no mean achievement. They were years when schemes, like the East Side Reclamation slightly more modest than what Mr Feetham has told us about, not 60 acres, some 47 acres, but still a very massive scheme and it could not get off the ground. We awarded a Feasibility Study as Honourable Members opposite will remember to Wimpey Trocon and it could not get off the ground because the frontier

was closed. Now what did that envisage Mr Speaker? The strategy behind that scheme was to generate growth, not just in economic terms but also in our population and we were hoping to generate an increase in population associated with that scheme of about 5,000 people. I remember Mr Featherstone when then in Government saying, "The problems that we have in the economy could be solved or partly solved if we increased our population to 40,000". The Government now talks, not here today or yesterday, but they have spoken about a strategy aimed at doubling the population of Gibraltar as being the answer in economic terms, so again, even if we were moving more modestly in that direction we trying to do more or less the same in purely economic terms and one cannot disagree with that. One can however point to some of the dangers and some of the dangers are of a social nature and some of a political nature. The political nature of the problem is the one that worries me most and that is that if the population of Gibraltar is going to grow to something in excess of 50,000 double, what we have, we are going to be attracting a lot of expats to Gibraltar who mainly, I would imagine, are associated with the Finance Centre and the result of that in political terms could be that we may find over a period of time facing many of the problems that Fiji has faced in the last 15 years and having to adopt a similar attitude. The Fijians were being outnumbered by the Indians and we saw the Constitutional crisis that they had in the islands a couple of years ago and what that led to. Mr Speaker, I can envisage a situation in Gibraltar in which there will be this massive increase in population with people who just by residing here for six months will acquire the right to vote and those expatriates may not be as committed to the views that we the home-grown Gibraltarians have about our future or that the Honourable Mr Featherstone and the Honourable Ken Anthony take. They may be much more accommodating to Spanish aspirations and reel out all the stories that one hears about how beneficial to the economy it would be if we implemented the Airport Agreement. So that is a danger that we have to keep in mind and we must go very warily in that respect. The Development Plans of the Government, and in particular the City Plan, I have no great quarrel with although I must say that I dislike the outer space-like new City. On the other hand I realise that we live in the world of realities and the realities were that Gibraltar must be moving on and that we cannot shut ourselves in a museum. I welcome the diversification that is being introduced into the Europort with the Hyatt Hotel and the Leisure Complex but I wonder how that hotel is going to be filled up and I wonder how the Sheraton, at Queensway Quay is going to be filled up. When Mr Pilcher came into Office in his first speech on the Estimates of Expenditure he had a great deal to say about the efforts that he was going to make to try and get flights from Scandinavia but we have not heard anything further in the last three years about these plans or any difficulties that have arisen in that respect and therefore what I am really worried and what I would like to hear from someone opposite, even from the Chief Minister when he exercises

his right to reply, are what plans does the Government have to try and ensure that those two hotels, in particular, are filled by up-market tourists or business men? It must be done so that they do not syphon or take away business from the existing hotels. One other thing that I am not urging them to do is to take an initiative on the Airport Agreement, not even a commercial one. I would not want them to do that. In any case, I think, it is quite clear from Spain's submission to the European Court, that even if the Airport Agreement is implemented there would be no guarantee that they are going to allow extra flights. I would also like to learn from the Chief Minister what is to be done with the Airport. Who is going to take it over? Who is going to run it for us? This is if or perhaps I should say when the MOD say to us "There you are you can have the Airport because we are not prepared to spend x millions on it in order to have a few flights landing at Gibraltar. If there is a crisis in the Gulf or Falklands or what have you we know that you good Gibraltarians being so British as you are will no doubt, as you have done in the past, help us out of our difficulty. No doubt it will be your contribution to the freedom of the West to allow our MOD flights to use the Gibraltar airport". Perhaps for a price. I do not know perhaps they may be even prepared to pay! So I would like to hear from the Chief Minister some indication as to whether that scenario that I am talking about is on the cards or not. And what they would propose to do. Also why is the Ministry of Defence taking this attitude? I am sure that those that criticise Mr Bossano will say that it is because he is a naughty boy and because he says things and does things that the British Government does not like. They however announced that they were going to close the Dockyard in November 1981 and we were not being naughty at the time! Yet nevertheless they did it. So that is not the reason. Mr Speaker, they take their view in cold-stark terms as part of defence reviews and the writing, I think, is on the wall and we are really going to have to think very seriously about the future of the Airport which is the most important life-line that Gibraltar has. It is the one that has kept us going for thirteen years. The only lifeline that we had out of Gibraltar. If I say this it is because, again, I wish to express our solidarity with the Government of the day whoever they may be that could be confronted with a problem of this nature and of this magnitude. Returning to the City Plan, Mr Speaker, I continue to be worried by the over excess provision of office accommodation. The problem seems to be, Mr Speaker, pretty well what it was last year, of offices up to let all over the town and this is something that worries me about the future of Europort and the success of that venture. I am also concerned about the other project that the Minister has spoken about today, the residential and commercial complex, Eurotowers. The brochure talks about room to live and breath. A place to live in the fullest sense and I am very worried, Mr Speaker, as to who is going to come and live there next door to 1,300 units of accommodation at Westside I and Westside II, Europort plus a Power Station. I am very worried, Mr

Speaker, about the success of that scheme and I would like to be reassured if I can be reassured because I do not find it easy to believe that it is such a perfect location. I am really worried about who is going to want to live in a fourteen storey block of flats. Because I am a patriotic Gibraltarian, I hope, that I am proved wrong and that it will be a success. Without going into specific details of the City Plan it seems to me to have been geared to keep the pressure off the old City and it should enable sensible conservationist policies to be implemented in the old City. I would urge the Government to take careful heed of what the Heritage Society have to say because they are a responsible body of people with one thousand two hundred members who are not extremists, who are not cranks, they are sensible people and, I hope, the Minister will pay very careful attention to what they have to say. The City Plan has been exhibited in order to get feedback and I think that the feedback of the Heritage Society will be amongst the most valuable. I was going to say something about Catalan Bay but I am glad that the Chief Minister has had a meeting with the Villagers. I have to declare an interest because as, I think, Honourable Members know I have been spending my summers there or trying to, when the pressure of politics allows, for a lifetime. I occasionally see the Honourable Mari Montegriffo there and I am glad to see that the Chief Minister has allayed the fears of the people of Catalan Bay. Because if Catalan Bay declares independence and Panorama tells me that Cloti and Cynthia are jointly proposing me as President of an independent "La Caleta" then that is going to create problems for me, Mr Speaker. I would not mind when I retire from public life having the job in an Honorary capacity, but I would not want La Caleta, with me as a President, to declare unilateral independence against the rest of Gibraltar. So I am sure the Chief Minister has been able to allay their fears that the essential character and the facilities at Catalan Bay are not going to be infringed. I think, there has been some evidence in the past year Mr Speaker, of "caring for the environment". The Litter Control Legislation is beginning to have some impact. I am not going to say that Gibraltar is not clean but it is less dirty than what it was and, I think, that apart from that there is some indication from the Government of concern for the environment. The measures that are being taken at the beaches, regardless of whether it is the reclamation that caused it, or the very serious storms that we had, but the fact is those groins is something that we wanted to do and we never got round to doing it. As Slim Simson rightly pointed out there was a barge on its way on one occasion to fill up the gap between the rocks at the beach and the Caleta Palace and it sunk on its way round! That is true. That is something I had a lot to do with as Minister for Economic Development and for the Port. I am glad to see the efforts that are being made on the Nature Reserve and the Honourable Mr Pilcher who I hope is outside listening deserves some credit to counterbalance the attacks that we made, launched, from this side yesterday on him. I would urge the Government to appoint a Minister for Environmental Protection. I

think they have taken some steps in that direction because the Department of Trade and Industry is working in support of the Tourist Agency in meeting the requirements of, not just tourists, but residents as well and, I think, that it would be a good thing to take this matter a step further. This is something that has always been very close to my heart to have someone specifically responsible, in a Government, for Environmental Protection.

MR SPEAKER:

The House will recess for twenty minutes.

The House recessed at 5.05 pm.

The House resumed at 5.25 pm.

HON A J CANEPA:

Mr Speaker, on the question of public relations and the perception which the average man in the street has of the Government as I said last year the ordinary man in the street does not understand what the Government is trying to do and he does not yet see how he is benefitting, certainly not in his pocket other than every year there is an annual increase in salaries. He however does not see how he is benefitting yet from the Government's economic policy and I think there is some disaffection with the Government because of this. I think it is clear, and it is not just because people probably tell Members of the Opposition what they think we like to hear, but because there is a genuine consensus view that the aspirations of the working class are not being met. These aspirations, Mr Speaker, are linked with the question of taxation. I am not going to say that the Government is lacking in sensitivity or compassion, because if we hear that a contract has or is going to be signed in connection with St Bernadette's then, I think, that that is an indication of compassion, as well as other improvements in Education and in the Hospitals, but the problem is that people do tend to judge benefits from Government by what is left in their pockets and by what they pay the Government. They may not mind paying high bills elsewhere, Mr Speaker, in the private sector for luxuries but to the Government they wish to pay as little as possible. I think that part of the problem is that the Government's public relations are not as good as it ought to be, in fact, on the whole, I think, that it is very poor. This is probably because they are all working so hard that they do not have time to take into account the public relations side of things and it is important that they should. For instance there has been complaints recently about the increase in the Fuel Cost Adjustment and the Government has not bothered to reply to these letters in the Press explaining the position. Indeed they could probably blame us, Mr Speaker, because, I think, it is the same Fuel Cost Adjustment formula that we introduced in 1978. The public, Mr Speaker, forgets that some years ago the Fuel Cost Adjustment was at 4p

and it went down to 0.2p as the price of fuel decreased this is a fact and in the last year or so it has gone up to about 2.8p or 2.9p coupled with very large bills at Christmas time. I think the Government appears to be insensitive because it does not take the bother of explaining this and in my opinion they have to go to greater pains to explain the reasons why. By all means be uncompromising in the leadership that they show but if only for their own sakes, I think, the public is owed an explanation. I think that they have a right to know particularly over such matters. More could be done, Mr Speaker, on the question of drug abuse for instance. We do not feel that the Government has done enough on this field. It was something which we had a great deal to say in the first year or eighteen months when we came into Opposition and we still feel that the Government has not done enough in this field and we would urge them to really devote more energy and more imagination to this problem. The 50% growth, as the Chief Minister says, is going to be comfortably reached but the people do not understand what they are going to get out of that. The other thing that I hear, and I say this for the benefit of the Chief Minister, is that it is being said that the man who for fourteen years was fighting for them as a Trade Unionist is one thing and the man who is Chief Minister is another. That he is only interested in travel, in minting new coins, in seminars and so on. They may not say this to him to his face, in fact to his face they may say "keep it up Joe". Mr Speaker, people seem to think that constant travel is a jolly when, in fact, it is anything but that. I detest travelling under such circumstances since it is the most tiring thing imaginable but the general public seems to think that we just do it for a holiday. That we go as tourists. I know that efforts are being made, because the Chief Minister has explained and there has been some media coverage of late, of the importance of the marketing side. There is also the criticism that a lot of the development is for the rich and nothing for the ordinary man. I think, there was some element of a protest vote against us but also possibly against them by the very high degree of the number of abstentions in the recent by-election. We will see the proof of this in a year's time. The Government does continue to be very secretive and not just when it is necessary for commercial reasons, it has become something of a phobia and the greatest example, I think, of that apparent lack of concern has to do with income tax. I think, that workers, both blue collar and white collar, are finding it very difficult to understand why it is so high and why the GSLP who used to criticise us, has done nothing and says that they propose to do nothing to take corrective measures. I have had a great deal to say about the question of taxation, Mr Speaker, I do not want to delay the House unnecessarily but in last year's Hansard in pages 25 and 26, I had a great deal to say about the crippling extent of income tax and how people were paying about 25% more last year than when we were in office, in fact, it was the subject of a Press Release which we issued before last year's budget. It was also included

in a number of Party Political Broadcasts from Members on our side and I want to take a slightly different approach this afternoon in showing in a graphic way of the need that there is to reduce income tax. In 1987, Mr Speaker, a full time adult weekly paid on average earnings of £148 per week, an annual income of nearly £7,700, I am talking of a man married with two children, Mr Speaker, was paying nearly £1,020 pa in income tax. That same worker's average in April 1990, according to the Employment Survey, is earning an average per week of £187.39, £9,700 per annum, and he was paying, in April last year, nearly £1,600 in income tax per annum, £580 more. In other words his income tax bill in a three year period had gone up by 57% whilst his earnings had increased by 26%. In the case of a full time adult with a monthly salary it is even more dramatic. In April 1987 such an average full time monthly paid man was earning £11,300 pa and paying £2,130 in income tax. In April 1990, his earnings had gone up to £15,024 and his tax bill to £3,393, £1,260 more in income tax, nearly 60% more in income tax whilst his earnings had increased by 33%. So here you have a very graphic example, Mr Speaker, of the extent of fiscal drag. I think, this underlines the urgency with which corrective action has to be taken and if the Government cannot contemplate a complete restructure at least they ought to try to increase allowances to a much more realistic level. The indications of some further cuts in the restructuring of the Civil Service, Mr Speaker, are now abundantly clear from the Estimates that have just been presented. I think, that they clearly reflect this. The trouble is that when Ministers finish up as Chairmen of Joint Venture Companies with a few small Government Departments I do not know who on this side is going to shadow them or how. That is going to be a difficulty, Mr Speaker. A comparison of these Estimates for 1991/1992 with 1987/88 reveal in a very dramatic way the changes that have taken place. It is however not easy for Members on this side to be presented with this type of Departmental Estimates as opposed to the traditional ones which over the years Members of the Opposition expected. It is not easy to pick holes and to put across a point of view and to make Ministers accountable for every penny of tax payers money. That is a very very difficult task, Mr Speaker, and perhaps the Chief Minister when he exercises his right to reply can confirm that when he was referring to a loss of 200 jobs in April, that these were jobs associated with the withdrawal of the Resident Battalion? I was not sure whether the number was 200 or 120. The Chief Minister did give some indications of the effect of the general recession, and, I think, he said that it accounted for something like a 1% drop in economic growth. I would like to hear something from him later on if there is any need now for a new economic model. I would welcome his comments on that because in our time the Chief Minister was critical of the situation as it applied then. I think, I have said something about the Joint Venture Companies already but the indications, in the absence of information,

is that other than perhaps Nynex or GibTel, which appear to be doing very well, that the others are losing money. I promised that I was not going to mention GSSL and I am not going to mention them in the context of what my colleagues have criticised but I have heard of measures being taken to reduce expenditure and perhaps they are indicative of the extent to which Joint Venture Companies are having difficulties. Now, Mr Speaker, to wind up I want to say a little about my feelings and perhaps I am going to speak more with my heart than with my head but, I think, I am entitled to do that three weeks after the by-election in which my Party's candidate suffered a defeat. In a way, Mr Speaker, I am going to enjoy what I am going to say, as Mrs Thatcher said in her last speech as Prime Minister "I am enjoying this". I have been reticent about a number of things which quite honestly, I think, perhaps the time has come for me to say something not because I have decided that this is my swan-song, which it could well be if the next General Election came before the next Budget, but I have decided that I would like to continue as a Member of the House of Assembly, whether that would be possible or not is another matter. So what I am going to say should not be taken as my swan-song because I am still very much alive and kicking and I hope to be in a year's time please God. I said something before about the minority to which I and the Chief Minister belong who think that one can be a politician and be honest at the same time. However the trouble is that in politics there is an even smaller minority who not only believe that you can be a politician and be honest but also subscribe to the view that one can be and ought to be loyal. The people in politics who are all three belong to an even smaller minority. I have said that the line that I have taken today and which I am prepared to repeat on "Live on the Rock" is one that I am prepared to defend regardless of the criticism and even if the price is political oblivion. I will do what my conscience tells me and we all are aware of the criticism that there has been against me and my Party in the last three years but of me in particular. Indeed even at the time when we were doing best in the public opinion polls, in July 1989, when they indicated that the support for my party was 39% and for Members opposite was 52%, the lowest for them since the last General Election and the highest for us, that did not prevent an attempt to oust me from the leadership of the Party two months after that public opinion poll. So today when my Party is doing badly I am criticised that is of no concern. Mr Speaker, I am criticised for how I look, how I dress, at what angle I hold my head in an interview on television, etc. That, Mr Speaker, is the price that one has to pay, however the pity of it all, of course, is that it is linked with the question of loyalty or the lack of loyalty. I have no doubt Mr Speaker, that the party which I have the honour to lead has been betrayed in the last three years and it has been betrayed not by the Honourable Members sitting opposite or by the Honourable Member on my extreme left, the Honourable Mr Peter Caruana, because I have never

been betrayed, in public life by anybody who was my political rival. It is not Members of other political parties that betray you, Mr Speaker, it is Members of your own political party that betray you. One does have the right to change ones policy, the Labour Party in the United Kingdom changed their policy on unilateral nuclear disarmament and I have not heard Michael Foot, who was a CND champion and who led the Labour Party up until 1983 criticise Kinnock for it. He has not done so and if he has I stand to be corrected. The pity is that the quarters from where these criticisms come are not like Mr Edward Heath's who sits in the House of Commons and we all see him on our screens turn his back to the Right Honourable Mrs Margaret Thatcher whenever she had something to say, not even that, Mr Speaker. The ones that behave like Mr Heath are not in the House where one could take them to task. I have been very quiet on this issue for the last three years and I think, everyone knows the quarter that I am talking about and it is not just one person. There are more than one person in that quarter. I have been quiet and I have been totally dignified and I have refused to comment on these matters but the reality is, Mr Speaker, that for some of us the price that we pay for loyalty is that we sacrifice our profession, we sacrifice a career and a job and that if we are kicked out of this House then we have nowhere to go. Others, Mr Speaker, finish up as millionaires and have a whole alphabet after their name. Mr Speaker, let me say that I would go through it again if necessary right back from 1972 but when I see someone like Douglas Henrich prevailed upon to stand for election with the enthusiasm that he did, a man to whom perhaps physically this was a sacrifice, and for him to make the effort and then I see what happens to an individual who has given the Party loyalty for the best years and at a personal level loyalty transcending even the Party, then I cannot stand aside quietly. I have an opportunity here in the House, Mr Speaker, without insulting anyone to tell the truth as I see it. I think, Mr Speaker, that it is very sad for someone who has campaigned so hard for my Party then stands at a by-election and the level of support from Party supporters was between 1,200 and 1,500 and not all were from the Party. This to someone who has been a lifelong champion of the AACR. So if I am aggressive, Mr Speaker, as I was fifteen months up to July 1989 when I launched a number of personal attacks against the Honourable the Chief Minister at our Party Conference, but it is very sad that it should come to this, but, as I say Mr Speaker, I very much hope to continue personally as a Member of the House because, I think, I still have something that I can contribute to Gibraltar. I see the dangers today that are facing our people as I saw them when I first sacrificed my career and stood for election back in 1972. They are the same if not greater and to some extent they are greater because they are more complex because when the frontier was closed it was closed and we could not move out of Gibraltar. We however knew that we could maintain an entrenched position and there was a definite policy of Support and Sustain from Britain. That is not now the case and there are question marks following the opening of the frontier and Spanish succession

as to our EEC Membership. I think that it is a shame that a Party that has done so much for Gibraltar and which shaped and consolidated the character and the entity of the people of Gibraltar has been brought to the straits that it has. I know that I must have made mistakes and I do not doubt that my colleagues have made mistakes and if we have made mistakes then we are naturally responsible. Perhaps, Mr Speaker, we adopted the wrong policies and perhaps there are many reasons for this but what no-one can say is that he has the monopoly of the truth and is 100% right and everybody else is wrong. That, Mr Speaker, unfortunately is the impression that has been given for the last three years. Perhaps, Mr Speaker, these are matters which do not have to do with the Estimates other than at some stage a supplementary item of expenditure to pay for the by-election will be brought to the House and with your indulgence I have spoken on the subject before it was brought and I do not have to speak on it again. I am sorry that perhaps I have digressed, Mr Speaker, but my heart told me when I woke up this morning that this was the time to do it. Thank you.

HON CHIEF MINISTER:

Mr Speaker, it is difficult to follow the Leader of the Opposition on the note that he has finished. I am tempted to go to town on that particular note and forget everybody else's contribution. Mr Speaker, let me say that I have no hesitation prior to the 25th March 1988, in pointing the finger and naming the person that betrayed the demonstration that went up Main Street with me holding one end of the banner and this person the other end of the banner which said "No" to the airport deal. This person then came back from London and said in an interview over GBC that he was recommending the deal because it was the best in the circumstances and it was a good thing for Gibraltar and it was there on the shelf for us to take down and implement it whenever we wanted. Well I am very happy that today in this House, at least on that point, we have total unanimity and it will rot on that shelf. I have not given up the hope, Mr Speaker, of being able to persuade our new Member, the Honourable Mr Caruana, that he and his party should reconsider their support for the Brussels Process. If he does he will not have either me or the Leader of the Opposition accusing him of doing a U-turn although he may well have our elder statesman telling him that he is doing a U-turn as well. I suppose that if the whole of Gibraltar does a U-turn except him then it might dawn on him that it is possible that he could be wrong and all the rest of us are right. Now, Mr Speaker, if I go back to the contributions made in response to the presentation of the Estimates of Expenditure. I think the reaction of the Leader of the Opposition and indeed of Mr Mascarenhas has been one of questioning whether we are going to be 100% successful in our endeavours. They have not questioned the desirability of us being successful. I also think that Mr Caruana himself has indicated that

even if he has certain queries the fact is that we have no choice. This, Mr Speaker, is something that we all understand in this House and if there is a perception outside that there is a choice then anybody that encourages that perception carries the responsibility for encouraging that perception and he may be asked to deliver on it afterwards. No doubt Members will recall that on many occasions when I was sitting on that side of the House and I criticised the strategy of the AACR or the lack of strategy because frankly, I think, my criticism of the AACR over the years was not so much that I disagreed with their policies but that they did not have policies in terms of saying this is what we want to do. They tended, Mr Speaker, to be reacting to situations rather than determined to do a certain thing and therefore that was the nature of my criticism of them. When they used to say to me "What will you do when you are in Government?", I said "You will see it when we are in Government". And they are seeing it now. This is clearly not something that we dreamt up on the morning of the 25th March. It is something that we have been working on for many many years from the other side of the House. In working to develop that programme, of course, much of the work was done by me without the help of the Civil Service with a little calculator. So I recommend the tool to the Member opposite because I am afraid you will have to make do with the same quality of information that I had to make do for sixteen years. The information we bring to the House is in the form and on the timescale that was established before we came into Government. The position, for the benefit of the new Member, and I am going to say some things which are a repetition, Mr Speaker, and which really he ought to know about because it is all live on radio nowadays and as somebody that has clearly long wanted to be a Member of the House of Assembly he must have been listening to all our speeches in the past. However since the Hon Member has taken his seat for the first time, I will go over some of what will be familiar ground to other people and, I hope, that I do not need to keep on saying it again because, in fact, there are things that I have said several times already. The ruling on the responsibility of Ministers in answering in this House for the Companies of which they were Chairmen was a ruling from the Chair and was a ruling made as a consequences of questions tabled by the Opposition to Brian Traynor when he was Financial and Development Secretary and Chairman of the Company. We were then told very clearly that there was a very limited range of things that we could ask and that never mind that he was not willing to answer, because with all due respect, Mr Speaker, you are much more generous with the Members of the Opposition when it comes to Question Time than your predecessor ever was with me, but the question was not how it was to be put but that it was ruled out of order. Therefore before the person on the other side decided whether he wanted to answer it or not, and, of course, the Honourable Mr Featherstone can confirm this as the then Chairman of the Gibraltar Quarry Company, such questions about the operation of the Quarry Company from the then DPPG were ruled out of order. I do not remember the Hon Member ever

complaining about that. No doubt the Hon Member will also remember the ruling of the Principal Auditor when the Government invested in shares in the Company to the extent that that was not public expenditure because it was not the spending of money it was rather the purchase of assets. It is just like buying shares in Barclays Bank PLC that is not spending of money. It can be found that in any fund there can be investments and although the investments, in fact, are all gilt edged investments now there have been occasions when the Crown Agents have invested Government funds in equities. The ruling of the Principal Auditor was, Mr Speaker, that an investment in shares of the Quarry Company and in shares of GSL was not an expenditure of public money like eg the paying for the salaries of a school teacher. It was an investment in an asset which could be sold. Now, Mr Speaker, those are not rulings that we have invented. They are rulings that we have been able to use wisely because we have inherited them and perhaps like so many other things because after all, if I remember correctly, the way we described our strategy in the Manifesto of 1988, was that we would use existing assets better and more efficiently than they have ever been used. We are also using existing rules better and more efficiently than any preceding Government for the efficient working of the Government obviously. It is not to make life easier for the Opposition. That was never the role of Government. Mr Speaker, it may well be that the AACR made parliamentary history, if as the Honourable Member opposite says, no other parliament in the world has allowed that system. However this Parliament certainly allowed it and we accepted that situation when the Rulings were made. We were in Opposition at the time and, of course, although the Hon Member is entitled to say that he would not have agreed to that had he been here then, and he is entitled to say he does not agree to it now, but of course, he is in a slightly better position to say that than the rest of the Members of the Opposition because they defended the situation when the shoe was on the other foot. I therefore accept that his being able to disconnect himself from the AACR is an advantage. He will, however, not as easily be able to disconnect himself from the last Member of his Party who held that seat and resigned. His previous party leader, Mr Speaker. The Hon Member must remember that my memory goes back not just to what Sir Joshua Hassan used to say in 1972 but also to what Peter Montegriffo used to say in 1988. So I suggest, Mr Speaker, that he had better do some back reading of the back copies of Hansard lest he be caught out on some of those pronouncements, Mr Speaker. The Hon Member wanted clarification on the Financing of the Improvement and Development Fund and this is something that I also tried to clear up for the Honourable and Gallant Member Col Britto when he spoke and it is something that was also reflected in the contribution of the Honourable Mr Featherstone when he talked about property being collateral and so on. I have answered it all before in a question from Mr Montegriffo in this House, when he asked me "What property was being sold and what effect it would have on the tenants?". I explained that it would have

no effect on the tenants because they would continue to be tenants of the Government because the property continued to belong to the Crown and that it was a way of capitalising the existing assets. In fact what I was explaining to the Member about not having been mistaken in our estimating, and let me say that in relation to what the Honourable Col Britto said in his opening speech on the Budget Debate and what Mr Featherstone said, getting the Estimates of Revenue wrong is not just understandable. It is perfectly normal. Because, Mr Speaker, one is talking about Revenue and if the Honourable Member makes reference to one particular product that sells very well in our domestic economy and which produces a certain amount of Import Duty then he must understand that we do not know how well that product is going to sell in the next twelve months. So we make an estimate and we make an estimate based on what the volume is at the time that the estimate is made. It is a straight line projection and he knows that. Therefore what you do is that when you are going to print the Estimates you say "How much money has come in from Stamp Duty". If we assume that as many companies are going to registered in the rest of the year that is the money that will come in. However, that is a very big assumption. It is something else to estimate expenditure. There is where you see how good or how bad the Government is. You are then estimating how much money you are going to spend. What we have tried to do and where we have succeeded, Mr Speaker, is in producing Estimates where the variation is minimal. This has never been done before in this House. In the sixteen years that I was on that side of the House, Mr Speaker, the disparity between the Approved Estimate, the Revised Estimate and the final Audited Accounts was enormous. We however estimated a year ago that we would spend £70m and we have come up with a final figure of £68.8m and have demonstrated that the shortfall in the expenditure of the Telephone Service, because it left the Government to become a private company, was £1.3m. We were out by £100,000 in an Estimate of £70m. Members opposite should be congratulating us for this achievement. On revenue as I have said it is really on the lap of the Gods because there is no way that one can produce Revenue Estimates that are anything more than very rudimentary straightline projections of the situation that exists at the moment you made the Estimate. Let us be clear that when we are talking about being at a crossroad, when we are talking about the vulnerability of Gibraltar, we are really talking about a situation where what is most obvious is in the vulnerability of our revenue. The Honourable Mr Caruana is right when he talks about the underline trend of the economy being reflected in revenue figures but, of course, one of the things that is reflected in revenue figures is that when you are losing MOD expenditure then you are also losing MOD PAYE and you are replacing it by Private Sector PAYE which leaves the pay packet but does not necessarily get to the Treasury. It takes a very long time to get there, Mr Speaker, but, of course, if it takes a very long time to get there then it means that if there are one hundred workers in the MOD who produce a revenue

yield for the Government of £x per year and those one hundred workers tomorrow find employment in the Private Sector then it does not necessarily mean that we are going to get the money every month. We will be lucky if we get the money a year later. The situation, Mr Speaker, is as I have mentioned a number of times in the House before that quite frankly it is totally indefensible that employers should deduct PAYE from their employees and then use it to finance their businesses. We are talking about a substantial number of firms, Mr Speaker. Last year we had a situation where at the end of the year, six months after the close of the year, 50% of private employers had not submitted their PAYE returns. Six months after the date which by law they are supposed to have done so. We are still chasing today people who should have made their PAYE returns for the year 1987/88. That, Mr Speaker, is one of the problems that we face and the more we are dependent on the Private Sector then the more real that problem becomes. Because the MOD used to deliver regularly on the 15th of each month as the law says. Now you can understand that employers can go through periods when nobody is going to close a business down because they need a little bit of breathing space whether it is in meeting their business bills or the Municipal or Tax bills, but when it is done on a regular basis instead of rather taking out an overdraft, because they do not need to pay us interest, but we then have to borrow to make up for that, that is not on, Mr Speaker. In terms of our revenue flows, we do not believe that the Honourable Mr Featherstone is right in telling us that we are in for a very pleasant surprise and that we are going to have money gashing out of our ears in nine months time. I certainly hope that the Hon Member is right and that he knows something that I do not. Of course, if he is right and he knows something that I do not then he should tell the Honourable and Gallant Col Britto because the Honourable and Gallant Col Britto does not know it either! The Honourable and Gallant Col Britto has said exactly the opposite. The Hon Member has said the level of reserve of £4m, which is what we were aiming for at the end of the year was a dangerously low level. The Hon Col Britto asked, "Is it constitutional if we go down to zero?". Mr Speaker, the Hon the Leader of the Opposition has already told him, in his contribution, how low it has been in the past, and I can tell the Member that in 1978/79 we were, in fact, in the red. Although there was technically a balance in the Consolidated Fund, at that time unpaid bills were counted as part of the Consolidated Fund, so there was, in fact an overdraft in cash which showed as a positive balance if you counted the unpaid bills. Something which we do not count now. We now have a more prudential fiscal presentation of the Accounts, Mr Speaker. We remove the bills and we count the amount in bills when we get paid the money. If one is running cash accounts and you do not have a balance sheet then how can you count your debts as assets? You do not count your creditors as liabilities? Either you put them both in or you take them both out. And since it was easier to take out the few that there were, and

since in any case they would be coming out anyway into the private sector, like the Telephone and the Water, we removed them, as Members know, in 1988. So the answer to the Hon Member's question is "Well, we think it is constitutional. But certainly it has not become unconstitutional since we got elected and it has happened in the past and nobody seems to have questioned it". We are comfortable with the level of something like £4m in the Consolidated Fund because, of course, we are running a very tight Recurrent Expenditure policy and also because we are shrinking. If you had a Government machinery that was getting bigger every year and spending more money then you would have to be looking to a bigger reserve every year to keep some sort of relativity between your reserve and your expenditure. We think £4m with the level of expenditure at £70m is sufficient but that is a matter of judgement. At one stage when I was first elected into the House the theory was that your reserve had to be the equivalent of thirteen weeks. This was so because some Financial Secretary, at the time, thought that it should be so. Therefore there has always been a major debate at Budget time to make sure that the reserves never fell below thirteen weeks. Well certainly we do not believe in that theory and we think that £4m in the Consolidated Fund plus something like £400,000 that we have in the Contingency Fund gives us enough leeway. We have, of course, as Members know, given ourselves flexibility in the Public Finance (Control and Audit) Ordinance so that if we suddenly came up against an unexpected situation of having a very dramatic drop in revenue which exposed our essential services, we would be able to take action to advance money from another Fund into the Consolidated Fund to be able to meet the payments. So it is not as if money will suddenly stop coming in for some reason and we will not be able to pay people at the end of the month. The flexibility created in the last House in the Public Finance (Control and Audit) Ordinance allows us to deploy funds easier than was possible before and therefore you can now afford to have a smaller reserve than before. You do not need to have a bigger reserve in each element if you can move from one to the other if need be. We do not really think that there is that kind of danger and in terms of the analysis of where we are and where we need to be I think we all agree on that analysis. There are no two points of view and we recognise that it is a very ambitious Development Programme. We recognise that this Development Programme is only the first leg of the exercise. But without the first leg you would not move on to the second one. So it is not a question of saying "Are we making a mistake in investing in infrastructure because we may not be able to find customers?". It is guaranteed that you will not find customers if you have no infrastructure. We know that. We know from the competition and we know that people who go to Malta when they come back they say Malta needs another ten years before we even look at it. Malta is spending millions of pounds, Mr Speaker. The Malta Development Corporation is spending millions of pounds in promoting the place but, of course, we think that they are going about it in the wrong way because they are promoting the

place and when people go there they then find out that there are power cuts or that they do not have enough Desalination Plants or that it takes a very long time to make an International Telephone Call. We think we need to do the marketing and the selling once the product is in place and people can say "OK, you have convinced me and I will buy". You have to have the stuff on the shelf, Mr Speaker. What you cannot say to them is "Come here and buy". And then they say "Right I will buy", and you say to them "Come back in five years time because I am now going to start ordering the stock". The risk we are taking is the risk that a businessman takes when he says "I have a first class product and I am going to order the stuff from UK and I hope that customers will walk in the front door and buy it". Of course we have to do it in that sequence because there is no other sequence. We cannot sell Gibraltar through a Mail Order Catalogue. We have to have the physical elements in place. Let us also be clear that we need them for ourselves as well. It is not as if we would not need the Refuse Incinerator if we were not developing an alternative economy to the MOD, we would still need the Refuse Incinerator. It is not that we would not need additional Generating capacity unless, of course, we were prepared to have a situation where we would become dependant on the rubbish going over the border, the electricity and water coming from over the border and we put all our eggs in the basket so that any person who wants to smash the eggs can do so! If we do not want to do that then we have to invest in our own infrastructure for the needs of our own community. Where perhaps we have gone further than the other Government might have gone has been in deciding to go for a bigger scale. We have not just said "Gibraltar needs to supply x tons of water a year", we have actually over provided. We have over provided for water, electricity, telephones and refuse incineration and therefore to that extent we may perhaps be spending money which some may say is a risk because we may not have customers for that element. But, Mr Speaker, we could not have got away without having to provide any of it. That has to be understood and there is no other way of doing it if somebody is not giving you money other than by borrowing it. There is no other way unless the Opposition says that taxes are too low and we need to raise them. I do not think that that is what they are saying, unless I have misunderstood the gist of their contributions so far. Let us analyse what are the options that the Government has for reducing Personal Taxation. There are really three ways in which it can be done. Three ways in which it can be financed. You can finance a cut in taxes by using borrowed money as happened in 1987/88 when the Government, at the time denied it, but it is a very simple arithmetical equation. If you have a situation where you say "I am cutting 10% from my tax and as a result of that I have less revenue and as a result of having less revenue I have a bigger deficit and I will borrow the money to cover the deficit then you are borrowing the money to cover the deficit because you have cut the tax". So really you are borrowing the money to finance the tax cut. There is no other way

of explaining it other than that. It is the simple logical analysis that we made on the other side of the House and which we condemned at the time. We said that we would only use borrowed money for financing Capital Investment and not for meeting recurrent deficit. Therefore recurrent deficit would be carried for as long as the strain could be taken by the reserves. That is all we said that we would do and that is what we are doing. There is another method which is the method that has been used by the Conservatives in the United Kingdom and by the Socialists in Spain but which is not acceptable to us. That is to shift from direct to indirect taxation. You raise VAT on everybody's bills, Mr Speaker, but that is the most regressive way of doing it because at the end of the day the consumption tends to be higher because of a proportion of people with lower incomes than of people with higher incomes. Everybody knows that it is a regressive way of going about it but it is the way that most of the European Community is moving. With the harmonisation of VAT rates, in fact, it does not really make much difference whether you agree with it or disagree with it in terms of political philosophy. It is however quite obvious that that is being forced on people. We do not believe in replacing direct taxes with indirect taxes because we believe that it is regressive and wrong. The third element is that you have too much money and you say "I am going to cut my surplus or I am going to reduce my expenditure". We cannot reduce our expenditure, Mr Speaker, when we do not have a surplus. We have a deficit and we cannot reduce it because we are already being very very successful in sticking to £70m per year. The Honourable Mr Mascarenhas told me in April 1988 when I said that this was our target that he would eat his hat if we were able to do this.

HON G MASCARENHAS:

Mr Speaker, if the Honourable Chief Minister will give way. Last time this was said was when somebody had said that he would eat his hat. I said that I would take off my hat and the Chief Minister said that he would make me eat it.

HON CHIEF MINISTER:

Mr Speaker, well then the Hon Member should bring a hat and then we can decide what to do with it! Mr Speaker, those are the three elements that can be used. I think it is true to say that the tax structure needs a thorough look and the AACR Government at one stage in the 1970s said that they were going to do so and in fact did so but all that was done was to revalue the allowances. We do not think that that is the answer. We have started making an attempt to get to grips with the system and I can tell the House that although we started computerising in 1988 the work is still not finished and we have completed about 85% of the tax records for 1988/89. We are therefore still trying to discover who pays what before we decide who should pay what. This is the machinery that exists and I am afraid

that all this work is being done outside normal working hours and on piecework terms and at vast expense. It is an area that we were advised had to be done internally for obvious reasons and we could not therefore bring an outside contractor to look into the tax records because of the confidentiality aspect. So we had no other way of doing it. But the preliminary findings certainly make interesting reading. I am not talking about individuals, Mr Speaker, I am talking about the distribution of incomes and it shows the kind of problems that we are going to be facing because it is quite obvious that the level of poverty amongst the members of the Yacht Club and the Chamber of Commerce is abysmal. It is not so much a question of attacking the tax structure but of setting up soup kitchens. A very large proportion of these people are below the national minimum wage that we have legislated. On the information available to us, there are in 1988/89 seven individuals with incomes in excess of £50,000 per year. I, Mr Speaker, think, I know of at least eight. So let us understand the nature of the problem. Because if you have a situation where quite a big proportion of the people that appear to be declaring what they are earning ~~are~~ in this House, in the Civil Service, in the MOD and probably in the banks and so on where really the system does not allow for payment other than in a recordable form, then those people, are on paper, the well-off. I suspect that most of the people who are the poor, the working class, are the ones who are able to earn their money in a non-recordable form. So any restructuring, which by definition is a Robin Hood exercise of taking away from the rich to give to the poor is taking away from us who actually pay the taxes to give to those who are not now paying. That is part of the problem, Mr Speaker, that we have in looking at the structure. So really it seems to us that part of the complication, and quite frankly putting up allowances by 5% does not do anything for anybody. The truth of the matter is that the percentage that is paid in tax is no higher than in UK because if you compare the Gibraltar situation with the UK situation then you also have to compare the fact that in UK you do not have Life Insurance Premiums or allowance for Home Purchase taken as allowances. These allowances already count for something like £10m that is claimed from something like £110m and the total of allowances is that people pay tax on something like £75m out of £11m, and that in broad terms is the same as is paid in the UK. It is a much more complex exercise than trying to do what the Leader of the Opposition did in the back of an envelope when he said that somebody earned £114 in 1987 and they earn £184 now and therefore that means that his tax has gone up by 54%. I do not think from the information that is available to us and frankly I do not think that the previous Government could have done anything either with the system because we are finding it a very difficult exercise to get reliable statistical information together in a shape where intelligent decision making is possible. We believe it is something that needs to be tackled and we believe also, as we have always defended from the Opposition benches, that fiscal policy has to meet economic objectives and

in an open economy such as ours where an increasing proportion of earners, of incomes in Gibraltar are not residents of Gibraltar, and may have a higher standard of living than the people who are resident with the same incomes, we have to structure changes in such a way that they produce the maximum economic benefit. Otherwise, Mr Speaker, what you are doing quite frankly is that you are reducing 50p for every tax payer which will cost the Government £1m per year. If everybody in Gibraltar paid 50p less in tax per week, the cost of one packet of cigarettes per week, that would cost the Government £1m. £1m, Mr Speaker, is the cost of a school for the Handicapped. Those are the kind of figures we are talking about when one talks simply about altering allowances. You give everybody an extra £100 allowance and the Government has to borrow another £1m to build the Handicapped School because I would have £1m less. Since the school is for the people who live here and two-thirds of the £1m you are giving away is going to disappear from the economy, then one is really not doing anything to help those that you want to help. It needs ~~thought~~ ^{thought} if I can borrow a phrase from a fellow Socialist, it needs an "imaginative solution". So that really is my honest reaction to the need to address the problem of taxation. We are conscious of the fact that it is something that needs to be tackled, Mr Speaker, but we never committed ourselves to doing it in this term of office and it is something that we shall certainly need to look at in a year's time when we are looking at how we plan the next four years. It will need to be looked at to some extent on the basis of the success of the second leg of the strategy, let us be clear. Our ability to finance the activities of the Government and taxing people less depends to some extent on the new sources of revenue that we are able to attract to Gibraltar. Frankly who would not like to be the Government of Gibraltar who was able to say we have been able to bring so many new investors to Gibraltar and there is so much cash that we will be able to have a zero tax. Of course, everybody would want that and we would want it and we do not particularly like paying the tax that we pay and my colleagues seem to be very aggrieved about their pay all the time and I cannot understand why! They are always throwing their pay packets in my face and telling me how much tax they are paying. So I do not need reminding from the opposite side of the House, Mr Speaker, I am reminded constantly. Passing on now Mr Speaker, to some of the other questions that Members of the Opposition have raised and on which they wanted some explanations. The question of the Social Security Pensions post 1993 has been raised by Mr Caruana and by Members of the AACR, Mr Speaker. We have some possible solutions but the agreement that we have with the UK is that the UK must be satisfied that the solution that we come up with is one that they will be able to defend if challenged against the background of Community Law and until we have one that passes that test then we do not have the solution. What I can say is that the position of the Government of Gibraltar is that nothing would be acceptable to us that does not guarantee the existing rights

and incomes of our existing pensioners and our local contributors in terms of the requirements of the solution and that we will not be any more willing to pay one penny towards the pre-1969 pensions in 1993 than we were in 1988. So if there is no solution by 1993 then I am afraid we will put the ball back in their court where it belongs. We have however not asked the UK to come up with the answer because we know their answer. Their answer was given to the Leader of the Opposition in 1987. It was simply "Raise taxation and pay it that way". We have come up with more than one way of tackling the problem and to us there seems to be good possibilities there. We are, in fact, expecting a team to come out from UK fairly soon to go through the details with us and we will not of course be making any announcements until it is all wrapped up. I did make the offer to the Leader of the Opposition and Members of the AACR back in 1988 to keep them informed of any changes, on a confidential basis, because this is a sensitive matter provided that it was clearly understood that if it was being done on that basis I would not be answering questions on the same subject here and they had to choose between one or the other. The offer is still open to them and, of course, it is now extended to Mr Caruana if he wants to avail himself of it. If not the Hon Member can put his questions here and he will have to be content with the level of information that we are prepared to release publicly. As I said, Mr Speaker, the tentative proposals stick to the undertakings that I was asked to give a couple of years ago by the AACR and we are still maintaining that commitment. The Honourable Mr Caruana wanted to know about the housing that was being sold for £67m. In fact this is something that I have answered before, and I do not know whether the Hon Member is now happy with the answer. It was the subject of a question in the House and I went into some detail and it is recorded in Hansard so he can obtain the information. It is basically transferring all the post-war estates to 100% Government owned Company which effectively means they will still be ultimately owned by the Crown and there is a leaseback so that there is a contractual relationship between the Housing Department and the tenant. This has already been happening over the last two years and there is no visible effect on tenants who may not even have noticed the change. It is more in the nature of a paper transaction. The effect is, in fact, to strengthen, from the point of view of the external lenders of the Government of Gibraltar, the people that were persuaded in the City of London to buy our debt. Because if we are able to present a Business Plan to them about how the economy is performing and which reflects our assets being more efficiently used than was the case under the historical and traditional way of doing it. I think the proof of the pudding is in the eating and if the people in London had not been convinced by the logic of the case then we would not have had a sell-out of our stock and it would not have gone to a premium. It is interesting that only a couple of days ago somebody like the Leeds Permanent Building Society, the fifth largest Building Society in the UK, has gone to the market and paid 2% more than we have to borrow money on the same kind of timescale

of 14 year loans. Our stock is bracketted on performance in the same manner as the bulldog issues by people like Denmark. I do not know, Mr Speaker, if this is because there are so many Danes here, but it is a reasonably good rating to have. The Members of the Opposition made a number of remarks about our programme not having any effect on the average person and that it is not really economic growth. This, Mr Speaker, has been said in the past although not in exactly the same way that the Hon Mr Caruana has suggested. The Hon Member tended to say that that was the people's perception, rather than it was his own analysis. Let me say that gross capital formation as a percentage of GDP is not normally 25%. It is 25% in the highly successful economies, like Japan and Gibraltar. That is not the case in the ones that have been going down hill for many years like the UK. This is because investment lead growth, even though it is true that in some other places as well as buildings you can have machinery, but the machinery can be imported from Switzerland, therefore the multiplier effect in the local economy is less. In fact the Construction Industry has quite a high multiplier effect in terms of the effect of the purchasing power of the people who work in the industry because they all commute and buy things and take it back. So in terms of the catch yield of their wages, they are also helping to finance the servicing of our loans which in turn is helping to finance the investment. Of course, the bulk of that investment is private sector, but the investment of the Government of Gibraltar is very substantial, in fact, it is astronomical by the past of Gibraltar and for an economy of our size. I can assure the House that when people outside see the figures they are impressed and the fact that they are impressed in itself is something that makes them take notice of Gibraltar and makes them want to come here and makes them want to find out more about us. If nothing else, Mr Speaker, it improves the Hotel Occupancy Figures. It is real economic growth, the only thing is, of course, that it is financed economy growth and not perpetual economic growth. Therefore when you have built the assets the continuing growth in the economy will only happen if users are found for those assets and who, in turn then produce work by the utilisation of the assets. By the use of offices, the purchasing of the water, electricity and telephone services. It is quite true that once the assets are there the economy would slow down very dramatically because obviously we could not keep on building more assets if the ones that we have already built were not being used. That would not be a sound economic policy and we went to an election laying a lot of emphasise and importance on Land Reclamation. I think this is a typical example which perhaps illustrates better than anything else the fact that we are talking about the real creation of wealth. We spent in 1988/89 with borrowed money in creating land out of the sea. We then sold that land at a profit and in 150 years that land will again belong to the people of Gibraltar. In the meantime we have got back the money that we invested, have repaid the bank that we borrowed it from and we have made a profit. Now, Mr Speaker, if

that is not a good business deal then I would like to know what it is. The assets that we have built so far have been running profitably. There are other things which are social assets and there you cannot say "Is it wise to be spending so much money and at the same time say to the Government when is the GSLP going to fulfil its Manifesto commitment of 500 houses". How do people expect us to build the 500 houses without spending the money. If building 500 houses means overheating the economy then you have to make up your mind which it is that you want. The 500 houses and no heat. Or the 500 houses and heat? Which is it you want? You cannot accuse the Government of doing the wrong thing in producing the 500 houses! The 500 houses are a very substantial proportion of this year's £60m. The Industrial Park like the Land Reclamation is a wealth generating asset on which we expect to be able to make a profit if we keep it ourselves. We already have parties interested in coming into partnership with the Government or even taking it over. The possibilities are there and we either retain it in order to produce an annual revenue which we can use, for example, to service our debt or if we want to re-invest in something else we can sell it and re-invest the money back into the Improvement and Development Fund. The House will see from the explanation that I am giving that it is really like trying to run a business efficiently. In many respects we see these decisions as not being political and it has nothing to do with whether you are Socialist or Conservative it has to do with running the resources that belong to Gibraltar and the community in a way that will produce the maximum amount of profit. The profit does not go to us because we get paid the same at the end of the year as if we went into the office for one hour per day and left all this work to somebody else. We however accept the full responsibility because we are a hands-on Government and we are taking decisions at a level and with an involvement that was previously not the case. The Civil Servants are not doing that work now. Therefore we are not going to blame them for any mistakes that we make and, of course, when we get things right then the credit will be ours as well. We feel that at the end of the four years we can go back to the people and say "Look this is what we have done and this is our record and if you are not happy with the way that we are doing it then you can bring in Mr Caruana or the Leader of the Opposition and good luck to them." "They can then have all the headaches, our pay and work seven days a week". That is the situation and believe me, Mr Speaker, that the effort to keep the show on the road is astronomical but we are not asking for sympathy. This needs to be understood, Mr Speaker, because it is no joke. We really are putting heart and soul into this job because we have this sense of urgency that, I think, the Leader of the Opposition was reflecting on during part of his contribution. The Hon Member said "This is really a make or break situation". We really feel it is a make or break situation and we are going as I said in my opening remarks, with the engines at top speed and we may be creating a situation where we are putting too much pressure on the economic engine but we feel that it needs doing and that does not

mean that the economy can overheat. If the Honourable Member is using that term in the technical sense in which it is used in economic analysis because overheating can only happen when you have finite resources and then if you are trying to have too much demand for those resources then your overheating is reflected in high inflation. We have a totally open economy and we are so small that if we double our building works the price of bricks will not go up. We buy our bricks in a world market, Mr Speaker, where our annual consumption of bricks is one day's production for the people who make the bricks, so no amount of growth in Gibraltar, with an economy of our size, can lead to overheating in the economic sense of leading to a Demand Pull Inflation. Our inflation is what is known as a Cost Push Inflation, which is really dependent on what happens in the economies of our suppliers. If you have a boom in Spain then the overheating of the Spanish economy affects our prices. Or if you have a boom in the UK. If they are in a recession and we are performing well then it does not affect what we have to pay for what we need to consume. It is true that we are possibly putting enormous strain on the physical and human resources of Gibraltar but it is not true that in economic terms leads to an overheated economy because ours is not a normal economy. It is not, in fact, an optical illusion either and it is not true to say, as Mr Caruana said, that we are no nearer economic self-sufficiency. In fact, if the Hon Member recognises that what we are doing is taking the first step, then we are one step nearer by definition and it is true and he must recognise that it is true that we would not take the second one without taking the first one. We are not pretending to be taking more than the first essential step. Half of which we would have had to take anyway to give our people a modicum of civilised European standards with reliable supplies of essential services. We have gone further than we strictly needed to and without going that much further there was no hope at all. Mr Speaker, the Leader of the Opposition asked me what would we do if the Ministry of Defence decided that they did not want the Airport anymore and gave it to us? I think short of coming here with £120m in the Improvement and Development Fund I am not sure what we would do. The reality is that we have made it clear to them that we are certainly not in a position to take on that kind of responsibility with the state of play that we have at the moment. If we are saying that we are within the borrowing ceiling of £100m then we really use virtually the last penny and in terms of controlling Recurrent Expenditure we are really at the stage where it is going to be very difficult to be successfully doing this year after year from now on. So where is the spare capacity to take on the airport, Mr Speaker? It is just not there. It is as simple as that. They know that although I am not sure that that is going to help us if the crunch came because it does not seem to have helped us in the past in other areas. That however is the truth of the matter. The Honourable Mr Caruana also asked me about the question of the labour force being constant in three years at about

14,000 and whether that showed that the economy, in fact, the underline economy, as he put it, was not growing as we claimed it was. No, Mr Speaker, it does not and I will tell the Hon Member why. First of all, we are increasing output per person employed and that is one of the targets of the Government and, in fact, I have said in public, in one of my political broadcasts which he probably was not watching then because he had not yet decided to stand, but which I am sure he will watch from now on, that we were at the rate of something like 80% of the productivity level of the United Kingdom using what is the most widespread measurement used by OECD and which is to get the Gross Domestic Product of the Community and divide by the number of workers in that community, then you get a GDP per person employed. In terms of GDP per person employed I said "We are at 80% of UK, but France is at 150% of UK, and although the first target is to get to be the same as UK what we really want is to be in the first league and the first league is Northern Europe and the first league is 50% over UK". That would mean that we will expect our economy to produce 50% more with 14,000. That is part of the answer. The second part of the answer is that, of course, there have been reductions in the public sector at the same time as there have been expansions in the private sector and some of the resources that have moved, the human resources, which have been responsible for increasing the output per person employed have been the scenario which is, in fact, what we are aiming for. We are not aiming for a substantial increase in the total number of employed unless we get to the stage where we think that there are not going to be any more MOD cuts. In fact, the whole thrust of the Government is to persuade people that it is very important that we do not have a situation where we have a pool of unemployed redundant workers, who are local people, whilst at the same time we are bringing in people from outside. If the level is 14,000 and we have lost 120 jobs in the MOD on the 1st April, we would expect that the level will continue to be 14,000 because there will be 120 jobs created by expansion in the Private Sector for which this 120 will be retrained. It is not as simple as that. The most successful area that we have had has been with the school leavers where we have already put some 600 youngsters through the Scheme and who are now in full time employment in the Private Sector. It is much more difficult when you get somebody of say my age who is set in his ways like the Leader of the Opposition and myself who will not change our minds about Spain and we cannot be taught new skills. Maybe, Mr Speaker, because we cannot be taught new skills I do not know how to lower the temperature in the kitchen! I do not believe that cooling the temperature will cool the Spaniards. I think the Spaniards are very clear what they want and I have not seen any evidence that my style of doing things has had an effect on them in that they have been more determined to get Gibraltar now than they were before with somebody else at the head and I do not expect they will be any less determined if I started trying to win them over. I honestly believe that the right policy, the right approach is that if we want to have an honest long-term viable relationship with Spain, as a neighbour,

it has to be based on being totally honest and not trying to win them over by giving them hope and that "if they wait long enough the Gibraltarians will change". My position is to say "Look if there was a chance that the Gibraltarians would change I would be out in the streets with a microphone telling them not to change". So as long as I am around I am going to be canvassing against the change. I made it clear following that opinion poll which claimed that 60% of our people wanted a Gibraltarian presence in talks. People, Mr Speaker, may not have realised that the talks are about sovereignty and about decolonisation. I made it clear that since we are totally convinced in our conscience that this is a bad thing for Gibraltar and if people in Gibraltar ever choose something that is bad for them, they will have to do it with somebody else at the head and not with us. We will not do what we think is bad for the people of Gibraltar because we are not interested in being in Government to do things with which we cannot sleep at night. It is just not on. They can find somebody else. In a democracy, people are entitled to remove a Government that does not reflect what they want and put another one in its place. But what they are not entitled to is to ask people to go against their integrity and their principles and we will not do it. That is the only kind of message I can put to Spain and I am afraid that seems to have the effect of increasing the temperature instead of bringing it down. I however cannot help the way I am and I think if the Spanish are ever going to get to love me, which is highly doubtful, they will have to have me the way I have been all my life. I think I have covered now most of the points that I am prepared to answer. I may have left some of them out and probably that is because I am not prepared to give the Honourable Members opposite the information that they want.

MR SPEAKER:

The Hon Financial and Development Secretary.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Thank you, Mr Speaker. There have been a large number of matters raised in the last couple of days and I think the more general issues have been dealt with in the course of this debate. The more specific matters raised can perhaps best be dealt with at Committee Stage. I have nothing further to add at this stage, Mr Speaker.

MR SPEAKER:

We will now recess until tomorrow morning at 10 o'clock.

The House recessed at 7.10 pm.

THURSDAY THE 6TH JUNE, 1991

The House resumed at 10.40 am.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I beg to give notice that the Committee Stage and Third Reading of the Bill be taken later today.

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: the Appropriation (1991/92) Bill, 1991; and the Imports and Exports (Amendment) Bill, 1991.

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

THE APPROPRIATION (1991/92) BILL, 1991

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

Schedule -Consolidated Fund

Head 1 - Audit was agreed to.

Head 2 - Education and Sport was agreed to.

Head 3 - Electricity Undertaking

Personal Emoluments was agreed to.

Other Charges

HON K B ANTHONY:

Mr Speaker, I notice that there is a saving on King's Bastion and Waterport reflected in the Estimates that amounts to approximately £1m and I notice later on in the Estimates that there is an item - Purchase of Electricity of £1.486m. A rise of 48%, is the Government happy with this increase?

HON J C PEREZ:

Mr Chairman, there are two aspects to it. One is, that the expected run-down of King's Bastion, the total closure of King's Bastion, will bring savings but not total savings. We might be carrying surplus personnel for a period of time and there might be a certain amount of duplication when we start purchasing electricity from Omrod. The other aspect of it, of course, is the expected increase in sales to the general public and therefore there would be a higher volume of electricity being sold and that is also reflected in the figure. The expected closure as I have said in my speech on the general principles will be delayed now

and instead of being at the end of June it will probably be the end of August. There are two reasons for this, one is that Omrod Diesel is not ready yet with their fourth engine and the other one is that we are ourselves fitting radiators to two of the three sets at Waterport and until that is ready we will not be able to close down King's Bastion. It could therefore be that we end up the year buying less from Omrod and having a bigger sum of money for King's Bastion and which will reflect in a virement during the year.

HON K B ANTHONY:

I thank the Minister for that explanation. With the 48% variation, is this the anticipated increase in electrical consumption in this financial year?

HON J C PEREZ:

There is no 48% increase. If you take into account what I have told you what there is is expected growth in sales of electricity and apart from that we are paying for people we do not really need. That is the variance.

HON K B ANTHONY:

Mr Chairman, when the Hon Minister says paying for people you do not really need, can he explain what he intends to do with these people? Are they going to be kept even if there is no job or are they going to be moving sideways?

HON J C PEREZ:

No, Mr Chairman, some of them will be moving sideways. When they concern trades which are difficult to accommodate there will be a period of adaptation and a period of re-training whilst still at the Generating Station. Some are very near retirement and these we will carry on with until their retirement date. The bulk of them will either retire or move to different areas by the time of the closure. There will however remain an element of people who will be difficult to move either sideways or retire early but we would certainly not contemplate compulsory redundancies which I am sure the Honourable Member will not want anyway.

HON K B ANTHONY:

Thank you, Mr Chairman.

HON A J CANEPA:

Mr Chairman, on the Cost of Fuel. In recent months the price of petrol went up to 42p per litre and then dropped is now down to 37p per litre. I am aware of the fact Mr Chairman, that in the case of the Fuel Cost Adjustment, in the same way as the increase is delayed, because the Generating Station keep certain stocks and it therefore takes some months for the increases to reflect themselves, similarly when the price is lowered it can also take some

months for the effect of that to work its way through. But a number of months have now gone by and, in fact, the Fuel Cost Adjustment, I think, went up in December to its present level and six months have gone by and there has been no decrease. Does the Minister have any indications of whether the cost of fuel being supplied to the Generating Station has now gone down? If not, when is it expected to go down? When will it be reflected in a lower Fuel Cost Adjustment?

HON CHIEF MINISTER:

The position Mr Chairman, is that when the price of fuel started going up last year, in order to cushion the effect on consumers, we introduced a three-month delay and, in fact, we also made it possible for less than the full cost of the increase to be passed on. As a consequence of that we immediately increased the fuel in the Fuel Cost Adjustment formula, at the same time as it went up to the Government, the cost of the fuel would have been recovered but the units have gone much higher in the months that they went up. There have been increases, for example, the December increase reflected the price of fuel in September and it went to 2.81p. Before that we only passed on half of the cost and instead of passing for example in the preceding month a 0.63p increase, we passed 0.32p. Since January, there have been further increases which we have not passed on and really what we are looking to is a situation where rather than have it going up and coming down more frequently we are making an assessment of what it is likely to be on average and try and keep it steady. We have been able to do that since January but, in fact, at the end of the 31st March, we were £207,483 in the red on the FCA. The amount that had been recovered was £1,108,111.30 and the amount that was paid as a result of the increases was £1,315,594.37. So the situation is that we would expect to hold the 2.81p and that hopefully there will be a margin to enable us during the course of the present financial year to recover the £200,000 which we should have charged last year but did not.

HON A J CANEPA:

So, Mr Chairman, unless the price of fuel supply to the Generating Station were to continue to drop over a period of time and because the increases have been staggered on an average basis, they are likely to remain at the present level over a longer period of time?

HON CHIEF MINISTER:

That is correct, Mr Chairman.

HON LT-COL E M BRITTO:

Mr Chairman, my Honourable Colleague has been calling the adjustment, the Fuel Cost Adjustment. The Honourable the Chief Minister has purposely otherwise called it the FCA, which prompts me to ask the question, have the powers that

the Government took recently in this House to change it to "Flexible Cost Adjustment" now being used? Or is it still purely adjusted on the cost of fuel? Are other factors now being taken into consideration?

HON CHIEF MINISTER:

No, there is no other factor, it is just the cost of fuel and the cost of fuel should have been adjusted as the Formula was previously by £207,000 more than it has been. The only change that we have done to the Formula is that it allows us to increase by less than the full amount. So we are not required automatically to do it. The second thing is that it allows us to do it with a delay. We are not required to do it in the month that it happens. We have been doing it with a delay of three months. So when there has been an increase in the fuel to the Station that has been reflected three months later and by less than 100%. No other cost has been reflected.

HON K B ANTHONY:

Mr Chairman, Item 13, Floodlighting and Illumination, I notice that in the Estimate for 1991/92 there is over 100% increase on the previous year. Is it the intention of the Government to double the amount of floodlighting and illuminations or what is the reason for this 100% increase?

HON J C PEREZ:

Mr Chairman, part of that is some new variations that we are thinking of introducing for Christmas. However apart from that there is the possibility of floodlighting the north face of the Rock at the instigation of the Gibraltar Tourism Agency. This is being looked at again. If the right equipment that will sustain the Levanter and the humidity is to be found, and because we had the problem the last time that when the lamps went off with the disparity of the temperature the replacements would have occurred at very regular intervals, if we can overcome this then we might go ahead with it. In all probability this is probably not reflected in the Estimate cost for the Christmas illuminations.

HON M K FEATHERSTONE:

Mr Chairman, how much does Omrod charge Government per unit of electricity supplied? And does Government make any profit on the resale to the public?

HON J C PEREZ:

Mr Chairman, Government has not changed what it charges the general public on electricity regardless of the source that the electricity comes from. I can obviously give the Honourable Member on a confidential basis the figure that Omrod charges us. I do not have it readily available here. But to relate that to what the Government charges

the general public would be unfair since electricity charges have not been touched for so long. So we would have in essence a situation where the Electricity Fund that continued would be losing money heavily, whether it was from Omrod or from the electricity that we produce ourselves. At the time of entering into the contract, as I recall, the initial stages of the production of electricity by Omrod it was cheaper than what we were producing. Since then, of course, we have slimmed down the operation although not on the production side, and it would be wrong to look at the whole of the Generating Station and charge the whole of it to production. There is also the distribution and other factors. In looking at what it costs us to run the Generating Station and what it costs us to take units from Omrod then the initial price was certainly cheaper than what it was costing us to produce. We would however still be losing money anyway. The Government continues to subsidise the general public on electricity.

HON K B ANTHONY:

Mr Chairman, on a point of information. Are the engines at Waterport running permanently on light fuel? Also is it the intention to change that?

HON J C PEREZ:

No, Mr Chairman, there is one engine at Waterport running on light fuel. The engines from Omrod run on light fuel all the time. The experiment that we did with one engine might lead us to go totally on to light fuel in the future. There are two aspects of it. One is that in order to be able to comply with EEC Regulations on emissions we might have to go that way anyway because there is less pollution in the emissions created by light fuel than by heavy fuel. The second is obviously that the engines tend to last longer and there are less repairs to be done on the engines if they run on light fuel. The saving cannot be seen immediately because you are carrying people on the basis that heavy fuel is being used. However by natural wastage you could at the end of the day have a saving and the life of the engine could be increased considerably. So we are investigating that and it could possibly be that we change from heavy fuel to light fuel completely within the next year.

HON LT-COL E M BRITTO:

Mr Chairman, at the end of the day when the net figure for the Electricity Undertaking shows a small increase of £163,000 and I appreciate the explanation already given about extra bodies being involved that may no longer be needed. By the same token as King's Bastion is run down completely then obviously the figure for Omrod will increase. What is the Minister's or the Government's views of the long-term picture? Is the Electricity Undertaking likely next year in these Estimates to show an improvement or is it likely to show an increase in costs?

HON J C PEREZ:

Mr Chairman, that very much depends on the price fuel. We have included more or less an increase in average of something like 10% in line with other Government Departments. The increase that is shown in the Electricity Undertaking this year is, in fact, perhaps lower than other Government Departments. The fluctuation of the prices of fuel is what very much determines how the final outlook is going to be for the Generating Station. If you are telling me whether we will have cheaper electricity with Omrod then as I have already explained, it is possible that we might have cheaper electricity with Omrod if we could get rid of all the bodies that are involved in King's Bastion immediately. However, I do not think that that is possible. So there will be an element of duplicity until such time as either by natural wastage of moving sideways we can get people out of the system. We do not really need all them for the Generating Station at Waterport only. You have to understand as well that all is not production of electricity in these Estimates. It is Distribution, Cabling, Service to the general public, Street Lighting, etc and that grows by inflation and by pay increases. There will be an element of increases there.

Head 3 - Electricity Undertaking was agreed to.

Head 4 - Environmental Health was agreed to.

Head 5 - Fire Service was agreed to.

Head 6 - Governor's Office was agreed to.

Head 7 - House of Assembly was agreed to.

Head 8 - Housing

Personal Emoluments was agreed to.

Other Charges

HON K B ANTHONY:

Mr Chairman, I notice that in the establishment there is an increase in the staff of the maintenance section by six housing maintenance shows a reduction of £279,000. How can this be?

HON J L BALDACHINO:

Mr Chairman, what we have done is that we have included the works to be carried out under Head 101 (1). The cost of the labour force is now charged to those projects under Head 101. This, Mr Chairman, is because we will charge to that Head what it is going to cost us to do the works. So these workers are not now shown under Other Charges

Subhead 7 - Maintenance. The ninety workers are now charged to Head 101(1).

HON K B ANTHONY:

Mr Chairman, still on Housing Maintenance. Can we have an indication of what fields this covers? Does it cover cleaning of Car Parks within the Housing Estates, the cleaning of graffiti etc lifts within the estates? What broadly speaking is covered by Maintenance?

HON J L BALDACHINO:

No, Mr Chairman, the cleaning of the Estates whatever is below the pavement area is the responsibility of the Cleansing Department and not of the Housing Department. Under subhead 6, there is Cleaning of the Estates. It is not under Subhead 7 Housing Maintenance. This comes under the Warden structure. The salaries of the Warden structure and the labour force comes under Subhead 6 and not under Subhead 7. The Housing Maintenance is what we carry out in day to day repairs, the changing of a tap, or the fixing of a window. Things like that, Mr Chairman.

HON K B ANTHONY:

Mr Chairman, would the repair of lifts come under the Warden structure?

HON J L BALDACHINO:

No, Mr Chairman it comes from Repair of Lifts and is paid for by the Housing Department but the work is carried out by the Electrical Section under DTI.

HON K B ANTHONY:

Some of the lifts, Mr Chairman, are in a deplorable state. I am not sure if the Hon Minister knows about this.

HON J C PEREZ:

The regular Maintenance Programme will come under the Improvement and Development Fund and if the lifts stops working and requires a small repair to be done to it it will be charged to the Housing Vote.

HON K B ANTHONY:

Mr Chairman, if I can stay on lifts for just one moment. Some of the lifts that I have seen have been painted and within a week they have been covered with graffiti. I am not quite sure who is responsible for ensuring that the lifts are presentable and I am not talking now about the breakdown of lifts, I am talking about their general aspect. I think it is sometimes appalling when you go into these lifts and you see the graffiti and the obscenities that are scrawled all over them within days

of them being painted. Can I ask, Mr Chairman, if the Government have any plans to if possible make the lifts graffiti proof. Is this feasible? Has this been considered?

HON J L BALDACHINO:

Mr Chairman, the maintenance of the lifts is carried out by my Honourable Colleague's Department. The cleaning of the lifts within a Government Estate is the responsibility of the Housing Department under the Warden structure. The problem with graffiti, Mr Chairman, is that no sooner do you clean it up that other graffiti is painted in its place. It is a recurrent job and it is very difficult to control. For example, in one of the lifts in the Tower Blocks someone who lived in the top floor and who owned a small boat wanted to take a paddle and as it did not fit in the lift he just went through the lights and he took it up. Now, Mr Chairman, how do you control some things like that? It is the tenants who have to have certain responsibilities because the Wardens are only there from eight in the morning to five o'clock in the afternoon. Graffiti is a problem in all the Estates. It is something that we will have to look into.

HON K B ANTHONY:

On staircase lighting Item 8. I certainly welcome this. Is it intended to expand on the lighting on staircases because some of them are very badly lit. Or is this simply a recurrent sum of money to pay for the electricity used on staircases?

HON J L BALDACHINO:

No, Mr Chairman, as new houses are built obviously there is an increase in the cost of stair lighting. We are looking at some new bulbs because the ones that we are using fuse very often and that in itself is a cost. If we use a different type of bulb even if perhaps more expensive it might in effect reduce the costs that we are now paying.

Head 8 - Housing was agreed to.

Head 9 - Justice and Law Department

Supreme Court was agreed to.

Magistrates' Court was agreed to.

Law Officers

Personal Emoluments was agreed to.

Other Charges

HON M K FEATHERSTONE:

Item 80 Sir. The increase in External Legal Advisers. Is this a measure of privatisation of the Law Officers Department?

HON ATTORNEY-GENERAL:

No, Mr Chairman, that I understand is the provision for the continuing cost incurred in relation to the Airport case.

Head 9 - Justice and Law Department was agreed to.

Head 10 - Labour and Social Security

Personal Emoluments was agreed to.

Other Charges

HON LT-COL E M BRITTO:

Mr Chairman, on Losses of Public Funds. Was there one particular incident where the loss was incurred, or is the number of incidents over the year?

HON R MOR:

Mr Chairman, it is a number of incidents, not just one particular case.

Head 10 - Labour and Social Security was agreed to.

Head 11 - Personnel

Personal Emoluments was agreed to.

Other Charges

HON K B ANTHONY:

Mr Chairman, although this is not under my particular province but I could not help noticing that on the Establishment there is a reduction of 36 persons and yet recruitment expenses are up by £8,000. Can we have an explanation please?

HON CHIEF MINISTER:

The House will recall that we said last year in relation to the restructuring exercise that people would be carried supernumerary and they have been carried under this particular Head but not necessarily because they were working there. If the Honourable Member looks at the Establishment on Page 49 it in fact shows the top area which is where there are 28 bodies and there were 34 primarily dealing with Personal Files, Pay Negotiations, Union Relations and so on. The people below that which is really where the big savings appear are the people who were surplus in some Departments and were allocated to this Head as Supernumerary Staff on a temporary basis until they were re-deployed somewhere else. So in some case some of the

people that have disappeared in going down from seventy five to thirty nine are in fact shown as increases in other places. In other cases it is people who were effectively marking time until they reached the age where they could take early retirement. Really they were people who were reflecting the restructuring that took place in the preceding Financial Year. Although, in fact, they were being carried here simply because they had to be shown somewhere because they have to be paid from a vote of Personal Emoluments which the House has to provide. So in order to be able to pay them they had to be shown under some Head of Expenditure.

HON K B ANTHONY:

I thank the Honourable the Chief Minister for that explanation. However I am still a little bit puzzled about the increase in Recruitment Expenses. If the Establishment has been reduced as it has from thirty four to twenty eight and yet we have an increase of Recruitment Expenses of £8,000. Is it the intention to recruit some specific person or persons?

HON CHIEF MINISTER:

The Recruitment Expenses in fact involve the Recruitment of Expatriates Officers and in this case it involved bringing an applicant for the post of Senior Crown Counsel from New Zealand. There are no Recruitment Expenses in Gibraltar. It is only when we need to advertise in the UK and we need to advertise overseas or we need to bring people here for interviews or we need to send somebody to the UK to interview applicants that Recruitment Expenses arise.

Head 11 - Personnel was agreed to.

Head 12 - Police

Personal Emoluments was agreed to.

Other Charges

HON M K FEATHERSTONE:

On Item 23. Is this a completely new Item? Can we have some explanation as to what this is?

HON CHIEF MINISTER:

Mr Chairman, if the Member looks at page 51, he will see that there is a Supernumerary HPTO, five PTOs and so on. These are the people from the MOT and they were previously shown under another Head. They have now been moved under the Police Vote but it does not necessarily follow that they are going to stay there permanently. The situation is that, of course, when we need to close the books at the end of the 1990/91 Financial Year and prepare the

Estimates for 1991/92 there may be some bodies or departments which are in the course of undergoing a change and we need to make provision for them under some Head. These persons are the people involved in the testing of Vehicle, Licensing, etc. At one stage they were part of the PWD.

HON LT-COL E M BRITTO:

Mr Chairman, on Item 10 - Traffic and Parking Control. The forecast out-turn for the year is obviously much higher than the amount estimated and yet for this year we are bringing down the amount again. Did anything in particular happen over the past year to warrant such a large increase?

HON J C PEREZ:

Basically the saving comes about as a result of a change in the system of disposing of vehicles. We had a situation where vehicles needed to be impounded for a period of time and then Gazetted. If the owner came back he was charged for the number of days that the vehicle was in the compound. We have revised that situation and although a particular individual wishing to take the vehicle away will continue to pay for the days that the car has been impounded we will not be charging the Police for impounding the vehicle. If at the end of the day no-one claims the vehicle it is going to be disposed of before there was a charge to the Police which will now no longer be made. It is less money for GSSL so the Honourable Member should be pleased!

HON K B ANTHONY:

Mr Chairman, Item No.9 - Training Expenses. Again there is an increase of £11,000, are we going into a more advanced or specialised form of training?

HON J C PEREZ:

I am not sure, Mr Chairman, but I understand that it is new recruits that have come in and that because of more new recruits there is a greater element of Training Expenses. That is what I understand the position is.

Head 12 - Police was agreed to.

Head 13 - Post Office, Savings Bank and Philatelic Bureau was agreed to.

Head 14 - Prison

Personal Emoluments was agreed to.

Other Charges

HON K B ANTHONY:

Mr Chairman, in the Honourable Minister's contribution

during the Second Reading I think, the Hon Minister said that we had less guests of Her Majesty than previously. I however notice that Maintenance of the Prison has gone up by £5,800. Are you anticipating a full prison in the coming year?

HON J C PEREZ:

No, Mr Chairman, we have assumed an average population of thirty and we will wait and see. We hope that the crime rate continues to be low as a result of people being happy with the Government. However if the situation changes we may have to make provision just in case the Opposition wakes up and creates trouble!

Head 14 - Prison was agreed to.

Head 15 - Public Works

Personal Emoluments was agreed to.

Other Charges

HON K B ANTHONY:

Mr Chairman, on Salt Water Distribution. Item 7 is down by £110,000. Can we have an explanation for this reduction? I believe there are some areas and certainly Varyl Begg, with problems with their salt water. Can the Minister explain this.

HON J C PEREZ:

Yes, Mr Chairman, if the Honourable Member would have looked at the Approved Estimate of 1991 then he would have seen that the Forecast Out-turn was very much out from what was approved in last year's Budget. That was because there were urgent works that needed to be done in the Laguna and Glaciş area and we had to approve those works immediately hence the increase in the sum for that year. If you look at the figure that was approved last year and compare it with the figure this year then the disparity is not all that great. Therefore the Forecast Out-turn of £426,000 reflects a particular job that had to be done which had not been forecast. It now comes down to a more reasonable level and the problems affecting certain areas with the Salt Water have nothing to do with this vote. This vote deals with repairs to the brackish supply. Once the infrastructure works have been completed and once all the new pumps have been installed particularly the one in North Mole which will go up the Rock and there will be a heavier gravity fall then those areas will be solved. Most areas have good or reasonable supplies of brackish water although some blocks who have overhead tanks may be having difficulties as a result of the pressure becoming too low. This is being looked into.

HON K B ANTHONY:

On Item 10 - Upkeep of Cemeteries. We welcome this

expenditure and I want to make this point clear that I believe that the Cemetery at North Front is being put out to tender for maintenance. Secondly, on one of my pet subjects, Planted Areas, I would like to see more trees, more shrubbery in the Cemetery because I think there is nothing that makes the Cemetery more attractive than greenery. It is a place where people go to mourn those who have gone. What are the Government's ideas on this?

HON J C PEREZ:

Mr Chairman, the Honourable Member shows how green he is on this subject. The more trees and the more weeds that we have then the more problems that we have with regard to burial plots. That is the problem. If the Honourable Member wants a garden then he cannot have it at the Cemetery because the work that needs to be done there for burial space is inhibited by the weeds and by the roots of certain plants. We have some 100 Olive trees and we have been told that these might not impede the work that needs to be done because they are not shall we say "very rooty". Their roots do not sink so much and do not embroil themselves so much into the cavity. Apart from that we have to look at the plants that are put there because of the strong levanter and a lot of them do not survive. In all probability we shall have Olive trees planted on a trial basis. Mr Chairman, the whole of the Cemetery is not out to contract. The Cemetery Keeper and the Grave diggers continue to be Government employees. What is out to contract is the Cleaning, the Weed killing and the Planting of Trees. I am told that the contractor is dead keen on it!

HON K B ANTHONY:

I enjoyed that lecture on botany but, I think, that he is wrong because if the Honourable Minister on one of his many trips to England were to visit some of the English Country Churchyards that I know very well then, I think, that he will agree with me that to say that you cannot plant trees in a Cemetery is rubbish. You can plant trees and Cemeteries with trees are very attractive. So that argument I am afraid I just cannot accept.

HON A J CANEPA

Mr Chairman, are there any plans to mount a Joint Venture in the future to perhaps can olives? Is there a shortage of labour?

HON J C PEREZ:

Mr Chairman, the Olive trees have been a donation by the Bank of Credit and Commerce when they launched their Green Card and they decided that it was Olive trees that we needed. So I presume that the banking community might be inclined to open a Joint Venture in the future. I shall find out and let the Honourable Member know. On the question raised

by the Honourable Mr Anthony, Mr Chairman, perhaps in England things grow greener. In England they have not got two and a half square miles where they have to fit a Cemetery as well as everything else. So we have a very overcrowded Cemetery and we have graves very near to one another and the roots of plants affect them. Believe me. I have not invented the story. It is a real problem. They also tell me that the canes that grow between the Jewish Cemetery and the Christian Cemetery are a source of problem and that if you cut them more will grow. There is great difficulty in uprooting them completely and that in itself is already causing problems. We are told by the experts, the new contractor of Planted Areas, that the Olive tree does not push as many roots or as thick roots and so do not affect the graves. We must take that for granted. I do not know whether the Olive trees goes down deeper or not. I am telling the Honourable Member what I have been told. If I did not know it then I would have told him "Look I do not know". I have however recently been told of this and that is the explanation that has been given to me.

HON K B ANTHONY:

Mr Chairman, I think that from what the Hon Minister has said we are in agreement that it should be as greenified, if that is a valid term, as possible. I accept the Minister's explanation on the botanical side of it. Mr Chairman, on Item 15 - Cleaning of the Highways. An increase here of £92,000? Nearly £100,000. Are their plans for more Mechanical cleaners? Or is this just a normal increase?

HON J C PEREZ:

Mr Chairman, this reflects that we have two mechanical cleaners. They have gone down favourably well with the general public. I tend to be stopped in the streets and be congratulated for these purchases. However in order to man them, an element of increased labour which we have not recruited, is required. The Honourable Member mentioned in his contribution and I did not have a chance to answer him. I had spoken already about the flushing of streets. The Honourable Member will have noticed if he has continued on his nocturnal walks, as he usually does, that there is flushing already taking place. What we do not know is whether it would be more effective to do it on an Overtime basis rather than employ people specifically for that task. That is what we have been engaged at the early stages. We have grave problems at the peak of the summer where a lot of people are away on holidays and I have indications that this might be the case in July and we might have to contract part of the flushing out for a short period of time and then bring it back to the Department.

HON K B ANTHONY:

Thank you Mr Chairman. I raised in my contribution to the debate the question of the tipper bins which I agree

is a very good thing for Gibraltar. It gets rid of the unsightly heaps of rubbish on street corners. But I did mention, Mr Chairman, that the tipper bins are emptied in the morning and are already filled and overflowing by 11 o'clock. Is it the Government's intention to buy more of these to avoid this problem?

HON J C PEREZ:

Mr Chairman, there is no problem in purchasing more. We have to have a stock ourselves of reserve. We remove these and take them away to clean and then put a substitute in its place whilst the other one is being cleaned. This has to be done on a regular basis. But the problem that we have is not one that can be solved by putting more containers. We are going to specific shops and telling them that cardboard boxes should not be placed in these containers. That that is Commercial Refuse and we have a system by which Commercial Refuse is carried away and that they should keep it in their shops or dispose of it themselves. Honourable Members opposite know that there is no obligation under the law to collect Commercial Refuse. It is an arrangement that has been undertaken over the years and the service will continue to be given. The shops in question have to cooperate. We put bins so that plastic bags with wet refuse are put in. If cardboard boxes are put in then they will fill the bin in and it will defeat the purpose of the exercise. So increasing the number of bins in areas where Commercial Refuse is being placed in those bins is no solution. We are now going to the entities, particularly in Irish Town, and telling them "Look if it is Commercial Refuse you keep it inside your shop and you place it outside your door at normal times when the Refuse Collector comes and collects it". "If you have no room inside your premises then you are free to hire your own van and take it to the Refuse Incinerator and we will take it there". You cannot have a free for all at all hours because we would then have to employ many more Refuse Collectors on a twenty-four hour a day basis.

HON K B ANTHONY:

Yes Mr Chairman, a very logical argument. You must have a system but when people are not cooperating then we are back to square one with unsightly heaps of rubbish piled on the pavement, particularly with the heat of days like today. What is the answer?

HON J C PEREZ:

Mr Chairman, I can tell the Hon Member the answer. The answer is that they should all be fined. Honourable Members opposite will probably then come to this House complaining that GSSL has fined them. That is what the answer is, Mr Chairman.

HON K B ANTHONY:

Mr Chairman, I am not a shopkeeper and I do not see why

I should be arguing in defence of people who are spoiling our streets. I do sincerely believe that two tipplers instead of one might be a step in the right direction. If the Minister cares to disagree with me that is his prerogative but I still feel that that is a step in the right direction because nothing is more unsightly than bags of decaying rubbish, some of them burst open, it is an appalling sight. I am sure the Minister will agree.

HON J C PEREZ:

Mr Chairman, the shopkeepers in question are being warned that if they continue to do this they shall be fined and the matter is being raised in the Litter Committee where all these groups and representatives of Housewives and everybody else meets and if the situation continues then those people shall have to be fined.

HON K B ANTHONY:

Thank you, Mr Chairman.

HON M K FEATHERSTONE:

Item 19, Distillers. Can we have a progress report on the Reverse Osmosis Distiller?

HON J C PEREZ:

I shall be delighted to inform the House that the Reverse Osmosis Plants have been operating for the last two months. They have been operating very successfully and the production of water from those plants will certainly help us through this summer. We might have had a problem during the summer were it not for those Reverse Osmosis Plants given that the expected 600,000 tons of water from the Incinerator will not be produced well into next year. The Reverse Osmosis Plants, as Honourable Members know, are run by electricity and not by fuel and so need very little manpower and it is the people in the old Distillers themselves, the Maintenance Gang, who will be servicing the Reverse Osmosis Plants in the future. We are satisfied with the trials and these are now over. We are therefore quite happy with the whole system and how quickly they have been completed.

HON K B ANTHONY:

On a point of information Mr Chairman, Item 23, what exactly is non-Government water supply?

HON CHIEF MINISTER:

Mr Chairman, that is the MOD water supply. The properties connected to the MOD and the properties passed to the Government of Gibraltar that continue to receive the supply from the MOD. We have to pay the MOD and we charge the customer.

HON K B ANTHONY:

Thank you, Mr Chairman.

Head 15 - Public Works was agreed to.

Head 16 - Secretariat was agreed to.

Head 17 - Trade and Industry

1. Development was agreed to.

2. Infrastructure, Planning and Building Control was agreed to.

3. Planning and Engineering Control

Personal Emoluments was agreed to.

Other Charges

HON K B ANTHONY:

Mr Chairman, can we have an explanation of what is intended to be done with the £532,000 under the heading of Highways?

HON M A FEETHAM:

Mr Chairman, that is for the normal repair to roads and the maintenance of the roads. What we intend to do with this is to continue with our Highways Maintenance Programme.

HON K B ANTHONY:

Thank you Mr Chairman. If it had been put down as Highways Maintenance then it would have been quite clear. The word Highways is rather brief and I am sure the Minister understands why I asked.

HON A J CANEPA:

Mr Chairman, there are some roads in Gibraltar and Europa Road is a prime example at the section between the junction of Buena Vista Road where I live, the Convent and Shorthorn where not only are there potholes on both sides the road is subsiding, there is an element of subsidence and I would imagine that the normal resurfacing that is done would be inadequate. Is the Department conscious or are they aware of this problem? And if so, are there any plans to rectify the matter to try and get at the root of the problem and not just carry out a simple resurfacing.

HON M A FEETHAM:

Yes, Mr Chairman. In fact I have gone around personally with the Head of the Road Section team looking at all the roads because one of the problems that we are having is, of course, that quite a lot of resurfacing, the old

resurfacing, was done prior, and construction of roads were done prior to the opening of the frontier. As a result of the heavy traffic that has increased substantially it is having an impact on our roads and the whole design of putting infrastructure under the roads was done under one premise and now of course we have to take into account the changing situation. Therefore as far as this subsidence that has taken place is concerned normal resurfacing is not going to be enough. It means is that we are going to have to start doing some retrenching to reinforce some of these roads. Why this has happened particularly in that area is, of course, because of the work being done at the moment at Brymton. A lot of heavy traffic is using that area and it is as a result of this. So it is not really any good remedying the situation at the moment. Once the project is finished we shall move into that area. It is included in the programme.

HON K B ANTHONY:

Mr Chairman, Item 10 - The Removal of Unauthorised Structures. I assume this to close the chicken runs etc. Is it the intention of Government to recover this sum of money from the people who erected these authorised structures? Or is this a write-off the sum of £4,000?

HON M A FEETHAM:

Mr Chairman, it is a chicken and egg situation. It is sometimes better to spend the money and take them down than to get yourself involved in the long-drawn out legal situation that at the end cost more money and takes up a lot of the Law Officer's time. The best thing is to move in, take it down and forget about the cost. And then make sure it does not happen again.

HON K B ANTHONY:

Thank you, Mr Chairman.

HON LT-COL E M BRITTO:

Mr Chairman, still on the subject of Highways. Does the Government have any plans to re-open Keightley Way Tunnel in time for the summer to alleviate the problems of traffic in the area of Rosia Bay especially at the weekends?

HON M A FEETHAM:

The tunnel will open on the same arrangements as we did last year with the controlled access for pedestrians only because the works of making safe and stabilising the cliff face at Little Bay is still being carried out and it is not scheduled to be finished for some time. So therefore until the contractor declares the cliff face safe, it would not do to allow traffic, other than authorised traffic, to come through. But people will be able to go into Little Bay from Europa on a pedestrian and controlled basis.

HON LT-COL E M BRITTO:

Mr Chairman, in view of that explanation and the length of time that the tunnel has already been closed and from the sound of what the Minister is saying it is likely to remain closed for a while. Would it not make sense, Mr Chairman, to have traffic lights permanently installed to control access to Rosia Bay. I have noticed on a number of occasions at the weekends during the winter, because I understand that the traffic lights are now in operation at the weekend, but during the winter there has been considerable traffic problems in that area because people use the area especially on a Sunday afternoon and there have been no traffic lights and there have been considerable problems.

HON M A FEETHAM:

In fact the traffic lights are going to be there on a permanent basis, Mr Chairman. We are talking about the access road from Rosia Parade? They are now there on a permanent basis. They were not I agree there until very recently because we had to obtain....My friend tells me that they are not. As far as I understand it and I do not wish to mislead the House the decision was taken that they were to be there on a permanent basis. If they have vandalised or somebody has done any damage to them, of course, they may then be under repair. But the decision is that they will be there on a permanent basis. The reason why they were not there on a permanent basis was because we have had the problem with the cliff face at Europa Road and we have had to put lights there. Lights had also to be used as well at Queensway and we have been overstretched. Now we have been able to obtain further traffic lights from elsewhere.

HON LT-COL E M BRITTO:

Without labouring the point, Mr Chairman, that is precisely my point, because what has been used up until now are portable lights. Whenever there is a problem like Queensway or a temporary closure those traffic lights are moved away and put somewhere else. What I am urging the Minister to consider is because of the length of time that tunnel is likely to remain closed to have permanent fixed lighting installed until such time as the entrance to Keightley Way can be re-opened.

HON M A FEETHAM:

Yes, in fact what we have done that as part of the Estimates and we are going to obtaining more Traffic Lights.

4. Port was agreed to.

Head 17 - Trade and Industry was agreed to.

Head 18 - Finance and Revenue Collection Services

1. Financial and Development Secretary's Office was agreed to.

2. Accountant General's Department

Personal Emoluments was agreed to.

Other Charges

HON LT-COL E M BRITTO:

Mr Chairman, Item 17 on Contracted Accounting Services can we have an indication of what the Government's intentions are in this direction?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, to provide when we so desire specific reviews to be undertaken. It is useful to have professional services applied to that. A particular exercise that I have under way at the moment is in respect of the Government's Payments Procedures. We are using Private Sector Accountants to look at those procedures afresh.

3. Income Tax Office

Personal Emoluments was agreed to.

Other Charges

HON LT-COL E M BRITTO:

Mr Chairman, a similar question on Item 8. In fact I wish to extend it and not just ask for the Government's intention are but to extend the question slightly. The Chief Minister yesterday speaking specifically about the Income Tax Department talked about the undesirability of having external Auditors, because of the confidentiality aspect, working in the Income Tax Department. Yet here we are bringing in external Accountants. Is there likely to be a conflict?

HON CHIEF MINISTER:

We are not talking about people working inside the Department looking at the Tax Assessments of Individuals. What the external advisers will look at is the procedures that we use to see whether we are doing things in the most efficient way. Obviously we do not seem to be doing in a very efficient way, given the fact that we are dealing with Tax Assessments with a two year delay. We want to see how we can cut that time down.

HON LT-COL E M BRITTO:

Mr Chairman, but the Chief Minister can give this House an assurance that those external Accountants will not have access to confidential documents.

HON CHIEF MINISTER:

Mr Chairman, the answer is yes. It would be illegal to

do otherwise because it would be a breach of the confidentiality requirements of the Income Tax Ordinance.

HON P CARUANA:

Mr Chairman, in relation to the Collection of Revenue by this Department, would it not be logical for the Government to dedicate more resources to the Collection of Revenue on the basis of the cost justifying a higher return.

HON CHIEF MINISTER:

No, Mr Chairman, because there is no correlation between resources and results. The proof of this is that we have devoted more resources. I told the House that we were advised by the people in the Department two years ago that the thing to do was to put all the records in a computer and we were advised that the way to do it was to open the opportunity of Computerising the Records to everybody in the Civil Service and to pay people £5 an hour over and above their normal wages to stay working late to do the work. We agreed a rate of output and although the £5 an hour as predicted materialised the rate of output predicted did not materialise. What should have taken three months is still unfinished and even after over a year, we have something like 7,000 or 8,000 records from 1988/89 which have not yet been put into the computer. Now until we have that information in the computer, and it is not a question of more bodies because the way the system was organised, was all manual and files and masses of filing cabinets, so if you put in more bodies then there is no room between the bodies and the filing cabinets. You would then need more offices. So really what we need is a more efficient system and not more people running inefficient systems.

4. Companies Registry was agreed to.

5. Customs was agreed to.

Head 18 - Finance and Revenue Collection Services was agreed to.

Head 19 - Reallocations and Subventions

HON K B ANTHONY:

Mr Chairman, I would like to question first on Item 1, Sundry Grants-in-aid. I notice that the European Movement has been allocated £1,000. As a member of the Executive of the European Movement, I am becoming more and more aware of the importance of our local Branch in carrying our case to people within the European Parliament and this is the same amount that was allocated last year. Has Government given serious consideration to increasing this?

HON J C PEREZ:

Mr Chairman, as a member of the European Movement, the Honourable Member should know that it was at my instigation on the other side of the House, that the Subvention was doubled from £500 to £1,000. As a member of the Executive Committee he should also know that over and above this, visiting MEP's, receptions, dinners, and any other expenses incurred by the European Movement is paid for by the Government over and above the Subvention. So it is not only the £1,000 that the European Movement is getting. It is getting a lot of financial support from the Government in terms of bringing guests over, paying for their stays in the hotel, lunches, dinners and things like that. All these costs come from another Subhead - Visiting Members of Parliament and Visiting Delegations. So it is not only the £1,000 that the European Movement gets. I think for the moment that that figure is more than adequate.

HON LT-COL E M BRITTO:

I think the Minister, as a member of the Executive of the European Movement, should also accept that whereas I totally agree and accept everything that he has said, on his last sentence where the Minister said that the sum is adequate because the Government is certainly meeting costs of people visiting Gibraltar but he knows as well as I do that when the Chairperson and whoever else travels away from Gibraltar representing the European Movement and doing as, I think, he will agree with me excellent work they personally are, at the end of the year, usually out of pocket. With this amount such visits cannot be covered. In fact more visits could probably be undertaken with equally good value and this certainly cannot be even considered because the funds do not cover it.

HON J C PEREZ:

Mr Chairman, when more than two visits are anticipated the Chairwoman of the European Movement comes to me and we discuss the possibility of extra visits and this is then taken up with the Chief Minister. The answer is yes we have looked at increasing the expenditure in the past but we have to look at where the visit is, what the Agenda is and what the purpose of the visit is. Because quite frankly if a visit is in Timbuktu to discuss issues which are not very relevant and although it is always important that Gibraltar should be represented it may not be necessary. Mr Chairman, so long as we cover the most basic and important ones which are the Executive Committee meetings of the EUF, where we have a seat on the Executive Committee as a result of Britain having acceded to us taking over the seat, then this is looked at separately and will continue to be looked at.

HON LT-COL E M BRITTO:

All that I would just add, Mr Chairman, is that when it

is looked at that it is looked at sympathetically and I accept the Minister's comment about visits to Timbuktu. I am not suggesting that they go out on jollies.

HON J C PEREZ:

I shall be smiling throughout the Meeting. I can assure him.

HON P R CARUANA:

Will the Hon Minister for Labour and Social Security now tell the House the balance standing in the Social Assistance Fund and to what extent the £10m that is going to be contributed to that Fund this year is going to be used during the current year and to what extent it will accrue to the Reserves of that Fund? And if there are Reserves in that Fund, where they stand, how they are invested and to what purpose they expect to be applied in the future?

HON CHIEF MINISTER:

Mr Chairman, I have explained all this before, although I accept that it was before the Honourable Member opposite was elected. So I will explain it once more but will not explain it again. The Social Assistance Fund was set up in 1988/89, to replace the system of Statutory payments, in anticipation of the possible consequences of the interface between Community Law and Gibraltar Law. By making such payment non-Statutory we were advised that they did not come within the province of the Social Security Regulations that are Mandatory under Community Law. The Fund is fed by an Annual Grant from the Government which started with £1m in 1988/89. Previous direct payments such as the Elderly Persons Pension, Family Support Benefits and Supplementary Benefits now come out of that Fund. Roughly speaking, Mr Chairman, we are talking about a cost of something like half of the total allocation and the other half is invested in order to produce, in the future, a stream of Investment Income. This is channelled together with other Government Investments through the Investment Fund. An interest payment is paid back to meet basically the benefits which are laid down in the Gazette Notice creating the Fund and where it is stated the items that can be charged to this particular Fund. It is, in fact, meeting the benefits to social and deserving cases as if it was a Charitable Trust.

HON P R CARUANA:

I am grateful to the Honourable the Chief Minister, Mr Chairman, for that explanation. Is it implicit in his answer that the Reserves of the Social Assistance Fund is invested like any investments that the Gibraltar Investment Fund may make including local Government, Joint Venture or wholly-owned companies?

HON CHIEF MINISTER:

The money is available for investment within the Fund

but, in fact, it is secured so that if the income of the Fund is fixed at a rate which currently is 10% then all the surplus Funds are carried on call in the Government Savings Bank until they are required for a specific investment.

HON P R CARUANA:

So, in fact, I think what the Honourable the Chief Minister is confirming is that this Fund is not exposed to any risk of commercial speculation or venture?

HON CHIEF MINISTER:

That is correct, Mr Chairman. If there is any risk of any of the money that may initiate in the Fund proving to be a bad investment then that risk will not be carried by this Fund.

HON P R CARUANA:

Mr Chairman, if you will allow me one further aside on this aspect. Will the Chief Minister confirm that those elements of this Fund which for good reason, as he has explained, is dealt with in a non-Statutory context, is nevertheless subject to the same degree of financial control as it would be, were it administered by Government Departments?

HON CHIEF MINISTER:

Yes, Mr Chairman, in fact they are administered by the Department of Labour and Social Security and the payments are audited by the Principal Auditor and the Fund account forms part of the published Audited Accounts of the Government of Gibraltar and there is an administrative charge made to that Fund for the wages of the Civil Servants involved in administering it.

HON K B ANTHONY:

Mr Chairman, on Item 7 - Gibraltar Broadcasting Corporation. As this House knows I have a motion tabled in my name to debate the future of GBC, but in view of this Subvention of £70,000 and knowing that the Government is at present negotiating to try and solve the Corporations financial problems, could I ask the Minister to inform this House about the present state of play in these negotiations?

HON J C PEREZ:

Mr Chairman, I expect to be able to put forward part of my proposals to the Staff and to the Management of the Gibraltar Broadcasting Corporation by the end of this week. We are at present finalising the negotiations with the British Broadcasting Corporation which I must say are going very well and if we do that then that is going to form the basis of my proposal to them. It entails

taking the programming of BBC Europe into our network and re-distributing that programme, and interfacing GBC programmes into the programming of the BBC. That immediately creates, Mr Chairman, a saving on Programming which is quite a heavy expenditure of GBC today and it also allows us to look at the possibility of bringing the staff to work on a five day week basis. The operation can then be streamlined by early retirement or voluntary redundancy whichever we think is needed. At present I am not in a position to judge what my proposal on the structure is going to be because I have no indication whatsoever yet as to who would be prepared to take early retirement and who would not. We are preparing a package for everybody who is over forty-five for them to look at. If there is sufficient interest in that package together with some savings on some contract workers we could then streamline a management structure to the programming of BBC with GBC programmes inserted at certain times. The programme will have to be encrypted and we would have to supply subscribers in Gibraltar with decoders. Not every subscriber, licence holder, would need to have a decoder per set because communal Antennas and Satellite Systems supplying many households all wired together would only need one decoder for each of those installations. Therefore we would expect to be able to give a decoder to each of those installations that exist and individual ones to those persons who are not linked up to an installation. The encrypted signal would go into Spain and there would be a marketing strategy to market the BBC/GBC programmes in Spain and we would sell those subscribers the decoders. The rate that the BBC would get per annum from their programme with the GBC part screened to the Coast would be a reduced one compared to what we will charge if the individual was getting the signal directly through a satellite. This reduction is a significant one and we would be getting a share of each of the subscribers in the Costa del Sol. It would also allow us to obtain some money from Costa viewers who in the past have watched GBC but free of charge. So now they have the opportunity of contributing to what they feel has been a good service in the past if we take the comments they have made on numerous occasions. So that is part of the proposal, Mr Chairman. That would, I think drastically decrease the cost of running GBC. Let me however tell this House that as a result of talks with the Department of Trade and Industry and as a result of certain technical studies which need to take place and some changes which need to take place in the basement of the transmitters we will be in a position to do other commercial packages over and above the BBC one in the near future which will again augur well for GBC. We might be able to accrue a substantial amount of revenue from these deals. I am afraid I am not in a position to reveal the type of deals that are under consideration. What I can tell the Honourable Member, as an indication, is that there is a party interested in hiring out a radio frequency and if the price is right and we can hire out a radio frequency then that might be a way of getting

some extra income. We however have to be careful that that this frequency does not compete in advertising with GBC itself. Something similar could occur also with television but I cannot say more on that at this stage.

HON K B ANTHONY:

I would like to thank the Hon Minister for that in depth speech which follows many of the ideas that I had thought of. It appears to me, Mr Chairman, that for a period of time GBC will still be in some financial straits. Is it the intention to maintain the Subvention to GBC?

HON J C PEREZ:

Mr Chairman, it is the intention to maintain the Subvention. We would all like to see a very rosy picture where GBC did not need to continue with the Subvention. But the difficulty of the problem has never been that the Government wanted to withdraw the Subvention. The difficulty of the problem was that if GBC remained as it was we would have to more than double the Subvention to keep it going and we could not know by how much it would have to increase every year taking into account Capital Expenditure in equipment which is urgently needed. It was essential to bring down the cost of running the operation, whilst guaranting that Public Service Programmes would continue. The staff at GBC would dedicate themselves producing local programmes which they would then be scheduled in with the BBC programming. There could be a possibility, in my view, a very real one, that local programmes would increase and that the quality of these programmes would also be of a higher standard and it augurs well for the continuance of Public Service Programming which is the concern that I have heard expressed by everyone in Gibraltar including Members of this House. Everybody is in agreement that we should not lose the Public Service Programmes. Well we are not going to lose them. We might not be able to see Dallas so much and we may have a lot of BBC programmes which not everybody likes, but we are going to have a service from 7 am and not from 7pm as at present. So that augurs well for the future. Now on top of that, Mr Chairman, if we can exploit the full resources that the Corporation today has and exploit all that is in our power and in our control in both radio and television then we might be in a position to make substantial amounts of money which if they accrue to the Corporation then it obviously might not need the Subvention. This is a long way away yet but we have to look at it. We have to do some tests and talk to the parties that are interested and negotiate with them. But the initial position of cutting our losses and cutting down the operation and streamlining that side of it is already a reality even if the second stage does not materialise. But we will still continue attempting. Before the Honourable Mr Caruana stands up and asks what he said in his Press Release a few days ago, let me inform him that although I was only expressing my personal thoughts out loud in the Gibraltar

Chronicle, it could very well be that if GBC continues in its Corporate status that a lot of these possibilities might not be open to it. I think it is beneficial to GBC and to the future of GBC that it finishes up being a Company rather than a Corporation. More details about this will be given at a later stage. At the moment I am not in a position to do so.

HON K B ANTHONY:

Thank you very much, Mr Chairman and I thank the Hon Minister for that explanation. I have a number of other questions that immediately spring to mind because the Honourable Member has spoken of voluntary retirement for those aged forty-five in a Managerial capacity and this, of course, is an imponderable because apparently there is no indication yet of who is going to accept. Will the scheme collapse if no one accepts or is the Government going to force the issue if nobody wants to leave?

HON J C PEREZ:

Mr Chairman, that is not a possibility. If nobody wants to leave then we would have to go and say "look there are too many people for the needs of the reduced size of the Corporation". We would then have to look at it in a different way. The indications are that some people are willing to leave. We are preparing a package to those who are forty-five and over and we will see whether that package suits each individual. If individually they feel that that package suits them then we come back and say so and if sufficient numbers leave and we reduce some of the people on contract then we might be left with a situation where we might not have to force anyone. We need a new structure and a newer Management team that is the way forward for the Corporation. It could well be that as things happen in the future and if the resources of GBC are used for other purposes that there might be a need to look at the structure again. But we have to look at the structure as if nothing else was going to happen and as if we were going to produce our local programmes. That is the worst scenario and we have got to look at the spectrum of that scenario. If after that we do better, then it is a bonus.

HON K B ANTHONY:

Thank you Mr Chairman. If I can turn very briefly to the question of contract workers and their reduction. In terms of finance these are probably the lowest paid people in GBC and the financial saving would be minor compared to the rest of the Corporation and yet from experience as a former Broadcaster, Mr Chairman, I know that contract workers carry out a very useful role. If they were not essential they would not be employed. Does the Minister really feel that getting rid of contract workers will improve the standards of GBC? Standards are as important as savings in money.

HON J C PEREZ:

Well, Mr Chairman, contract workers will continue to be needed in GBC whether full-time or part-time. Let us, for example, say that there is going to be no news on Saturdays then you do not need a Newsreader on Saturdays. So if what you have today is a contract worker that only comes in on Saturdays to read the news then you eliminate that post. As a result of a diminished operation there are going to be some contract workers who are not going to be needed. There could be a situation where we have to have a contract worker, a full-timer, in that persons place. That could happen because as we go into more local productions the more costly it becomes but you have to look at the changing face of GBC and what the new requirements are.

HON K B ANTHONY:

Thank you Mr Chairman. What the Minister has said is I am sure reassuring for many of the staff at GBC. Because the feedback that I have had from GBC is that the impression gained was that all contract workers were going to be eliminated. As the Minister has now clarified this matter the position is now clearer. One other aspect that was mentioned in the run up to the negotiations was the possibility of hiring out the studios for weekends to try and earn money. Has the Minister any clear indication that this is going to actually come to fruition?

HON J C PEREZ:

That depends, Mr Chairman, on what we are going to hire out the studio for. We will not be able to under the terms of the contract to screen programmes which are not produced by GBC. We thought that that might be a possibility and we could, in fact, offer part of the weekend frequency to third parties to interim post one of their programmes. But the programmes have to be GBC programmes and we are still in negotiation as to the percentage. But, of course, since BBC programmes are from 7 am to midnight, a percentage of all those programmes is more than sufficient for the kind of service that we give today although we would like to try and see that expanding. We have to have a look at that. But there is no reason why the studios could not be hired out if people wanted to do films etc and there is no reason why those facilities are not used in the future for other aspects of broadcasting if at the end of the day they materialise.

HON K B ANTHONY:

Thank you, Mr Chairman. I do not wish to remain on this topic indefinitely because it is not a debate and it is not my motion that we are discussing. One final point does come to mind, Mr Chairman. The Minister has spoken of the possibility of changing the name from Gibraltar Broadcasting Corporation to the Gibraltar Broadcasting Company and, I think, that there is a fear amongst certain

people that it may well become a Government controlled Television and Radio Station and I would like the Minister to confirm to this House that that is not the intent.

HON J C PEREZ:

Mr Chairman, the intention is not for the Gibraltar Government to control the Newsroom. But frankly, when you on that side of the House are talking about accountability it is not the same as sitting on this side and worrying about taxpayers money going into the Corporation. In order to be more accountable to the people that are paying it, the Government has to exercise a certain amount of vigilance and control over how the Corporation is running its affairs. I am not saying that this has happened but we could have a situation that we give the Corporation £600,000 today and they decide to buy vans for everybody. We are providing £600,000 of public money and we have no control over how that money is spent whether on six or eight vans or whatever. I think, that the important thing is to maintain the independence of the Corporation in its political bias issues, issues of morality, etc. If we can separate these two areas and I am thinking aloud at the moment, I have nothing concrete in mind, but if we can get a greater participation of the people in GBC in the running of the affairs of GBC with a Government presence in that structure then I would favour that. We would have to be satisfied that the political aspect and the morality aspect of it does not lie within that structure but elsewhere. This is the sort of thing I am thinking about "a vigilante on the Corporation and on the News affairs".

HON K B ANTHONY:

Mr Chairman, I am relieved to hear what the Minister has said because I do not think anybody in this House and certainly on this side will object to the Government having a financial responsibility because they are paying the bills. They certainly have the right to look at how the money is spent. The Minister has however made it quite clear to this House that political independence will be outside their hands irrespective of who the Government is and, I think, that this is very important because the independence of the Gibraltar Broadcasting Corporation or Company is an integral part of our community and we would not like to see it lost.

HON J C PEREZ:

It is how that is achieved that is not clear yet, Mr Chairman.

HON K B ANTHONY:

Yes but I am sure that with goodwill this can be achieved and we on this side of the House are delighted to hear that, Mr Chairman.

HON P R CARUANA:

Mr Chairman, I realise that this is not a debate on GBC and that you are not going to let it become one. However can I invite the Honourable Minister opposite to bear in mind that the model that is beginning to take shape in his mind, although I fully appreciate that it is in its embryonic stage, is precisely the model that reigns with State television in Spain and that we all know what Television Espanola SA has become in relation to the political process in Spain. We all know that there is a very fine dividing line between financial control and the effect that financial control has not only on political and morality but also on editorial independence. The fact of the matter is that if you are accountable in detail to somebody then the influence that they can directly and indirectly bring to bear upon you is much greater than if all that happened is what happens now with the Annual Subvention to be accounted for annually in relation in respect of the Accounts. When the Honourable Minister sits over there talking ~~is he has done~~ what he is showing is that he has already taken a hands on managerial approach to GBC in respect of the Statutory Corporation for which he has no Ministerial responsibility in terms of management.

HON J C PEREZ:

Mr Chairman, I find it incredible that the Honourable Member should issue a Press Release telling the Minister what he should or he should not do about GBC and then come to this House and suggest that I am interfering in a matter which has nothing to do with me. If all I am being asked to do is look at the Subvention and say how much money GBC wants and come to this House and raise the money, because that is what the Honourable Member wants me to do, then I should not be looking at the structure of GBC and I should not be negotiating with anybody or finding a solution to the problem. I have found a solution to the problem, I have had to intervene directly because the situation was that if we did not do that we would be faced with a very heavy bill and a very heavy Subvention in this House and which I am sure Honourable Members would be wary of paying. What I am saying is that I have not yet found the method by which one can guarantee the independence of the Corporation whilst at the same time the Government has a certain control over the finances of the Corporation and on how that money is spent. I find it strange as well that the Honourable Member should echo the views expressed by Partido Popular and Herri Batasuna over Spanish television. I am not sure in whose pay the Hon Member is? UCD and the PSOE however when in Government have certainly not complained about how TVE is run in Spain. Mr Chairman, I am not bringing today a concrete proposal to this House and saying: "This is the way things should be run". I have expressed my views out loud. I have not determined yet which way we are going to go but certainly although, I agree, that it is a difficult thing to do, I think, that if the

Opposition is satisfied that the independence of GBC can be guaranteed and at the same time Government has a certain control of the finances of it, then Mr Chairman, I am satisfied that we can proceed that way. But we have to find a method by which this can be done. What the Honourable Mr Caruana is saying is "Do not even try it, because you should not be doing it anyway and it cannot be done anyway". That is a defeatist attitude.

MR CHAIRMAN:

Remember that we have a motion coming on this issue and there is a rule which is called "anticipation". We are sailing very close to that. So I will ask Members to ask questions but to reserve the big guns for when the appropriate time comes and we debate the motion.

HON P R CARUANA:

I am limiting myself, Mr Chairman, to a question and terminating the debate. I agree with the Honourable Member Mr Feetham, that the Honourable Minister should not be answering my question in this respect. But as he is volunteering to do so I will continue to ask him. Does the Honourable Member agree that the element of concentration and choice that he has put in mentioning Herri Batasuna in his list of examples is in extremely bad taste?

HON J C PEREZ:

I do not think so, Mr Chairman.

HON P R CARUANA:

It speaks volumes of the moral standards of the Honourable Minister.

HON K B ANTHONY:

One final question Mr Chairman, in the future ideas about the control of the financial side of the Corporation or Company, is it the intention of the Government to get rid of the existing Board of GBC and put in their own Board or what is the thinking of the Government on this line?

HON J C PEREZ:

I would like to see a Management Structure but these are matters still negotiated. I would like to see a Management Structure where each Head of Department would act as a Director of what essentially would be a Company and the Managing Director and the Heads of Departments would meet as a Board of Directors and take policy decisions and I would foresee the Government having some sort of presence in that Board. How we divorce that from the independence aspect and whether the Board of Management will be retained or retained in a different capacity is something that

one would have to look at.

HON K B ANTHONY:

Thank you, Mr Chairman.

HON M K FEATHERSTONE:

On Pay Settlements, Mr Chairman, I feel the amount for this year is lower than last year by £800,000. Is this due to less staff or is it due to a lower settlement envisaged?

HON CHIEF MINISTER:

I think we have two parts. One is that of course there are a number of areas which in last year's Estimates were part of the Government and which are not anymore, like the Telephone Service and later on this year the Water Service and we have taken that into consideration. The other thing is that the indications are from early settlements in UK that we expected to be closer to 7% than the 9½% last year.

HON P R CARUANA:

Mr Chairman, I think that the Honourable the Minister for Education may have alluded to this, but will he confirm that the £800,000 - Minor Works and Repairs - is what he referred to as works within his Department that were too big for minor repairs but too small

HON J L MOSS:

No, I cannot confirm that, Mr Chairman, because the sums of money I was talking about were in fact in the Improvement and Development Fund.

HON P R CARUANA:

In that case, can I ask the Honourable Members opposite to what that £800,000 relate to?

HON CHIEF MINISTER:

This is Mr Chairman, the amount of money that is provided for, and again the Honourable Member will not know this because it has been said before obviously, since 1989 when one of the changes we made in our first year was to have a Minor Works and Repairs Vote which is the amount of money that it costs to maintain all public buildings in Gibraltar. The problem was that when it used to be shown under a particular individual Head there was a tendency for people to try and use the money for something else in their own Department even if they did not need it for the repair of the building. So now what we are saying is "This is the money that the House is voting for the maintenance of buildings and it cannot be used

for anything other than maintenance of buildings". Each Department then puts in a bid for this amount of money and they are put in an overall priority and at the end of the year all the money is relocated. This is why the Member will see that last year we put £750,000 and it shows expenditure zero. It is because the whole of the £750,000 has now been redistributed to the spending Departments.

HON LT-COL E M BRITTO:

Yes, Mr Chairman, if I can put in a rider to that. Would the Chief Minister not agree that it would help the work of this House if a footnote was added under this particular Head showing the comparative figure for the total spent on Minor Works, rather than having Members having to go through the whole Estimate and adding up all the figures?

HON CHIEF MINISTER:

Well the comparative figure is obviously £750,000. It is not that we have spent more than £750,000. It is entered where we have spent it. If you go through each Head of Department and add all the individual items it would work out to £750,000. The sum we put in last year and we explained this the first year that we did it. It was something we used to urge from the other side and the previous administration did not accept it. So we introduced it when we came into Office and, in fact, before our complaint, Mr Chairman, from the Opposition was precisely the point that the Member is making except that we did not know at the beginning of the year how much money was being voted for maintenance without adding all the Heads. What we are saying is we are voting £800,000 for the maintenance of Public Buildings and at the end of the year we will have spent £800,000 for the Maintenance of Buildings. I cannot tell the Member whether it will be £10,000 on the House of Assembly and £20,000 on the City Hall but at the end of the year when the £800,000 have been spent we will know exactly in which building it has been spent. It is not a question of a footnote, it is a question that if we compare the system today with the system previously, where under the previous system there was £10,000 shown as maintenance of the City Hall and £20,000 shown as maintenance of The Haven. In order to find out what was their total maintenance bill one had to do what the Member is complaining about now and add up all the Heads. He does not have to do that anymore. He knows what the total maintenance bill is. Frankly whether it is more for The Haven and less of The City Hall, I do not see what the importance of that is. From the point of view of controlling public expenditure which is what we need to do then we know what is the total cost of maintaining Public Buildings in Gibraltar and we have introduced more controls. Not less. But, of course, it is very easy to do what the Hon Members wants all that is needed to get the forecast out-turn in each Head and he will find the Maintenance Head. But it cannot be done at the beginning.

HON LT-COL E M BRITTO:

If the Honourable Chief Minister will give way, Mr Chairman. That is exactly what I am saying, I am not suggesting that it be done at the beginning. The figure that I am looking for is the Forecast Out-turn. Where you have a zero. The Chief Minister is telling me that he has spent £750,000 but that was the Estimated figure and it does not follow surely that every year the Forecast Out-turn is going to be the same as the estimated figure.

HON CHIEF MINISTER:

Yes, it does, Mr Chairman, because it is all wages. That is what it is. This is what used to be the Public Works Maintenance Section and it is all wages and today it is based on the number of people we employ and the number of hours they do every week and the overtime they do. That is how the figures are arrived at effectively.

HON LT-COL E M BRITTO:

It is all wages. Where does the element of materials and so on come under.

HON CHIEF MINISTER:

Well, there is a percentage added something like 20% materials and 80% labour. So it is a system that when the Public Works used to do it, they used to do this on a global figure. But then each Department put in a bid at the beginning of the year of their estimated requirements from the Minor Works Vote for the year and although the workers were in the Minor Works Department in the PWD the actual expenditure was charged Departmentally. All that we have done is we have put it all together because we felt that part of the problem was that when people use that money for something else the Minor Works then had a problem in paying the people that they were employing because the money had been used by the Department by way of Virement to some other Subhead. So we have brought in this system because it gives us more effective control over the total, and in practical terms it is a Subhead that cannot get overspent without somebody coming back and having to approve Virement from another Head to that Head. If we look at the situation last year where it was a Subhead on its own then there was no way technically that more money could be spent than was provided. We would have had to bring a Supplementary Appropriation Bill to the House in order to increase the £750,000 in order to then vire it to a Departmental Head.

HON LT-COL E M BRITTO:

Mr Chairman, does that same explanation apply to Item 10 - Supplementary Funding? Or is it that the Government has been successful in containing the Supplementary Funding, because as the Chief Minister explained yesterday, what has been needed has been vired from other Heads?

HON CHIEF MINISTER:

Mr Chairman, last year the figure that we put of £1.2m was really a figure out of our heads. It was the first time that we were doing it and we actually provided that amount of money on the basis that that was more or less what seemed to us likely to be the uncontrollable elements of Supplementary Funding. One of the bigger costs in that Supplementary Funding was related to costs of Fuel, over and above what we voted in the House in the last meeting in Supplementary Expenditure. That is not an element that we expect to be plaguing us over the next twelve months, so we have taken that out of the equation. The fact that we do not have the Telephone Department, which we had last year, nor are we likely to have the Water Department this year, for the whole of the year means that there will be a certain amount of contraction in the PWD because there will be less people left behind. This money which will not be used for the Water Section can be used to supplement other Subheads. Therefore we are less likely to need to go beyond £1m this year. We cannot however guarantee that but are reasonably confident we will be able to stick to the £1m.

HON K B ANTHONY:

Mr Chairman, could somebody explain to me why we give £120 to the Commonwealth Agricultural Bureau since we have no agriculture. Unless it is the Hon Minister's Olive plantations in the Cemetery?

HON CHIEF MINISTER:

I think, Mr Chairman, the Honourable Member should ask the Leader of the Opposition that one because I do not know how it got there in the first place!

HON A J CANEPA:

Perhaps the Leader of the Opposition should ask some ex-Colonial Secretary, Mr Chairman. If I could be allowed before we vote on this Head a word on GBC although taking into account the point that you made about anticipation in the debate to come. There is one important question that I would like to put to the Government to consider, to take on board, otherwise, Mr Chairman, when the debate takes place next month we may find that the matter will have been dealt with and we could be effectively presented with a fait accompli. If the Government were to come to the conclusion, that they have to be involved in the running of GBC and that they should be represented on the Board, could I also ask if they come to that conclusion that in order that the matter should be seen to be above board and as fair as possible that consideration should be given to doing something which this Government has not done and that is to having representation from the Opposition? That I think could allay fears.

HON J C PEREZ:

Mr Chairman, when we come to the debate of GBC that will be an issue which will not have materialised yet. It is not an urgent one and it is something that can be looked at further on. But certainly I would take on board the suggestion of the Honourable Leader of the Opposition and look at that possibility if we look at the question of Government participation. We still have not decided that, Mr Chairman.

HON LT-COL E M BRITTO:

Mr Chairman, on Item 4 - John Mackintosh Homes. Could the Government tell us whether the present estimate takes into account all the changes that have taken place and are taking place or will take place in the Mackintosh Homes? Or are further changes still envisaged? For example, Mr Chairman, there is a floor of the Home which I understand is still closed and I would like to know if it is likely that this floor will be opened as a result of the funding that is available?

HON CHIEF MINISTER:

Mr Chairman, we have given a commitment to the John Mackintosh Trust to increase the Subvention annually by something of the order of 12%, above the rate of what we are increasing anywhere else and above the rate of inflation, on the basis that we cannot just increase it in unlimited amounts. As it is we have gone from something like £170,000 to £300,000 in three years. They have also been asked by us to look at the unit cost of the number of beds they provide. This is to find out what is the optimum number. Mr Chairman, there ought to be a figure which says "If there are ninety beds then if you go from ninety to eighty nine, your unit cost goes up or you go from ninety to ninety one then your unit cost comes down". They have not yet completed that exercise. If they were to open the additional space for which we are not sure whether there is a demand then it depends to what extent that space is filled up whether it results in there being a bigger loss situation or a smaller loss situation. We are already looking at other possibilities through the Employment and Training Board and agreed with them to use Mount Alvernia's facilities and subsidise part of their wages bill by having people allocated to them as trainees in the grade of Nursing Assistant. These persons would then subsequently be able to take up employment in the Government service. The reason is that we can use Community Funds to assist the training of people in non-Government institutions and since Mount Alvernia is a non-Government institution we can do it there but not in our own hospital. That again, Mr Chairman, is another element which we hope will help to breach the gap. At the moment the situation is not as critical as it was six months ago.

Head 19 - Reallocations and Subventions was agreed to.

Improvement and Development Fund

Head 101 - Housing

HON K B ANTHONY:

Mr Chairman, Item 5 - Refurbishment of Government Housing £14m. What does this word refurbishing apply to?

HON J L BALDACHINO:

Mr Chairman, the work involved is in areas that I have referred to during my contribution on the Appropriation Bill. Major refurbishments like the one that we are doing at Alameda Estate, Moorish Castle Estate, two blocks at Glacis Estate and an additional three blocks at Laguna Estate. Other pre-war dwellings in the upper town, including Gavino's Dwelling, and also included in that figure. It involves a whole range of our Housing Stock in different Estates.

HON K B ANTHONY:

Mr Chairman, if I can now turn to Item 7 - Painting of Government Housing - £748,000. Can the Hon Minister give me an indication of what percentage of Government housing stock will be painted in the current financial year?

HON J L BALDACHINO:

Mr Chairman, it is very difficult to give a percentage. In the majority of cases we have to refurbish the property first and then paint it. The painting is the last thing that is done to a building. In the Estates that I have already mentioned it means that on completion of the refurbishment we start painting. If we have to refurbish a block first the Masons go in then the Plumbers and finally the Painters. That is the only way that it can be done. We have started to paint six blocks at Varyl Begg, in fact the inside is being done at the moment. We are also painting three blocks at Moorish Castle Estate, six blocks at Laguna Estate and three blocks at Glacis Estate apart from the continuing works to Alameda Estate. We will also paint a lot of our older buildings which are too numerous to mention unless I go through my whole list. If the Honourable Member wants me to do that then I will have to check the list.

HON K B ANTHONY:

Well, Mr Chairman, it is quite clear from what the Honourable Minister has said that part of this painting Vote or a proportion of it is for painting and refurbishments and what is left will be used for the painting of existing blocks. That is what I am curious about because it is obvious to me that we have not covered all our Government Housing Stock. That is why I asked

initially what percentage would be painted this year? For example is the painting programme spread over five years or over three years or over ten years?

HON J L BALDACHINO:

Mr Chairman, perhaps I can clear the Honourable Member's mind. I said originally that under Head 8(5) there is an element of wages in the £748,000. The true cost of how much it is costing us to maintain and bring up to proper standards our housing stock during this year. In that figure there is an element of wages.

HON K B ANTHONY:

Mr Chairman, I think the Honourable Minister still has not answered my question. Is painting of the whole of the Government stock being spread over three years, five years, ten years. Can the Minister give me an indication?

HON J L BALDACHINO:

Mr Chairman, the money that is being voted on is intended to be spent this year.

HON K B ANTHONY:

Yes I appreciate that, Mr Chairman. It is obvious however that it does not cover all the Government's Housing Stock. The Minister cannot give me a percentage figure of what is planned during this year's Painting Maintenance Scheme. Is it planned to cover the whole of the Estates, all the Government's Housing Stock over a period of five years, ten years and phase it out year by year?

HON J L BALDACHINO:

Mr Chairman, the housing stock of the Government consists of over 5,000 flats. It is virtually impossible to re-do them in one year. It is an on-going programme. We are doing it in stages and it is difficult to give an estimate. Different Estates, are involved because if we painted just one Estate we would have complaints from the others because they would feel that they had been left out. So what we are doing is that we are dividing the work between all the different Estates until we complete them. Apart from that it is very difficult for me to answer because there are a lot of pre-war dwellings that require to be refurbished.

HON A J CANEPA:

Mr Chairman, perhaps if I make a point it might help the Minister to understand the point that, I think, the Honourable Mr Ken Anthony is trying to make. My friend the Honourable Mr Featherstone, when he was Minister for Public Works! Remember he used to say that they had roughly a rule of thumb that each housing block was earmarked

for painting once every fifteen years. Is the Government still working to that sort of programme or are they in fact accelerating it? In which case over a period of ten years all Government Housing Estates would be painted.

HON J L BALDACHINO:

Mr Chairman, I understand what the Honourable Member is asking and I know the problem. The reality is that many of our Housing Estates have not been painted during that period of time. Some have not been painted at all! So there is a backlog. What we are trying to do is to catch up with that backlog. What I have said is that as the whole of the Estates, are affected it would be totally unfair to just to concentrate on one Estate. So we are spreading out our work between all the Estates. The whole idea however is to paint all the Estates in Gibraltar.

HON K B ANTHONY:

Therefore Mr Chairman, the question is "How many years will it take to paint all the Government's Housing Stock?"

HON CHIEF MINISTER:

That depends on how fast the Painters move their arse!

HON J L BALDACHINO:

It is very difficult for me, Mr Chairman, to answer that question. What I can tell the Honourable Member that last year we virtually completed one of the blocks at Laguna Estate. So it takes about eight to nine months for each block. In some cases even weeks but it depends on the condition of the shell of the block. If the shell requires less maintenance then it means it can be painted quicker. If the shell requires more maintenance, masonry and rendering then obviously it takes longer to get to the painting stage. Each block or building requires different work to be done to it so it is very difficult to estimate how long each is going to take. It is therefore impossible to say how long it will take to paint the whole of the Housing Stock.

Head 101 was agreed to.

Head 102 - Schools and Sporting Facilities

HON M K FEATHERSTONE:

Item 3 - St Anne's Middle School Repairs. Does this envisage the extension to St Anne's or just ordinary repairs?

HON J L MOSS:

Mr Chairman, I hesitate to call the expenditure of £146,000 as ordinary repairs. I am afraid however that it is the

case. It is fairly humdrum stuff, like replacing windows, replacing tiles etc. These have not been replaced since the School was built. It also included painting the entire school both interior and exterior. Unfortunately lack of work in the past have added up to £146,000.

HON K B ANTHONY:

Mr Chairman, Item No.6 - Ince's Hall refurbishment. Can we have an indication from the Honourable Minister what it is intended to be done in Ince's Hall?

HON J L MOSS:

Not really, Mr Chairman. We have put aside a sum of money and we are going to try and improve the place to the best of our ability with the money available. We will concentrate on facilities to the actual stage itself, the Auditorium and the light room. We have not really decided. What we have done is prepare a costing exercise and together with the people who assist me in my Advisory Council for the Arts, we will decide which areas to give priority to.

HON K B ANTHONY:

I thank the Honourable Minister. I go to Ince's Hall regularly, as the Minister knows and over the past year we have had major problems with the toilets and the bar that used to exist is no longer there and although a bar is not essential it is a necessary part of any Theatre. I am sure that the Minister will give some consideration to this when they spend this money.

HON J L MOSS:

Mr Chairman, in fact to enlighten the Honourable Member, the Bar will be re-opening very shortly. It will be available as a facility throughout the day and the people running the bar will have responsibility for keeping the toilets in a clean and orderly state which I hope will be a significant improvement on what has happened in years before.

HON K B ANTHONY:

Mr Chairman, as a Theatre goer I am delighted to hear that.

HON A J CANEPA:

Mr Chairman, Education Department Main Office. What is the nature of the refurbishment envisaged?

HON J L MOSS:

Very similar to No.3 and No.4 Mr Chairman. Quite frankly the Divisional Department Offices, and I am sure that my Honourable predecessor can confirm this, have not been refurbished to any significant extent for many years. The building is an eyesore from the outside for people passing through Town Range and inside it is very uncomfortable. It is getting to the point that the water penetration could even become dangerous to the electrical system. So something had to be done and since we have moved quite some way in refurbishing other offices within the Government, I thought that it was time for the Education Department to have its slice of the cake.

Head 102 - Schools and Sporting Facilities was agreed to.

Head 103 - Tourist Development

HON K B ANTHONY:

Mr Chairman, in view of the announcement of the Joint Venture Company that is going to take up the running of the Alameda Gardens, what is this £50,000 for Improvements. What areas are in mind?

HON J E PILCHER:

The £50,000, which perhaps at this stage is slightly confusing and I apologise to the Honourable Member opposite. The improvements to planted areas are virtually outside the brief of the Agency in taking over the planted areas. For example, Mr Chairman, one of the major Items of Expenditure is the Playgrounds. The playgrounds, in fact, are being paid for under the Improvement of the Planted Areas. So there are areas which technically are so-called Planted Areas but outside the brief of the Tourism Agency. Basically the main charge on that particular Item this year will be the Playgrounds that we are improving and creating at the moment. It is envisaged that in future years it will be improvements to areas which are so-called Planted Areas. I think we had a question from the Honourable Dr Valarino at one stage of an area beside Jumper's Buildings, these areas which are so-called Planted Areas really do not belong to anybody and it is a question of trying to embellish and tidy up those areas for the future. But this year it will virtually be spent on the improvement to Children's Playgrounds.

HON K B ANTHONY:

I am delighted to hear that Mr Chairman, because I can think of a number of Planted Areas like the little garden on the corner of the Generating Station by Queensway which has been in a terrible state for a long long time. The Planted Areas that are along Queensway that are neglected but not through a deliberate policy I hasten to add but they are however neglected at times.

HON J E PILCHER:

Yes, Mr Chairman. I think that the point to drive home is that there are Planted Areas which are the responsibility of the Public and Planted Areas now on secondment of the Tourism Agency. There are many Planted Areas which are spread around all over Gibraltar which are not really the responsibility of any one. There are virtually hundreds of them and it would be virtually impossible for the Agency with their resources to be able to tackle every single one of them. This is part of the exercise for the future, Mr Chairman.

HON K B ANTHONY:

I am sure the Honourable Minister will agree that it would embellish Gibraltar and make it a more attractive place if this were done. Mr Chairman, I do not whether this is the right point to raise this matter but the Tourist Agency, I believe, is responsible for the toilets around the City and the question of toilet at the Loop, the Portaloo that was taken away, was in a deplorable state. Does the GTA have any plans to put a toilet at the Loop? It is one area which is packed day in and day out where certainly young children need a toilet.

HON J E PILCHER:

Mr Chairman, I think the question of toilets has been in fact a matter of public debates in the press. In fact, there is a letter today with reference to the toilets the Upper Rock, I generally feel, Mr Chairman, that we as a Government, as an Agency, are providing adequate toilet facilities across the board in Gibraltar to satisfy tourists, locals, day excursionists, etc. However, the question of the toilet at the Loop is that when we took it away it was because it is not possible to have that type of temporary facility for various reasons. One was that we use Salt Water in our toilets and the temporary toilets systems are not able to use this system. I do agree with the Honourable Member that the Loop is an area which we have to look at again, particularly because of the delays and the Agency is at the moment looking at that, Mr Chairman.

Head 103 - Tourist Development was agreed to.

Head 104 - Government Support Services

HON A J CANEPA:

Mr Chairman, what proportion of this is for the replacement of existing vehicles. The Government has a Programme of replacement but are there other extraordinary items, what one might term extraordinary items, which are intended to bring about greater efficiency in Government Departments?

HON J C PEREZ:

Mr Chairman, the first part is a revote and that is to

pay for vehicles which we have purchased but payment has not been effected yet. The other part of it is the third and, I think, last phase of the replacement of Government vehicles. Two things have happened which have affected it, one is that some Departments have moved out of the Government, such as the Telephone Department and now the Water Section will be do so. There is a reduced need in the Electricity Department as a result of the closure of King's Bastion. A lot of that money goes to vehicles for the Police and sometimes the Fire Brigade and the Prison. The programme, in fact, was prepared by one of our officers who passed away. It was a three-year programme and this is the last part of the programme on replacement. It is expected that next year we would see a decrease in this Vote as a result that the complete replacement of all the fleet. Next year we will have to look at the next stage of replacement and whether we cut down the years of life of the vehicles and cut down on repairs or we will leave as it is.

HON A J CANEPA:

So by and large the bulk of this is really vehicles rather than plant.

HON J C PEREZ:

Yes, Mr Chairman.

HON LT-COL E M BRITTO:

Mr Chairman, Item 16 - Police Launch, is this repairs to existing launches or purchase of a new launch?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, it is in fact the purchase of a new launch. A small fast patrol launch.

HON LT-COL E M BRITTO:

Small fast. I take it that it is to be able to move at the speed that other launches go.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The intention is that it will be highly manoeuvrable, yes.

HON A J CANEPA:

Asicuda Project. Collector of Customs. What a word! I do not know if it is related to Barracudas. What is it?

HON CHIEF MINISTER:

The Asicuda is the acronym for the name of the programme which is a United Nations programme, where there is a

standard classification for imports and exports. We have to purchase the equipment, the computer equipment, and we have to pay for the training of the people in terms of paying for them. They have been to Malta recently to undertake a course. The UN provides free of charge the expertise and the actual software for the computer. This was something that I came across in the press by accident. We investigated and found that we were practically the only people in the European Community that did not have it. It is also well established outside the Community in places like Malta, for example, and we felt that it was very important in particular in relation to the single market post 1992 that the system that we have here should be able to be integrated with the European system. There are two particular advantages that the programme is supposed to produce once it is finished which should be in about three years time. One is that we will not need to duplicate the work of the Statistics Office in the compilation of Import and Export figures which are currently collected by Customs Officers manually and then all the manual information is imputed into the computer by people in the Statistics Office, in order to produce a report on Imports and Exports. The information will go direct into the computer in the Customs Office initially and can be accessed by remote control from the computer itself. So the Statistics Office will be able to access the data in the computer memory without having to do the manual exercise. It is also possible to have a situation where businessmen are able to get statistical data direct from the computer if they are interested in finding out how much we are importing or exporting of a particular product for the purposes of developing their own business. This effectively brings us into line with what is modern comparable ways of doing things in the rest of the European Community. There is an amount that we are providing for additional medical equipment this year which is of the same order, £300,000, that was provided last year. But this, may not need to be used depending on how the finances of the Health Authority were. The House will remember that when we presented the last Accounts of the Health Authority, the Authority was in deficit and was shown as owing the Consolidated Fund, I think, it was something like £4m. So part of last year's Subvention was higher because we cleared the deficit. It may be that the Authority has funds available to be able to do this now.

Head 104 was agreed to.

Head 105 - Water Services and Waste Disposal

HON J C PEREZ:

Mr Speaker, may I explain that although the Water Service will in future be a company as from the 2nd July, part of the agreement with the company is that all these projects which have already started including the three small new ones will be completed by the Government before the assets are passed over to the company. Every other project that

the company does on any other building or project which the company completes within its thirty year licence will become Government property at the end of the licence. That is the agreement that we have with the company and therefore all these projects will continue to be paid out of the Improvement and Development Fund. Although the assets will belong to the Government it will be transferred to a Company for the purposes of running the service over the thirty year period.

HON K B ANTHONY:

Item 7, is this an emergency system being refurbished at 110 volts?

HON J C PEREZ:

I can check and let the Honourable Member know. I have no idea, Mr Chairman.

HON K B ANTHONY:

Mr Chairman, the point of my curiosity is because 110 volts is not a standard voltage and it may well be a backup system in case lights fail particularly inside the Reservoir area.

HON J C PEREZ:

I think, Mr Chairman, that it probably has to do with the new pump. I am not sure.

Head 105 - Water Services and Waste Disposal was agreed to.

Head 106 - Electricity and Public Lighting was agreed to.

Head 107 - Industry and Development

HON A J CANEPA:

Item 6 is it the Dockyard or Buena Vista Barracks?

HON M A FEETHAM:

It is our contribution to the EEC funded project which is being done jointly. Both have put equal amounts and it is the conversion of one of the Stone Blocks in the Dockyard adjoining the Industrial Park.

HON P R CARUANA:

Mr Chairman, does the Land Reclamation envisage the filling of the rest of the harbour on the north for Euro City?

HON M A FEETHAM:

No, that is not included in this. This is the on-going reclamation to the end of the existing reclamation within the Harbour.

HON P R CARUANA:

So this is an additional £9m to complete that reclamation?

HON M A FEETHAM:

No, it also, of course includes infrastructure work as a result of the reclamation.

HON P R CARUANA:

The answer to my question is therefore yes, Mr Chairman.

HON M A FEETHAM:

Yes, Mr Chairman.

Head 107 - Industry and Development was agreed to.

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

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

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

THE IMPORTS AND EXPORTS (AMENDMENT) BILL, 1991

Clauses 1 to 16 were agreed to and stood part of the Bill.

Clause 17

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have already given notice of a proposed insertion of a new Clause 17, which has the effect of extending the existing Section 66 of the Ordinance with a new Subclause reading "In respect of such other items as he may determine from time to time shall be so exempt in the economic or social interests of Gibraltar". The effect of this amendment is to allow the Governor to make regulations providing that where an import is considered to be for the economic and social interest of Gibraltar, that exemption shall be given. This practice does already happen. For instance, in the case where imports relate to a charity, for example, although we have to go through a rather laborious procedure of requiring the charity to pay the import duty in the first place and then for us to give an ex gratia payment refunding to them that import duty. This allows for a much simpler procedure.

HON A J CANEPA:

Mr Speaker, the Honourable the Financial and Development Secretary has not given an adequate explanation for this measure. The Hon the Financial and Development Secretary is saying that this is already happening with respect

to charitable organisations but, I think, that the amendment that is being moved has much wider implications because otherwise it would just say "for charitable interests". I think, that the powers that the Government are obtaining to make Regulations, particularly where exemption is to be given where economic interest so warrant, I think, deserves and requires, a wider explanation. We would like to know in what situation the Government would consider that the economic interest of Gibraltar require that payment of import duty be exempted? Failing that, I think, we would have to vote against the proposal. If we are convinced although we did not support the Bill at Second Reading where we abstained. If not then at Third Reading we do not intend to vote in favour and will probably abstain. This is a specific point which we consider to be very important, Mr Chairman.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes Mr Speaker, I did say when I mentioned this particular Clause that I was only giving as an example the charitable institution aspect. The sort of example that may arise in the future for instance, is where a particular project is considered to be of particular benefit to Gibraltar and we wish to give exemption from import duty for that. Circumstances will be specified in Regulations that the Governor will make and, of course, the House will be aware of that at the time.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J e Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Member voted against:

The Hon P R Caruana

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 Dr R G Valarino

New Clause 17 stood part of the Bill.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, could the House also note that all subsequent Sections of Clauses of the Bill will be re-numbered accordingly.

Clauses 18 to 36 were agreed to and stood part of the Bill.

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Appropriation (1991/92) Bill, 1991, and the Imports and Exports (Amendment) Bill, 1991, with amendment, have been considered in Committee and agreed to, and I now move that they be read a third time and passed.

Mr Speaker then put the question and on a vote being taken on the Appropriation (1991/92) Bill, 1991, the question was resolved in the affirmative.

On a vote being taken on the Imports and Exports (Amendment) Bill, 1991, the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Member voted against:

The Hon P R Caruana

The following Hon Members abstained:

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

The Bills were read a third time and passed.

ADJOURNMENT

HON CHIEF MINISTER:

Sir, I have the honour to move that this House do now adjourn to Tuesday the 9th July, 1991, at 10.30 am.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Tuesday the 9th July, 1991, at 10.30 am.

The adjournment of the House to Tuesday the 9th July, 1991, at 10.30 am was taken at 12.45 pm on Thursday the 6th June, 1991.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

26TH MARCH, 1991

VOL III

TUESDAY THE 9TH JULY, 1991

The House resumed at 10.45 am.

PRESENT:

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

GOVERNMENT:

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

OPPOSITION:

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

The Hon P R Caruana

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

MOTIONS FOR ADJOURNMENT : DEFINITE MATTER OF URGENT PUBLIC
IMPORTANCE

MR SPEAKER:

I have been given notice by the Honourable Leader of the
Opposition, Mr Canepa, that he wishes to raise the suspension
of the operations of the Bank of Credit and Commerce as
a matter of urgent public importance and for this to happen
we must have the agreement of the House or at least of two
Members. Does the House agree?

This was agreed to.

MR SPEAKER:

Now according to the Rules we should be taking it this evening
about 5½ hours from now but I believe that the Leader of
the Opposition considers this to be so important that he
would like, if possible, to raise it now. Again if the
House wishes to do that we will have to suspend Standing
Orders and someone will have to move it.

HON CHIEF MINISTER:

Mr Speaker, I beg to move under Standing Order 7(3) to suspend
Standing Order 7(1) to enable the motion on the adjournment
to be taken at this stage rather than at the end of the
proceedings.

MR SPEAKER:

Under this Rule, the matter is discussed or debated and
no vote is taken and we cannot take more than forty minutes
all told. So if the mover wishes the Government to reply
he has to give time for a Minister to be able to reply.

HON A J CANEPA:

Thank you very much, Mr Speaker. I am very grateful to
Members of the House for the opportunity to raise this urgent
matter of public interest now. Let me make it clear right
at the outset, Mr Speaker, that the last thing that I would
want to do would be to give the impression that I am trying
to make political capital out of this serious and
unprecedented matter affecting the livelihoods of many
hundreds of people and families in Gibraltar. There is
nothing that I can say that will give practical comfort
to those who have been adversely affected by the suspension
of the operations of BCC International in the United Kingdom
and elsewhere in the world and more to the point the branches
here in Gibraltar. I however felt that it would be
unthinkable and that we would open ourselves to criticism
if the House convenes this morning and we went on about
our business as if nothing had happened. Important as that
business is, because the first item on the Agenda is, of
course, the motion to note the Accounts of GIBREPAIR moreso
having regard to the fact that GIBREPAIR has also closed
its operations as from the beginning of July. Mr Speaker,
one of the first points that I ought to highlight is the
difference that there is in the situation in the United
Kingdom following the closure of the bank there and here
in Gibraltar. In the United Kingdom as Members probably
have now read in the media there is a fund which is
administered by the Bank of England through the Deposit
Protection Board which gives a modicum of protection to
depositors to the extent of three-quarters of the amount
held on deposit to a maximum of £15,000. I understand that
the procedures, the well laid down procedures, should ensure
that that is an aspect of the operation that ought to be
dealt with fairly expeditiously. It is also, I understand,
intended from the reports that I have heard that procedures

will be put in hand to give urgent help to small businesses who by the closure of the bank in the United Kingdom have effectively had the ground cut under their feet in their ability to conduct their business. The difference here of course is that persons holding deposits in the Gibraltar branches i.e. persons banking with the Gibraltar branches, be it having their life savings on deposit locally in Gibraltar, in current accounts or other arrangements including, for instance, the purchase of travellers cheques, etc, then these persons do not have access to their money. Some of them were employed with the bank and had their money with the bank. They are out of a job and not only are they out of a job, but they do not have access to their savings. Under Gibraltar legislation there is currently, no arrangements to give them comfort, to give them help, in line with what is available in the United Kingdom. So the matter here is a great deal more serious. Mr Speaker, one hears about cases of an individual, for instance, who has put all his money in a taxi licence and who has now at the end of a working life sold that taxi licence, invested the money in BCCI in order to live on retirement from the interests of that deposit. That person now does not have, first of all the interest coming on stream and he does not know what the future is of the amount held on deposit. I think, Mr Speaker, all these aspects together with the question of the loss of jobs is a matter which I think the Government is going to have to address immediately to see what special help can be given by the Job Centre and by the Department of Labour and Social Security to assist these people. First of all in respect of welfare benefits and secondly to try to find another job which is even more important than payment of welfare benefits. The other point that, I think, the Government is going to have to give consideration to in the medium to long term is whether arrangements should be set in hand in order to provide a degree of protection, a measure of protection along the lines of what is available in the UK. Obviously there is no Bank of Gibraltar that can fulfil the functions being fulfilled in the UK by the Bank of England. But, perhaps, we could expect banks licenced in Gibraltar to be required in return for operating in Gibraltar to make compulsory contributions into a scheme that would provide a measure of insurance, protection for depositors. Either the banks should do that individually or that they should do so collectively. These are not matters that would be of direct comfort to those who have been affected because we are talking about an attempt to close the stable door after the horse has bolted. But in the world in which we live, with the complexities that there are, with the extent to which I understand that we may lose even more of the control that we now have over existing banks, I think, that it is a requirement for the future to give confidence to depositors and creditors that they should know that there is a degree of protection available to them. I do not expect the Chief Minister to be able to give me an immediate reply to this matter. It is just a thought, an idea, which I put across and which, I think, is going to have to be given serious consideration to if the Government is going to be able to continue to develop its policy of developing their financial

institutions in Gibraltar on the basis of the confidence and support of ultimately depositors who are part and parcel of the electorate. I do not wish to take up too much of the time of the House because I want to give other Members an opportunity, Mr Speaker, to contribute to the debate. But there is a point also that I feel that I have an obligation to make and to give the Chief Minister an opportunity also to say something about it. The point is the question of Gibraltar's good name. I sympathise and I can understand the anger, in particular of expatriates living across the way, who have retired and who have deposited through the Gibraltar Branches either locally or in the United Kingdom or elsewhere their savings in order to be able to live the existence to which they are entitled but, I think, that I must ask them to understand that the fact that the Branches in Gibraltar have closed is not of Gibraltar's doing. There is nothing improper about the operations of the Branches here as we know the facts. That is not what has caused the problem. In fact, I would ask them to take note of the fact that whereas two Branches have closed here, fortyeight have closed in the United Kingdom, not because of anything that has happened in Gibraltar, but because of what has happened elsewhere and that if anyone who cares to look into the covers of a BBCI Diary will see how numerous are the number of Branches in Spain that have been closed. At a cursory glance I would say that there are about twenty Branches of BBCI all over Spain and they have had to close down. Their operations have been suspended. I just ask that because it is very easy for people to give vent to their rightful anger, sometimes because the right questions are not asked. I heard an interview being conducted yesterday over radio, where I was appalled by the question that was asked, "Do you blame Gibraltar?". Obviously the interviewer did not know the consequences of Branches closing in UK or the input of the fact that forty odd Branches have closed in UK and that twenty odd Branches have closed in Spain. Sometimes it is ignorance and the wrong question being asked at the wrong time that elicits these angry responses and then unjustifiable blame is put on those who are not to blame. It is so much more comfortable to hit Gibraltar because Gibraltar has been hit by Spain of late and by others so why not join the gang and hit Gibraltar instead of criticising the Bank of England in the United Kingdom for having taken so long over their investigation or the fact that no warnings had been given or insufficient warnings or what have you. That, I think, is an additional point that needs to be made. So, in conclusion, Mr Speaker, as I say, I cannot give comfort to those who are affected, but my heart bleeds for them because I am aware of individual concrete cases of grave hardship that is being caused. I am not going to go much further in other facts other than I am also aware that it affects Members of this House although not to such an effect. The real hardship that I am talking about is of people who have lost their jobs, who lost their life savings and who are not able to operate their businesses because they were banking with the bank here. One's heart goes out to those people and if immediate help cannot be given in the short term then I hope that various lessons are going to be learned from what has happened so that we do not have a repetition of this in the future.

MR SPEAKER:

Any other Member who would like to speak.

HON G MASCARENHAS:

Mr Speaker, having listened to the Financial Services Commissioner last night on television and taking the level of deposits at present, £96m, was the figure that he quoted yesterday, Mr Penman-Brown a safety net for that amount was beyond Gibraltar's resources. Mr Speaker, I pose the question and perhaps the Chief Minister can give us a reply; "If the Government of Gibraltar is on the road of borrowing huge sums of money perhaps is there any way that the Government of Gibraltar can borrow locally rather than outside Gibraltar and therefore there is a modicum of security for investors from the outside?" I am not saying that the Government of Gibraltar should borrow the £50m locally in Gibraltar but if the Government of Gibraltar were to borrow locally you could very well present to the outside world that there is an element of security because the Gibraltar Government would obviously have to repay that loan. I hope the Chief Minister understands what I am getting at and if he could give us a reply if that is possible.

HON P R CARUANA:

Mr Speaker, I think, it is possible, at least speaking for myself and my Party, to express solidarity with the views expressed by the Honourable the Leader of the Opposition, insofar as he expressed extreme sympathy for those that through absolutely no fault of their own have found themselves in a position where they have suffered in many cases, and I have heard even more hair raising stories than the one that the Leader of the Opposition has described, and they unquestionably represent very severe blows to the individuals involved. I think that the Honourable the Leader of the Opposition makes a very good point when I think he cautions Gibraltar of the need to guard against others making unfair propaganda value of the demise of BCCI. And when he has quite rightly intimated that the question posed in the interview yesterday "Do you blame Gibraltar?", is a highly damaging question, because the questioner appears to overlook the fact that one can often do more damage in the question that one asks than in the answer that he elicits. The same is true, with the greatest of respect to the Honourable Leader of the Opposition in relation to calling too easily for a Life-boat Fund to be established. Because if you call for a Life-boat Fund to be established and that is a highly complicated far-reaching matter with great ratifications then it may lead people to believe that the fact that we do not have one, or that we do not put one in place, means that we are less than other places comparable to Gibraltar and it has the same possible damage value as the question put by the interviewer about the question of "Do you blame Gibraltar?". The fact of the matter is that this business of Life-boats is a relatively novel principle even in many leading Finance Centres. The most advanced

instant is in the United States where the protection by the Federal Authorities is practically total. In England, it is much more limited and relatively recent. The City of London developed for many hundreds of years the Finance Centre without a Life-boat Fund and there are many Finance Centres much more, in their own opinion, much more prestigious and advanced than Gibraltar that do not have a Life-Boat in relation to deposits. The fact of the matter is that I believe that when Off-shore users of the Finance Centre decide what bank to put their money in, I think they choose institutions and not the territory. And perhaps there is a lesson to be learnt from this affair in that respect. I would support, nevertheless, the call made by the Honourable the Leader of the Opposition to the extent that, I think, Government should look into the possibility of some sort of framework in this respect, but if Government came to the conclusion that there was no scheme that was practically attainable either within the bounds of the views of the private operators in the banking industry or on the basis of cost to the Treasury of the Government of Gibraltar, then I would not from that conclude, Mr Speaker, that Gibraltar is any less well regulated Finance Centre than any other.

HON CHIEF MINISTER:

Mr Speaker, obviously Members on this side of the House entirely agree with the sentiments of sympathy for those affected. A number of Members of this side of the House are in need of sympathy themselves, in fact, because they used the bank and they had last month's pay put into it they are in the same situation as other people who suddenly find that their month's salary is not there to be spent anymore because it is frozen. We have intimate knowledge of what the victims feel like. Let me say also of course that the Government found out at the same time as everybody else. This was a matter dealt with through the Bank of England and the Financial Services Commission. It was being coordinated at an international level with the tightest of security so that there was no warning that there was going to be simultaneous action mounted in several Countries and we support fully that this is something we should not have had communicated to us frankly because the last thing we wanted was that there should have been a leak in Gibraltar and then people would have been saying well how did the information get out. It was the right thing that the professionals who are in law obligated to regulate financial institutions in Gibraltar in contact with those doing a comparable job in other jurisdictions should had been the ones doing it. It was done with Gibraltar, UK, Spain, the Isle of Man, Luxembourg, all taking simultaneous action. My understanding of the situation is that the bank in Gibraltar has not been involved in any fraud, has not lost any money, was running its business well and had no reason why the depositors should had been at risk at all if the money had been re-invested with somebody other than another Branch of BCC. The only reason why the branch in Gibraltar is unable to meet its liabilities is because it is unable

to cash its assets because those assets are the liabilities of the Cayman's Branch. Therefore it is the failure of the BCC Cayman's Branch to be able to pay back the money to the Gibraltar Bank, the £90m, that makes it impossible for the Gibraltar Bank to pay the £90m to the owners of that money. That, Mr Speaker, is my information based on the Report that has been submitted to the Government. In fact if that is indeed the case then one can see that it is impossible to protect oneself against that situation because there is no wrongdoing in Gibraltar. The banking system in Gibraltar has £3½ billion. I take the point that the Honourable Member has made of creating opportunities for the local banks to lend the Government money, but however much I stretch the Government's borrowing requirement I do not think I can get anywhere near £3½ billion. So, Members will see that in fact the very essence of what we are trying to create as an international Financial Centre creates this kind of risk. The Cayman Island is considered to be probably the most successful banking Off-shore Centre in the world. It has two hundred banks as opposed to our thirty and it is the tenth banking location in the world, with 12,000 people. It is a British Dependent Territory and therefore it has the same constitutional relationship with UK as we have. So, obviously the situation is that being as big as the Cayman Islands, which is the entire source of their prosperity, does give opportunities for unscrupulous people to hide things. This is why I have said on many many occasions that if one wants to launder money and if one wants to commit fraud you go to the Cayman Islands where there are tens of billions of pounds and two hundred banks. You do not come to Gibraltar because in Gibraltar it is so small that if there was a big shift of big sums of money it would be noticed. I think also that we need to be clear of what we mean by a life-boat operation. The Bank of England does not run a life-boat operation for situations like the one that is being created by BCC. The life-boat operations which were initiated following the 1985 Banking Act in the UK, when there was what was called the secondary Banking crisis, was an operation to maintain the stability of the economy and the stability of the Banking systems. So what they were salvaging was the Banks not the depositors. There is, independent of that, a Depositor Protection Scheme. The Depositor Protection Scheme is not run by the Bank of England. It is effectively run and financed as it would be if it is done here, by the people in the business. So at the end of the day the Bank of England says if Natwest goes down that is a disaster for the British economy, so we will effectively prop up Natwest as a Banker of last resort by lending them the money until they can get over the problem. That is what the life-boat involves and sometimes it actually involves, as happened with British and Commonwealth Bank nine months ago, the Bank of England going in and taking control of the Bank and running the Bank and finding a new shareholder to sell the Bank to. We would not have that because we do not have a Central Bank and that is what is done by UK. For example, Luxembourg does not do that and Luxembourg does not have a Central Bank. It has a Monetary Authority that licences institutions, but does not provide Central Bank lender of last resort.

BCC is not a UK Bank and therefore BCC cannot go to the Bank of England for money as lender of last resort. Therefore BCC cannot avail itself of the life-boat operation. But, as branches of a Luxembourg Bank, like any branch of any Bank which is overseas based, but licenced to operate in the United Kingdom, it pays a premium into a Central Fund out of which there is an insurance policy to cover deposits, provided they are not in foreign currency and provided they are not from Corporate customers, up to a maximum of £15,000. If Gibraltar wanted to do something like that, at the end of the day it would be the Financial Services Commission that would have to decide it and it would be without any commitment of Government funds. Let us be clear, absolutely clear from day one, there is no way we are going to have a situation where we are growing as a Finance Centre primarily with Offshore locations paying little or no tax and we are going to use local taxpayers money to protect people against the risk of putting their money into a Bank which pays more because perhaps it is taking bigger risks. Mr Speaker, one cannot have a situation where one is saying to people invest in the Stock Exchange because if your shares go up you keep the cash and if your shares go down the Government recompenses you. That is what taking risks with money involves. One thing that the Government needs to do, and in the Savings Bank Ordinance which we were bringing to the House we are making provision for widening investment opportunities, is to give small investors in Gibraltar in the Government Savings Bank more investment opportunities with more realistic returns than an ordinary account paying 5%. I think, people must realise that if they can get 9% from the Government and that is a Gilt-edged investment absolutely 100% safe and they choose to take 10% by putting it somewhere else they are then risking that money for 1% more. That is the risk that they are taking and they have to make a judgement on whether that extra 1% is worth the risk. We therefore need to create national savings vehicles like there are in the UK for savers who do not have to put their money in commercial institutions if they do not want to because they have attractive options in the Government Sector. That is one of the things that we accept and I think that might make more sense than what the Honourable Mr Mascarenhas was saying that rather than saying we would borrow from the Bank the money that the Bank borrows from people we should use our own Bank to borrow from the people and we cut out the intermediary and we give the rate of return to the individual depositors and then the individual depositor has the choice of either putting it in a safer but with a slightly less lucrative return or taking a bigger risk and getting a little bit more. We are conscious that that is something we need to do. It is something that we have intended to do for a very long time. However, Mr Speaker, it is just like everything else it gets more difficult to actually do it in practice than to think of the theory. I think also, Mr Speaker, that the question of the thirty-five employees who have lost their jobs overnight, obviously the people who are contract workers would probably have to return to their Country of origin if they were brought in especially for special reasons for

that particular Bank, but the local employees frankly are better placed to find re-employment than people who are losing their jobs in the Royal Navy Auxiliary Service where we are expecting twentyeight redundancies to take place during the course of this month. Mr Speaker, other people maybe also losing their jobs in PSA and other have taken redundancy from GSL and other companies and although they have been given very substantial sums in compensation, compared to what anybody else is getting from the MOD and so on, at the end of the day what they want is work and in their case their skills are specific skills. However, I think, that people who have lost their jobs in the Banking Sector, if we are successful in our policy of developing the Finance Centre, then they ought to be better placed to get alternative employment quicker than other people. It is certainly our job to help all of them and I do not think that we can say that because it is BCC they are going to be put at the head of the queue. There are other people, Mr Speaker, some of whom have lost their jobs before BCC and are still unemployed and we therefore have a problem, we are going through a period of transformation and transition in our economy where the expansion of job opportunities in one area is coming very hard on the losses in some other place and it is therefore very difficult to absorb the reduction of job opportunities in another area. We have made clear that the target of the Government is to have eight thousand jobs in the Private Sector because we expect that that will be sufficient to absorb the reductions in the Official Sector. But, of course, the faster the Official Sector reduces, the harder we have to work to create alternative jobs in the Private Sector if we are not going to have a shrinking economy. Because if we have a shrinking economy then we are in serious trouble. We would have a shrinking tax base and we would then have a serious problem of meeting all the commitments for development and investment which we think are vital to give Gibraltar a future role. So frankly BCC is bad news for Gibraltar. It is bad news for depositors. It is bad news for the employees and for the customers of the Bank. It is also bad news for our economy because however hard we try in this House to defend the position, the truth of the matter is that what we will get in the newspapers will be accusations against us and not the defence we make of ourselves. That is the truth, Mr Speaker. One final point which needs to be made and which I made in the comments that I have made in the past in relation to Barlow Clowes, and I think, the Leader of the Opposition was also making a passing reference to it, and we are talking about a situation in 1993 which by definition involves greater risk than anything that has existed in the past in Europe because we are creating a Single Market and we are creating a Passport Licence. This means that any Bank licensed anywhere in the twelve Member States of the Community will be able to operate in the other eleven and in Gibraltar and they are able to do it on the authority of their originating home State. We have to be notified but we cannot refuse permission. So if somebody has a licence in Luxembourg like BCC, in 1993, and they say I want to open a Gibraltar Branch and the licence issuer in Luxembourg has given permission then that institution in Luxembourg will inform

the Commissioner in Gibraltar that the Branch has been authorised in Gibraltar and we have a volume of technical supervision which is minimal as the host Country. At the moment BCC is a Gibraltar Bank, it submits quarterly reports to the Banking Supervisor, it has to have Share Capital and Solvency Ratios laid down by us and regulated by us but all that will disappear if it was a Branch of somebody else. We need to understand, Mr Speaker, that moving into the Single Market in 1993 will not increase the individual controls. It will in effect reduce the individual controls because there will be one single harmonised system, the Passport Licence, which means that when one gets that Passport one can travel anywhere in the Community with that passport. For us it is a very good thing because we are market ing that and saying get the Passport in Gibraltar and then use the Passport for the rest of the Community and have your operation Headquarters here. That is the market ing exercise that we are doing. However, the other side of that coin is that we lose regulatory authority over incoming institutions and in fact two-thirds of our Banks in Gibraltar are Community Banks currently licenced by us and would not require a license after 1993. What one cannot do is have somebody that is licenced and regulated in Luxembourg, in Madrid or in Copenhagen and we tax Gibraltarians to produce a life-boat for them. That, Mr Speaker, is not on because how can we produce a safeguard over somebody when we have no control over the standards that that person is required to meet. In looking at any Depositor Protection Scheme, the Commission would obviously have to take into account the effects of Community Law and probably one could not have a situation where Community Institutions coming into Gibraltar will not be covered by such a Scheme because one of the essences of the process of harmonisation has been that there has to be equal treatment for everybody. So it is a highly complicated area and it is going to be made even more complicated after 1993. Today we have a larger measure of control than we are going to have in the future. The only thing that I can say is that on the basis of the report that I have had, the local operation was operating at standards which cannot be questioned or challenged. Therefore no finger can be pointed at Gibraltar or the Gibraltar Managers or employees. It is regrettable, Mr Speaker, that those same standards have not been applied by much bigger, older and supposedly more stable places than us, otherwise BCC today would be open.

MR SPEAKER:

Now that we have aired the matter we can carry on with the Order of the Day

SUSPENSION OF STANDING ORDERS

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the laying on the table of the Accounts of Gibraltar Shiprepair Limited for the year ending 31st December 1990.

This was agreed' to.

DOCUMENTS LAID

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

The Accounts of Gibraltar Shiprepair Limited for the year ended 31st December, 1990.

Ordered to lie.

MOTIONS

HON J E PILCHER:

Sir, I have the honour to move the Motion standing in my name that: "This House takes note of the Accounts of the Gibraltar Shiprepair Limited for the year ended 31st December, 1990". Mr Speaker, in doing so, as I have done in previous years, I will divide my contribution into three parts. The first part, Mr Speaker, will be to view the Accounts in front of us, up to the 31st December 1990. Secondly, Mr Speaker, as I have done in other years, I will review the operation through the present year, 1991. Thirdly, Mr Speaker, as in previous years I will go on to the most important part of my contribution and look at the short to medium term future of GSL. Obviously, Mr Speaker, although this year in doing this exercise we have been able, perhaps for the first time in the last three years, have been able to have them in front of the House as I promised earlier on in the year, in July. When we analyse the short to medium term future of GSL we are not obviously analysing it in the same way as we have in previous years because, Mr Speaker, as is now public knowledge, GSL ceased its direct operations on the 2nd July. Obviously, Mr Speaker, the point that has been raised by us in Opposition since 1984, and I think by the Members opposite since 1988, that we were discussing a historical situation, is perhaps today more true and relevant than it has ever been. Mr Speaker, today it is really historical what we are about to discuss, what happened in 1990 and in the first six months of 1991. It is historical because the GSL direct operation ceased on the 2nd July. Notwithstanding that, Mr Speaker, I think, we need to go through the Accounts of 1990 and again as in previous years, Mr Speaker, if Honourable Members would like to relate to my contribution in last year's debate they will see that the predictions that I was making last year for 1990 Accounts and the major step which we took at GSL to arrive at a situation where we had certainly, from the political point of view, halted the decline and halted the major drain that GSL had been up to that date to the economy of Gibraltar. That, Mr Speaker, can now be seen clearly from the Accounts. It can be clearly seen that in 1990 GSL, as in fact I said last year, the losses have been brought down to about £1.7m, which we consider, Mr Speaker, is economic viability. The GSL operation in 1990 was not costing the taxpayers of Gibraltar, directly, anything because GSL was directly putting

back into the economy an equivalent amount of money. Mr Speaker, in going through the Accounts it is perhaps important to start with the Chairman's Report. Mr Speaker, the Management of Gibrerepair had completed the major re-deployment, which I explained in detail last year, this meant that we had during the latter part of 1989 and the early part of 1990 brought down the level of direct employment in GSL to about 170. We had also contracted the physical size of the Yard and we had already handed back to Government the area which was to be used as the Industrial Park. The First Phase of the Industrial Park is commencing now and also the second Phase, where the stone buildings are located and No.3 Dock. We also did away with the Second Shift System as we did not feel that the new operation that we were about to embark on with 170 people required the Second Shift System and Mr Speaker, we also continued to look at the price-structure of the Company in order to try and do less labour intensive work and more high spending work. This was completed through 1990. I think, the result of that, and if I can just leave the last part of the Chairman's Report for later because that I think, Mr Speaker, it is more pertinent to the short-term and to what happened during the year 1990 in particular with Kvaerner and what has resulted in the ceasing of operations on the 2nd July. I will explain why, Mr Speaker, when I go on to the short-term future of the Company. The results, Mr Speaker, can be seen quite clearly from the Profit and Loss Account and again, as I did last year, Mr Speaker, I will go over the Accounts briefly and then I will be more than happy in my contribution at the end of the motion to answer any specific points which Members opposite may have. If one looks at my predictions last year, although they were done in October and it was late in the year, Mr Speaker, it will be seen that the turnover that I predicted would be in the region of about £7m. The final turnover figures was £6.863 and I predicted losses of between £1.5m and £2m, the losses on the ordinary activities are £1.715m, a loss for the year of £1.746m. Mr Speaker, this obviously is a major improvement from the position in which we took over the Company. Mr Speaker, I have not bothered this year, to refer to the equation of leaving out the subsidised work which shows a situation where there has been a major improvement throughout, in 1985 to 1987 and then 1988/89 and 1990, Mr Speaker. Administration expenses obviously are down substantially as, in fact, are the wage costs. In fact, Mr Speaker, the loss for the year we considered at the time, and again if the Honourable Members want to look back at the motion last year, they will find that what we were saying last year, Mr Speaker, is precisely what has been happening through 1990 and through 1991. It was not possible even with a smaller operation employing some 170 people, in fact, just before ceasing operations, Mr Speaker, we are talking about somewhere in the region of 163 or 164 people. It was not possible to bring down the administration cost, the overhead cost, it was not possible to bring down the wage cost even further and this trend, Mr Speaker, has continued through 1991. So what we have in front of us today, Mr Speaker, is the most that the GSL Management and

the GSL Board could do to bring down and minimise the costs of GSL. We, as the Board of the Company, in fact, were saying this quite clearly to the Unions and again I will explain this later on in the contribution that it was not possible first to further decrease the Yard in physical layout and secondly it was no longer possible to decrease the Yard further as far as its manpower was concerned because, I think, Mr Speaker, that with 163 was really when the Yard did attract work and although we had a subcontractor flow through the Yard, it was very difficult to meet the necessities at a given time. So we felt that 170, 165, 160 was the minimum. Given those two factors and again looking at what has happened through 1991, these losses in front of us, Mr Speaker, were the minimum losses that we could hope for and it is really based on this fact that the discussions and negotiations have arisen with the Trade Union Movement. It is, Mr Speaker, a good situation, as far as its loss making is concerned, and when that is compared to other years we did halt the decline of the Yard and the Yard was economically viable, Mr Speaker. I will now turn to the latter part of the Chairman's Report, Mr Speaker, and it can be seen that this in itself was producing problems for the Yard, not problems that I had not envisaged before and that is the Capital Investment that the Yard needed. It was not possible for the Government to provide this because of its other priorities and also because with these levels of losses there is no way that we could invest a further £5m to £8m which is what I genuinely thought and continue to think is the Capital Investment that the Yard needs. What would have happened is that that £5m to £8m would have gone the way of the other £34m or £35m which GSL has spent. Initially the UK taxpayer met these losses and over the last three to four years the Gibraltar taxpayer, but of course that in itself was creating a problem for a Yard that was also making losses and we did not have the cash flow necessary to be able to make major investments in equipment. Nevertheless, I think, as I have mentioned last year, final result of the year is, Mr Speaker, very commendable, not from the point of view of the Government but from the Management and workforce of GSL point of view who tried very very hard, Mr Speaker, for three years to turn round an operation which was ill thought of the moment it was put in place on the 1 January 1985. I would nevertheless commend and thank both the Management, the workforce and the Trade Union Movement for its great support in being able to get GSL to this position. At the moment we are trying to prepare Interim Accounts up to the end of June, Mr Speaker, when the GSL operations ceased directly. However as I mentioned last year we do produce month to month Management Accounts which have proved through 1989 and 1990 to be relatively accurate. We were predicting losses of about £1.6m. Although there was a minor problem in January and February created by the Gulf Crisis which also affected shiprepairing and we spent January and February virtually ticking over as a Yard. If one however relates that back to 1990 the two months that we were ticking over not because there was any major crisis like the Gulf War but because we had just exited from a restructuring exercise

and it took the Yard January and February to get its engine ticking over again to get back into the Market and to start selling, then there were similar months for the losses for the first six months of 1991 and for 1990. We are talking about somewhere in the region of £800,000 to £850,000 that the operation has lost through the first six months of 1991. So if the operation had continued throughout 1991, and not ceased its operations as happened on the 2 July, I think we would be here next year, Mr Speaker, looking at accounts which reflected exactly the same losses as in 1990. Obviously, I think it adds to the proof, Mr Speaker, that we have done, as a Government, as a Board, as shareholders, as much as we could do to halt the decline of GSL and to halt the loss making and brought it down to economic viability. But an economic viability, Mr Speaker, which we were not happy with because it is a tough world and although today the market is rather buoyant, it is not absolutely buoyant and we could be looking at further recession in the years to come. So we were looking at a very tough business, Mr Speaker, with an operation that was ticking over, an operation that was losing £1.7m a year and that did not have the money to spend on Capital Investment, in equipment, in major maintenance and that had, historically, to repay a lot of money. It had to pay PAYE, Social Insurance, a lot of money, a lot of creditors and again you see, Mr Speaker, as you go through the Accounts that we have made major inroads this year into trying to produce cash to start making inroads in what is a situation where during the latter part of 1989, we had tremendous problems with our creditors who felt that, particularly during the last six months of restructuring, we were not able to meet our commitments and we proved to them through 1990 and 1991, as again I mentioned last year, Mr Speaker, that we had turned the Company round and although losing money, we were in a normal trading position with normal creditors/debtors situation other than obviously, as the Honourable Leader of the Opposition rightly said last year, the Government element of the credit was obviously something which was not being paid and this is what was keeping GSL afloat to a point, Mr Speaker. But, we managed to get back to a relatively normal creditor position, with normal thirty, sixty, ninety days and certainly through 1990, we arrived at a normal situation with our creditors very happy with the situation that we had and we were able to make major inroads into our debts. As I have mentioned any elements in the Accounts which the Members opposite want specific explanations of, Mr Speaker, I will be more than happy to do that, but I think at this stage we have produced a Profit and Loss, the Balance Sheet and everything else and, I think, I would want to know if the Members are happy with that or is there anything that they are not sure of which I will then talk about when I wrap up the motion, Mr Speaker. In reviewing the operations for 1991, I have briefly just touched on the operational side and what was happening through 1991 and because there is no difference to what was happening through 1991 to what was happening through 1990. There is very little need for me to go into the operational nature of that. However, Mr Speaker, there was something that

was happening parallel to the operation which, I think, is what has led to the situation of the ceasing of operations on the 2 July. Let me stress, Mr Speaker, in case there are members of the public listening to the debate and are responsible for entities who are creditors or debtors of GSL, Mr Speaker, that GSL is not closing down. GSL, Mr Speaker, even after we have repealed the Ordinance is not closing down. GSL is continuing on as an entity and GSL will honour all its creditors and will collect from all its debtors, Mr Speaker. It will hopefully set up a system by which GSL will be trading in the future, not directly as we have been doing up to the 2 July, but indirectly and that is something that I will explain in a moment. But, I think, that has to be stressed because I do not want any creditor feeling that they are not going to get paid or any debtor feeling that they do not have to pay. GSL continuous as a normal trading company albeit it is not trading at this precise moment. Coming back to what I was saying in the latter part of the Chairman's Report is important, Mr Speaker, because it starts the process which has ended in the ceasing of operations on the 2 July. The process was, in fact, started and, I think, if I read this, "In the light of the need for this an extensive capital investment is required for the reallocation of the physical restructure, the Government consider proposals initiated by the Norwegian firm Kvaerner aimed at replacing the Gibraltar Shiprepair Limited operation. Discussions with the Trade Union Movement started in the latter part of the year and as it is now public knowledge these discussions did not lead to an agreement acceptable to both sides and were discontinued. At that stage the Government felt that the Yard should continue to operate in order to monitor the progress through 1991, particularly given that economic viability had been achieved". These were, Mr Speaker, the targets that we set ourselves at the end of 1990, and targets which we were quite clear we wanted to continue to operate. So it was not in the minds of the Government at that stage nor at any stage during the early part of 1991 to close the operation down, we wanted to see the operation through 1991 and we wanted obviously to monitor and see what had been happening. However, Mr Speaker, the Kvaerner proposals did lead to something which I think was important and that was, Mr Speaker, that although they were not successful as discussions because they did not lead to an agreement there was however an agreement in principle with the Government which did not however lead to an agreement in principle with the Trade Union Movement. I think, Mr Speaker, it implanted the grain in the minds of the Government and in the minds of the Trade Union Movement that we were convinced, to the point that one can be convinced that it was possible, given the interest that had been shown by Kvaerner and other entities to be able to sub-contract the Yard and therefore the preferred option, which I think was the preferred option of this House certainly unanimously, it was certainly the preferred option of Mr Peter Montegriffo and we will see today if it is the preferred option of Mr Peter Caruana although I dare say that as a Party the policy decision should not have changed. It was the preferred

option in this House when we discussed it last year and having discussed it through the year we thought that if we could get an entity like Kvaerner to come in and produce the Capital Investment and run the Yard then it would be able to provide much more for the Yard than the Government could. There was the element of security of work or at least the volumes that could be produced by Kvaerner in its own right because they were controlling certain ships or they could in fact utilise some of those ships to produce work for themselves and obviously the very important element of idle time which is an important element when the Yard is somewhat idle. Entities like Kvaerner, Mr Speaker, can produce secondary work like fabrication units as backup in other of their operations worldwide. And I think, certainly, in the minds of the Government, Mr Speaker, and in the minds of the shareholders and of this House of Assembly that that was the preferred way forward. It was also the preferred option in the minds of most of the employees of GSL. The fact that they were not able to do a deal with Kvaerner, Mr Speaker, is not something that I am privy to because obviously this was between Kvaerner and the TGWU, but immediately after the collapse of those discussions or negotiations, the Union and the Shop Stewards of GSL approached my office wanting to know, Mr Speaker, what the future was. Obviously, Mr Speaker, as we said in the House of Assembly and in our normal way we were honest with the people and our advice was that we had a four year political commitment, Mr Speaker, which was the four year political guarantee of employment. It was a political guarantee that was exercised by my Government in 1988 because we felt when we came in on the 25 March 1988, that the Yard had already been put in a situation of redundancy and we felt that Gibraltar and its employees deserved a second opportunity. We felt that we had certain diversification plans that we wanted to put in motion. So we gave a four year political guarantee of no redundancies in the Yard, no compulsory redundancies, in order to protect the workforce for four years whilst together with them and the Trade Union Movement we tried to put this mechanism into place. So when they approached us, Mr Speaker, I think, it was in March, possibly April, the answer was the guarantee of employment would not be repeated, the guarantee of employment would continue up to the 31 March 1992. It will be seen, Mr Speaker, from my Chairman's Report on the 1st January that GSL broke totally from the Joint Ventures and there were commercial arrangements between them. We felt, Mr Speaker, politically that after the 31st March those companies, including GSL, had to stand on their own two feet commercially and therefore, the guarantee of employment would not be there. We still wanted to continue to make a go of the Company and do everything in our power to continue to operate within the shiprepairing world for the foreseeable future. The Union, Mr Speaker, then took this message on board and went back and discussed this with the GSL employees. It must be remembered, Mr Speaker, that we are talking about GSL and only GSL at this stage. They came back and said that they would be prepared because of different circumstances to look at the ceasing of operations as soon as possible because they knew that

there were different entities interested in taking over the Yard and they felt that it would be better if the Yard was a closed Yard with no workforce in it because the chances of us, as a Government, being able to subcontract that Yard, would then provide for the Capital Investment needed coming from outside. Obviously, Mr Speaker, this was in line with the Government's thinking because we had said quite clearly that there was no way that our Government could spare another £5m to £8m, Mr Speaker, for investment. Therefore, Mr Speaker, we then looked at the possibility of ceasing operations with a view of trying to make it possible for the Yard to be empty physically. The assets would be there but there would be no manpower which was felt by the Trade Union Movement, the Industrials at least, because at that stage it was the Transport and General Workers Union in the guise of its Industrial workers who made the first approach and we agreed with them that this was in fact the way forward. It is no secret now, Mr Speaker, that after virtually four, five or six weeks of very intensive negotiations with both TGWU and ACTTS an agreement was reached which was an agreement to cease operations. I have to stress the words "ceased operation," because what GSL is doing is ceasing direct operations and is ceasing to operate a shiprepair facility directly with its own employees. It is trying to get an outside entity to come to Gibraltar and subcontract the Yard to continue what we believe is an important aspect in the overall economic activity of Gibraltar. As a Government we believe that we have real assets there. We have three docks, we have wharfage, we are geographically placed in possibly one of the best positions for maritime activities worldwide and we genuinely feel, Mr Speaker, that we do not want to use those assets for anything other than shiprepairing. Therefore, Mr Speaker, there was a package agreed with the workforce, with the GSL workforce, by which the Yard was run down very quickly in the last three weeks of June. The second week of June saw in the region of sixty or seventy workers leaving on voluntary redundancy and in the third week of June another forty or fifty. In the last week of June up to the end of June, the rest left bringing it up to a total of one hundred and sixty one, the total workforce of GSL. The preferred option of my Government is that the assets belong to the people of Gibraltar, the three docks, the wharfage space, together with a geographical position and all the equipment and assets necessary for a shiprepairing operation and that economically, Mr Speaker, it is an important sector of the activities of Gibraltar. Shiprepairing is also then linked to Bunkering, Crew changes, Ship Registry, Yachts, Marinas and we feel that this sector is important to our economy and we will try and endeavour in every way possible to attract an outside entity to take over the Yard, Mr Speaker. Commitments there are none because as I said to the workforce I have endeavoured from the moment that the agreement was signed to convince entities of the commercial viabilities of taking over the Yard. But there is obviously no commitment because we are still at the discussion stage and although I have to say to this House, like I said to the members of GSL, there are today three major entities interested in Gibraltar and we expect to continue discussions

with them until hopefully one of them produces a proposal for the Government to be able to look at. As far as the medium to long-term future of the Yard, Mr Speaker, obviously this is why I said at the beginning that it was not possible for me in this motion or in this debate to look further than the short-term future. The short-term future for me, Mr Speaker, and for the Government is to try to attract an operator to come to Gibraltar in order to continue shiprepairing in Gibraltar. I think that it would be a lucrative element for a major entity which can produce for the Yard what the Government of Gibraltar cannot because we are not owners of ships, Mr Speaker, and we do not have any other entities worldwide that can produce work. So that is our preferred option. It is also the workforce's, the Union's and hopefully this House of Assembly's preferred option and we are actively pursuing these possibilities, Mr Speaker. When there is more to be said on that I will be making a public statement. At this stage there is interest a lot of interest, from various entities, but only time will tell whether we are successful or not. If I have left things out or if there is anything that Members want to know I will deal with then when I reply. At this stage I therefore would like to commend the motion to the House.

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

HON A J CANEPA:

Mr Speaker, the Minister responsible for GSL has dealt reasonably comprehensively with four of the five points that I had intended to raise as part of my contribution. I think that anyone knowing the history of the Yard and in particular is acquainted with the nature of the debates that we have had here in the last three years would have anticipated the questions that I was going to put to him. Today the Hon Minister has much more intimate knowledge of GSL than I myself have and he rightly has anticipated these matters and dealt with them. Sadly, Mr Speaker, the Accounts are to an even greater extent than in the past of academic interest and I say this because before they used to be of academic interest in the sense that we were debating at the end of November 1989 eg the Accounts for 1988 and in November 1990 the Accounts for 1989. Today, Mr Speaker, in July 1991 we are considering the Accounts for the last year at the time when the Yard has effectively ceased its operations. So it is in that sense that they are of greater academic interest. I think I should at the outset express sentiments of personal regret for the fact that the Yard has had to cease operations although I am encouraged by the Minister's words at the end of his contribution saying that it is Government's policy to try to attract some other firm to come in and operate the Yard. I however have to express regret because, first of all, I am conscious of the number of hours which the AACR Government between 1980 and 1984 spent in setting up the Yard and subsequently between 1984 and 1988, because of the problems that we had, the number of hours that we had to devote to the problems of the Yard, even without any

of us having direct political responsibility. The then Chief Minister and myself, in particular, spent very many hours which we could have been devoting to other work listening to and having presentations from PEIDA, Coopers and Lybrand, Appledore, and I have left out one individual a Michael? Michael Casey. Listening to them and weighing up the options. Some of us had greater misgivings and were more sceptical about the likelihood of success of the operation, but in a situation where it was the preferred option and the only option that Her Majesty's Government were then prepared to accept and to make any capital contribution towards it, perhaps a case of Hobson's choice. Many millions of pounds were invested in the Yard, in the order of about £35m, and I can understand the attitude of the Government, that if we are talking of about another £5m to £8m of capital investment on top of what had already gone into, and this time from the resources of Gibraltar, then it is not difficult to understand that the Government should not be prepared to contemplate putting in that kind of money. At the end of 1988 when we were considering the Price Waterhouse Report and were thinking in terms of restructure and we offered redundancy to the workforce, we had made it very clear that we were not going to put any further money from the Gibraltar resources for any capital investment into equipment for the Yard. Given the history of the Yard, Mr Speaker, I suppose that in a way what has now come about was inevitable and I wonder whether the Honourable Minister himself may not also be sharing some of the regret and frustration which I feel because I am conscious of the very many hours of time and effort he has given to the Yard in trying to reduce the losses. Honourable Members of the Opposition were shown around the Yard, I think, it was in late 1989 and the Minister was at the time enthusiastic about the future and of the operation of restructuring being set in motion and which the Government hoped would have gilded the result. I do not want to go into the controversy of this venture, Mr Speaker, but when I refer to its chequered history I think all Members know what I am referring to and I do not think that I would be doing anyone a service if I were to try to apportion blame as to why we have arrived at the juncture at which we have. The reality is that the Yard has ceased operations. I am glad to hear that the assets are going to be maintained because as Honourable Members know I have consistently held the view that there is not much else to which it can be used and I have always been very anxious that the Government should be projecting the Yard in its marketing strategy of the Port of Gibraltar as part and parcel of what Gibraltar can offer shipping. So, in that sense it has been a continuation of our policy. I was going to ask the Minister, but he has really answered the point, that now that redundancy payments have been made and the workforce is leaving the Yard whether the way was not clear for a new operator to come in and he has said yes they are going to be on the lookout for another operator. Presumably with its own workforce. I would like the Minister when he exercises his right to reply to indicate whether the Government would be looking to an operator that would be bringing in its own workforce. What I am asking the Minister to confirm

is that the operator will be free to employ its own Yard without any commitment to the present workforce and without being bound in that sense by the attitude which the TGWU might have on the matter? The Minister has also indicated what the position is regarding creditors and debtors and in particular no doubt the Gibraltar Government will pay with its right hand and collect with its left hand in respect of PAYE and so on! Therefore the only other point, Mr Speaker, is that when I said that it was inevitable in a way that we should have come to this situation, the fact that the Government had stated that they were not prepared to foot the bill for capital investment and therefore I suspected that that was going to be where the crunch would be reached. The only point which has not been dealt with by the Minister and I would be grateful, if he clarified it, is when the final Accounts come for the first six months of this year there is the statement in paragraph 4 of the Principal Auditor's Report, where he says, "Because of the significance of the above paragraph", namely where the Principal Auditor is referring to the fact that the cost of the announced redundancies as well as the adjustments required have to be taken into account have to be reflected, the Principal Auditor says, "Because of the significance of that paragraph, I am unable to form an opinion as to whether the balance sheet and statement of source and application of funds as presented give a true and fair view of the state of the Corporation's affairs as of the 31 December 1990". And in a very similar vein paragraph 5 of Cooper's and Lybrand's report also makes the same point when they say, "We have been unable to satisfy ourselves that the Company's creditors will continue their support and because of the significance of the matters referred to in the preceding paragraphs, we are unable to form an opinion as to whether the Financial Statements give a true and fair view of the state of the Company's affairs at the 31 December 1990 and of its loss and source and application of funds for the year ended". So that leaves the matter in abeyance, Mr Speaker, and I would ask the Minister to confirm whether we can expect that both the Principal Auditor and Coopers and Lybrand's will be dealing with that aspect of the matter in a definitive way when we consider the Accounts for the operation of the first six months of this year. Other than that, Mr Speaker, I have very little more to add.

HON P R CARUANA:

Mr Speaker, I share the view that these Accounts are in large measure academic, not only because the Yard has ceased operations but because to the extent that they contain financial information about the trading performance of the Yard, I do not think that there is anybody in this House that would share the view that the Government is not or should not ultimately see the Yard financially through yet. In other words, what we are really doing with these Accounts and with the Accounts to June, if I can succeed in securing either an amendment to the Bill that follows or an assurance from the Members opposite that those Accounts will be provided, notwithstanding the repeal of the Ordinance that

requires them to provide them, what we are really saying is what the exit cost is to the Government of Gibraltar of the GSL operation. The Accounts are nevertheless relevant, Mr Speaker, to the extent that they contain bits of information which may be of residual interest. Notwithstanding the principle point of the exercise which is the discontinuance of the direct operation of the Yard by GSL. The Honourable Minister said that the Accounts were clear insofar as the Profit and Loss explains what the results are. I would ask the Honourable Minister in his final contribution to clarify whether under the heading Sundry Creditors of £7,444,000, it will not have escaped his notice that it is £3m higher than last year and whether there are any creditors there in relation to expenses which would have been capable of being included as trade creditors. In other words what I really would like is a partial breakdown of the information in Note 14. Of course there is a breakdown of £1.124m of unpaid PAYE and Social Insurance and certainly those Members in this House who have recently, and in my opinion quite correctly criticised other taxpayers in the Private Sector for not complying with their legal obligations in relation to PAYE, should not lose sight of the fact that there are companies in the ownership of this Government which appear to be in a similar situation. There is an item of £5,548,000, as other creditors and if the Honourable Minister has the information then I would be grateful to be told how much of that is liabilities to the Government and how they have historically arisen? It has increased in the last twelve months and I would be grateful for information as to what is concealed in that figure. The Honourable Minister asked me whether there had been any change in the attitude of the Party that I lead following upon the change of Leader. The answer is that there has not. The Party and I continue to believe that the preferred option for GSL is that there ought to be a continuation of the Yard in the hands of a private organisation for the ultimate financial prosperity of which the Government of Gibraltar is not responsible. That in effect means either the sale of the Yard in a way in which the Government keeps the necessary degree of control over the assets or otherwise on a subcontract basis. We also believe and agree, Mr Speaker, with the remarks made by the Minister that the Maritime Sector is indeed an important Sector of economic activity in Gibraltar or would be if it could be successfully carried out, and even to the extent that it is not profitably carried out, it is capable of having significant economic benefits to the general level of economic activity in Gibraltar. The fact is that we believe that the economy of Gibraltar should retain as many sectors as possible and that there is a danger in relying too soon on perhaps the Finance Centre as the only, I know that the Members opposite do not like the word pillar, but a "pillar" in inverted commas for the economy. It is therefore important to maintain the Yard as a source of new money for the economy of Gibraltar as well as an element of diversity for the economy of Gibraltar to preserve the skills and trades which are presently used in that operation and to preserve the general spinoffs that the operation of such a Yard in Gibraltar has in the Private Sector. I would extend that philosophy

to Gunwharf and although the Minister has not specifically referred to it, I think, precisely the same arguments apply to Gunwharf and I would welcome a statement in his closing contribution that the intentions that he has expressed in relation to GSL, he is able to express also in relation to Gunwharf. I would also like the Minister to disclose, if he is able to at this stage whether GSL has any residual financial responsibility for any of its subsidiaries or for any joint venture company. I mean as guarantees given for any borrowings that those companies might have and the extent to which any of those joint venture companies or subsidiary companies may be indebted to GSL. In relation to the finding of a new operator, Mr Speaker, in one form or another for the Yard, which I think, having heard the Honourable the Leader of the Opposition and the Honourable Minister, there is consensus in this House as to the desirability of, and I personally would welcome an arrangement whereby although the new operator is at liberty to employ whomever he wishes and has no labour agreement with an existing workforce, the new operator will have some degree of obligation to have recourse, insofar as he has need for labour, to local labour that is being made redundant out of GSL. I think, it is almost a commercial fact of life that if the new operator has to employ trades then it is logical that he will want to recruit them locally rather than bringing them in at much greater cost from outside. But, to the extent that that point can be without any great effort covered, I think, there ought to be at least a morally stated obligation in the arrangements to recruit to the greatest possible extent from the local market. The Report of the Auditors attached to the Accounts, Mr Speaker, speaks for itself but it really is a highly qualified Report. The Accounts would have been prepared on a different basis and should have been prepared on a different basis if the information that the operations were going to cease had been known at the time that the Accounts were prepared. Even if the information had not been known as of the Accounting date, namely the 31 December 1990, I think, that if the information had been known after the closing date of the Accounts, before the Accounts had actually been presented and signed by the Directors, that different treatment would have been given to many things which would have had substantial ramification on the figures that are produced. That is not important at this stage, Mr Speaker, provided that we get to see the Accounts for the remaining period and that is a matter, Mr Speaker, that I will leave until the debate on the Gibraltar Shiprepair (Repeal) Ordinance which is highly significant in relation to the obligations that the Members opposite will have in bringing further financial information in relation to GSL to this House.

HON LT-COL E M BRITTO:

Both for the reasons that my Honourable Friend and the Leader of the GSD has already mentioned about the matter being historical and also given the fact that I find myself as a third Speaker in a situation where again most of the points have already been covered my contribution is going to be relatively brief. I must admit that on reading the Chairman's Report and especially in the two places where the Honourable Mr Pilcher stresses that economic viability had been achieved

by the Company, I was a little bit puzzled and I had a note here asking when was the decision to close the Yard made? If the Government had achieved the targets that it had set itself back in 1988, and which it had stressed in answers to questions, that the target was not commercial viability but economic viability and I realised that the Minister has answered that question by saying that it was the Transport and General Workers Union who came forward and proposed, in the aftermath of the failed negotiations with Kvaerner, a situation of redundancy. However, Mr Speaker, the Minister could perhaps explain to us in a little bit more detail, both as Chairman of the Company and as Minister of Government, whether he believes that the interests of the workforce have been best served by reaching this arrangement now and possibly exposing them to a situation where they may not be re-employed if a new interested party comes into place. One would assume that if this has been the Union's initiative and has been done with the agreement of the Union then the answer is indeed so, and if so, I must stress the point that in any negotiations with a third party a high priority must be given in the initial negotiations to protecting that workforce so that there is a measure of guarantee that the maximum number of local people, who had been employed in the Yard previously, will get first preference over imported labour. Mr Speaker, the second point that I want to make is arising out of the Auditor's Report, and it has already again been mentioned briefly, but I want to stress the point that if the Minister has the information that he give it to us in relation to the last sentence of paragraph 5 of the Auditor's Report on page 5, where they say "We have been unable to satisfy ourselves that the Company's creditors will continue their support". If we look at Note 14 on page 15 of the Accounts, obviously PAYE and Social Insurance account for £1.1m of those creditors but the £5.5m coming under accruals and other creditors which one presumes is to a fairly great extent the Government itself. I therefore repeat the request to the Minister for an indication of the proportion to which those creditors are Government and which are non-Government. Secondly, an indication as to why the Auditors have found it necessary to put that qualification into the Auditor's Report. Is it the implication that Government themselves have said that they are not prepared to continue their support? Or is it the other creditors that have said so? That is the question that I am asking. Linking the question of creditors to that of debtors, Mr Speaker, and following the guarantees that the Minister gave us earlier on that all creditors will be paid and all debtors will be collected, can he give us an indication as to whether there are any commitments or connections with the Joint Venture Companies in those creditors and those debtors in the Accounts? Finally, Mr Speaker, following the Minister's statement or clarification that it is intended for the Company to freeze operations but not to wind up at this stage, can the Minister explain why has it been necessary to rush through the legislation to repeal the GSL Ordinance at this meeting of the House and whether the matter has been thought through? And what possible

implications there could be if subsequent to this Ordinance being enacted there is a problem with creditors or with debtors? If there is a bankruptcy involved and if the Ordinance is not there and the Company does not exist, can a problem arise? Why the need to rush the legislation through? Thank you Mr Speaker.

HON M K FEATHERSTONE:

Mr Speaker, the salient feature of these Accounts is the fact that the Government Auditor says that the creditors continue to give support to the Company and the Auditors of the Company say that they do not know that this support is forthcoming. The Company has now closed down and the Honourable Mr Pilcher says that all debtors will have to pay up. That is a good thing. All creditors will be paid. Well, Mr Speaker, if all creditors are going to be paid then the money must come from somewhere? Also, Mr Speaker, there is going to be a need for a considerable sum of money to be found to pay the redundancy costs. The Honourable Mr Pilcher says that in the six months of this year, the trading losses will be about £800,000 to £900,000 and I estimate that redundancy costs will be anything from £1m to £2m. So the net deficit of the Company at the end of its life is going to be somewhere in the region of £5m to £6m. I would ask, Mr Speaker, where is this £6m going to be found? The Government has stated in the past that they as shareholders support the Company, so will they have to foot the bill for this £6m? If so, it means that the general public of Gibraltar will face a loss of £6m on the unfortunate life of GSL. This is something that we would like to have some clarification on, Mr Speaker.

HON CHIEF MINISTER:

I welcome, Mr Speaker, from the last contributor to the debate, with his vast experience of Government and of having been the Chairman of the Gibraltar Quarry Company, how he thinks he can say to people that the most important thing is that nobody loses their jobs and the most important thing is that the taxpayer does not foot the bill of the losses of keeping people employed in a situation where they are losing money? We are not going to do what he did when he was in Government and Chairman of the Company, which was to effectively underwrite, as a Government, all the debts of a Government owned Company including, for example, their Bank Overdraft. We have explained that position from that side of the House, even before we were in Government, because in fact, the Hon Member will recall that when he came here to seek the support of the House for guaranteeing the debts of the Gibraltar Quarry Company that we voted against. We voted against because we said that if we were going to have a situation where somebody lends money to the Quarry Company and charges a commercial rate, because there is a risk, then by giving public money away you then remove the risk by guaranteeing the repayment as a Government. You might as well then borrow the money as a Government cheaper and lend it to the Quarry Company because that way it costs the taxpayer less money. So certainly he is wrong

in thinking that we are going to be repeating what he did because that is the wrong thing to do. If he knows another way or has discovered another way of doing it since he left Office, then we will certainly welcome any assistance he can give us to deal with the problem. But certainly the solution that he found at the time was the most expensive solution. When we came into Office in 1988 the situation in GSL was that it was making very very serious losses and that there was a ruling provided to the previous administration by the Attorney-General, that the Government of Gibraltar would be in breach of Community Law if it provided a subsidy to the Yard to meet operating losses. The House will recall that the last amount that they provided was for the redundancies of 1988. These were voted in the House in December 1987. A £5m contribution of which £3m was to meet redundancies and £2m was to meet the restructure and which actually was spent after the Election. So, when we came into Government we had given a commitment to the people concerned that during our term of Office we would try and keep them employed repairing ships. If we found out that was not possible because we were not prepared to keep a ship repair facility ad infinitum losing money every year if we got re-elected we would have to consider the position. The easiest thing, Mr Speaker, in the world would have been not to say anything then go to an Election and then come in and do what one liked. But we have been clear with people concerned. We have told them "look as far as we are concerned there is no future. It is self-deception to think that you have a secure job in a situation where every year it costs in Gibraltar £20,000 to paint a ship and we can only get a ship owner to pay £10,000". We cannot have the rest of Gibraltar subsidising the owner of the ship because he can get it done here at a price which is not competitive. The other thing is we compete with Cadiz and Lisbon in which case since our wages are much higher we make up the loss. Well, Mr Speaker, we are not prepared to carry on doing that because as far as we are concerned giving people a secure future in Gibraltar means that they are doing an activity which can be sold for what they get paid. We are prepared to tie them over and we are prepared to give them support but at the end of the day it must be seen that there is a situation where a point is reached where it breaks even. We do not actually want to make profit as a Government. We are not going into the situation of GSL and the other Joint Ventures because we want to create a money making business in order to support the activities of the Government. We went into it because the people were already there in employment and we wanted to save their jobs. That is the only reason why we went into it because we inherited the 785 persons. Today directly employed in GSL we are talking about 160 or 161. Of the manual workers in GSL that have taken redundancy there are 71 locals and 40 white collar workers. There are people in other Companies who have come to the Government and I can tell the House that I had a meeting with representatives of all the Companies following the decision of GSL and the Member opposite asks whether in fact their interests were best served by people

taking the money now? Well that is not a question that I can answer. It is a question that each individual has already answered by choosing to go or choosing to stay. What we have done, at their request, has been to add to the normal redundancy part of the money or the whole of the money or more than the money that it would have cost us to keep the Yard open until next year. This is what we were committed to do irrespective of the losses. So we said to people ok, we have a commitment with you and we will honour that commitment and they said well if you are not in a position to renew that commitment every four years irrespective of the losses then give me the money now and maybe I am better off looking for work now than in a year's time when there could be much more redundancies from the MOD. Added to this there is a situation where the permits for Community Nationals from Spain and Portugal will disappear and they will be free to come and go as they please under Community Law and we will no longer be able to distinguish between Community Nationals born in Gibraltar and Community Nationals born in the rest of the Iberian Peninsula because the transition period is over. So frankly I sat down with them, as friends, and not as employer or as Government, because I could see the problem that they are facing and I said "I do not think I have the right to tell each and everyone of you what is the best decision. All I can tell you is that on balance I can see situations being tougher in 1992 than they are in 1991, and we will certainly not be able to pay you throughout 1991, even if we are sitting down doing nothing because there is no work and also to have that money to pay you next year. If we are using the money to pay you every month, then it means that next year, you will just get your basic normal redundancy, which is still better than the MOD but certainly not as much as you will get now if on top of the redundancy I compensate you for giving up a guarantee that I have given you". I gave them that guarantee in the middle of an Election campaign so we see that as a moral obligation rather than a legally binding agreement between GSL, as a Limited Company, and its workforce. GSL has a written agreement which I negotiated as Branch Officer which is better than the MOD and which entitles them to certain redundancy compensation terms. Over and above that, at their request and on their initiative, they said to us look if you are committed to spending that extra money anyway well maybe we are better off getting the money and looking for another job now before the labour market gets even more competitive and maybe there is a better chance of getting somebody in if somebody can come look at the facilities and start negotiating to employ people to structure the Yard and to have the management structure and the workforce structure that they want from scratch. It is certainly, in our view, easier to reach an agreement with somebody where you are negotiating what is going to be put in than to have an agreement with somebody where you are negotiating what has to be removed. But there is no guarantee that somebody will come in and offer employment on terms that will be acceptable to the local workforce and the Union. That has to be clearly understood. We cannot guarantee that because we have not the money to

invest and if we had the money to invest it would be a bad business for us to invest it in given the results that we have got. These results have required enormous efforts on our part, on the part of the Managers and on the part of the workers. We really had decided that having achieved economic viability, there was no further efficiency, no further improvement, that we knew we could get. We honestly believe that we have given it our best shot and so have the people and we have reached a point where we could say ok for the rest of Gibraltar's history we will be running a Shiprepair Yard doing £6m of work and spending £8m in doing it and losing a couple of million. This in a situation where every year the cranes get older and the dock gets older. Since you are losing money you cannot go to a commercial institution and borrow funds for capital investment because what the commercial institution will say to you is show me your balance sheet and show me your profit and loss. When they look at that they will say why do you want to put money in a business that is losing money already? Then they turn round and say if the Government guarantees it then we will lend you the money. Well no if the Government guarantees it then you are not lending money at commercial rates to a commercial company. You are lending money to the Government and the Government will borrow at a ½% over libor and a commercial company borrows at 1½% or 2% over libor. So why should we give away 1½% to a bank? We might as well borrow the money as a Government. However, we cannot do that because Community Law prevents us. So those are the constraints about looking at different ways of financing the operation and we come to the conclusion that frankly at the end of the day, there was no way out for us. It was either a question of for ever more keeping the thing afloat and there is only one way it can be kept afloat and that was if the Government cannot lend it the money and the banks will not lend it the money unless it is guaranteed by the Government, which is tantamount to the Government lending the money, because we would then underwrite the repayments, then the only way that it could be done, is by other Government Companies effectively making loans which would not make commercial sense but for the fact that we own them all. Then we said ok in order to pay the wages in GSL, you lend it money every week otherwise the GSL workers will not get paid. One can argue well ultimately that money is the taxpayers money but you cannot have it both ways, you cannot say that we believe politically the right thing to do is to keep people working but we believe politically that we should not spend money paying them. Well, Mr Speaker, how do you expect to keep them working if you do not pay them? You can only pay them either if they earn the money by selling it to outside customers and they were earning part of their wages. So at the end of the day the position on economic viability, which we explained last year, is that we believe that GSL in 1990, lost £1¼m. However if GSL had been closed in 1990 and if the people working for GSL and for a number of related Companies like the Port Services Company, whose existence is to move ships and if there are no ships repaired, there are no ships to be moved and the Admin Company whose people are engaged in doing their wages, if we take that group of people who earned

their living out of GSL and we actually had them all unpaid and out of work, then the loss to the economy of Gibraltar would be greater than the loss that they are making by working. That is only when you are comparing two scenarios. One is a scenario of having 300 people employed or 300 people unemployed and what we are saying the 300 people employed did not make enough money to pay their wages, but they made enough money to cover 75% of their wages and the other 25% is a loss. However, if they had been unemployed and they had no income then the loss to the economy of Gibraltar would have been greater than that 25% loss that represented a quarter of their income. That is what economic viability means as we have defined it. So if we have two positions of 300 people working in a loss making activity or 300 people on the dole, then 300 people in the loss making activity is preferable unless they lose so much money that it is cheaper to pay them to do nothing than to pay them to work, which is the situation we had in 1988/89, where the loss was over £8m. But to get beyond that, unless you want to keep that going for ever, you have to say there is a situation that is better than that. The situation that is better than that is to have the 300, not on the dole, but working for someone else where they do not lose money. That is the next stage. We feel we could not reach that stage. Had we felt it would have been possible for us to do that, then we would have resisted the closure. However in order to resist the closure, we had to say to people look forget closing, forget taking your money, forget looking at the possibility of somebody coming in because we are very very confident that we can actually turn this round and break even in 1992. We were not able to give them that kind of straight answer and because we were not able to give them that answer then at the end of the day we went into it very thoroughly with them and on balance if we did not cease operations now they would not be making more money between now and a year than they are getting by going. So effectively, it means that if the Yard had kept going until mid-1992 based on existing levels of earnings then the amount of money that people are taking is the same as if they carried on working until mid 1992. That certainly puts them better off than the people in BCC who left work on Friday and on Monday they had no job and no money. But that does not mean that we said that we had to forget them because we are still keen to get somebody in as quickly as possible because it is not just the activity of those directly employed, it is as the Honourable Mr Caruana has said, the fact that it also generates income for suppliers in other activities in Gibraltar who will miss GSL as a customer. GSL buys in the local economy. In fact, the figure of the creditors is that instead of GSL owing money to the bank and paying vast interest it has borrowed money from another company which has made an interest free loan to enable the Company to repay the bank and therefore the Company has moved from having an overdraft last year to not having an overdraft this year. It has been able to borrow money from a Company in order to pay the PAYE and the Social Insurance to the Government. So we did not want to have a situation where we are saying GSL does not pay and other people pay.

At the end of the day there is only one way it can pay and that is by borrowing money and there is only one group from which it can borrow money and that is other Companies where the money is being borrowed not on strictly commercial terms. The position will be that if GSL is able to find someone interested in coming in and making use of the Yard and providing employment and it is certainly the preferred option of the Government, but it is not guaranteed that it will happen, then the fee it will pay to GSL for the use of those facilities would be what GSL will use to repay back the other Companies that have extended to it basically open credit lines. However, when the Accounts were being done those open credit lines had been opened by the other Companies on the basis that the operation was going to continue and which was in fact what we intended to do. If the operation was going to continue then the credit lines of finance from the other Companies would have been maintained open for whatever was needed. But once the operation ceased then the other Companies could not give a guarantee that they would provide whatever money was required in unlimited quantities whatever eventualities might arise in the future. Once it ceased operations, because the whole basis of the credit lines was to ensure that the Company was able to pay its employees, and if it has no employees then those credit lines are no longer available. This is why the Auditors have to say that they cannot state that the Company gives a fair and true picture of the Accounts as a going concern because it is not a going concern. It has stopped trading. It has not been put into liquidation, but it has ceased trading operations. It will be a going concern if tomorrow we have somebody that says I am prepared to hire the Yard for £1m a year. Then GSL has very few costs and the £1m coming in can be used to start paying off its debts and it becomes a going concern. However that may happen or may not happen. If it happens it is the best solution for the workforce and the taxpayers who ultimately are the final owners. But certainly, as far as I am concerned the general public of Gibraltar and the taxpayers of Gibraltar have a lot to complain about as a result of the disastrous situation which we should have never got into in 1985 and I wish, Mr Speaker, that the Member opposite had listened to all the free advice he used to be given from that side and consequently we would have avoided being where we are today. It has certainly not been for us, I can tell the Member, an easy task to bring it to the state that we have brought it. It has been very very difficult. It has cost a lot of heartaches because we are not treating individuals as employees in an entity, they are our friends and they are people that we care about and people that we have been with all our lives in the Union and we want to do what is best for them. What we are not prepared to do is promise them things that cannot be delivered. We believe that it is the wrong thing to do. We are not prepared to promise that in GSL or anywhere else. People have to understand that Gibraltar will not survive other than by being able to pay its way in the world. There is no other choice. There is nobody with an open cheque book. If there were to be anybody with an open cheque book then the cheque book

would be in pesetas and I am not drawing on that Account. Those are the realities of life, Mr Speaker. It is not something that we want to do but it is something that we have to do and we all have to understand it. It is a message that some people do not want to hear but then we live in a democracy and they can buy themselves a different message by voting for somebody else. However, that will not alter the real world. The real world will still be there and will still catch up with us. The situation therefore given what I have already said is that we shall be producing, and my colleague will explain this, six months Management Accounts which will not be an indication really of what is going to be the final outcome for this year because the Accounts will show the operation of the Yard until the 30 June when it ceased operating. The period from the 30 June to the end of December will be affected negatively by the payout and positively by the income, if any, that we get from an operator coming in before December. In 1992 the full Accounts will reflect the final position at the end of the year like they have done every other year. Obviously the costs from July until the end of the year, other than the cost of the people who have left, will be a minimal care and maintenance cost of the Yard. If however we look at it from the point of view that the payment to people who have left is a one-off payment and is therefore in the nature of an extraordinary payment, then clearly if we have lost £800,000 between January and June this year, we would not expect to have to spend £800,000 on a care and maintenance basis. That would be the only cost that must follow the second half because it will have a lower trading loss than the first half and that the trading loss for the year would be less than the trading loss for 1990 and that the extra cost would then come in as an extraordinary item, redundancy payments, which are treated in all Company Accounts everywhere as such because they are not annually recurrent. Obviously, it is a better situation that we have today to say "I am going to spend £50,000, £60,000 or £70,000 to keep the Yard capable of being put back into operation very quickly by keeping it on a care and maintenance basis so that it is still operational rather than sort of closing it down totally and saying well we are forgetting shiprepairing. We might eventually be forced into that situation but at the moment we are hopeful that that will not be the case. That however is still better, from the point of view of what it will cost to do that, than to say we are going to keep it operating and losing £150,000 a month repairing ships with those people. Because having been paid the money that they would have earned they may be able to find alternative employment and in which case they will be better off. The position therefore will be that if indeed it was decided that it was impossible to find any takers on terms acceptable to them and acceptable to people in Gibraltar the Yard will be closed down. However bearing in mind what the Honourable Member said about asking any operator to meet a certain amount of commitment to employing local people it is not so much a question of saying either you do this or I will not let you in because the operator will say I can spend my money anywhere in the world that I want to

because I have it in hard cash and at the end of the day the bottom line with Kvaerner was that either people here accepted what they wanted or they took their money elsewhere. Mr Speaker, since this is not money that they are giving away because they are saying that if they invest £8m it will have to make 20% per annum on the £8m because otherwise they will put it in BCC or whatever. If they tend to say otherwise I put it in the bank perhaps nowadays we can tell them look the Bank is no safer than the shipyard anymore. If that were regrettably to be the situation then of course the Accounts would not mean very much because one of the elements in what the Auditors are saying about the Accounts is that you are valuing the assets at their written down historical costs on the assumption that there is a use for them. Therefore the value of a crane in a shiprepair yard is negligible if you have to sell it for scrap. The assets of the Company shown in the Balance Sheet do not reflect the scrap value and if you were to say to the Auditors, the creditors will not support the Company, the Company has no employees and it is ceasing operation and that was the whole story then effectively there would have to be substantial provisions on these Accounts to write off some of the capital value. That is where the qualification of the Auditors comes in. We have not done that because we are still hopeful that we will be able to find somebody to come in and operate the Yard profitably. Nobody will come in unless they can do it profitably. Hopefully they will be employing many more people than the 160 that we used to employ when we ceased operations in June. So that not only will they be able to find opportunities to give jobs to everybody here but even if they give jobs to people outside it will increase the base of taxpayers in Gibraltar and help us in the task of creating a viable economy. So it is in all our interests that that should happen.

The House recessed at 1.10 pm.

The House resumed at 3.25 pm.

HON J E PILCHER:

Mr Speaker, I think there is very little to add since most of the points that were raised by the Honourable Members opposite have in fact been answered by the Honourable the Chief Minister. There are perhaps a couple of minor points that I might add to what the Chief Minister said on the Auditor's Report, and I apologise to the House for not having done so in my opening speech. I had it down in my notes but I left it out. The Chief Minister in fact has mentioned the reason for the points raised by the Company's Auditors and the Principal Auditor and it all hinges, as the Chief Minister explained, on the going concern basis. However, even if we had wanted to include at this stage, the information on the redundancies the Auditors would nevertheless, in order to be able to bring Accounts, would have to have had to add on not only the cost of the redundancies but also the losses which would be sustained by the Yard in other areas. Now, this could only have been

done on a notional basis, Mr Speaker, so even if we had produced that, it could only have been done on a notional basis and therefore the accuracy of that would have been questionable. So I think the only reason why the Company's Auditors and the Principal Auditor have qualified the Accounts is not because of the accuracy of the Accounts as such, but of the fact that obviously it was done on a going concern basis, Mr Speaker. I think that there are very few things which the Chief Minister left out. One question that, I think, was raised was the creditors. Let me say that there are no trade creditors in the Sundry Creditors. Let me make that absolutely clear, I think that at one stage somebody did ask that. The answer is that the trade creditors are treated separately and it is important to note that the trade creditors obviously and the trade debtors is something which the Company will immediately tackle on the ceasing of operations, given the normal trading arrangements that we have with the trade creditors and the debtors. Any entity would have to agree conditions of service with the TGWU or with whichever other Union was dealing with that matter. So it is not just a question of the entity coming in and doing what it pleases because there will have to be trade union agreements put into place, Mr Speaker. One other point which I think the Chief Minister failed to mention was the question related to Gun Wharf. I think it was raised by the Honourable Mr Caruana. With Gun Wharf the position at the moment is still not clear but I assure the Hon Member that if Gun Wharf went the same way as GSL then the Government would want to do precisely the same as with GSL because as far as we are concerned it is part of the package of Maritime activities across the board. I think there is very little further to add, Mr Speaker, other than to say that I do share obviously the personal regret that the Honourable the Leader of the Opposition was referring to. As he, in fact, mentioned I have worked many hours together with my Board and my Management team and also with everybody involved in the GSL operation, the Unions, the employees, everybody has worked very hard to try and make a go. There is therefore personal regret and a bit of frustration because unfortunately it has been the end of the road for us, Mr Speaker. Thank you very much.

The House noted the Accounts of Gibraltar Shiprepair Limited for the year ended 31st December, 1990.

BILLS

FIRST AND SECOND READINGS

THE GIBRALTAR SHIPREPAIR LIMITED (REPEAL) ORDINANCE 1991

HON J E PILCHER:

Sir, I have the honour to move that a Bill for an Ordinance to repeal the Gibraltar Shiprepair Limited Ordinance be read a first time.

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

SECOND READING

HON J E PILCHER:

Sir, I have the honour to move that the Bill be now read a second time. In doing so, Mr Speaker, there is very little to add that has not been discussed in the previous debate. We must remember, Mr Speaker, that when the Gibraltar Shiprepair Ordinance was put in place its one main function was to create a situation by which this House was directly concerned with the expenditure made by the Company of ODA funds. Following the demise of the ODA funds, Mr Speaker, the Gibraltar Government then itself produced some subsidy, some direct subsidy to the Company and with that in mind it was also appropriate for the House to be monitoring those funds. I do not think that the Gibraltar Shiprepair Ordinance was put in place for the House to monitor a commercial company. It was a financial instrument where at first £28m and then £35m went into the Company and it could not be done without this House exercising some restraint and exercising its own ability to comment on the way those funds were being dispersed. We could have, Mr Speaker, on the 1 January 1989, have repealed the Gibraltar Shiprepair Limited Ordinance because as Members opposite know, as from the 1 January 1989, the Company ceased getting direct subsidies from the Government and certainly the ODA money was no longer available. However, we felt that we had set a system up where we had a debate in the House of Assembly once a year when we brought the Accounts to the House and we felt that if we changed that it could be seen to be a mechanism by us for not explaining what was happening at Gibraltar Shiprepair. Hence, Mr Speaker, when we ceased the operations we felt that it was now an appropriate time to repeal the Ordinance with the minor exception that is seen in the Ordinance which still leaves in place the mechanism for people to be able to claim against the Company because there may be certain outstanding claims. There are none that we know about but, I think, that must be kept. As the Chief Minister said this morning it is not the intention, or rather, it is the intention to produce interim Management Accounts, a six month Account, up to the end of June, which will show the trading losses of the Company etc and those will be made available to Members opposite on a confidential basis. This confidentiality has nothing to do with the trading aspect but rather a direct relation to the negotiations and discussions which we might at one particular stage be undertaking with certain entities. Other than that, Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, the Honourable Member has said that having decided to cease the operations of the Yard the Government considered that it was an appropriate time to repeal the Ordinance.

An appropriate time may not necessarily be an indication of the fact that it is necessary to do so. I would submit that if over the next few months the Government were to be looking for an operator and perhaps in discussion with the operator and in that interim period the Gibraltar Shiprepair Limited Ordinance could still be in force. In fact, such negotiations could be drawn out and in that case it would enable the Government to table the Accounts for the period ending the 30 June 1991 and have those Accounts discussed in the normal way. I do not think that it is a satisfactory situation to be shown these Accounts in confidence and that that would be the end of the matter. I think that that is most unsatisfactory and I do not think that the affairs of Gibraltar Shiprepair Limited should be wound up in that manner. I would therefore, Mr Speaker, ask why is it absolutely necessary that this course of action be taken now? Why cannot it be deferred for a few months? In any case until the Accounts are produced and debated here, unless there is agreement with an operator and those negotiations come to fruition and the Yard taken over by such an operator it will be necessary to enact legislation and then the repeal of the Ordinance could be done. That, Mr Speaker, would be an appropriate time. I certainly have not been satisfied and convinced by the Honourable Mover of the Bill, having regard to what he has said so far about the need to proceed in this way.

HON P R CARUANA:

Mr Speaker, I concur with the points made by the Honourable the Leader of the Opposition. The fact of the matter is that there is no logical reason why this Ordinance should be repealed now. I know that the press has put out incorrect information that the repeal of this Ordinance means that the Company ceases to exist and we understand that that is entirely incorrect. Nevertheless, I think, that I would welcome an explanation as to why this Bill is being brought to the House. I look at the Ordinance and note what the Honourable Minister has said about the original purpose of the Bill but the fact remains that there is still a substantial amount of public funds washing around in there and in related companies or other companies owned by Government. The fact is that the Company is still a substantial creditor or rather debtor to the Government and it is entirely legitimate whilst those public funds remain in the Company that this House remains entitled to know, as a matter of right, how all those public funds are eventually extricated from the Company. The Ordinance serves other purposes other than the one the Honourable Member opposite has mentioned. For example, it requires this House to approve any transaction whereby the Government might seek to sell its shares in GSL reducing its holdings by less than 25%. Well it would be relatively straightforward to restructure, if the present structure does not permit it, the tenure of GSL to the land. In other words give it some form of lease if that is not what it already has, in a way that would make it considerably possible for the Government, not to procure that GSL gives an underlease

or a subcontract, but it would be possible for the Government to sell GSL, lock, stock and barrell, through its shares. If it did that then the repeal of this Ordinance would mean that the consent of the House, would no longer be required to do that. It abolishes the Government's obligation to continue to bring Accounts of GSL to this House as the Honourable the Leader of the Opposition has mentioned. Whilst Members opposite may think that because the Company has ceased operating the need for the House to see those Accounts no longer exists, I have to say that I do not see any logical connection between the ceasing of commercial activities by the Company and the repeal of the Ordinance. The other thing that the repeal of this Ordinance would achieve, of course, is the closing down of the Gibraltar Shiprepair Fund, which I understand as a matter of accounting, has now been reduced to fl. But in any case Accounts of that would be available in due course in the next set of Accounts of the Government of Gibraltar and I think that it would be important to get the Accounts in relation to that fund right up to the period when Government's financial involvement in the Company had concluded. Therefore, Mr Speaker, I concur with the views expressed by the Honourable the Leader of the Opposition, that this Ordinance, if passed, would deprive the House of rights it presently has.

MR SPEAKER:

Is there any other Honourable Member that would like to contribute?

HON CHIEF MINISTER:

Mr Speaker, I think the position of the Government is quite simple. The Yard will still be there but the Yard does not belong to GSL, the Yard belongs to the Crown, the land. We have no intentions of disposing of that land. That has been made absolutely clear and if we wanted to we could do it without reference to the Ordinance. If we wanted to lease the Yard to an outsider then we would not need to bring it to the House and we would not need to do anything to change the Ordinance to do it. The Government already has the power to do it because the land has always been on a peppercorn rent utilised by GSL. In fact, it was only I think in 1990, that they actually got the MOD to transfer the land to the Government of Gibraltar. I am sure Members opposite who have been in Government know that this is not unusual since it was only in the 1985 Lands Memorandum that they got round to transferring Laguna Estate and the Victoria Stadium to us. So the fact that by 1990 they have actually got round to drafting the necessary paperwork for GSL is not an unusual state of affairs. So, the Member's reaction in saying that does this mean that at the moment we cannot transfer the shares in the Company to another body and that by doing away with the Ordinance we will be able to do it without the approval of the House, seems extraordinary. The fact that we have just presented a set of Accounts which shows that there are no assets, the Company has got no assets and is in fact technically insolvent and that is clear from

the Accounts, from the Auditor's comments and from the Principal Auditor's comments and all has been referred to. So, in fact, Mr Speaker, there is nothing to sell. What we have at the moment are debts! There are no public funds washing about in the Company, I regret to say, because the Company has no funds and no employees. As from the beginning of July, GSL has a book value of fixed assets which if sold for the book value would be insufficient to clear its accumulated debts. I have explained that those accumulated debts are debts which consists of credit banks provided by other Government Companies because otherwise the Company would have gone bankrupt two years ago. That it cannot get money directly from the Government because it is in conflict with Community Law. So the whole purpose of why the Bill was put into the House in the first place which was to require Accounts to be presented on the basis that public funds were being provided has been negated by the subsequent ruling that public funds cannot be provided. Of course, there is no compelling urgent reason for repealing the Ordinance. It is just that it seems to us that now that the Yard has ceased operating and now that the Yard will not recommence operations because we have made that absolutely clear, and will not be employing anybody then there is really no point left in having a GSL Ordinance when there is no GSL and there is no point left for having to debate the future of GSL when GSL is in the past. Of course, if we were not repealing the Ordinance, then, all that would happen would be that sometime in 1992, and not before, when the final Audited Accounts for the year ending 31st December 1991, were prepared, then those Accounts which should be then even more history, would be brought to the House and then we would have been able to repeal the Ordinance having said fifteen months ago that the Yard stopped operations. We actually thought Members opposite would welcome the fact that we are bringing the whole thing forward and giving them the position as it was a week ago. Something for which we have no obligation under this Ordinance to do. We are presenting the Accounts for 1990 and as far as we are concerned we can say to Members opposite that in 1992 they will be told what happened in 1991. That, Mr Speaker, is all that we are required to do by the Ordinance and nothing else. Instead, we tell them of what has happened in the first six months of this year and that events have moved in such a way that if we just told them what happened in 1990 then there would be no indication of what is likely to happen in 1991. So, we bring Hon Members right up to date, so that they have the latest information that is available to the Government and when the Government has the Management Accounts, which are not for publication, we will in fact let them have the Management Accounts. Also if when the final Accounts are finished in 1992, which could well be after the 1992 Election, and they are here and if they feel so strongly about it, then they can no doubt reintroduce an Ordinance and bring Accounts here for, for whom I do not know? Who is going to be interested in them inside the House and outside the House, but if that is what they feel is a useful thing in which the House of Assembly should occupy its time in 1992, then they can do it. We

felt that this was the most practical way to deal with the situation in a way which would give people the most up to date picture and in the most realistic fashion. After all what my colleague has offered is, in fact, to give people a picture of how the Yard traded in these last six months of life. If we went by the book and we produced Accounts for twelve months and we had not traded since July and we had other costs and other income then it would be impossible from the Accounts to extract what had been the trading position in terms of repairing ships for that twelve month period. That is all that we would need to do, Mr Speaker. Because we have decided that it is not a very useful or a very practical thing to be doing in 1992, we thought well we will not do that and instead what we would do was to provide to Members opposite the same information that is available to us as soon as it is available to us so that they see what happened in the first six months. It will show that, in fact, what we expect it to be is that it will be the equivalent of six months of these twelve months. That is to say the situation shows no improvement. Had there been an improving situation it might have been different but it shows that what we achieved in 1990 we have not been able to better in 1991. This is the thrust of what I was saying before. Having achieved economic viability why are we sort of giving up? We are giving up because we felt we have got to the point where we cannot do better than last year and doing better than last year is not good enough as a long term solution. I am surprised that Members should prefer that we should simply have stuck to the letter of the law which would have, in fact, been very easy for us to do. This would however have given, Hon Members false information.

HON LT-COL E M BRITTO:

Mr Speaker, I must say that sometimes from this side of the House one has to smile and even admire the Chief Minister. First of all he draws a red herring as big as the mace in this House in answer to the point that both the Leader of the Opposition and the Honourable Mr Caruana have made. We are not talking about the land, Mr Speaker, we are talking about GSL, the Company. The first three or four minutes of his intervention the Chief Minister was dealing with the question of the land. He then turns the whole thing round and ends up doing us a favour, Mr Speaker. Mr Speaker, the Chief Minister is also going to do us a favour by giving us the Management Accounts for the last six months for GSL. That, Mr Speaker, is not the point that has been made from this side of the House. The point that is being made is that once the Ordinance is repealed there is no obligation on the part of the Government to bring any further information to this House. They will then hide behind the repeal of this Ordinance like they have been hiding throughout the life of this Government and that is the fact that GSL is now a purely commercial company and as such they have no obligation to come to this House to answer questions on GSL and no obligation to giving this House any information on the final package or the final results of GSL. The Honourable Minister has only committed himself to giving

us "in confidence", the Accounts up to June 1991. We however do not know how long GSL will continue until it is finally disposed of. What we are interested in is what happens eventually to GSL? It is not correct or rather it is correct to say that technically the Company is insolvent and that liabilities are in excess of the assets and therefore that there are no assets to sell, technically. In actual practice that is not so, Mr Speaker, because the major creditor is the Government and the Government, as the Chief Minister himself described this morning, has ways of getting round the problem. They could conceivably write off the debts and they can do it more easily, as the Honourable the Chief Minister has described by pumping money into GSL, as loans, from one of the Joint Venture Companies and this way they will pay off the debts. So, it is not true to say, Mr Speaker, that the Company cannot be put in a position where it can be sold to a possible buyer. However by passing this Ordinance today, Mr Speaker, that will be done. Not can be done but rather will be done and this House will not be informed of what has been done. It is nothing less, Mr Speaker, than an attempt to wrap up the final days of GSL in a package of secrecy. Because of the fact that there are public funds in GSL which must be accounted for we on the AACR Opposition will not be supporting this Bill.

MR SPEAKER:

If no other Member wishes to speak, I will call on the mover to reply.

HON J E PILCHER:

It appears, Mr Speaker, that irrespective of the explanations that I have given and the Chief Minister has also given the Opposition either they do understand, or perhaps even more important, they do not want to be understood. What has happened today is that we have discussed what happened in 1990. What has happened in 1991, as far as the Trading Accounts of the Company are concerned even if I brought the Accounts every year between now and the year 2000 all that one could discuss was the trading position of the Company up to the 1 June 1991. All that can be done with GSL is to try and make an agreement by which there will be a subcontract, a sublease, or what you like, to be able to pay GSL so that GSL can in turn repay the loans. That is what we are trying to put in motion. We can do that with the GSL Ordinance or without the GSL Ordinance. It is the land that would be leased, the land that would be subleased. The Gibraltar Shiprepair Ordinance does not talk about the land it talks about the shares of the Company and the funds of the Company. I would not get a half penny for GSL today nor would I have got it in 1988. It was a commercial company from the 1 January 1989. It has no go public funds in it or floating around it. It owes money to the Government like many other commercial companies do. I hope that what Mr Caruana or Mr Britto, do not want us to have an Ordinance so that everybody who owes money to the Government has to bring the Accounts to the House of Assembly. The only money outstanding at the moment is money which is owed to the Government through the normal mechanism, Mr Speaker. When

I made the offer to show the Management Accounts to the Members opposite, it was so that they would see what had happened to the trading year of the Company up to the end of June. However since they are not happy with that then I assure them that they will not even get that. Thank you, Mr Speaker.'

HON A J CANEPA:

The question of the Accounts was not the point that I was making. I was saying that that would not give us an opportunity to discuss the Accounts. We have received information from the Honourable Minister 'In confidence', notably for instance on GBC for which we have been grateful because this has kept us informed about the situation and no doubt having Management Accounts showing the operating position for six months is better than having nothing. But quite honestly I would prefer a repetition of the situation that we have had. Of course, I would want to see those Management Accounts because I want to see how the end of an operation, the beginning of which I was associated with, has been concluded. The other point that I would ask the Honourable Mover to consider and perhaps if he is not able to answer then the Chief Minister himself will do so. Once this Bill goes through the House and it is gazetted and becomes law, will that same gazette contain an Order under the Constitution whereby the Honourable Mr Joseph Pilcher will no longer be Minister for GSL?

HON CHIEF MINISTER:

Mr Speaker, as far as I am aware, the Ministerial responsibility of any Minister has nothing to do with any Ordinance. We have Ministers here that are Chairmen of other Companies. The fact is that there is one Ordinance covering one Company requiring that one Company to have the Accounts tabled in the House because that is the way the AACR introduced the Company as a result of the £30m given by the UK Government. The UK Government made it a condition that it had to be done in this particular way because there were UK funds being provided. The Companies that we have set up since 1988 have not been set up through Ordinances and we have made it clear that we are not prepared to have a situation where we debate the Accounts of those Companies here. That, Mr Speaker, is our policy. That is the policy on which we stand. It is the policy of the GSLP. This Ordinance now seems to have finished its useful purpose, if it ever had one as far as we are concerned, because certainly it did not provide the Opposition in my time with any right to ask any questions on anything. As the Member must know when the House passed this Ordinance for the first time, the Members in the then Government made it clear that there was no constitutional responsibility. There was no need to have a Minister for GSL and there was no Minister for GSL. The Financial Secretary was Chairman, in a temporary capacity, then Mr Simonis became the Chairman and after that nobody answered any questions, even though there was an Ordinance. So why should they find that there absence of an Ordinance will change anything? Before, Mr

Speaker, they were so enthusiastic that they did not put anybody in charge.

HON A J CANEPA:

We had an Ordinance.....

MR SPEAKER:

Order, order. I think that the Minister who moved the Bill must speak now.

HON J E PILCHER:

As the ex-Minister for GSL, Mr Speaker, as far as I am concerned and, I think, that the Chief Minister made the point ably, when we came into Office on the 25 March 1988 we made it absolutely clear that the political responsibility for GSL with an Ordinance or without an Ordinance was going to be carried out by the elected representatives. Mr Speaker, the Party decided that since I had been shadowing GSL since 1984 that I should be Minister for GSL and whether I am technically or constitutional Minister for GSL or not, Mr Speaker, I will continue to be the person, as Chairman of GSL, who will continue to try my best to solve the future prosperity of the Yard by having some future operator continue with the repair of ships. I will do that even if I am not Minister for GSL and just Minister for Tourism. That has no bearing directly on what the Honourable the Leader of the Opposition has raised. No bearing whatsoever.

HON P R CARUANA:

Mr Speaker, I concede that I would like to know what treatment is eventually given to the unpaid PAYE and Social Insurance? The only way that I can be guaranteed of knowing that is by asking questions about a particular taxpayer. The only way that the Members on this side of the House will ever know, whether the Government has written off the unpaid Social Insurance and PAYE is through the Accounts of GSL. So I do not mind conceding to the Honourable Minister that that is one of the reasons why I want these Accounts. If, as the Honourable the Chief Minister and the Honourable Minister for Tourism have said the timing of this Bill is a matter of complete indifference to the Members opposite and they have nothing to gain by enacting this Bill then would they humour the Members on this side of the House, at no cost to themselves, by simply leaving this Ordinance on the Statute Book for a while longer.

HON J E PILCHER:

We take our business very seriously and we do not humour anybody, Mr Speaker. The answer is no.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

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 P R Caruana
The Hon M K Featherstone
The Hon G Mascarenhas
The Hon Dr R G Valarino

The Bill was read a second time.

HON J E PILCHER:

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

This was agreed to.

THE TRAFFIC (AMENDMENT) ORDINANCE, 1991

HON J C PEREZ:

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

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

SECOND READING

HON J C PEREZ:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the main amendment to the Ordinance is the amendment to Section 92 and which really gives more precise indication to the Magistrates when looking at cases where some vehicles are towed away as a result of public notices having been put up. It concerns the nature of the offence in respect of the positioning of those notices in relation to the positioning of the car. The other amendments concern fines and are part of the exercise which the Attorney-General's Chamber is doing in updating all the fines for criminal offences. I might also just add that

it obviously does not include clamping or parking tickets. Those are not being increased. They concern criminal offences arising out of the Traffic Ordinance. I think no further explanation is necessary at this stage but I am willing to answer any questions that Honourable Members might ask. I commend the Bill to the House.

MR SPEAKER:

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

HON K B ANTHONY:

Mr Speaker, we are not going to vote in favour of this Bill as it stands at the moment. We are in full agreement with the rising of the penalties to the standard levels that have been laid down in law. We have no objection to that. But it is the amendment to Clause 92 that we are against, in principle. It states that the requirement of traffic signs placed that they should be no more than seventy metres apart and thirty-five metres from the vehicle to the nearest sign. Seventy metres or seventy-five yards, Mr Speaker is we feel too far a legal distant. I take the point that it is for clarification of the law and for the benefit of the Magistrate and I agree, Mr Speaker, that on a day like today when it is sunny one may well see the sign thirty-five metres away from your car. However looking at the worst conditions, possibly a rainy night in February and you park your car and are you expected to go walking up the road for thirty-five metres looking to see if there is a traffic sign? This, Mr Speaker, is what the law says one should do and it means that the motorist will be the one who has to bear the brunt. Therefore I would suggest, Mr Speaker, that if the Government want our support that they should amend this distance from seventy metres to a much shorter distance and make it a more realistic figure for the motorists of Gibraltar. Apart from that, Mr Speaker, we have no objection. But unless this is done we will not be voting in favour of this Bill.

HON P R CARUANA:

Mr Speaker, I shall not be supporting the Bill for the reasons that the Honourable Mr Anthony has said which I will expand on during Committee Stage. I object, in principle, not to the raising of fines in all Ordinances to a realistic level that brings the level of fines up to inflation, I do not object to that, nor do I object to Statutory fines being fixed by reference to a fixed scale appended to the Criminal Procedure Ordinance, what I do object to is the fact that under the Criminal Procedure Ordinance, those scales can then be changed by Regulation. So that once the Ordinance is passed the future level of fines for Criminal Offences in Gibraltar will be established, not by this House, but by one or more Members sitting opposite by Regulation. That is another usurping of the powers of this House. The fact that under the Criminal Procedure Ordinance the level of fines under the Standard Scales can themselves be amended by Regulation and for that reason I will be voting, not

really against this Ordinance, but on principle. I therefore will be voting against any Ordinance that changes the fines by reference to those scales unless and until the Criminal Procedure Ordinance is amended so that the scales themselves cannot be changed by Regulation.

MR SPEAKER:

Does any other Member wish to speak? If not I will call on the mover to reply.

HON J C PEREZ:

Mr Speaker, the Criminal Procedure Ordinance which the Honourable Member refers to was passed in this House and the stand that the Honourable Member wishes to take is something which he is free to continue to take. It was taken by his predecessor in this House so if he wishes to make it an issue every time that the Ordinance refers to this then he can do and we can continue to do so in abbreviated form because we all know his point of view. We all knew the position before he even spoke, Mr Speaker. On the questions that the Honourable Mr Anthony has raised, I am afraid that he might not find seventy metres practical but it seems that in the United Kingdom people find seventy metres practical because we are following UK practice. It also seems that the Police in Gibraltar find it practical because we are following their advice and the Traffic Commission finds it practical and that those, involved in this matter from the DTI Road Section also are quite happy. I can assure the Hon Member that the Minister has not invented the seventy metres rules. It has been the experts that have recommended it and we have checked with the United Kingdom and we have found it to be practical. But again, if the Hon Members wish on a matter of principle to abstain or vote against then they are free to do so and I understand their point completely, Mr Speaker.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

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 P R Caruana
The Hon M K Featherstone
The Hon G Mascarenhas
The Hon Dr R G Valarino

The Bill was read a second time.

HON J C PEREZ:

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

This was agreed.

THE SAVINGS BANK (AMENDMENT) ORDINANCE, 1991

HON J C PEREZ:

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

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

SECOND READING

HON J C PEREZ:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the main point in the Bill is covered by the amendment to Section 7(A), which is introduction by the Post Office of debentures. The reason why this is being done now is because some of the Gibraltar Government's debentures will be maturing this summer and we are offering those people whose debentures mature the possibility of re-investing in the Post Office Savings Bank. The other issue that the amendment deals with is the transfer of responsibility from the Financial and Development Secretary to the Accountant General. This is connected with the restructuring of the Civil Service and we are still not quite sure whether we are going to do this now and that is why we may not enforce this part until a later stage. It will depend on how the restructure of the service goes in that area. I commend the Bill to the House.

MR SPEAKER:

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

HON LT-COL E M BRITTO:

Mr Speaker, a very similar amendment to the one just referred to by the Honourable Minister in his introduction, was brought to this House on the 15 November 1988, when the basic principle of not using funds in the Post Office Savings Bank for the purposes of Gibraltar was done away with and the idea of using the funds directly in the Improvement and Development Fund, in the Consolidated Fund and in the Gibraltar Investment Fund, were introduced in the Bill that came before the House and eventually became law on the 8 December 1988. Although in the Opposition we

HON J C PEREZ:

What relevance does that have, Mr Speaker?

HON LT-COL E M BRITTO:

Mr Speaker, I am coming to the relevance. I am saying that the principle was done away with the using of the Savings Bank for the purposes of Gibraltar. Although we had had reservations when studying the Bill, Mr Speaker, subsequently in this House, the Opposition supported the Bill, mainly because of the explanation given by the Chief Minister at the time that it was common with the practice in UK of using borrowing and not distinguishing between a Savings Bank and other types of borrowing. Secondly, because in fact, we appreciated that it had the effect of being a gilt-edged investment in that the Savings Bank was supported by Gibraltar Government. However, in his introduction to the Bill, Mr Speaker, the then Honourable Financial and Development Secretary, the Honourable Brian Traynor, said sarcastically but with a certain degree of foresight apparently, and I quote from Hansard, Mr Speaker, "In any event the requirement to seek the approval of the Secretary of State can be regarded almost as an archonistic and colonialistic feature as the Office of the Financial and Development Secretary". I say this, Mr Speaker, because the Bill before the House today reinforces this principle of using funds for the Accounts of Gibraltar. What it does change, and the Minister has already mentioned it very fleetingly and we would want a more detailed explanation of the reasons before we are prepared to accept this Bill, Mr Speaker but what it does is effectively to remove any say by the Honourable the Financial and Development Secretary, in the use of these funds. The original amendment said in November 1988, "The monies in the Investment Accounts may, at the discretion of the Financial and Development Secretary". In the Bill before the House today that reference to the discretion of the Financial and Development Secretary has been done away with and originally in the Bill before us, the approval was sought from the Accountant General but in a subsequent amendment to be moved at Committee Stage, that approval is now required from the Governor and not from the Accountant General. The Governor, of course, this being a defined domestic matter, meaning in effect the Council of Ministers. Similarly, in the amendment to Section 13, we have again the removal of any say by the Financial and Development Secretary in the way these funds are produced. Therefore what we would want to know, Mr Speaker, before we are prepared to accept this Bill, is why it has been found necessary to remove the powers of the Financial Secretary? Is it a reflection, I am sure it is not, on the part of the Government on the Financial Secretary, or is it that there has been some basic principle at stake which the Financial and Development Secretary has not been prepared to support and therefore the law is being changed so that a Civil Servant who is an employee of the Government can be made to support the Bill? We would want that explanation, Mr Speaker, before we are prepared to consider supporting this Bill.

HON P R CARUANA:

Mr Speaker, like the Honourable and Gallant Col Britto, I would welcome, if indeed the Government attaches any value to having the support of this side of the House in the passage of its legislation, I would welcome an explanation or if an explanation is putting it too strongly, information, as to why it is sought to replace the Financial and Development Secretary, who has certain constitutional responsibilities with the Accountant General, who does not. And, in that context, the Honourable the Minister for Government Services said that one of the purposes of the Bill, was the transfer of responsibilities from the Financial and Development Secretary to the Governor. Well, the Honourable Member opposite may think that he is transferring responsibilities, but the Honourable the Financial and Development Secretary will know better, because he knows that under Section 3, of the Public Finance (Control and Audit) Ordinance, the responsibility rests with him to supervise the finances of the Government of Gibraltar and that therefore he cannot transfer responsibilities which are in law imposed on him. So, even when this Ordinance is passed, the Financial and Development Secretary will continue presumably to discharge, until the Public Finance (Control and Audit) Ordinance is itself amended, which of course the Honourable Members opposite are free to do, then he cannot by this Ordinance wash his hands of the responsibilities for Government finances insofar as they are affected by the Savings Bank, for which of course the Government is ultimately responsible. The other aspect that arises is the question of the Governor being ultimately responsible, that is true but the control of the Financial and Development Secretary gave a degree of confidence to depositors in that there was control of a non political nature. Now, Mr Speaker, we can go into all sorts of arguments as to whether we should have the Constitution that we have or whether in this day and age we should have a Constitution that places all the responsibility on the elected Members of the House and that would make a very interesting debate but the fact of the matter is that whilst we have the Constitution that we have the citizens of this community are entitled to know that their affairs are being conducted in accordance with it. The citizens of this community should now know that unless the Financial and Development Secretary has taken to heart my opening comments and that when they place funds on deposit with the Gibraltar Savings Bank there will no longer be a degree of non political supervision of a Constitutional kind because although the Accountant General can provide that supervision it would not be within the framework of the Constitution and whilst, in principle, I have no objection to the Bill I would like an explanation of the Government's thinking on the transfer of responsibilities and I hope that the Honourable Member opposite when he replies, will consider that it is appropriate to give that explanation.

MR SPEAKER:

Does any other Member wish to speak?

HON CHIEF MINISTER:

I have not checked what happened in November 1988, so I will have to rely on my memory, Mr Speaker. But if my memory does not fail me what I told the Member opposite was that, in fact, the amending legislation that we brought in 1988, did not do what he has just said it does. It does not do it and it did not do it then. The Hon Member did not understand it then and he does not understand it now. I do not suppose I am going to leave him any more enlightened on this occasion than I did in 1988. What I did say was that in fact in the UK the National Savings deposited in the Savings Bank of the Post Office in the UK are free for the use by the Government of the UK in whatever they want. I did not say that that is what we were doing in Gibraltar. We were not doing that in Gibraltar. We did not do it in 1988 and we have not done it now. In fact the Ordinance says the opposite, Mr Speaker. The Ordinance says that the funds of the Post Office are not generally available for expenditure of the Government. What we introduced in 1988 was a provision that the money could be advanced to the Gibraltar Improvement and Development Fund or the Consolidated Fund or the Investment Fund but it is an advance which is already, in any case, provided for in all the other special funds under the Public Finance (Control and Audit) Ordinance where the Financial and Development Secretary can, in fact, make advances from any fund in surplus to any fund in deficit in order to balance the books. If the Member opposite cares to go back to any Audited Accounts of any year since the 1968 Constitution then he will find that it was being done regularly with all those funds and continues to be done today. The only Special Fund which was not covered by that proviso, was the Special Fund which constituted the Government's Savings Bank, because it was a fund created by an Ordinance as opposed to a fund created under the General Powers of the Public Finance (Control and Audit) Ordinance. All that we did, in fact, in 1988 was to allow a situation where if we had, if the Member looks at this year's Estimates of Expenditure, in the Improvement and Development Fund then he will find, as I explained at the time of the Estimates, that we were showing a situation where we had a deficit of £10m in the Improvement and Development Fund. Obviously, if we spend £10m in the Financial Year more than we receive then where do we get the £10m from? When the Audited Accounts for the year appear the Member will find that there is a page in the Audited Accounts which shows the balances of all the Special Funds which are either owed by or owed to the Consolidated Fund. In 1988, we created legislation which enables the Financial and Development Secretary and looking at it really from the point of view of managing the Improvement and Development Fund rather than from the point of view of the Savings Bank, that if the Savings Bank had cash which was being deposited in a clearing bank then it made more sense that the Financial and Development Secretary should advance that money to the Improvement and Development Fund than for the Government to go to the bank and borrow the money. Because the money that the Bank would be lending us was really the money that

the Savings Bank had deposited with them. Why should the Bank then make a profit on our own money. That is what was done in 1988. Nothing in this Ordinance alters that at all. It did not however allow us to make use of the money as if it was Government revenue and it does not allow it now. Putting the Accountant General in the place of the Financial and Development Secretary does not alter in any way how the money can or cannot be used.

HON LT-COL E M BRITTO:

I do have the Hansard of 1988 in front of me. I apologise to the House because when I had an interruption earlier on from the Honourable Mr Perez asking for the relevance of the comments that I was making on the funds and I shall come to it in a minute, I did in fact skip that particular point which is relevant to what the Chief Minister has said now. Let me make two points, Mr Speaker, firstly that the Member who led from this side of the House on this debate in November 1988, was not myself, but the Honourable Mr Peter Montegriffo, who has now left. And secondly, that although the Chief Minister has been much clearer in his explanation today, the point that I had intended to make and which I did not make before was that in November 1988, the Chief Minister's comments were, if nothing else, ambiguous and certainly apparently contradictory, because he did say at the bottom of page 125, "about the policy of the Government to use monies in the Savings Bank, to make advances to the Consolidated Fund or the Improvement and Development Fund or the Gibraltar Investment Fund, what we have done is to introduce discretionary powers to be able to do this should it be considered desirable at any time but certainly it would not be the policy of the Government to do it". There he is saying it is not.

HON CHIEF MINISTER:

No, no, Mr Speaker. I can tell the Hon Member.....

HON LT-COL E M BRITTO:

Mr Speaker, can I finish? Later on towards the end of that speech, the Chief Minister then said "at the same time with a source of revenue for the Government that will be running the Savings Bank profitably and with an access to funds for Government projects". So this is where the confusion lies and the clarification that I intended to ask. Is it or is it not Government's policy to use money for Government projects?

HON CHIEF MINISTER:

Well, Mr Speaker, obviously I have not clarified it well enough. In fact, the quote, I did not check it but I have just looked at it now that the Member has brought it to my attention and what I said last year was precisely what I am saying now. "In the United Kingdom National Savings are treated no differently from the rest of the money raised to meet the Public Sector borrowing requirement by the

Government". I did not say that we were going to do it. We did not create the power to do it. The power that we created was to enable the money in the Savings Bank to be advanced, if it was decided that it was needed, as other surpluses in other Special Funds could already be advanced. In fact, that power, since 1988, has never been used and we have no particular reason at the moment to think that we are going to need to use it anyway. It is however a useful thing to have because if we have £48m in the Savings Bank it would be a nonsense if you had a temporary shortage of funds in the Government and to go and get an overdraft when an advance of that money would be a solution and then repay it. It is however one thing to advance money and another thing to be able to use it. Using it means appropriating it and spending it and we can only appropriate money as a result of an Appropriation Bill and that has to be from the Consolidated fund. We could say that if we have a surplus in the Savings Bank that the Savings Bank Ordinance allows us to say well we will transfer that surplus into the Consolidated Fund. Once we do that it ceases to be Government Savings Bank property and it becomes Consolidated Fund property and then you can spend it. But, making an advance is like drawing an overdraft it is a facility we created in 1988 in the Savings Bank, because we envisaged in 1988 that the Savings Bank would have much more funds than what it had had until then. In 1988, when we brought in the legislation, the Savings Bank had about £2.8m on deposit and today it has £48m. Mr Speaker, whether you had the power or you did not have the power before 1988 what you had was peanuts anyway, so it was not a very useful thing to be able to draw on if all that you had was a couple of million pounds in the context of a Government budget that runs at £100m. We are talking about a situation where your normal turnover is £2m a week, so if all that you can do is make an advance of £4m from the Savings Bank to the Government then you are talking about three days expenditure. It is irrelevant, Mr Speaker. Today we are talking about the Government Savings Bank having much larger funds on deposit and therefore what we did in 1988 was to give ourselves the same power that we already had under the Public Finance (Control and Audit) Ordinance over balances in all the other Special Funds. However in practice it is not that we intend, as a matter of Government policy, to plan expenditure on the basis that we are going to use the money in the Savings Bank it has never been used. The power is there but we are not changing the power we are just saying that instead of it being exercised by the Financial and Development Secretary it will be exercised by the Accountant General. This is on the basis that the Accountant General will effectively take more of the day to day running of the Savings Bank than he has done in the past if we proceed with the expansion of the Bank along the lines that we plan. We have at the same time a contraction in other Government activities and this will create spare capacity in the Accountant's General Department who in fact, has control of day to day investment decisions. The Accountant General is already involved in the investment of most of these funds through the Crown Agents in London. With regard as whether this indicates that the Financial and Development Secretary

is happy or not happy or anything else as far as we are concerned the Government of Gibraltar consists of people who are elected and people who are employed to carry out the policies of the Government of Gibraltar and whether the policies are carried out through the Financial and Development Secretary or through the Accountant General we answer politically for all the decisions that are taken independent of which Civil Servant is doing it and if the people of Gibraltar feel that their money is safer under the Financial Secretary than under the elected Government then the people of Gibraltar can take a decision on that at election time next year. I am not sure whether the advancement of civil rights covers that point or not, but those who believe in seeking the advance of civil rights can defend that philosophy. We certainly do not defend it and as far as we are concerned, we think that the position of the Financial and Development Secretary is a peculiar one in our Constitution. It is certainly peculiar even in a colonial set-up, let me say because most other colonies have had Ministers of Finance for the last thirty years. But at the end of the day, Mr Speaker, it is a question of using the manpower that we have in the most practical way. Its overall and ultimate responsibility for public finance is not altered in any way under Section 3 of the Public Finance (Control and Audit) Ordinance as the Honourable and Learned Member has pointed out and, in fact, the policy decision on the investment is taken by the Governor under the existing Ordinance. When we altered LLC the way that it was amended in the Bill originally published inadvertently meant that the Accountant General would be free to take decisions on investments without clearing it with the Government. That was not acceptable to us and it is not what the Financial Secretary has to do now. What we were doing was retaining the relationship between the Official and the elected Government that exists in the present Ordinance but having a different Official. Mr Speaker, for us all Officials are the same and they all get paid by the taxpayer to carry out the policies of the Government, irrespective of their titles.

HON P R CARUANA:

Mr speaker, can the Chief Minister give way? Before he moves on because I would just like to take him back to and I apologise to him for not interrupting him immediately, his explanation to the Honourable and Gallant Mr Britto when he expressed the view that Government power to borrow from the Savings Bank or the funds of the Savings Bank, was really of the same nature as the powers that already exists to borrow a surplus from a Special Fund.

HON CHIEF MINISTER:

No, Mr Speaker.

HON P R CARUANA:

That is how I understood it. Well the question that I would ask him and then he can perhaps correct me and answer in

the same intervention, is, whether the Chief Minister agrees that borrowing from the Savings Bank is equivalent to borrowing from a commercial bank? They are not Government monies that might be contained in a fund. Does he take the view that the Borrowing Powers under the Borrowing Powers Ordinance are relevant when it comes to borrowing money from the Savings Bank?

HON CHIEF MINISTER:

The answer, Mr Speaker, is that I am not talking about borrowing. The limitations on borrowing public debt are laid down in the Loans Empowering Ordinance, and that has a ceiling of £100m. What the Public Finance (Control and Audit) Ordinance permits is advances to be made which do not count as public borrowing. Because otherwise effectively every time you have a temporary cash-flow problem and you are borrowing the Public Debt would grow consequently. Now, in practice, what you do is that you have a series of vehicles, funds of which one is the Consolidated Fund and the other one is the Improvement and Development Fund and where we are voting to spend a certain amount of money in anticipation of receiving that amount of revenue. So if we have voted this year to spend £70m out of the Consolidated Fund and £60m out of the Improvement and Development Fund, we are expecting during the course of the next twelve months to spend £130m and to receive £130m. But, they do not happen simultaneously. There are every day of the week situations where the money coming in is in excess of what you are spending and other days when the money that you are spending is in excess of what you are receiving. So at the end of business, at 5 o'clock every day, those funds are either in the black or in the red. Technically, on paper they are made to balance by a book transaction by an advance from another fund. Until we amended the law in 1988 that could be done with cash balances, unvested money of all the Special Funds except one which was the Government's Savings Bank. We introduced the possibility of being able to do it in respect of the Government's Savings Bank but only for investment accounts and not for ordinary accounts. This was on the basis that since investment accounts are accounts which people have committed for longer terms and therefore have to give longer notice to get it out. If therefore you are effectively balancing your daily cash-flow by a temporary advance you cannot afford get caught in a situation where the depositor says, "I want to have my money back" and you cannot pay him because in fact you have made a temporary advance. So the mechanism was extended in 1988 to be able to use it in respect of cash balances in the Post Office but in practice to date there has been no need to make use of it and in fact the Bill before the House in no way alters that mechanism.

HON P R CARUANA:

Mr Speaker, if the Honourable Chief Minister will give way? I am grateful to him for his explanation. My confusion was based on my misapprehension which I now know to be wrong

in that the Savings Bank is a Special Fund and I was not aware of it at the time that I intervened and interrupted him.

HON CHIEF MINISTER:

The 1988 amendment would have been totally unnecessary because it would have already been covered by the existing law. I do not quite know why it is, I think, that it is probably a historical accident in that in all probability the Savings Bank preceded the Public Finance (Control and Audit) Ordinance and preceded the 1968 Constitution. So because in fact the Government Savings Bank Ordinance is much older the concept of the Special Fund and the concept of the availability of money from one Special Fund to another to meet cash-flow requirements came subsequent to the enactment of the Government Savings Bank. Mr Speaker, I think I have, in fact, answered the points of the Members opposite. As I have said at the moment, frankly, whether we will actually eventually proceed down this road or not we are not entirely sure because it depends on other changes taking place within the Civil Service and if we feel that the workload of the Accountant General or the development of the Bank in other directions would be better served by continuing with the present system and continuing with the responsibilities under the Financial and Development Secretary then we shall be doing that. We however wanted to have the option to move in one direction if it was really needed and as we develop the facility we will find that we are better off organised the way we are and we intend to retain the existing situation. As far as we are concerned, Mr Speaker, it does not alter in any way the relationship between the political responsibility for the policy and the mechanical bureaucratic role of the professional engaged in carrying out and putting into effect those policies and that is irrespective of which Officer happens to be doing the job. As regards the new introduction of bonds, I think, perhaps it is opportune although this was planned, of course, before the BCC situation arose, primarily for the reasons that my colleague has given that we obtained £1m which is maturing in August/September and we want to give people the opportunity of re-investing that money instead of taking it abroad or taking it elsewhere. But of course, I think, in the light of what I said this morning in answer to the points made by the Honourable Mr Mascarenhas clearly the vehicle that we are creating gives us a flexibility to create perhaps things which are competitive in the Market without in any way producing a risky situation for the investors and it is better if our people invest their money in the Peoples' Bank.

MR SPEAKER:

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

HON J C PEREZ:

Mr Speaker, the Honourable the Chief Minister has left little for me to reply to. Other than to say that perhaps all

is not lost because it does seem that if you repeat the argument often enough then it does reach some people. I am not sure whether Mr Britto has been or has not been swayed by the arguments but certainly the GSD representative who last time, voted against now seems to have been swayed by the argument. So we might have a situation where the GSD has changed its position in the House as a result of the explanations. We might still have Col Britto following the previous deputy Leader of the AACR and one time Leader of the GSD who has resigned, so it is an interesting situation which we will all be watching.

HON A J CANEPA:

Mr Speaker, I think I have the right to know how we are going to vote. Having consulted the Members of the Association for the Advancement of Civil Rights, we take the view that we would like to put it to the people in our election campaign. We ought to advance Civil Rights and that there should be greater devolution to the elected Members of the House. However, having regard to the number of elected Members of the House who have invested in the now defunct Bank we have doubts as to whether the electorate might prefer to leave the matter in the hands of the Government or the Financial and Development Secretary. Insofar as the Members of the Gibraltar Labour Party are concerned since there are not enough here for me to consult we therefore shall be abstaining.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

The Bill was read a second time.

HON J C PEREZ:

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

This was agreed to.

THE CRIMINAL PROCEDURE (AMENDMENT) (NO.2) ORDINANCE, 1991

HON ATTORNEY-GENERAL:

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

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

SECOND READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, in a few words, this Bill is yet another exercise in implementing into the Criminal Legislation in Gibraltar provisions which have existed in the United Kingdom now for several years. I have given notice of my new amendments which I will be moving at Committee Stage, but that does not affect what it is now appropriate for me to say so far as the general principles of the Bill are concerned. Part 2, of the Ordinance, deals with arrest and search and Section 39 and 40, deals with the powers of the Police and the Court, to take, or as the case maybe order the taking of photographs and fingerprints. The provisions which this Bill seeks to insert into the Ordinance have been adapted from the relevant provisions contained in the Police and Criminal Evidence Act 1984, which in the United Kingdom it is known as PACE. Clause 2 of the Bill merely amends the relevant subheading and Clause 3 amends Section 39 by extending the powers of the Police to take, not only photographs and fingerprints and measurements, but also other prints such as but not exhaustively speaking, Mr Speaker, palm prints or foot prints, non intimate samples and samples of saliva or urine. At the present time such can only be taken from a person who has attained the age of at least fourteen years and this Bill does not seek to alter that, Mr Speaker, the age limit will still remain at fourteen years. Clause 4, amends Section 40 of the Ordinance. Similarly extending the Court's powers and Clause 5, which inserts a new Section 40(A) and defines what is meant by other prints, non intimate samples and intimate samples and requires that an intimate sample must be taken by a duly registered Medical Practitioner. The new Section also deals with the inferences the Court can properly draw in cases where a defendant has refused to submit to the taking of an intimate sample without good cause after having been requested so to do. The Bill has been prepared, Mr Speaker, as a result of difficulties arising from a particular recent case and I am happy to say has the approval of all Members of the local judiciary. Obviously, Mr Speaker, it will only be in clearly appropriate cases where these additional powers would be used and where it is necessary to seek a Court Order for making a refusal of such an Order

is of course entirely a matter for the exercise of the relevant Court's discretion. I do hope, Sir, that Members opposite, who will have no difficulty in supporting the Bill, which I now commend to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, we have no difficulty in going along with the provisions of this Bill. We welcome them. The only problem that we had when considering the Bill, was to find where it is that as explained in the Explanatory Memorandum by Order of the Court where those powers are enacted. We have assumed that there are existing powers presumably under some part of this Ordinance, whereby by Order of the Court, such samples may be taken, but we were not able to find those and we just wish as a matter of clarification to hear what the Attorney-General has to say about that.

HON K B ANTHONY:

Mr Speaker, I think my colleague, the Honourable the Leader of the Opposition was referring to Section 40, where the Magistrate orders these to be done. There is only two points that I would like to have clarified by the Honourable the Attorney-General. The extension beyond photographs and fingerprints now to other parts of the body, measurements, samples of saliva and urine, presumably all Police are now going to be trained on how to take these because obviously they must go from the Police Station presumably to a Medical Practitioner for checking before they go back to the Court with the samples. Secondly, I notice that there is no mention of sex of the offender over fourteen. Will it be the policy for male Police Officers to take samples from females who may be the age of fifteen? Could the Hon the Attorney-General please clarify? Apart from that we will support the Bill.

MR SPEAKER:

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

HON ATTORNEY-GENERAL:

Can I say firstly, Mr Speaker, I am very grateful to the Members opposite for their support of the Bill. We have not heard from the Honourable Mr Caruana, but I presume that he supports the Bill also as he has not said anything to the contrary and indeed he is indicating his support for it and I thank him also. Mr Speaker, the Honourable Mr Anthony, has indeed answered correctly the point raised by the Honourable the Leader of the Opposition and it is Section 40, where the powers that the Honourable the Leader of the Opposition was enquiring about do indeed exist. So

far as the taking of samples is concerned, Mr Speaker, I do not envisage any difficulties so far as the taking of intimate samples are concerned. I have said already that the Bill stipulates that they must be provided or taken by a duly registered Medical Practitioner and there is nothing and there never has, as far as I am aware, been deemed to be anything wrong about a doctor of a male sex examining a person of a female sex and vis-versa, female doctor, for example, taking a sample from a male person. There has never been any difficulty with that. But, certainly, so far as the taking of non intimate samples are concerned, Mr Speaker, I have already spoken to the Commissioner of Police and expressed the view that when it comes to the taking of a sample from a male person, that it should of course be taken by a male Police Officer. Similarly, then perhaps even in more rare cases where a female suspect is required to give a non intimate sample, that of course should be taken by a female Police Officer and happily we do have a few if not many female Police Officers in Gibraltar. So far as the training of the Police is concerned, Mr Speaker, no arrangements, I understand have been made yet to send Officers on any particular course. The Commissioner does not feel it is necessary since the analysis of any samples taken is likely to be carried out not in Gibraltar but in the Forensic Science Laboratory at London. This is the present practice and it is proposed that this particular practice will continue. Mr Speaker, I hope that I have dealt adequately with the comments made. I will give way as it is being indicated to me, the Honourable Col Britto wishes to raise a point.

HON LT-COL E M BRITTO:

Mr Speaker, just to clarify this question of Section 40. The way that I understand the Explanatory Memorandum, it provides for prints and samples by consent or by Order of Court. The way I read Section 40, it provides only for measurements, photographs and fingerprints and not for samples intimate or non intimate.

HON ATTORNEY-GENERAL:

No, Mr Speaker, Section 40 does at present, but Clause 4 of the Bill, as the Honourable Member will have noticed seeks to amend Section 40, by omitting the existing relevant words and fingerprints and substituting the words fingerprints, other prints and non intimate samples. Now intimate samples, I think Mr Speaker, I have not got the actual Ordinance in front of me at the moment so I am a little bit at a disadvantage. Apparently my point is accepted, Mr Speaker, so I do not think that there is any further point to say anything further. I am obliged.

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

THE CRIMINAL OFFENCES (AMENDMENT) ORDINANCE, 1991

HON ATTORNEY-GENERAL:

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

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

SECOND READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, I am very pleased to be able to tell the House that my address in presenting this Bill will happily be extremely short. Section 277 1(B) of the Criminal Offences Ordinance at present precludes sea bathing at any of the beaches mentioned only when there is a notice exhibited at such beaches and at Central Police Station to that effect. Clause 2 of the Bill replaces that paragraph and renders bathing unlawful at any of those beaches when there is a red flag displayed. The sole object of the Bill, therefore, Sir, is to effect that minor amendment to take account of the revised arrangements which are about, indeed may well have already been put into operation, warning the public when it is safe or unsafe to bathe in the sea at those locations. The maximum penalty for transgression of those provisions, Mr Speaker, remains a maximum fine of \$50. Sir, I commend the Bill to this House.

MR SPEAKER:

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

HON K B ANTHONY:

Mr Speaker, we have no objection at all to supporting this Bill. The only thing I wonder is why is not the word red included instead of using a flag because it should actually be made clear no problem at all. But apart from that we will still support the Bill, Mr Speaker.

MR SPEAKER:

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

HON ATTORNEY-GENERAL:

Thank you, Mr Speaker, once again I express my appreciation for the support of the Opposition. The reference to red flag was purely my reference in addressing the House, Mr Speaker. There is no inclusion of the word "red" in the amendment which the Bill seeks to impose. I simply used the word "red" myself because I gather it is a flag of that colour which is intended to be used on those occasions when it is considered appropriate to display a flag at all.

HON J E PILCHER:

Mr Speaker, to answer the Honourable Member opposite, the colour of the flag is actually in the beach regulations. At the moment internationally, it is red, but if there was a situation where internationally the colour of the flag were to change then we would have to change the law if it had red. So it is better to have flag and then it is the Beach Regulation which specifies the colour of the flag.

HON K B ANTHONY:

Mr Speaker, I do take that point. I was concerned about the EEC Regulations. They come out every day and there are hundreds and if they say the flag should be yellow or pink or something else.

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

HON ATTORNEY-GENERAL:

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

This was agreed to.

THE IMPORTS AND EXPORTS (AMENDMENT) (NO.2) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The need for this Bill stems merely from the need to address a clerical error. The referencing in the Amendment Bill to a new subsection (d) did not reflect the existence in existing Subsection (d) approved by the House at its previous sitting and which has in fact yet

to be brought into effect. I regret the need to take up the time of the House in this way, but nevertheless I commend the Bill to the House.

MR SPEAKER:

Before I put the question does any Honourable Member wish to speak on the general principles and merits of the Bill? If no other Member wishes to speak I will call on the mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have nothing further to add Sir.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

The House recessed at 5.00 pm.

The House resumed at 5.25 pm.

HON A J CANEPA:

Mr Speaker, before we go into Committee, perhaps you will allow me to make a short statement by way of clarification. This morning when we were discussing the question of BCCI, I referred to a question in a radio interview and I have now seen the full transcript of the interview. The question that I myself had objected to was one later on in the interview where the interviewer asked "What impression do you think this is going to give of Gibraltar for the rest of the world now even though this is not similar to Barlow Clowes and it is really international and out of Gibraltar's control? In fairness to the interviewer that question was asked after two interviewees were the ones who had made the point that they had lost confidence in Gibraltar and he himself had earlier made the point "Is it not unfair though to have lost confidence in Gibraltar because really this is a very large international company and you really cannot pin this one on Gibraltar because it is different. So perhaps in the context of the whole interview the particular question that I took exception to and another Member took exception to, was not as bad as all that and the interviewer did try clearly to retrieve the position having regard to comments that were made by two interviewees. So I would accept that in the context of the whole interview the matter was not so bad.

COMMITTEE STAGE

ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Gibraltar Heritage Trust (Amendment) Bill, 1991; The Patents (Amendment) Bill, 1991; The Limited Partnerships (Amendment) Bill, 1991; The Port (Amendment) Bill, 1991; The Births and Deaths Registration (Amendment) Bill, 1991; The Companies (Amendment) Bill, 1991; The Petroleum (Amendment) Bill, 1991; The Licensing and Fees (Amendment) Bill, 1991; The Stamp Duties Bill, 1991; The Gibraltar Shiprepair Limited (Repeal) Bill, 1991; The Traffic (Amendment) Bill, 1991; The Savings Bank (Amendment) Bill, 1991; The Criminal Procedure (Amendment) (No.2) Bill, 1991; The Criminal Offences (Amendment) Bill, 1991 and The Imports and Exports (Amendment) (No.2) Bill, 1991.

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

THE GIBRALTAR HERITAGE TRUST (AMENDMENT) BILL, 1991

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

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

THE PATENTS (AMENDMENT) BILL, 1991

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

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

THE LIMITED PARTNERSHIPS (AMENDMENT) BILL, 1991

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

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

THE PORT (AMENDMENT) BILL, 1991

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

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

THE BIRTHS AND DEATHS REGISTRATION (AMENDMENT) BILL, 1991

Clauses 1 to 22 were agreed to and stood part of the Bill.

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

THE COMPANIES (AMENDMENT) BILL, 1991

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

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move in Clause 2(b) that the word "statutory" be omitted and the word "standard" be substituted therefor.

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

Clauses 3 to 14 were agreed to and stood part of the Bill.

New Clause 15

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I have given notice of my proposal to insert a new Clause 15 in the Bill to the effect that all private companies will be required in future to have a minimum of one director. Mr Chairman, with the indulgence of Honourable Members I can take the proposed text I circulated as read. As the House is aware from recent legislation Government attaches considerable importance to the re-enforcing of the obligations of Company Directors to ensure that the legal obligations of the Company are met. It has come to my attention that a number of private companies on our Company Register have no directors at all against whom such obligations can be enforced. There are situations where for private companies under our Companies Ordinance, as it stands, and it is a potential hindrance, for example, in Government's efforts to enforce tax debts. The new Clause requires that there must be at least one Director for a private company as opposed to two Directors already obliged in respect of public companies. Perhaps one other point that I should draw to Members attention is that an EEC Directive now in draft is understood to require at least one Director for what is defined as small companies. Therefore in proposing this amendment, we are in some ways anticipating the trend of EEC obligations. As a consequence of this proposal Clauses 15 to 20 will be renumbered 16 to 21 appropriately if Honourable Members agree.

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

Renumbered Clauses 16 to 21 were agreed to and stood part of the Bill.

New Clause 22

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I have also given notice of an intended new Clause 22 to the Bill, seeking to introduce a new Part 9A to the Ordinance. Following suggestions that some of the

technical details of the proposal needed further definition I have more recently circulated, it should be on Honourable Member's table at the moment, a more simple version of the new Clause 22, which enables those details to be specified in regulation and I should emphasize following consultation with practitioners. Proposals have been made that an extra string to the bow of our Financial Services Sector could be achieved by enabling the migration to Gibraltar of Companies domiciled elsewhere in Europe. This is known internationally as re-domiciliation. On the assumption that the House would welcome an opportunity to broaden the activities of our Finance Centre, the proposed new Clause would, with the safeguards proposed give effect to this objective. Re-domiciliation of the Company from its existing country of domicile is a facility offered by a number of other jurisdictions. In the proposals before Hon Members it is intended to limit the facility to companies currently registered and domiciled elsewhere in Europe. This is to ensure in the first place that the facilities is only open to other European companies which have been formed in accordance with EEC Directives and which of course Gibraltar has a mutual obligation with all Member States as to the minimum requirements. Furthermore, it can be seen as a positive step that Gibraltar is taking in the process towards the concept of a Euro Company. We envisage that such relocation may be attractive to the Companies that we hope to attract to Gibraltar with the new physical and service structure that is currently being created. It is considered necessary that certain safeguards should be adopted to ensure that such a facility is not abused by a Company changing jurisdiction for other illegitimate reasons. These would include, for example that a Certificate of good standing would be required from the competent authority of the Country in question. In addition evidence would be required that the outward re-domiciliation is permitted under the laws of the Member State, for example, that those protecting the interests of creditors and shareholders have been observed. In addition it is intended that the regulations would provide for a transitional procedure to be followed in respect of the process of migration about which the Company in question effects that its structural changes necessitated by the move into Gibraltar's jurisdiction. I apologise to the House for introducing this amendment at Committee Stage but I hope that Honourable Members will be able to support the new Clause in view of the opportunities that the concept presents for the growth of our Finance Centre. If the proposals are agreed the subsequent Clauses 23 to 27 of the Bill will be renumbered 24 to 29.

HON P R CARUANA:

Mr Chairman, I am grateful to the Honourable the Financial and Development Secretary and indeed to the Members opposite generally for having listened to me during the course of the lunch adjournment in relation to observations that I had in relation to the original amendment as proposed. Would the Honourable the Financial and Development Secretary confirm that in relation to the regulations which will now need to be drafted in order to give effect to the proposal that

is before the House, which is really an enabling section, will he simply repeat what he has already indicated to me that he will consult the Finance Centre in whatever form of consultation he considers appropriate so that there is the greatest possible input as to the structure that he hopes to create through those regulations.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I will consult in that way, Mr Speaker.

New Clause 22 was agreed to and stood part of the Bill.

Renumbered Clause 23 was agreed to and stood part of the Bill.

Renumbered Clauses 24 to 28

HON P R CARUANA:

Again, Mr Chairman, on a purely secretarial point. I do not know if we have got to the Section on the renumbering. But are we now covering old Clause 27 of the Bill? And if we are, in 27 is the reference to Section 10 not a mistake for Schedule 10?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I have given notice of the proposed new proviso to both Clauses in the new numbering 24 and 25, which deal with the prospectuses in relation to foreign incorporated companies. Since the Bill was published, representations have been made that a full translation of the prospectus for the purposes of registration is burdensome where the subject of the prospectus is only to be marketed in the EEC Country of the language in question. It is therefore been supervised under the marketing rules of that Country. It is proposed therefore in the proviso to allow in these circumstances a synopsis in English to be registered together with the foreign language version of the full prospectus where the synopsis is certified by a lawyer. This further extends the principle reflected in Clauses 24 and 25 of relying on home authority supervision in keeping with the EEC market integration objectives. It is felt that there is little point in obliging the cost of a full translation which can be substantial if the effective supervision is in fact being exercised in the language of the Country in question.

HON P R CARUANA:

Mr Chairman, I have not said that I do not agree with the rationale behind that proposal but I think it must be objectionable in principle for any document to be filed at a public registry in an English speaking Country in a language in which it cannot be understood by those exercising their Statutory rights to search the public register. It defeats the whole purpose of the public register and frankly

if this proposal is intended to attract to Gibraltar operators that consider the £500 cost of the translation now that it can be done by computer to be excessive then I would question whether those are the sort of operators to which the whole proposal is intended to attract. I would urge the Members opposite to acknowledge the principle that documents in public registries of Gibraltar should be registered in the English language so that they can be understood by those who exercise the right to search that register. In relation specifically to prospectus, may I say, that the result that will ensue from allowing prospectuses to be filed in a foreign language, is that the legal profession who may be called upon by third parties to advise on whether that document complies with the laws of Gibraltar, or whether it contains anything which is inimical to the laws of Gibraltar they will not be in a position to render that advice because the document will not be in an intelligible state. If the object of this particular amendment and the one that follows it is to save a potential user of Gibraltar the cost of translating a document then, in my opinion, that is an insufficient reason to abandon the principle, longstanding, that public documents should be filed in the language of the State.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think, Mr Chairman, that the Honourable Member misses the point a little bit. In this Clause we are dealing only by definition with prospectuses that relate to a product to be marketed in the Country in the language in question. Under those circumstances the only people likely to be interested in the prospectus are those coming from that particular Country. However, having conceded the point on the previous amendment, Mr Chairman, that I will take the question of re-domiciliation back for consultation I am in fact quite happy to withdraw this one as well as there is no urgency about it and I will undertake consultation with the Finance Centre institution in the same way. I will withdraw the amendment.

HON P R CARUANA:

Mr Chairman, that is wholly reasonable and I am grateful to the Honourable Member for adopting it.

MR CHAIRMAN:

Could I ask the Financial and Development if he is withdrawing those amendments?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am withdrawing the proposed amendments to the new Clauses 24 and 25, Mr Chairman.

Mr Speaker put the question which was resolved in the affirmative and renumbered Clauses 24 to 28 were agreed to and stood part of the Bill.

Renumbered Clause 29

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, as has already been referred to there is a typing error in this Clause. The word "Section" should be substituted for the word "Schedule".

Mr Speaker put the question which was resolved in the affirmative and renumbered Clause 29, as amended, was agreed to and stood part of the Bill.

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

THE PETROLEUM (AMENDMENT) BILL, 1991

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

Clause 2

HON P R CARUANA:

Mr Chairman, I understand that the principles of this Bill have already been debated, but I think, subject to your guidance, that I will be allowed to make a point at Committee Stage. Mr Chairman, are the Members opposite aware that as drafted this Bill in effect re-introduces the death penalty to Gibraltar for offences under the Petroleum Ordinance. Clause 2 of the Bill says half down just before the brackets "spillage or escape of petroleum, the Court by which he is convicted, in addition to dealing with him in any way may make an order requirement to carry out inspection". That presumably is not intended to give a Court the power to deal with an offender under this Ordinance in any way. That presumably means instead of imposing any other sanction available to the Court, it is not leaving open-ended the penalties that a Court can impose for offences under the Petroleum Ordinance. What it actually says at the moment at the risk of repeating myself is "in addition to dealing with him in any way". And I am sure that is not the intention and I would propose that the words "In addition to dealing with him in any way", be deleted and substituted by the words "instead of imposing any other sanction available to the Court".

HON ATTORNEY-GENERAL:

Mr Chairman, if I can deal with the point raised by the Honourable Mr Caruana. It is a fascinating thought which I would like to have time to contemplate to re-introduce the death penalty, thumb screwing, flogging and the like but I think, if I make any attempt to do so in Gibraltar, I will be accused of acting unconstitutionally and breaching that fundamental right afforded under the Constitution which protects persons from cruel, inhuman or degrading treatment. No, of course, Mr Chairman, that is not the intention in any way proposed by this Bill. The Court's powers on conviction are clearly set out and what the Bill says is that in addition to exercising the powers which are available

to the Court under the provisions of the Ordinance, and I think that has been made clear with respect to the point my Learned friend the Honourable Member has tried to raise and I cannot see it is necessary at all, Mr Chairman, with respect, to accede to his suggestion that amendment should be effected. It seems to me clear already that the Court in addition to exercising the legitimate powers available to it which are committed by the Ordinance can exercise the powers in appropriate cases, if it wishes, in the exercise of its discretion set out in subclause 2 of Clause 2 of this Bill.

HON P R CARUANA:

Mr Chairman, with the greatest of respect to the Learned Attorney-General, I simply do not agree. Where is it made clear in the new proposed Subsection 2, that the powers of the Court to punish an offender is limited by reference to the penalties properly imposable by reference to other parts of the Ordinance? What the Section actually says is the very opposite. What the Section says simply is that the Court may deal with him in any way and that is not statutory language that I have come across in relation to any Ordinance imposing a penalty. What that means is precisely what it says "that the Court may deal with an offender in any way" and those words are not susceptible to any other interpretation. They are three very short simple words, their meaning is clear in the English language, they deal with him in any way. In any way means, in any way, and not by reference to any way that has been established beforehand.

HON ATTORNEY-GENERAL:

No, Mr Chairman, I do not accept that, with respect, and I am not prepared to engage in lengthy legal arguments in this House because it is not the appropriate forum. I am satisfied, it is not unconstitutional or unlawful in any way to express this Bill in that manner and if the Honourable Member wishes to assert otherwise there is an appropriate place for doing that and this, with respect, is not the place to make such assertions and argue at length on legal points.

HON P R CARUANA:

With the greatest of respect, Mr Chairman, I do not accept that extraordinary proposition either. The fact of the matter is that I am a Member of the Legislature, at Committee Stage of the Bill, and that this is precisely the place which I should be making these points. The fact of the matter remains that here is a badly drafted Section. I am making what I would have thought was a perfectly simple point and the Learned Attorney-General, for reasons of his own, appears not to be willing to recognise the obvious, that the Section gives the Court this power, and it says so, "In addition to dealing with him in any way". Now which of those words does he find ambiguous, contrary to the sense that I am suggesting that they have? I do not propose to

make this point again, it must be so obvious that the Government can use the majority if they so wish to give the Court the power.

HON A J CANEPA:

I propose, Mr Chairman, that the words "As provided for under this Ordinance" be added after the words "in any way" in Clause 2(c), Subparagraph (2) of the Bill and that will mean that we are doing our proper job as legislators and not engaged in confrontation in a Court of law. My proposal is that we add the words "as provided for under this Ordinance", after the words "in any way", which appear in Clause 2(c)(2) thereof.

HON J C PEREZ:

Mr Chairman, the amendment that is being proposed by the Honourable the Leader of the Opposition is one which limits it to this Ordinance and the offences can be punishable under other Ordinances. The position of the Government really is that we take the advice from the Attorney-General and if the Hon Attorney-General says that this does not say what the Learned Member opposite says it says, then we will vote with the Attorney-General.

HON ATTORNEY-GENERAL:

Mr Chairman, it is very comforting and reassuring the support I am getting from so many persons. But, Mr Chairman, I stand fully with what I have said and I do not seek to renege in any way from that. I am quite sure in my own mind personally irrespective of what, with great respect, the Honourable Mr Caruana has said, that it is clearly implicit that the Court can only do what the Court is empowered by legislation to do when imposing a sentence but if it will ease any fears or unease which the Honourable Members on the opposite side of the House may still have, I would be happy, subject to anything that other Members on this side of the House wish to say about the matter. I would not be unwilling, personally speaking, Mr Chairman, to support an amendment, if after the words "in any way", the following words should be inserted, we should perhaps miss out the comma for the time being after the word "way" and we should insert the words "in any way permissible under this or any other Ordinance". And if the words "permissible under this or any other Ordinance", were inserted, perhaps that would ease, with respect, unnecessary fears, I think, which the Honourable Member has.

HON P R CARUANA:

I am grateful to the Honourable Member for humouring me. That is the second time that I have asked to be humoured today and at last I have succeeded. But I cannot agree with his interpretation although I am gratified to learn that the Honourable Members opposite undertake to take your advice on all occasions.

MR CHAIRMAN:

Is the Honourable Attorney-General going to put this as his amendment?

HON ATTORNEY-GENERAL:

Yes, I am not the proposer of the Bill, Mr Chairman, but unless anyone else wishes to move the amendment.

HON P R CARUANA:

For the sake of consistency, Mr Chairman, would the Learned Attorney-General note that the same point arises in relation to Subclause (7) at the foot of the other page, "and in addition to dealing with him in any way may order that the cost thereby incurred by the Licensing Authority should be reimbursed". So can I propose that he moves the 'same motion or perhaps he would like somebody from this side of the House, I would happily move it, the same amendment to that.

HON ATTORNEY-GENERAL:

As we are only about five months away from the season of goodwill, Mr Chairman, we all seem to be on amicable terms at least at this moment. I am happy to accede to the suggestion made by the Honourable Member and to propose that a similar amendment be made to Subclause (7) in my terms. What I am moving is that in Subclauses (2) and (7) of Clause 2 of the Bill, in each case after the words "In any way", we omit the comma and insert the words "permissible under this or any other Ordinance". In both Subclauses (2) and (7).

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

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

THE LICENSING OF FEES (AMENDMENT) BILL, 1991

HON A J CANEPA:

We are happy to support, Mr Chairman, Clauses 1 to 15.

Clauses 1 to 15

On a vote being taken on Clauses 1 to 15 the following Hon Members voted in favour:

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon Lt-Col E M Britto
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham

The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Member voted against:

The Hon P R Caruana

Clauses 1 to 15 stood part of the Bill.

Clause 16

On a vote being taken on Clause 16 the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Member voted against:

The Hon P R Caruana

The following Hon Members abstained:

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

Clause 16 stood part of the Bill.

Clause 17

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have given notice of two minor amendments to Clause 17. Firstly, by omitting the symbol "£" which is incorrect and should be deleted. Also in paragraph (k) by omitting the expression "Part II" and substituting therefor the expression "item 11".

HON K B ANTHONY:

The Head in part 1, "Cramage Charges", I think that should be "Cranage Charges", in Section 17.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Mr Chairman, and I move that in subparagraph (h) that the heading referred to in Part I should read "Cranage Charges".

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

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon Lt-Col E M Britto
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Member voted against:

The Hon P R Caruana

Clause 17, as amended, stood part of the Bill.

Clause 18

On a vote being taken on Clause 18 the following Hon Members voted in favour:

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon Lt-Col E M Britto
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Member voted against:

The Hon P R Caruana

Clause 18 stood part of the Bill.

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

THE STAMP DUTIES BILL, 1991

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

Clause 5

HON P R CARUANA:

Mr Chairman, in relation to Clause 5, it reads "except where express provision to the contraries made by regulation". I would like to make a point, that it is not customary Parliamentary practice to enable Ordinances to be overridden by regulation and my point there is that nothing that is said in a Regulation under an Ordinance can override as a matter of standard drafting technique, what is said in the Ordinance. I would object to the inclusion of the words "either by regulation".

HON ATTORNEY-GENERAL:

Mr Chairman, what the Honourable Member misunderstands, I think, is the provisions of Section 23 (d) of the Interpretation and General Clauses Ordinance, which says "no subsidiary legislation must be in conflict with the provisions of any Ordinance". That is not what Clause 5 says here. Clause 5, in effect contains an express enabling provision to make regulations for appropriate purposes, notwithstanding any expressed provision to the contrary in any Ordinance. That is very different, Mr Chairman, from not having such an enabling power and nonetheless making regulations which specifically are in conflict with the provisions of an Ordinance. I think the Honourable Member needs to understand, with respect, the subtle distinction between those two matters.

HON P R CARUANA:

The Honourable Member both understands the position and disagrees with the explanation as to the distinction just given by the Learned Attorney-General. It is not a point upon which we are going to agree but I do not accept the distinction that the Learned Attorney-General makes.

Mr Speaker put the question and on a vote being taken on Clause 5 the following Hon Members voted in favour:

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon Lt-Col E M Britto
The Hon A J Canepa

The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Member voted against:

The Hon P R Caruana

Clause 5 stood part of the Bill.

Clauses 6 to 25 were agreed to and stood part of the Bill.

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

THE GIBRALTAR SHIPREPAIR LIMITED (REPEAL) BILL, 1991

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

HON P R CARUANA:

Yes, Mr Chairman, only in relation to the explanations that the Honourable Members opposite have given in relation to the Bill. It seems interesting to note that the only part of the Ordinance that this Bill proposes to retain is that part which serves the Company and everything else has been repealed.

HON A J CANEPA:

We are going to vote against this Bill in the Third Reading. We have voted against at the Second Reading so to be consistent we should vote against all the Clauses. Mr Chairman, there are very few Clauses. I do not think we ought to vote against Clause 3.

Clause 2

On a vote being taken on Clause 2 the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

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 P R Caruana
The Hon M K Featherstone
The Hon G Mascarenhas
The Hon Dr R G Valarino

Clause 2 stood part of the Bill.

Clause 3 was agreed to and stood part of the Bill.

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

THE TRAFFIC (AMENDMENT) BILL, 1991

Clauses 1 to 24 were agreed to and stood part of the Bill.

Clause 25

HON J C PEREZ:

Mr Chairman, in Clause 25(a)(ii) where it says "provide", it should read "provided". So it is a substitution of one word by the other.

HON A J CANEPA:

Mr Speaker, earlier today, during the Second Reading of this Bill, the Honourable the Minister for Government Services, referred to the advice that he was being given by Officials. Now I know that he does not drive a motorcar and I would warn him for his own sake about the extent to which he is continually taking advice from the experts on the question of traffic. There is, I can tell the Honourable Member, a considerable amount of harrassment of motorists going on. Life is not being made easy for any motorist, particularly someone wishing to park his car. And, what is being provided for under this Clause, whereby, whether it is done in the United Kingdom or whether it is not, I can tell him, that whereby when one parks ones car, one is supposed twenty four hours later to come and check whether seventy metres away there is not a sign saying that the car should not be parked there, moreso in winter when it is dark at an early time and it could be raining and, this in my view, is an unnecessary harrassment of the motorist. This is not an isolated instance, it is part and parcel of a package of measures in which I fear that the Minister is taking the advise that he is being given a little bit too readily. I have heard him comment about the need, of course for refuse collectors to have to collect refuse and of cars parked in such a way that it does not enable that operation to take place or streets to be cleaned and so on. This is another matter altogether and I can tell the Honourable Member that there are parts of Gibraltar where these signs are put up far too readily making the life of the motorist a misery.

HON J C PEREZ:

Mr Chairman, the Hon Leader of the Opposition is missing the whole point. He made that point at the time of the Budget but this Ordinance has nothing to do with it. The fact that I have taken the advise of using the yardstick of 70 metres instead of 50 metres, if he would read, he would see that it is 35 metres from the place of the alleged offence. So we are cutting that by half on the argument put by his colleague.

HON A J CANEPA:

No, because if you park your car and you have to go 35 metres one way and then come back to your car 35 metres and back again.

HON J C PEREZ:

Not according to the Ordinance that is in front of the Honourable Member. Mr Chairman, the Honourable Member is being a bit critical of me for taking advise from the professionals. I agree with him that on some occasions the professionals are too professional about it. But, frankly, whether signs of "No parking" should be put 50 metres away or 70 metres away is not a very grave issue for me to go with a measuring tape and measure the distance to see whether it is right or not. It has nothing to do with knowing how to drive or not knowing how to drive.

HON K B ANTHONY:

Mr Chairman, I listened carefully to what the Honourable Minister has said. He said in his earlier contribution that he has taken advise from the Transport Commission in accordance with the law, but he has not asked the advice of the largest body of persons concerned, the motorists. Has the Hon Minister asked the motorists?

HON J C PEREZ:

Well, I might have a referendum on it, Mr Chairman.

HON K B ANTHONY:

It is not a matter of referendum Mr Chairman, it is simply that it is the motorist who is at the wrong end of the stick.

HON J C PEREZ:

Does the Honourable Member think that the Traffic Commission have no motorists? Or that the Police have no motorists?

HON K B ANTHONY:

I reiterate what I said earlier Mr Chairman. 70 metres between signs is too much.

HON J C PEREZ:

Mr Chairman, I will inform the Traffic Commission and the DTI Road Section what the Hon Member feels about this matter and I still might be even able to accommodate the Honourable Member.

HON K B ANTHONY:

It is quite true, Mr Chairman, that the Hon Minister can choose the lesser measure, but in law he does not have to, and that is the point that I am making.

HON J L BALDACHINO:

I have been listening to the Honourable Member saying that 70 metres is too far a distance but he has not come forward suggesting what he thinks should be the appropriate distance.

HON K B ANTHONY:

Mr Chairman, if the Government is inviting me to make a suggestion?

HON P R CARUANA:

Mr Chairman, for my part, I think that Statutory provisions such as these have to have an element of presumption of good faith on the part of the people that enforce the legislation. If I had to pick a quarrel with the words of this Section, it would be Section 92 which it amends and speaks of in the vicinity. It does not actually say "even in the same street as". So this is intended to clarify for the benefit of the Magistrate what "in the vicinity" means. It says that the Magistrate should bear in mind that "in the vicinity" means no more than 35 yards from the scene of the crime. That however might be round the corner. In other words the way this is drafted one could put in Casemates Hill a sign that says that there shall be no parking in Line Wall Road! My only proposed amendment would be that if the point is regarded sufficiently important then because the old Section speaks of the vicinity and that it should be centimetres apart and in the same street. Thirty five metres and in the same street. In other words it cannot be round the corner.

HON J C PEREZ:

Mr Chairman, those that need to apply the Ordinance are satisfied with this proposal so let us give it a try. Before perhaps that might have created a situation where the Honourable Member opposite might have had to clarify the matter in Court but I do not think that that amendment is justified. I think, clearly that a lot is being made of this issue unnecessarily. I think, that the yardstick of 70 metres is to give an indication to the Magistrate of what is meant in the Ordinance as it is today which is vague enough and now we are going into the interpretation of what 70 metres is or what 70 metres should be. Perhaps it is a bit too much, Mr Speaker.

HON P R CARUANA:

Yes, the point is, Mr Chairman, that as Section 92, stood before, it is unconceivable that a Magistrate would have interpreted the word 'vicinity' to mean to allow an offence to be committed when the sign was in another street. By the amendment it is clarifying it in the wrong direction. You are actually saying that so long as there is no more than 35 metres, even if it is in another street, it is for the legal purposes still in the vicinity. The Honourable Member says that he does not think that an amendment is necessary. That is a matter of judgement for him. At least will the Hon Minister confirm that he would regard it as intolerable if the prohibition sign were, in fact, not in the same street to which the prohibition relates? The fact of the matter is that as the amendment stands there is no need for the sign to be in the same street and the Hon Minister does not think that it should be.

HON CHIEF MINISTER:

Mr Chairman, the Member may not know it but there is a street called Prince Edward's Road which happens to come to a peak and one can be on one side and on the other side and not see anything and one is still 35 metres away. Now we are not going to produce an Ordinance with a map of the whole of Gibraltar in order to draft a clause. The Government, as a matter of policy, wants the Authority to be able to implement efficient traffic laws. If they tell us that the rules, as they are at the moment, are imprecise and they need to be improved in this particular way then we do it in the way they claim will produce a better service for the motorist. This is to fine the people who do not care about the other motorists and protect the people who are conscientious and pay attention to signs. If we find that, in fact, in practice this does not go far enough or it goes too far may need to come again and change it. It is not a matter where the Council of Ministers has sat round the table in No.6 Convent Place with a measuring tape and measure the distance of the parking sign. The policy is a simple policy to give political support to what we are assured is needed practically. We are not qualified to judge the practicability of it, quite frankly, Mr Speaker.

HON K B ANTHONY:

Mr Chairman, may I just add one word. We have heard twice the fact of going round with tapes measuring distances but somebody has to do it. Are the Police going to go round with tapes measuring to make certain that it is 70 metres?

HON J E PILCHER:

Mr Chairman, first of all, I think, it has already been stated that the measure of 70 metres is because at no stage can you be further than 35 metres away. Normally about 30 metres because the length of a normal car has to be taken into account and it is the same distance as by law one has

to read a registration plate when you pass your driving test. We are taking into account, I think, honestly this House is acting in an unprecedented manner because the putting of the signs are not going to be put in a way that is not practical. Those who implement the law will act in a commonsense manner and they have asked the political arm of the Government to implement the law. What we are doing is we are going round in circles about signs being 70 metres apart which has nothing to do with the law itself. The point that the Honourable the Leader of the Opposition was making about the overall Traffic Regulation is also a point which has nothing to do with where you put the signs. Mr Chairman, I assure the House that, as a motorist, if I get down from a car 35 metres away from signs which are placed in areas well above the normal you can at a glance see whether there is a sign or not. It is meant to protect the responsible motorist against the irresponsible one, Mr Chairman. So let us not go round in circles about signpost when really what the Honourable Members opposite are saying is that they are not happy, in general, with our policy, Mr Chairman.

HON LT-COL E M BRITTO:

Mr Chairman, we are going on and on about something which is relatively minor but, I think, that what Members on that side do not seem to understand is that we are not trying to torpedo the legislation, we are trying to improve it. The question of "in the same street" is a valid point. One is not suggesting that people are deliberately going to place signs in such a way as to trap the motorist but it does lend itself to confusion when there is a curve or when there is a crossroad. I appreciate that it is difficult to define but by including something like "line of sight" or "in the same street" would be an improvement to the clause. We are not trying to destroy the spirit of what is being done, we are trying to make it less ambiguous and easier for the motorist as well as for the enforcing officer.

HON J C PEREZ:

Mr Chairman, we do not agree that that is practical. We think, it is impractical and that it will not work because one does not have Oxford Street here which is three miles long. One street ends and another one starts and when you are putting signs up eg you put signs all along Casemates, through to Main Street into Referendum Gates and one street leads to the other. If we are going to differentiate between streets then it is going to create a hell of a practical problem. Mr Chairman, we do not intend to accept the amendment and we intend to use our majority to pass the legislation as it is.

Mr Speaker put the question which was resolved in the affirmative and Clause 25, as amended, was agreed to and stood part of the Bill.

Clauses 26 to 30 were agreed to and stood part of the Bill.

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

THE SAVINGS BANK (AMENDMENT) BILL, 1991

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

Clause 2

HON J C PEREZ:

Mr Chairman, I beg to move an amendment that Clause 2 of the Bill be amended: (1) by omitting paragraph (a) and substituting therefor the following new paragraph: "(a) by - (i) inserting after the figure "7A" the figure "(12)". (ii) Omitting all the words before the words "the Director" and substituting therefor the expression "Subject to the approval of the Accountant General". I would like to move a new amendment, and that is, that during the recess I was approached by the Honourable Member opposite, Mr Caruana, who said that Clause 2(b)(2), could be interpreted as the Governor, in this case in the Ordinance, myself, having the power to decide which person was exempt from tax on what debentures because it reads "any person". So to humour the Honourable Member and in so doing so humour myself and my colleagues, I am prepared to change that so that it reads "All persons" rather than "Any person". So I am also asking that the words "Any person" in Clause 2(B)2 should be substituted by the words "All persons", so that there is no interpretation that one could pick and chose which person is exempt from tax in the debentures mentioned. Also, Mr Chairman, I have just been told that in line 4 of the same paragraph, the word "debenture" should be substituted by the word "debenture".

HON A J CANEPA:

Mr Chairman, just a comment that it should not be necessary for the House to correct typographical errors where they are clearly seen to be typographical errors. If for example the word debenture appears three times and if on one occasion it is mis-spelt then I think, that we can assume that the printers are sufficiently intelligent when they produce the Ordinance to get it correct and there is no need to move a formal amendment to correct a spelling error. I think we are just being pedantic.

HON CHIEF MINISTER:

I agree with the Honourable Leader Mr Chairman, but of course, we do not want to have to bring an amending Ordinance in future removing the "debenture" and putting "debenture". So just to be on the safe side we are looking at the spellings of everything.

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

Clause 3 was agreed to and stood part of the Bill.

Clause 4

On a vote being taken on Clause 4 the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

Clause 4 stood part of the Bill.

Clause 5

HON P R CARUANA:

Mr Chairman, is there a Member opposite that is prepared to offer me at this late stage an explanation as to why the qualification after the words "The Consolidated Fund, the Improvement and Development Fund and the Gibraltar Investment Funds" have been deleted? In 1988, that would read "The Consolidated Fund in aid of the general expenditure of the Government" and it used to read "The Improvement and Development Fund for the purposes of that Fund and the Gibraltar Investment Fund for the purposes of that Fund". Unless these deletions are entirely gratuitous, there must be an explanation why he wanted to leave them out.

HON CHIEF MINISTER:

Mr Chairman, the explanation is that the original phraseology was entirely gratuitous, because in fact, if you make an advance to a fund it has to be for the purpose for which the Fund has been set up because the money cannot be spent on any other purpose. It just simply will remove in the process redundant language.

HON J C PEREZ:

Mr Chairman, I move that Clause 5 of the Bill be amended by omitting the words "Accountant General" and substituting therefor the word "Governor".

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

Clause 5, as amended, stood part of the Bill.

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

Clause 7

On a vote being taken on Clause 7 the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

Clause 7 stood part of the Bill.

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

THE CRIMINAL PROCEDURE (AMENDMENT) (NO.2) BILL, 1991

Clause 1 was agreed to and stood part of the Bill

Clause 2:

HON ATTORNEY-GENERAL:

Mr Chairman, in Clause 2, can I move that we omit the word "heading", where it appears in lines 2 and 4 respectively and that they be substituted in each place therefor by the expression "Sub-heading".

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

Clause 3

HON ATTORNEY-GENERAL:

Mr Chairman, can I move an amendment merely to correct a minor spelling error. In Clause 3(b)(i), by omitting in the first line therefor the word "lawluf" and substituting therefor the word "lawful".

HON M K FEATHERSTONE:

Mr Chairman, where a person that is being discharged or acquitted and his fingerprints and photographs etc are going to be destroyed, can we have an assurance that they are destroyed to the satisfaction of that person concerned.

HON ATTORNEY-GENERAL:

Yes, Mr Chairman, I am happy to be able to give that assurance. Certainly the practice in the almost seven years that I have been in Gibraltar is that if the defendant who is charged and has had samples or fingerprints, photographs, whatever taken from him and who is acquitted, or perhaps the proceedings against him are discontinued in some way he thus becomes entitled to have what has been taken from him destroyed. He is entitled or at least he is allowed to be present to satisfy himself that destruction has taken place. That was the practice adopted by the then Commissioner of Police Mr Joseph Morello, when I first came to Gibraltar in 1984 and I know that that is the practice which has been continued and will continue to prevail during the time that Mr Canepa, the present Commissioner is in Office, and I have no reason to think that will change at any time in the foreseeable future.

HON P R CARUANA:

Mr Chairman, and does the rights of destruction extend to the record in addition to the sample? That is to say, if a blood sample is taken of mine and I am acquitted, in

addition to destruction of the sample, am I also entitled to a destruction of the record that the Police then has of what my blood group is?

HON ATTORNEY-GENERAL:

Yes, of course. That goes with the sample.

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

Clauses 4 and 5 was agreed to and stood part of the Bill.

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

THE CRIMINAL OFFENCES (AMENDMENT) BILL, 1991

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

Clause 2

HON ATTORNEY-GENERAL:

Again, Mr Chairman, despite the comments of the Leader of the Opposition, and with respect to those comments, I feel it necessary to move a minor amendment to Clause 2 of the Bill, simply to correct a spelling error. The word, of course or expression should be "Little Bay" and not "Litte Bay" as the Bill indicates.

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

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

THE IMPORTS AND EXPORTS (AMENDMENT) (NO. 2) BILL, 1991

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

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Gibraltar Heritage Trust (Amendment) Bill, 1991; The Patents (Amendment) Bill, 1991; The Limited Partnerships (Amendment) Bill, 1991; The Port (Amendment) Bill, 1991; The Births and Deaths Registration (Amendment) Bill, 1991; The Companies (Amendment) Bill, 1991, with amendment; The Petroleum (Amendment) Bill, 1991, with amendment; The Licensing and Fees (Amendment) Bill, 1991, with amendment; The Stamp Duties Bill, 1991; the Gibraltar Shiprepair Limited (Repeal) Bill, 1991; the Traffic (Amendment) Bill, 1991, with amendment; the Savings Bank (Amendment) Bill, 1991, with

amendment; the Criminal Procedure (Amendment) (No.2) Bill, 1991, with amendment; the Criminal Offences (Amendment) Bill, 1991, with amendment; and the Imports and Exports (Amendment) (No.2) Bill, 1991, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Mr Speaker then put the question and on a vote being taken on the Patents (Amendment) Bill, 1991; the Criminal Procedure (Amendment) (No.2) Bill, 1991; the Criminal Offences (Amendment) Bill, 1991; and the Imports and Exports (Amendment) (No.2) Bill, 1991, the question was resolved in the affirmative.

On a vote being taken on the Gibraltar Heritage Trust (Amendment) Bill, 1991; the Limited Partnerships (Amendment) Bill, 1991; the Port (Amendment) Bill, 1991; the Births and Deaths Registration (Amendment) Bill, 1991; the Companies (Amendment) Bill, 1991; the Petroleum (Amendment) Bill, 1991; and the Stamp Duties Bill, 1991, the following Hon Members voted in favour:

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon Lt-Col E M Britto
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Member voted against:

The Hon P R Caruana

On a vote being taken on the Licensing and Fees (Amendment) Bill, 1991, the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Member voted against:

The Hon P R Caruana

The following Hon Members abstained:

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

On a vote being taken on the Savings Bank (Amendment) Bill, 1991, the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon P R Caruana
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

On a vote being taken on the Gibraltar Shiprepair Limited (Repeal) Bill, 1991; and the Traffic (Amendment) Bill, 1991, the following Hon Members voted in favour:

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

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 P R Caruana
The Hon M K Featherstone
The Hon G Mascarenhas
The Hon Dr R G Valarino

The Bills were read a third time and passed.

PRIVATE MEMBERS' MOTIONS

HON K B ANTHONY:

Mr Speaker, I have the honour to move the following motion that stands in my name:

"This House considers that any new arrangements affecting the future of GBC should safeguard the following:

- (1) The interests of those employed at GBC;
- (2) The vital role that public service broadcasting plays in the life of the community, particularly with regard to:-
 - (a) local current affairs, information and news.
 - (b) cultural and sporting activities."

Mr Speaker, you may well remember that when we debated the Appropriation Bill, you allowed me a great deal of tolerance when we discussed the subvention. I am very grateful for that. We learned a lot in that debate because the Honourable Minister responsible for GBC disclosed some of the things that were in hand. I would like to start, if I may, Mr Speaker, by going into the background of GBC because I think it is important in leading up to the situation that exists today. It was started by a local entrepreneur in 1962 and the initial budget was £100,000. The equipment was old, some of it was ex-RAF, all second-hand and GBC went on the air three hours nightly, it was all in black and white. Most of the films were information programmes and we had some old BBC programmes in those days. It was not good television but it became compulsory viewing for everybody in Gibraltar. Already in those opening years GBC started getting together its staff, some of whom are still with GBC, the staff have stayed loyal to GBC from that early start. Then in 1964, the Gibraltar Broadcasting Ordinance was enacted and a Board of Management was set up. A little later on in January 1965, viewing hours increased from three hours a night to four and a half hours a night. Then in 1969 the frontier closed and people had to look for other entertainment and into Gibraltar rather than going over the border and television really came into its own when the frontier closed. It became absolutely necessary, not only for information, but also for entertainment. Moving on another five years, in 1974, there was an ODA sponsored Report, the famous Rikard and Sizer Report. This Report recommended that the then agents who were running GBC, Thompson International, should be dropped. These agents used to provide equipment, programmes and it was suggested that GBC should become an autonomous body. This it did. In 1976 a Select Committee of this House supported the Rikard and Sizer Report and they also made another major recommendation that GBC should go colour. Colour began, in fact in May 1978. So really, in sixteen

years GBC made, what can be called, a quantum jump, from a primitive black and white station starting on a limited budget of £100,000 to becoming a highly motivated colour television station. One could say that it became of age and was able to provide a very good spectrum of quality television. Of course as a result of this costs increased and has reached the figure which today questions its existence. I am now going to look, Mr Speaker, at the question of staff. I said at the beginning, Mr Speaker, that GBC started building up a highly motivated, highly professional staff and there is no doubt that they are very professional and very highly motivated. Some of them do have memories going back to the dark days at Wellington Front where they used to get constant flooding, problems with equipment that was always breaking down and which required a constant effort to ensure that pictures went out on the screen night after night and ninety nine times out of one hundred they succeeded. They worked long hours at very very low salaries. The team and I am calling it a team deliberately became experts in very specialised fields. TV producers, I think everyone at GBC has been to the United Kingdom to qualify in their particular field, the Engineers are all highly qualified professional men. Radio Producers, News Editors, Sub Editors, Broadcasting Recorders in fact the whole lot now are very very skilled professionals. It is important to keep this in mind, Mr Speaker, because broadcasting is not a job, it is a career over and above a job. Broadcasters often work long hours well above what anybody else works because they are motivated. It is a very satisfying career, far more so I would say than a career in Banking or working in a shop. I feel that if we put their jobs in jeopardy that will be a disaster not only for them personally but a disaster to broadcasting generally in Gibraltar. It is a specialised field and many of the staff at GBC will find it very hard to find a comparable job outside broadcasting in our community. I agree that a Typist can become a Typist elsewhere and possibly an Accountant but a TV Producer, a Radio Producer or a Sub-Editor will find it very hard to find an equitable job outside. I heard comments, as we all have, Mr Speaker, about the extremely high salaries at GBC. I would like to go back again to pre-parity in Gibraltar when an attempt was made to equate the staff of Gibraltar Broadcasting Corporation with local jobs in our community and a Committee was set up to try and evaluate comparable jobs in the community. I remember that the Broadcasting Engineers were equated to Telephone Engineers, both of them highly skilled in their own fields but one could not do the job of the other. It was not a very fair equation. I remember, Mr Speaker, that the Radio Organiser was equated to the Cemetery Supervisor and after all these years I am still trying to get the logic of that into my head because I still cannot understand it. It did not work. The point is, Mr Speaker, that when parity did arrive in Gibraltar, parity throughout Gibraltar, it had to apply to the Gibraltar Broadcasting Corporation as well and it was necessary to go to the United Kingdom and look at comparable

jobs over there. Not at the BBC or ITN in London where they have a higher weighting but at smaller Regional Stations. I think, I speak for everybody in this House when I say that nobody wants to under-rate the staff and the skills of the staff at GBC, I feel that if salaries go up in Gibraltar as they do annually, based on parity of wages, and salaries, then the salaries of the people at GBC must also go up. They cannot stand static. I would like to say that contrary to popular belief most Broadcasters in Gibraltar do not earn astronomical salaries. I did a little bit of checking up and most of the Broadcasters and the Radio Announcers, for example, earn salaries that are very close to the salary of a qualified Police Constable with a number of years of service. They do not equate to Police Sergeants, Police Inspectors or Superintendents, but to Police Constables who have a number of years of service. I fear sometimes, Mr Speaker, that the odd exceptionally high salary that is sometimes quoted in newspapers is taken as the norm throughout GBC and that is not the case. Let me look now at the current situation, Mr Speaker. Over the past nine months the Government has been looking at ways to economise on the subvention that they give to GBC. Since 1984, the subvention has been paid at £570,000 per year and during the past seven years the Management of GBC has been trying to economise. They have been trying to effect economies of their own and as a result the annual departmental bid has, over the past seven years, been unrealistically low in their efforts to try and keep costs down. Now, unfortunately this has been a false economy because this year the subvention to keep GBC going has to increase from £570,000 to £1.2m. GBC feels that it cannot manage on less and I am not in a position to argue with that. I do not know whether or not that is a true figure but that is what they feel that they require. We now come to the options that face the Government. I feel that there are four options, Mr Speaker. First of all the status quo agree that £1.2m is needed and pump the money in. I do not think the Government is prepared to consider that option and I think it is an option that Members on this side of the House would have doubts about supporting. The second option is to try and find an organisation to take over GBC. An organisation that would inject money into GBC and try and turn it from a loss making organisation to a profit making organisation. The third option is to try to reshape GBC to make it as economically viable as possible and I suppose that this could be achieved in some fields by economy and an effort to increase the income to GBC as much as possible. The final solution is a drastic one and that is simply to close down GBC. This would put sixty jobs in jeopardy and say goodbye to our local TV and Radio Station. I am going to say at this stage that I do not think that the Government nor any Member of this House want to see GBC close down. So, I think, there are basically three options. To leave the situation as it stands and pump in £1.2m this year and nobody knows what it might cost next year but I do not think that is a viable or feasible possibility. So

that leaves us with two other options. There are a number of firms that have shown an interest in taking over GBC. We had RTL quoted and we had an Italian Company. I believe there is also a local Company that showed an interest. For a number of reasons the Italian Company and RTL did not follow the matter through and the local Company was unacceptable. The best solution that could be made to bring it to a successful conclusion might be to get somebody in, much as with GSL. But in the absence of anybody coming forward we are left with only one option. This is the one that is currently under consideration and during the debate on the Appropriation Bill, the Honourable Minister opposite did reveal some of the ideas that he has about the future of GBC. They may not be the total ideas but they are ideas that were revealed then. Firstly GBC would drop all their purchases ie they stopped buying from the UK. They would relay BBC Europe via an encrypted signal, with the inclusion of local programmes on a regular basis. An intensive sales campaign to raise more revenue together with the sale of decoders to non-residents and the invitation to the members of the staff at GBC over forty-five to accept voluntary retirement. Presumably with possibly compulsory redundancy for some members of the staff to reduce the salary bill. Finally to pass legislation disbanding the Board of GBC and replacing it with a Management team with the Minister chairing the Management team and possibly an Opposition presence to ensure political impartiality. Now, Mr Speaker, these factors may well be a step in the right direction but I have a feeling that it is going to be many months, if ever, before GBC is in a position to say yes we are making money and we are a profit making organisation. I would like to think that they are going to do it, but, I think, it is going to be a long long stony road before they do it. I am going to quote some figures now, Mr Speaker, because I have some figures which I think are of interest. Sales, now one of the sources of income for GBC in 1982, were able to raise £200,000 annually. In 1988 the target went up to £800,000 annually but now, there is another big stumble, a very big stumble, as the Minister is well aware and the sales income is diabolically low to put it mildly. It is very very poor indeed. The financial crisis that faces GBC is public knowledge and this in turn has led to an advertising crisis. There is a drop in advertising prior to the present crisis of about 30%. I am sure that there are a number of very bad debts from Costa advertising and the drop in advertising revenue has now increased to about 50% of what it was previously which is a very very high figure. I fear that local advertising will never ever be able to finance the backlog that we face. Capital Expenditure is high. Broadcasting is a very hightec operation and equipment is very very expensive and when you have equipment that is in use daily for many hours a day then it has to be replaced, it has to be maintained and this is a very high Capital Expenditure. Of course, the programme costs cannot be ignored because programme costs are also very very high. Nowadays with the channels available the programme makers

are the ones who are coining money hand over fist. Broadcasters have to have programmes to fill the gaps and therefore they can virtually ask their own fees and therefore programme costs are going up every day. We come back again to staff costs in terms of salaries. Again this is something that we have to face. There is approximately a staff of sixty at GBC and if you say that the average is £10,000 per year, you are facing an annual wages bill of £600,000. Although, I think, that the reality is nearer £900,000.

HON J C PEREZ:

Over flm.

HON K B ANTHONY:

I will accept the over flm costs which is an even more drastic figure than I anticipated. I think that this is a very drastic situation because we have to face the fact that all these people have to be paid. Mr Speaker, at the moment the licence fee as the present subvention will not even cover the salary bill. The licences raised £210,000, the subvention is £570,000 and the salaries, as the Honourable Minister has just said, is well over flm so therefore we are in a situation that is very very difficult. I fear that staff cuts may well be the big item to come under the knife. It is not a thing that I particularly want, Mr Speaker, because we have a situation where at the moment GBC cannot survive without a subvention. At the moment GBC needs equipment, it certainly needs to inject new equipment. They also need programmes and although it may be more economical to rely on BBC Europe than buy programmes BBC Europe still requires to be paid. Therefore although there might be a saving, it is still an expenditure in the long run. At the moment GBC must have staff to run the Station and the question may well be asked, "Do they need so many?" Well, Mr Speaker, it is quite true that if you have contract workers in any organisation they are easy to get rid of. But, it is felt certainly by the staff at GBC, that contract workers are doing an important job. If not they would not be there on the first place. So that is one fact that must be remembered. Also I do feel that in terms of money the amount of salaries paid to contract workers is small compared to the overall bill that faces GBC. The cost of £2m annually. In fact Mr Speaker, I have spoken to the staff side at GBC and they feel that at the moment the staffing level is about right. In fact, they do feel that they might even need more staff and I will explain this later on. I am sure that the Minister will have a heart attack when he hears this! So the bottom line might well be "well let us make an economy and let us get rid of some of the staff". I however feel that this is not the answer. I must say this quite categorically. I do not feel that that is the answer. Apart from the frustration of losing his job to which he has dedicated his life to learning a very specialist

field in a job that has a marvellous sense of achievement, and as an ex-Broadcaster, Mr Speaker, I can say that, one might also find that these people have not only lost their jobs for which they had a great interest they might also be transferred to a job that might have a lower salary band, a lower wage band, and I feel that it is wrong that a person should have to suffer a salary cut through no fault of their own. I must therefore insist that I do not feel that it is the fault generally of the staff at GBC for the present situation. Even more important is the fact that GBC might be depriving themselves at a very critical phase of a highly motivated and highly skilled staff at a time when they are most needed to try and lift GBC from its desperate situation and to go forward into a positive money earning future. I would like to call upon the House to support me in my argument with respect to the future of the staff of GBC to do all they can to ensure their skills and their talents are retained and their livelihood protected. They should not be sacrificed for the sake of minor savings in the Annual Balance Sheet of GBC. If I can go back to what I said at the beginning, Mr Speaker, I feel that the way forward would be to persevere and try to find some company with funds who are willing to invest in GBC to retain as many of the staff as possible and I feel that may well be the way forward. It may well be a combination of that and what is going to be done in the future. I am waiting to hear what the Hon Minister has to say when I finish my contribution. I would like to move on now, Mr Speaker, quickly to the second part of my motion. I do not think that anybody here will argue that Public Service Broadcasting is a necessity in our community. I am going back to the years when the frontier closed in 1969 and I can remember clearly two programmes that were very good. One run for over sixteen years and that was the Spanish language programme "Discos Dedicados", where families on both sides of the frontier were united by playing requests. They paid a very minor fee in those days, I think it was something like sixpence for a record to be played. It however kept families together and it was a vital part of our community and this was a very popular programme. Everybody listened to it. Many of you in this House will remember the other programme by the late Manolo Mascarenhas which went out every Sunday afternoon and was called "Palabras al Viento". Manolo Mascarenhas did a fifteen minute summary of the current situation and he cheered people up. He raised the spirits of the despondent and he did a great deal for the morale of Gibraltar during those years when the frontier was closed. It was perhaps the best example that I can give of early community broadcasting in the way I see community broadcasting, by the people for the people. This is very very important. Now in 1991 I appreciate that times and the situations have changed. With satellite TV and, I think, most people who have satellite TV with possibly fifteen, sixteen or seventeen channels to choose from and yet every public poll that has been carried out, and I have read every one of them, shows clearly that the people of Gibraltar want Public Service Broadcasting. They want their local programmes because they feel that it is essential. There is no doubt that the local news is watched by many

people every night. I would say a large percentage, well over the 60%; watch the local news every night at 9.15 pm. The lunchtime programme "Focus at Lunchtime", which airs different matters of interest in our community, is also compulsory listening for most people and we still have to face the fact that politically Spain is still laying siege to the people of Gibraltar. They want to take over our Airport, our Port and the whole Rock if they possibly could so, I think, that this is another reason why we must have Public Service Broadcasting. We have to present our news and we have to have a platform for our views, not necessarily political views, but our views. We have to highlight our sporting activities. Our sportsmen have an international reputation. Our Hockey and Basketball Teams play all over Europe. We have our Special Olympics representatives that have been to Scotland and soon are off to America for the second time. All of this is vital. We have our musical talents and we all know what musical talent we have in Gibraltar. Our culture. Cynics may say we do not have much culture but that is not true. Those of us who attend our Festivals every year whether our Arts Festival which the Honourable Minister for Education backs every year will know that we do have a great deal of culture in Gibraltar. Our standards must be high. This brings me back to the point I mentioned before about the false saving by getting rid of highly motivated staff. If we do go into a situation where BBC Europe is going to be relayed to the local population through GBC together with local programmes inserted on a regular basis during the week, then those programmes will have to be of a very very high standard because they will be compared with those of BBC Europe between which they are sandwiched. Which means that the standards of the programme makers must be of the highest standard. The presentation must be of the highest standards. We cannot afford to be down compared to the other programmes that are on the same network. Therefore, I think, it would be a very false line of thought to say "Get rid of a lot of the staff and get rid of the contract workers". I say no to that. Keep them for the moment because you are going to need them. The programme makers to give us a standard of programming that is equal to or even better than BBC Europe. That is the target. That is what we have to aim for. So, Mr Speaker, I do not want to keep this House much longer but I think that I have made the main points that I wanted to make. I would like to see a way forward with an outside firm if possible injecting money into GBC so that it can go from a loss making to a profit making situation. I would like to see at least in the medium term a continuation of the present subvention even if it is on a monthly basis. I think the Minister has already indicated this is in the Appropriation Bill. We have had the subvention for this year and I hope that that will continue until GBC lifts up. Thirdly, I would like to see as many of the staff as possible retained to help GBC raise itself to a higher position which we all want. That they can reach a stage where they say "thank you very much but we do not need the subvention from now on". I would like to see that day. Mr Speaker, I commend my motion to the House.

Mr Speaker proposed the question in the terms of the Hon K B Anthony's motion.

HON P R CARUANA:

Mr Speaker, very briefly. From my point of view this debate is a little bit premature because having aired our views at the Budget Session there is really no new material on the table in relation specifically to what Government may or may not be proposing or what ideas they may or may not be hatching. So I suspect I shall keep my contribution as brief as possible in the knowledge that much of what I now say really I have said to this House very recently before. My view in relation to the future of GBC, really can be summarised in this form. The first is that I share the views expressed by the Honourable Member next to me that the maintenance of Public Service Broadcasting in Gibraltar is essential for the preservation of the identity of this community. The fact of the matter is that this community is in many spheres being swarmed by input from abroad, be it from the Finance Centre, the labour market, the development market and there are very few institutions left through which this community can speak collectively through one voice. I think, there is probably no Member in this House, and I say it knowing that I have not discovered sliced bread, that there are probably no Members of this House that think that it would be good for this community that Gibraltar ceased to have its own Broadcasting Station in the sense of Public Service Broadcasting. I believe equally strongly that it is a complete waste of money to be broadcasting the sort of stuff, for want of a better word, that can easily and cheaply and probably free of charge, be watched on any satellite station that subscribers may care to tune to. Therefore, as I see it, the parameters of this problem are very simple. The Government must find a way of enabling the Public Service Broadcasting of GBC to continue. That might very well involve a much smaller workforce. It might very well mean less by way of infrastructural facilities and I reserve comment until the Government has made proposals that hopefully will meet my minimum expectations with relation to GBC. But having said that, my views on the need to maintain Public Service Broadcasting are so firmly held, that whatever the price is, obviously within reason, it is essential to have that minimum Public Service Broadcasting that I am sure this House is unanimous that Gibraltar requires for the preservation of its identity and for the discharge of its political, social and cultural life, that is a sum of money that we, as a community through our Government, must be prepared to spend by way of subvention, if necessary, to GBC. Because the view that I am not prepared to endorse is that there is no sum of money that we as a community should not be prepared to spend in order to have Public Service Broadcasting. There are many public facilities in Gibraltar which cost the taxpayer and here is a facility which if the community believes is a worthwhile facility then it must be prepared to put its money where its views are. Of course, in saying all this, I am not actually

criticising the Members opposite, because they have not yet put up a package of proposals and they might well put up a package of proposals that meet my minimum expectations. There is one amendment that I would propose to the motion of the Honourable Member opposite, and that is, that a little (3) be added reading as follows: "The freedom of GBC from influence or control by the Government of the day", it is a view which I and my Party hold that any proposals that are made in relation to GBC must leave the Corporation, not only free in fact, but free of the suspicion by outsiders that he who pays the piper is calling the tune. It is therefore important in keeping with the vast majority of civilised democracies in Western Europe that any proposal that might be made in relation to GBC leaves the Corporation free from the control of those who might be paying the bill. Therefore I would move an amendment to the motion adding as I have said: "(3), 'The freedom of GBC from influence or control from the Government of the day'. Thank you, Mr Speaker.

Mr Speaker proposed the question in the terms of the Hon P R Caruana's amendment.

HON J C PEREZ:

Mr Speaker, I would like to speak on the proposed amendment. This issue was mentioned at Budget time and I myself said that I was thinking out loud since they would not be forming part of the proposals of the problems that GBC have at present. I did mention that the Government was of the opinion that the freedom of the newsroom was something that needed to be safeguarded. I still say that and I do not think that the amendment that is being proposed by the Honourable Mr Caruana does that. It goes much further, Mr Speaker, and I think it is unfair that the Government should not have control in the affairs of GBC on things which are not connected with the newsroom or how news is relayed. I am sorry to say that I do not feel that it is right that the Government should not have any control on the expenditure of GBC in terms of where money might or might not be wasted when it is public money that is going into the Corporation. I agree totally with the independence of the professionals and the independence of the newsroom should be safeguarded but if the Government and the public is going to continue to subsidise GBC to the tune of £600,000 per annum plus, then, I think, that a certain amount of control, should be introduced into the Corporation on how that money is spent. I remind the House that when thinking aloud I said that it might be an idea that at one stage there might be a Government representative in the Board and the Honourable the Leader of the Opposition said that if that time came the Opposition might want to be included in such a forum and I agreed that this would be the case. I am not sure that that is the right way to go about it but the amendment by the Honourable Mr Caruana is too far reaching for the Government to support. We support the independence of the professionals, we support the independence of the newsroom, the independence of the journalist and the independence

of the management's prerogative in terms of political broadcasts and so on but there must be some financial control by this House of Assembly, if not by the Government, over the finances of GBC, if the public is going to continue to provide funds for the Corporation. Therefore, Mr Speaker, on that basis, I cannot support the amendment unless the Honourable Mr Caruana amends it further so that it is more specific about what it is that he wishes to protect.

HON A J CANEPA:

Mr Speaker, it is a question of what it is that we want to see GBC free from control or influence. At the moment, GBC is not free from control because it operates under our Ordinance and it operates with financial constraints, in that the Government is only prepared to give them so much money. So there is an element of control already. GBC at the moment is not exempt from influence by the Government of the day or by the House of the day. The Government of the day may wish and may be entitled, in certain circumstances, to exercise an element of influence in certain situations. Those certain situations could have to do with morality, for instance. It could have to do with the cultural slant that we want to give this community. For instance, if GBC wished to broadcast entirely in Spanish, it now broadcasts entirely in English, but if it wished to broadcast entirely in Spanish, the community might feel that the Government was entitled to try to influence it from that course of action and ultimately, it might need to use the control of the purse strings as the only way of disuading the Corporation from taking a course of action that the community as a whole might not support. I have no doubt that we all want to see GBC free from political pressure, impartial in the Party Political sense, having editorial freedom and allowing its professionals to so exercise their freedom. For instance, I myself and I gather that that was the attitude of Members generally, that GBC should not have had the story that they had on Bank of Credit and Commerce in the manner in which it was carried out. However if their professionals' expertise demands that it should be then that is a matter for them. What we are really after is that we want to see a Corporation that is politically impartial. That will allow all sectors of the community, be they political parties or pressure groups, to be able to put across its point of view freely and that the Corporation should not be influenced by the Government of the day in doing something which politically would be partial. That is what we are after. Therefore, what I think is required, because if that is what the Honourable Mover of the amendment is after, one cannot quarrel with him. What is required, I think, is a more specific amendment that would deal with that point. I do not know whether the insertion of the word "editorial" before "freedom" would meet the point, or that the matter should be qualified by some other form of words. Mr Speaker, we want them to be at arms length from the Government and we want them to be fully independent of the Government in its editorial policy. I think we are all agreed on that and therefore we should be more specific. If the Honourable Member really has in

mind that his amendment should go as far as it is now being interpreted by both Mr Perez and myself then that it should be amended by him to make the point abundantly clear before we vote on it or before we try to amend it to be more specific;

MR SPEAKER:

Does any other Member wish to speak?

HON J C PEREZ:

It might be an idea, Mr Speaker, if the Hon Mr Caruana clarified his position.

HON P R CARUANA:

Mr Speaker, the point is this that, of course, what I want to secure by my amendment is what the Honourable the Leader of the Opposition suspects that I want to secure. In reality editorial freedom is not secured just by saying to somebody that you are free to have whatever editorial input you want. The fact of the matter is that you have to give due consideration to the fact that journalists are human beings and that if you are working in a small organisation where you may have an in-house political master in the form perhaps of a Chairman of your Board and he is saying to you "you must not buy this piece of equipment", or something similar thereby influencing by subtlety rather than by a direct attempt to influence the editorial content of a programme. But, I accept, and I do not mind amending my amendment in that respect. I accept that what I want to achieve is that GBC must be free from influence or control in relation to the journalistic product, not just in terms of the newsroom but in terms of current affairs programmes, interviews etc etc, that it should be free from control or influence, direct or indirect, from the political paymaster. I accept that to the extent that putting words in this motion is not going to satisfy my most cynical fears. I am satisfied with simply putting in the motion a clear statement of what it is that I want to protect in exactly the position that has been suggested.

MR SPEAKER:

Is the word "editorial" that you are looking for?

HON P R CARUANA:

Editorial is a bit limited. "It is freedom from influence or control by the Government of the day in relation to the material broadcast".

HON J C PEREZ:

I would say by the House of Assembly, rather than by the Government only.

HON P R CARUANA:

Well, the House of Assembly is not at liberty....

HON J C PEREZ:

Yes the House of Assembly is the one that votes the funds!

HON P R CARUANA:

I was mindful of the Speaker's direction to me that I should not reply to your original comments. I have a lot to say on that in order to decipher your comments. What I am trying to secure is that provision that leaves the Government representative on the Board or whatever form that the Government's representation takes, that it should be limited to matters of finance and that there should be no influence or control, direct or indirect, in relation to the programme that goes out. In other words, the product broadcast.

HON CHIEF MINISTER:

Am I right in thinking that the Honourable Member opposite is worried about something that might happen in the future and it is does not suggested that it is happening now or has happened in the past?

HON P R CARUANA:

Mr Speaker, in reply to that but not in exercising my right to reply, there is a difference and this was going to be the subject matter of my right to reply in full. I see a clear difference between the level of influence in control that this House, which is the one that votes the subvention and not the Government, presently exercises as the only link between GBC and the world of politics voting of the subvention. Not the Government and certainly there is indirect influence in the sense that we can withhold the subvention and put the Corporation in economic dire straits but that is the only extent to which theoretically we are able to influence GBC. This happens once a year when we vote the subvention at the beginning of the year and then we do not have an opportunity to chastise it until the next Budget Session. The proposals which in fairness to the Honourable Minister for Government Services, and on which my point is based, has been no more than a casual expression of early thinking on his part but which he has compounded in my opinion by comments that he has made in reply.....

MR SPEAKER:

I have to call the Member now to order because what we want now is really an amendment to an amendment. If another Member can make it will be easier.

HON A J CANEPA:

Having given way to the Honourable Member and to the Chief Minister, I would propose, Mr Speaker, that the amendment

moved by the Honourable Mr Peter Caruana be further amended by the insertion of the word "editorial" before "freedom" and the addition of the words after the word "day" "in relation to the broadcasting of journalistic material". In other words that is intended to include news, current affairs, discussion programmes and so on. So paragraph 3 would then read "The editorial freedom of GBC from influence or control by the Government of the day in relation to the broadcasting of journalistic material". I think that should cover the points that we are trying to put across.

Mr Speaker then proposed the question in the terms of the Hon P R Caruana's amendment.

HON CHIEF MINISTER:

Mr Speaker, we are prepared to support this amendment because quite frankly we consider it to be totally redundant and at the end of the day since we do not have the remotest interest in controlling the way that GBC deals with news and we cannot imagine that any other Government would nor can we imagine that in Gibraltar, where everybody knows what everybody has said five minutes before it is said, that anybody could do it and get away with it. It seems to us the whole debate is entirely academic. In fact, the point that I had been trying to make when I interrupted the Member earlier was that if we are saying now that in all the time that GBC has been in existence, and which we want to ensure manages to survive, and we all hope that it does and, we also hope that if there are so many people that want them to survive then all those people are prepared to foot the bill when the bill is quantified, then we are presumably not interested that it be interfered with because I assume that we all agree they have not been interfered with until now. I think what is important to put on the record is that we are not laying down new rules of non interference from now on. I mean after all the Honourable Member opposite was quite upset in relation to the interview on the demise of the local Bank about how the journalist control of that interview went and he subsequently read the whole thing here to say that perhaps he had over-reacted until he had read the whole thing in context. But, in fact, for us in this House to say that GBC is doing damage to Gibraltar by getting somebody from up the Coast and saying to them "Do you think this is as awful as Barlow Clowes was?". I mean, if we then express an opinion on whether they ought to be doing that in the public interest, when they are being paid by the public then are we interfering with their freedom to put the news in whatever way they want whether it damages Gibraltar or not? Mr Speaker, it is all too easy to come up with amendments to amendments on the spot in a situation where nobody that believes in democracy will want to muscle GBC or the Chronicle or anybody else. On the other hand we expect that anybody that is Gibraltar based and cares about Gibraltar and cares about its future will exercise a certain amount of discipline in his journalistic freedom like everybody else does everywhere else in the world. I think that sometimes,

frankly, I personally feel, as a Gibraltarian, not as Chief Minister, that our own media does not seem to realise that they give ammunition to other people by perhaps feeling that they have to be purer than the purest and I am not now talking about domestic quarrels. I think in terms of domestic quarrels that is a matter for us to sort out our own internal divisions of views and philosophies because we are all ultimately on the same side when it comes to putting Gibraltar's interest. There is a limit to the exercise of that freedom particularly with a publicly financed, publicly subsidised broadcasting service when it comes to dealing with the outside world and the attacks that we tend to be subjected to from our neighbours media who clearly, whether they are reporting on a political event or reporting on a sporting event, have no doubt that the news always says that the Spanish version is always right. They have no doubt about that. I think that is the only comment that I wish to make. In making sure that we understand that the spirit in which we are saying this is not that we are saying we are now going to give them new freedoms to do things which they did not have before because we want to see a situation where they continue to enjoy the freedom that they are entitled to have and that they should not be subjected to pressures to slant news or anything else. But at the end of the day, I also think, that as a public Corporation if it was a privately owned station well you could say they reflect the views of their owners or shareholders, owned by Gibraltar and subsidised by Gibraltar they have to take into account what is ultimately good for Gibraltar which is obviously ultimately good for GBC as well. I also think that in terms of the concerns that we have it is simply a matter of stretching a stretched budget and which is something that the House knows about. Frankly if GBC was able to make ends meet, if they had not had the drop that they have had in advertising revenue, then we would not have even dreamt of looking for any alternative. However it is something that will not disappear because it is a question of having to spend £1m one year and perhaps £1.5m the next and one cannot, as a responsible Government, give an open-ended commitment. We cannot say that we care so much to have our local Station that it will continue irrespective of the cost. Mr Speaker, it cannot be irrespective of the cost. That is the only concern that we have. We certainly do not want to have any interference but we have had situations when the House has been in fundamental disagreement with GBC. The Honourable Mr Caruana may not be aware of this but, in fact, we have had a situation when we were in Opposition when it came to the broadcasting of the House and there was a very serious clash between what the House thought ought to be broadcast and what GBC thought that it ought to broadcast. In many respects we were concerned paradoxically about protecting GBC's independence and the issue which brought about the situation I have just mentioned concerned the editing of what was being discussed in the House and which might lead to a situation where there could be all sorts of accusations levied because everybody felt that they were being more edited than another speaker and thereby being discriminated

against even though there was a consensus between both sides of the House. We were then in Opposition but we agreed, in fact, it was the Leader of the Opposition who was the one who felt strongly about it and we agreed with his view and supported his view on this and yet GBC felt that this desire to protect them from accusations of political bias was political interference. Therefore, Mr Speaker, before we all go overboard, I think, we need to be conscious of the fact that we have had occasions when what we had felt had not been political interference was considered by somebody else on the other side to be political interference.

HON P R CARUANA:

Mr Speaker, if the Hon the Chief Minister will give way so that I can put my position into context. My motion is not intended to imply or rather my amendment is not intended to imply as a matter of fact that there is presently, in the existing arrangements such interference but the Honourable the Chief Minister, Mr Speaker, has to put into context the preamble of the motion itself, which is "That this House considers that any new arrangements affecting the future" which presupposes that we are going to depart from the existing structure of the Statutory Corporation. Therefore all my comments seek to add, is in the context of "new proposed arrangements" which are still hypothetical and we do not know what they are. All that the motion seeks to say is that in changing the status quo, the structure of GBC, let us not change the status quo as it presently exists in the context of non-political interference.

CHIEF MINISTER:

I am grateful because, in fact I think, that needed to be placed on record so that we are all sure that we are talking about the same thing.

MR SPEAKER:

If no other Member wishes to speak I will ask on the mover to reply.

HON A J CANEPA:

I think that was a very valid point made there at the end which really clarifies the matter. I think we are all speaking in the same language.

Mr Speaker then proposed the question in the terms of the Hon A J Canepa's amendment to the amendment.

HON P R CARUANA:

Very briefly, Mr Speaker, because the time is getting on and I have said a lot of what I would have said in my reply already. Mr Speaker, I accept that if any Government in Britain is pumping money into the BBC, just to get out of the context of Gibraltar less sensitive Members opposite

think that there is an insinuation of attack, it is reasonable to expect that the British Government is not going to write a blank cheque to the BBC and allow them to spend it as they like. But, the way that the Government in Britain keeps control on the expenditure of public funds by the British Broadcasting Corporation is not to have Ministers of the Crown sitting in Bush House or on the Board or looking over managers to see what equipment they are buying or not buying or whether they are squeezing the rates sufficiently on programme buying or on commission agents or whatever. It is by nominating to the Board of Directors of the Corporation individuals in whose judgement they have confidence. The fact of the matter is that the way that the Government of the day influences, keeps control of the Corporation is not by politicians themselves sitting on the Board, which frankly will be unprecedented in any civilised democracy. There is no civilised democracy in the world, of which I am aware in which elected Ministers of the Government sit on the Board of Directors of the Public Service Broadcasting Company. But what would be entirely legitimate for the Honourable Members opposite generally and the Honourable Member for Government Services in particular, is, that when he reconstitutes the Board of GBC, he nominates people to that Board in whose commercial, financial judgement he has confidence. It is not by doing the job themselves that he secures protection of public funds. At the moment, as the Honourable Minister has said, it is unfair that Government should not have control excepting the newsroom. In the event of exchanges that followed that remark, I think that that was a rush remark because I know that he now accepts that the freedom from control must extend beyond the newsroom. It would be no consolation to me that a Member of the Opposition should sit on the Board either because that is just as objectionable as a Member of the Government. The fact of the matter is that this has to be free. GBC has got to be free not from Government control but from political control from whatever source it comes. This is not "a keep out of Government's hands" measure it is "a keep the politicians hands off" measure. Therefore it is no consolation to me that we both have the same degree of "hands on". The principle is still not safe, by equating the extent of political control. The Honourable the Leader of the Opposition said that at the moment GBC is not free from constraints and he is right and I will not go into this again because I said so when I was speaking on the amendment to the amendment. The sort of control that presently exists on GBC firstly is from the House and not from the Government and secondly it is in the form of an annual subvention and not on the basis of a Minister having an office.

HON A J CANEPA:

Mr Speaker, it goes further because there are the Directives of the Governor-in-Council.

HON P R CARUANA:

Yes, the Directives of the Governor-in-Council I would not

regard subject to the Constitutional argument that no doubt this House would one day have to have in general. That is not political control from the Government of the day. It is a safeguard but it is a constraint and I accept that it is a constraint. But there is a difference between all the constraints that presently exists and which some would argue should or should not exist. It is different from what might result if GBC because a wholly-owned Government company in which a Minister sat as Chairman of the Board. It is a different ball game, Mr Speaker. The important point, Mr Speaker, is not that there, in fact, is no political interference because it is equally important that the outside world and I do not mean outside Gibraltar, I mean outside this House, should be confident that there is no reasonable opportunity for political control. In other words, that there should not be the suspicion that there is political control. My final point was going to be one that I have already covered and therefore I will not bore the House, Mr Speaker.

HON J C PEREZ:

Mr Speaker, let me say that certainly the Honourable Mr Caruana has focussed his whole argument on something which has nothing to do with the present crisis that GBC is going through. In his contribution he has dedicated himself to focussing the whole matter on the editorial control of GBC and on what might one day take over the Directions of Governor-in-Council. This is what needs to be done away with as part of EEC legislation and which is what put in question the ownership of GBC as I mentioned at the time of the Budget. But that, is not an issue which is being addressed today.

HON P R CARUANA:

Mr Speaker, it is actually not true. As I recall what I said was that I have concentrated in my address on the motion only to the question of editorial freedom. It was the last point that I made in an address that might have lasted ten minutes and that is when I proposed my amendment. I started off by accepting the question of financial constraints stating that I wanted only Public Service Broadcasting. It is not true to say that I dealt only with this aspect.

HON J C PEREZ:

Mr Speaker, the main thrust of the Honourable Member's contribution is not totally but certainly mainly at what I have said. The Hon Member wants to try and blind us and say that that is not so and he has become very upset because I compared him to a particular political party in our neighbouring Country. Mr Speaker, I now wish to reply to the fundamental points being put by the Honourable Mr Anthony and his preferred option that there should be a third party coming in with cash and with the possibility of investing and taking over the Corporation either on a Joint Venture basis with the staff having participation or on its own. That has been the preferred option of the Government all

along except that what has kept those people at bay and what has not made it possible for those people to come in is precisely the bill of the sixty employees. That, Mr Speaker, was too high a price for anybody to pay to link their signal from a satellite to Gibraltar and retransmit in Gibraltar. They would prefer, I think, to continue doing local programmes and to safeguard part of the Public programmes that form the Public Service Broadcasting but not with the present structure of GBC. So I do not want to try and pre-empt the result of those discussions but, Mr Speaker, the package that I came up with as a result of negotiations with GBC, at the moment already saves the Corporation £300,000 per annum in royalties and in buying films and whether people might agree that the programming is of one particular standard or another, it at least provides to the people of Gibraltar with eighteen hours of television. It also helps us to reorganise ourselves and concentrate ourselves solely on producing local programmes. So already without touching the question of staff there is already an important saving of £300,000. There is a cost to everything and there is an initial investment that has to be made in decoders because the BBC will not retransmit without those decoders. So therefore the saving on an annual basis, I think, justifies the nominal expenditure that has to be made at this stage. But, Mr Speaker, we want to arrive at a situation in GBC that allows us to look at all the assets of GBC and its potential economic benefits to try and exploit those assets to a greater potential economic return. We have seen how the advertising market has collapsed in a year and how £800,000 in one year was converted to £250,000 in the following year. Now that collapse of the advertising market must be as a result of more than one factor. There must be more than one factor responsible for that because the market is like that and particularly when you look at other local newspapers and see how well they are doing on advertising. So we have to tackle that as well. The BBC arrangement also gives us a potential to maximise GBC's frequencies and GBC's channels which are assets that the Corporation now needs to put to better use commercially so that they give a third or fourth source of revenue to the Corporation independent of advertising and independent of the Government's subvention. I think that potentially, for the future, that is where GBC might be making money and as it grows or as those potential areas are exploited economically then the Capital Expenditure that is needed will materialise but the Government at this stage with the crisis that GBC has and which we do not know how it will end the year requires quick solutions. GBC has already taken up a third of this year's subvention where we are going to start saving about £150,000 as a result of the BBC coming in and where the extra revenue that we foresee coming in in the future has not yet materialised and an injection of capital is needed for the purchase of decoders. So there is little else economically that, in my view, will be seen this year other than the restructuring proposals which I have in mind. Let me say that I am not going to negotiate those restructuring proposals. I am going to make proposals to the Management and the staff

in a discussion document and it is up to them to discuss it and to come up with a viable solution to the problems that I am going to pose. I am certainly not going to get myself into a position where I am negotiating with the Management and the Staff. I shall be making proposals on how I see the situation and on how I see that they can improve themselves. It is up to them to get together and to discuss together how best they can bring about savings in the Corporation. I am not in a position, as has been suggested, to say to anybody in GBC that they should be made compulsorily redundant or otherwise. I do not want to be in that position either. I think that the Chief Minister has explained the situation fully but I am in a position to explain to both sides management and staff that it might be in their best interest if savings in staff of a particular nature were made today. Let me, Mr Speaker, say, that Management have done a very good job in negotiating that agreement with the BBC and they have produced a result where at least twice as much time as is presently used in what is called Public Service Broadcasting has been guaranteed from the BBC. We are also not constrained to broadcasting BBC productions as long as the quality of what we broadcast is high. So when we are in a better financial position we might decide to buy a very high quality film somewhere and interposing between BBC programmes as part of a GBC production. That in itself is a potential to buy advertising or to sell advertising not only in Gibraltar but possibly up the Costa del Sol as well. So, without wanting to pre-empt any further negotiations that have taken place, I think, that if we take the point that the Chief Minister made quite clearly, which is that no-one can say that the interest of those employed at GBC will be safeguarded or that the Public Service Broadcasting will be safeguarded and that the local current affairs, cultural and sporting events and that the freedom of the press which we will all want to safeguard but everything has a price and if that price is too high, then we need to think again and we need to think whether the public really want that service at that price. It has to be the public and ultimately this House that has to decide. I think, the points raised in this motion are being met and I foresee that they will continue to be met but, I think, also that it is not a one-sided affair we have to put a proviso that there is a limit to how much money can be given in order to meet those targets and that if those targets were to increase in cost greatly then one would have to come back to the House and say this is the situation and in order to safeguard point 1, 2 and 3, this is what it is going to cost the taxpayer and we might have to decide whether it is worth it or not. Thank you, Mr Speaker.

HON LT-COL E M BRITTO:

I had not really intended to make a speech on this debate so I will say at this stage that if the Hon Minister wants me to give way I will give way. But, I think, that it will be valuable to put on record some points that were submitted to me recently. I think, it has been well established in what both sides of this House have said that even in the satellite age, the House wants GBC to continue and has shown

a determination today to find a way of getting it to continue. Also that within what has been said the priority to be given to Public Service Broadcasting is obviously inherent in the contributions of both sides of the House. But, I think, that what we have not gone into, except in the amendment to the amendment, is what we really mean by Public Service Broadcasting. What I would like to do, Mr Speaker, is to put on record the BBC guidelines on Public Service Broadcasting and which is the sort of thing that we will be looking for on this side of the House as the constitution of the final package that the Government produces for GBC. I quote, Mr Speaker, "(1) to provide information, education and entertainment;

HON J C PEREZ:

If the Honourable Member will give way. He can put an amendment to the motion but I am speaking to a motion that says "The vital role of Public Service Broadcasting gives to the life of the community, particularly with regard to local current affairs, information and news, cultural and sporting activities". If the Hon Member wants to interpret Public Broadcasting in a different way then he should put an amendment but what we are saying is not necessarily what the BBC Public Service broadcasting is all about. We are talking about Public Service in Gibraltar and not in the United Kingdom with sixty million people. So I am not prepared to go along the lines of an interpretation of Public Service in the BBC when his own colleague has already interpreted what his Party thinks Public Service should be in the motion.

HON LT-COL E M BRITTO:

No, Mr Speaker, I am sorry but I cannot accept that at all. The motion says specifically "That any new arrangements affecting the future of GBC should safeguard the following and (2) is the vital role of Public Service Broadcasting plays in the life of the community".

HON J C PEREZ:

Mr Speaker, particularly in those two areas?

HON LT-COL E M BRITTO:

Yes, Mr Speaker, particularly in those two areas. I am not proposing an amendment to the motion, Mr Speaker. What I am saying for the record is that the BBC guidelines of Public Service say and which are in line with what has been said by my colleague. I am a little bit more explicit in some areas and what we would like to see on this side of the House. The second point, Mr Speaker, is that the Public Service Broadcasting should not be run for profit but be administered in the public interest available to all and therefore supported by public funds. This is being done at the moment and obviously needs to be continued. The point that I am making is that at no stage can GBC be seen

as a profit making organisation. That would be ideal obviously but it cannot be a proviso for its existence. Point No.3 is not seeking to maximise audiences at all times but producing a wide range of programmes catering for minority interests as well as majority interests and of high quality. Point No.4, not administered under day to day control by the Government of the day, but at arms length from Government and fully independent of Government in its editorial policy. Again, part of this has been reflected in the motion, as amended, but I stress the first bit about not administered under day to day control by the Government of the day and I reiterate what has already been said by the Honourable Mr Peter Caruana and which coincides with our views in the Official Opposition. We do not like the idea mooted by the Honourable Mr Juan Carlos Perez, of a Board of Management headed by the Minister, even if there were to be a Member of the Opposition, and I share the views expressed already.

HON J C PEREZ:

Mr Speaker, if the Honourable Member will give way. I have already said that that is not the issue that is concerning us now. Let me point out to the Honourable Member that if he wishes us to keep to the targets of the BBC then regardless of the fact that they have sixty million people and we twenty-five thousand people and regardless of the number of viewers, you would have to inject the same amount of capital to get the same amount of programmes of quality. Because one Broadcasting Station can produce as much as the other, except that here we are doing it for twenty-five thousand people and in UK for sixty million people. So you cannot obtain the targets of the BBC when you have sixty million people paying for them in UK and twenty-five thousand people paying for it here. That is the difference, Mr Speaker. We have a viewing public which is much smaller and although we would all like to have programmes of wild life up the Rock which might be able to be afforded in the United Kingdom we cannot afford it. It is a very costly and expensive exercise which we might have to do without because the numbers here are very small. So we cannot attain the targets and the objectives of the BBC which is costing the UK taxpayer a hell of a lot of money and which is being put in question in the United Kingdom at the moment with all the private broadcasting channels.

HON LT-COL E M BRITTO:

Sorry, Mr Speaker, but once again, I cannot accept that point. I am talking about general principles and whilst I do accept that Great Britain is much bigger and that the BBC has a much bigger budget and that obviously the level of programmes is superior the principles laid down apply irrespective of the size of the Broadcasting Station. Finally, Mr Speaker, the fifth point is not taking an editorial view of its own on issues of public controversy but reporting news and reflecting the variety of views within society accurately and impartially and in the belief that the provision of information is to the public. May I say,

Mr Speaker, that I believe that that is something that GBC have been doing up to now and I have no reason to believe that it will stop. In conclusion, Mr Speaker, I would just like to say that whilst appreciating the difficulties in finding an alternative solution to the problems of GBC, I am not convinced that the BBC package is the ideal solution or that it will work in the long term, because the BBC transmissions to Europe are more of an information type channel than of an entertainment channel and as the aim is obviously to recoup the advertising that GBC has lost it is not going to attract the lost advertising market with that type of broadcast.

HON J C PEREZ:

Mr Speaker, surely, the BBC option is not the ideal one we all know that but it is going to save us £300,000 per annum and we are here to save costs. Now, in making an analysis of viewing patterns in Gibraltar and if the Hon Member has seen all the opinion polls he will have seen that people used to tune in to GBC to see Public Service programmes. With regard to entertainment programmes then GBC cannot compete with Satellite TV or Spanish television and people were tuning back to the other channels. So what we are saying is that we could not compete with the entertainment part and it was costing us £300,000 a year so we instead replaced that by something which is much cheaper and which gives us eighteen hours of programming and which allows us, if we get financially better off to buy very good quality programmes for inter posing. That is the best we could get out of a bad situation but it might not be the ideal solution but it is better than paying £1.3m at the end of the year. It is a better solution and it is the basis for cutting costs and, I think, Mr Speaker, that the BBC programming is not everybody's cup of tea but there are very good educational programmes in their programming which I am certain should be transmitted here as part of the Public Service. In fact, they are programmes of the standard that you were referring to in terms of Public Service that the BBC attains.

HON LT-COL E M BRITTO:

Mr Speaker, the Honourable Minister will be glad to know that this time I do agree with him. But he is making, in a different way, exactly the point that I am making. I agree with him that up to now people have been watching the Public Broadcasting programmes on GBC and then have been flicking away onto the satellite channels. The point that I am making is that I am not convinced that they are going to stop doing this. That I do not think that the BBC programming is going to hold the local viewer. That is the point that I am making. I do not know whether there is a better solution at this stage since I do not have all the information at my fingertips but I am not satisfied that this saving of £300,000 is going to be compensated by the increase in advertising that GBC is looking for. Time will show, Mr Speaker. Finally, Mr Speaker, I think

what needs to be done now is for decisions, to be made, practical decisions to be taken and for action to happen. Deadlines of August or September were given sometime back. I think, from my understanding these deadlines are probably impractical now but the sooner action is taken the sooner we can get on with it and the better it will be for everyone at GBC.

MR SPEAKER:

If there is no other contributor I will ask the mover to reply.

HON K B ANTHONY:

Mr Speaker, I have listened with great interest to all the contributions that have been made to the debate. It has clarified in my mind that everybody is concerned about GBC and everybody is concerned in a constructive manner and I think that is very helpful. I appreciate the amendment moved by my Honourable Learned friend on my left and it goes beyond my original motion, but I think, it is a good thing to have editorial freedom as regards journalistic material. GBC, to the best of my knowledge, has always had this and I would like to think that it will always retain this. The Chief Minister, in his contribution, said he wants GBC to survive and I am delighted to hear that and I accept fully his analysis that the sales slump has led to the drop in revenue. This is a very important factor that we cannot overlook. I also accept the premise that you cannot stretch to £1½m or to £2m budget in the subvention which could arise every year. I am glad to hear that the Honourable Minister agrees that a third party injecting funds would possibly be the best solution and I also accept his argument that the staff with their high salaries is a factor that is very discouraging for anybody being asked to invest money. It draws, once again, the parallel I have made before with Kvaerner and the cost of the money that they would have to put in. Nobody can argue with that. I would like to see the Honourable Minister persevere with this and as he said later, there are some restructuring proposals which the management and staff will discuss. But I do feel that the best answer is to obtain money from outside. In the meanwhile the news that we are going to save £300,000 per year with the BBC, I think, is a very meritorious one, because as many people know, BBC is less entertaining than informational and educational. They do have the odd entertainment programme but not as many as we would like. Therefore the Minister's suggestion that it might be possible to get high quality films and programmes from the BBC for sponsorship which would boost the advertising, I think it is also a step in the right direction. So I would like to end, Mr Speaker, by simply saying that I am delighted once again that there has been so much interest shown in this motion and all of us on this side of the House, in particular, will be keeping a close watch to ensure that GBC survives the crisis through which it is going at the moment. Thank you, Mr Speaker.

Mr Speaker proposed the question in the terms of the Hon K B Anthony's motion, as amended, which was resolved in the affirmative and read:

"This House considers that any new arrangements affecting the future of GBC should safeguard the following:

- (1) The interests of those employed at GBC;
- (2) The vital role that public service broadcasting plays in the life of the community, particularly with regard to:
 - (a) local current affairs, information and news.
 - (b) cultural and sporting activities;
- (3) The editorial freedom of GBC from influence or control by the Government of the day in relation to broadcasting of journalistic material."

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move that this House do now adjourn sine die.

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

The adjournment of the House sine die was taken at 8.20 pm on Tuesday the 9th July, 1991.

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

12TH NOVEMBER 1991

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Twelfth Meeting of the First Session of the Sixth House of Assembly held in the Assembly Chamber on Tuesday 12th November, 1991, at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon J Bossano - Chief Minister
The Hon J E Pilcher - Minister for GSL and Tourism
The Hon J L Baldachino - Minister for Housing
The Hon M A Feetham - Minister for Trade and Industry
The Hon J C Perez - Minister for Government Services
The Hon Miss M I Montegriffo - Minister for Medical Services and Sport
The Hon R Mor - Minister for Labour and Social Security
The Hon K W Harris QC - Attorney-General
The Hon P J Brooke - Financial and Development Secretary

OPPOSITION:

The Hon A J Canepa - Leader of the Opposition
The Hon G Mascarenhas
The Hon M K Featherstone OBE
The Hon Dr R G Valarino
The Hon K B Anthony

The Hon P R Caruana
The Hon Lt-Col F M Britto OBE, ED

ABSENT:

The Hon J L Moss - Minister for Education, Culture and Youth Affairs (away from Gibraltar)

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

PRAYER

Mr Speaker recited the prayer

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 26th March, 1991, having been previously circulated, were taken as read and confirmed.

COMMUNICATIONS FROM THE CHAIR

MR SPEAKER:

I think for the record I would like to inform the House that the Hon and Gallant Colonel Britto is now taking the whip of the Social Democratic Party. I would also like to draw the attention of the House, if they have not noticed already, to the fact that we have a new public address system which I think is second to none in quality. I think the people who will most appreciate the new equipment will be the regulars who come to the Strangers Gallery who should now be able to enjoy, or otherwise, what happens in the House with great clarity. At the same time I would like to thank the employees of GibTel who carried out the installation so smoothly and efficiently. We hope that we shall not have, in the future, the interruptions that we used to have with the old system.

DOCUMENTS LAID

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

- (1) The Statistics (Hotel Occupancy Survey) (Amendment) Order, 1991.
- (2) The Tourist Survey Report, 1990.
- (3) The Hotel Occupancy Survey, 1990.

Ordered to lie.

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

The Registrar of Building Societies Annual Report.

Ordered to lie.

The Hon the Minister for Medical Services and Sport laid on the table the following document:

The Gibraltar Health Authority Accounts for the year ended 31 March, 1990.

Ordered to lie.

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

- (1) The Employment Survey Report - October, 1990.
- (2) The John Mackintosh Homes Accounts for the years 1987 and 1988.

Ordered to lie.

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

- (1) The Accounts of the Government of Gibraltar for the year ended 31st March, 1990, together with the Report of the Principal Auditor thereon.
- (2) The Financial Services (Licensing) Regulations, 1991.
- (3) The Financial Services (Fees) Regulations, 1991.
- (4) The Financial Services (Conduct of Business) Regulations, 1991.
- (5) The Financial Services (Advertisements) Regulations, 1991.
- (6) The Financial Services (Unsolicited Calls) Regulations, 1991.
- (7) The Financial Services (Accounting and Financial) Regulations, 1991.
- (8) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No. 13 of 1990/91).
- (9) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No. 4 of 1990/91).
- (10) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No. 1 of 1991/92).
- (11) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No. 2 of 1991/92).
- (12) Statement of Supplementary Estimates No. 1 of 1991/92.
- (13) Government of Gibraltar £50m 11 7/8% Loan Stock 2005 - Placing Agreement.

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.00 p.m.

The House resumed at 3.30 p.m.

Answers to Questions continued.

The House recessed at 5.20 p.m.

The House resumed at 5.40 p.m.

BILLS

FIRST AND SECOND READINGS

THE ARMS CONTROL AND DISARMAMENT (INSPECTIONS) ORDINANCE, 1991

HON CHIEF MINISTER:

Sir, I have the honour to move that a Bill for an Ordinance to facilitate the carrying out in Gibraltar of inspections under the Protocol on Inspection incorporated in the Treaty on Conventional Armed Forces in Europe signed in Paris on 19th November, 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

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, let me first clarify that the Bill has nothing to do with the exocets to which I made reference in our differences with the Ministry of Defence nor does it mean that we are changing the Constitution in order to be responsible for our own defence. However, we had a choice given to us by the United Kingdom of having the provisions of this Protocol applied to Gibraltar by an Order in Council from the Privy Council or the bringing of the Bill to the House. In line with the view that we take that we should take increasing responsibility for our own affairs and have a clear say, symbolically if nothing else, I preferred to bring the Bill to the House although technically, in fact, it is part of the commitment of the United Kingdom to an international agreement as part of NATO's Disarmament Treaty with Eastern Europe where defence establishments in the Western part, like defence establishments in the Soviet Union and in the Eastern part, can be made the subject of inspection to ensure that international commitments on disarmament are being honoured. Therefore, to a very large extent, even though it is the Gibraltar Regiment that is now the Resident Army Unit in Gibraltar, it is still the United Kingdom both as a signatory of the Protocol in Paris a year ago and as the Constitutional authority in the 1968 Constitution with responsibility for defence in Gibraltar that actually is answerable internationally. It is not a question of us deciding whether we want to be in or we want to be out. We are in because we are part of the West and we are part of NATO. We are therefore committed to this process of disarmament even if that creates some economic problems for us in the process and therefore we have to support the view that it is right that the machinery should be there and the legal authority should be there for such inspection to take place. That, Mr Speaker, is really what the Bill is for. So really the only point of principle which I hope Members opposite will appreciate and agree with the Government is that we felt it was better that we should be doing it ourselves and voting it ourselves than that somebody should decide it in London and apply it in Gibraltar. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, we support the Bill and the manner in which the Government is proceeding with this matter. I think that it is to our credit that in less than a year of the Protocol on Inspection having been adopted in the Treaty in Paris we should be proceeding to enact the necessary legislation. I think that it is an indication of our commitment to Britain and to NATO that we should be doing what is required of us in this respect. We are very happy to see that because of Clause 18 we shall not be required to provide any helicopter at any inspection site. Perhaps the most, having regard to our size, and being less than twenty square kilometres in area, the most that we might be required to provide might be a bicycle or roller skates for the Inspection team. So we will be supporting the Bill and we commend the speed with which this matter has been proceeded with.

HON LT-COL E M BRITTO:

Mr Speaker, the Members on this side of this side of the House have no difficulty, in principle, in supporting this Bill. To a certain extent the discussion is academic for the reasons given by the Chief Minister but nevertheless we also agree with and commend the Chief Minister for the decision of bringing this Bill to the House as opposed to having it dictated from above, as it were. I therefore have no hesitation in saying that we will be voting in favour.

MR SPEAKER:

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

HON CHIEF MINISTER:

Mr Speaker, I am grateful to the Leader of the Opposition and the Hon and Gallant Member, who may well understand more of the Bill than I do from his military experience, for the support that they have given me on this issue and for the fact that they understand why the issue of principle is one that, I think, will appeal to Gibraltarians. I will be moving an amendment at the Committee Stage which I will circulate today so that Members are aware. It is a minor thing but it is something that has partly worried people quite a lot in London. Although it was something that was quite inadvertent which is in Section 3(1)(b) the Bill as presently drafted provides that we can actually challenge an inspection within any area of Gibraltar where the challenge is authorised by the Governor and that, in fact, would not be a declaration of UDI by me, it would be a declaration of UDI by His Excellency because it would mean that in our

legislation we would be giving His Excellency the Governor the right to overrule the Secretary of State for Defence who might find he had authorised somebody to come to Gibraltar and then find him challenged by the Governor when he got here. So this has been pointed out to us and although obviously it was never the intention that that should be the case we are going to be deleting "Authorised by the Governor" and substituting in its place the word "granted" and leaving it to the imagination as to who will do the granting. We hope to take the Committee Stage, of course, tomorrow because it is important, as the Hon Leader of the Opposition has pointed out, that we are seen to be complying with such international requirements as quickly as possible and there is really no point in delaying it to the later part of the House.

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

HON CHIEF MINISTER:

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

This was agreed to.

THE ENDANGERED SPECIES (AMENDMENT) ORDINANCE, 1991

HON CHIEF MINISTER:

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

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

SECOND READING

HON CHIEF MINISTER:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, Members will see that, in fact, the explanatory memorandum of the Bill makes it self evident why we are introducing this amendment and that this is to permit in the species where we have already prohibited trade in keeping with our international obligations, the exception to the general rule where the purpose of the importation or the exportation of an identified specimen of an endangered species is intended for scientific purpose. This was something that we had not thought of when we brought the original Bill to the House, which is now law. It had been brought to our attention subsequently and we received representations from the professionals in this area and therefore it is clear that, of course, the exportation or importation of a particular specimen or an endangered species can be an important part of the international fight to conserve the species and if you cannot move them from anywhere

to anywhere you may be actually defeating the whole purpose of the original protective legislation preventing exports and imports of animals which are intended clearly to stop them being traded and becoming extinct because people are selling them at a profit. There is no more to it than that. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON K B ANTHONY:

Mr Speaker, the Official Opposition have no difficulty in supporting this Bill. We accept fully the Hon Chief Minister's reasoning that this was an oversight when the original Bill was brought before this House. There is only one point I would like to raise. Scientific study to me is a scientist or one of the professional zoologists that we have. Would this Bill also extend to our schools where perhaps our 'A' level students might want specimens brought in for their studies? I am not sure whether this is so and perhaps the Hon Chief Minister can confirm or deny this when he exercises his right of reply. Apart from that we do fully support this Bill, Mr Speaker.

HON LT-COL E M BRITTO:

Mr Speaker, the Social Democrats will be supporting the Bill.

MR SPEAKER:

If there are no other contributors I will ask the Mover to reply.

HON CHIEF MINISTER:

Mr Speaker, taking the point that the Hon Mr Anthony raised, the position is, of course, that the Bill leaves it to the discretion of the Collector of Customs to satisfy himself that it is bona fide. I am sure that if the request came via the Education Department officially then there will be no problems. I am sure that point would be covered.

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

HON CHIEF MINISTER:

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

THE LANDLORD AND TENANT (AMENDMENT) ORDINANCE, 1991

HON J L BALDACHINO:

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

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

SECOND READING

HON J L BALDACHINO:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, the object of the Bill is to make the Landlord and Tenant Ordinance practical in the present circumstances. It makes provision for recognising that there are unfortunate families in circumstances which may result in the tenant of protected premises ceasing to live in the premises and where, society in general, recognises that it is equitable to transfer the right to occupy these premises to the families left behind. The kind of circumstances that it is likely to cover are, for example, hospitalisation on a more or less permanent basis, desertion of the family, permanent separation between spouses and, most regrettably, long-term imprisonment. The Bill, Mr Speaker, increases the role of the Rent Assessor in dealing with the property which would not previously have come within the Ordinance but by virtue of the amendment which allows property becoming forty-five years of age to fall within the Ordinance, the Rent Assessor has the role in determining a statutory rent and are therefore within the need to introduce the fee making provision. Until these amendments, the Landlord and Tenant Ordinance was static. It did not bring within its provision ageing property, it took a pre and post-war position and it now makes provision for the property to fall within its ambit as it becomes forty-five years of age. Equally it recognises that it would not be appropriate and necessary to apply to that property or to renovate that property, the rent calculation method contained in the Ordinance and therefore introduce in the proposed Section 11(a) a mechanism for determining the statutory rent in relation to such property to ensure that the interest of the landlord and tenant are fairly taken into account by the Rent Assessor. An earlier omission in the Landlord and Tenant Ordinance did not allow the provision of the Ordinance to be applied where property had to be demolished in part, and I remember this well, Mr Speaker, because it happened when I was in the Opposition where a building had to be demolished and therefore the family was found to be homeless due to an Order being given by the Environmental Health Department because it was negligence on the part of the landlord. The Ordinance, Mr Speaker, also makes provision for dealing with the position where a tenant had to be moved out in order that a building would be renovated. It did not protect, as I said before, the tenants, where demolition was the only solution. The new subsection 11 to be added to Section 18 of the Ordinance would deal with this situation. The Bill adds two new Schedules to the Ordinance, the first of these dealing with the tenant's liability, which we also think is important, Mr Speaker, to repairs and spelling out the items for which the tenant is responsible as the Ordinance was silent before and which he is required to maintain during the tenancy. Schedule

7, which it is proposed to add to the Ordinance, lists the furniture which a landlord is required to provide as a minimum level when the property is let furnished. Members, Mr Speaker, will see that the bulk of the Bill is concerned with residential property. The only amendment to that part of the Ordinance dealing with commercial property is Section 38 which is an amendment designed to ensure that the Ordinance can be applied as was intended and that there is no difficulty resulting from an unreal distinction as to where a business is being carried on even though the premises are being used. The remaining provisions of the Bill deals with fines and refers to the now common practice of the standard scale of fines provided for in the Criminal Procedure Ordinance. An opportunity has been taken at the same time to update the fines to a more realistic level than the Ordinance currently provided for. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON M K FEATHERSTONE:

Mr Speaker, we in the Official Opposition are fully in favour of this Bill. There is a lot of sense on the question of a tenant who departs from the dwellinghouse and that his family should be protected in special circumstances that have been stated of where a person being a long time in prison, he may even be deported, or the case where there is divorce. We are pleased to see that property over forty-five years of age is going to be protected at all times and this will be an ongoing thing. We agree that when property becomes controlled under this Section the rent of the dwellinghouse should be worked out by the Rent Assessor. We are also in favour of the fact that the landlord should have to give suitable alternative accommodation where the property is being demolished by a Court Order. We are pleased to see in the Schedule the amount of furniture that has to be provided and that a refrigerator is included. This is a very good thing indeed. We fully support the Bill.

HON K B ANTHONY:

Mr Speaker, I of course fully support the Bill like my colleague. A couple of minor points that I feel I must mention. The term "prescribed reason" we have heard a number of reasons mentioned like imprisonment, divorce, deportation but I think that these should be specified because "prescribed reason" is a very vague term and it may mean something legally but to me as a layman I do not know what it covers. The section on the furniture to be provided, Schedule 7, I would like to see a couple of minor changes to this Schedule. It specifies that any room let as a bedroom should have one dressing table or a chest of drawers. I feel this is discriminating slightly between the sexes, very few men want a dressing table, so I would like to see "one dressing

table and chest of drawers" rather than "or". That applies also in any room let as a sitting room which says "two armchairs or one settee", I would like to see "and one settee". What happens if you have a visitor, do they sit on the floor or on the dining room table? In a room let as a kitchen it says "one electric cooker". This is like a piece of elastic, an electric cooker can be anything from a one ring to a four ring with an eye level grill. I think there should be a minimum standard rather than just a single term "an electric cooker". I think there should be a minimum of possibly two rings. I am not an expert on cookery but I think that this is a little bit vague and I am not suggesting that any landlord will take advantage of this Bill but I would like to remove the risk to avoid anybody being caught by a microscopic electric cooker which complies with this Bill. But apart from these small points I, of course, fully support this Bill, Mr Speaker.

HON P R CARUANA:

Mr Speaker, we support the Bill and in resonance to what the Hon Member has said we cannot think of a good reason, perhaps the Minister in his reply will be able to explain, why the very good reasons that the Minister has mentioned cannot be stated in the Ordinance and why the Government wishes to reserve the right to prescribe reasons under the amendment to Section 3 dealing to the modes of vacation of the property before the family get protection. That is basic to the Ordinance, it is fundamental to the regime that the Ordinance establishes and we think that the Bill would be substantially improved if the reasons were set out in the Ordinance, if for no other reason so that both landlord and tenant know with certainty what those reasons are and that they are not subject to be chopped and changed by Regulation from one Thursday to the next in one Gazette to the other. We have a concern, Mr Speaker, in relation to the proposed amendment to Section 10 which makes every property which is forty-five years old automatically subject to the Ordinance. That would have as an effect really the discontinuance of the purchase of property in Gibraltar by way of investment for rent because the investor, and it may be that such persons do not exist, but the investor would know for certain that with the passage of time that property would definitely become controlled and, indeed, there are "modern" blocks of private dwellings in Gibraltar which approach the age of forty-five years much sooner than some people might think. I wonder whether the Government has given any thought to the possible impact that this provision might have on the construction of property for rental rather than for outright sale and whether the Minister would consider that to be detrimental to the renewal of housing stock in Gibraltar and the basis of private capital in the future. There is, as a matter of principle, Mr Speaker, and it is the last point that I make on the question of the principles of the bill, is that it seems paradoxical that in dealing with certain imbalances that might have been perceived to exist in the regime of the Landlord and Tenant Ordinance, the Government has not had the political courage to go the whole way and reform the whole regime

in matters that balances out for both the benefit of the landlord and tenant. For example, it will not have escaped the Hon Minister's attention that whilst the obligations on the landlord are what the law says they are and that the cost of complying with those obligations rises by the incidence of inflation from year to year, no political party in Gibraltar for the last six years has had the political courage to increase the level of statutory rents. What that leaves is the landlord with a legal obligation that is imposed and enforced against him by the Environmental Health to carry out works and there is no compensatory increase in the level of rents that he can charge. It is also paradoxical, Mr Speaker, that in relation to Elliott's Battery the latest set of residential accommodation that the Government is going to give out, it has not assumed the same burden that it imposes on private landlords so that whilst private landlords, if the Government by this Ordinance generally and not this amendment to the Ordinance, the whole regime of the Landlord and Tenant Ordinance, in my opinion quite rightly imposes on the landlord the obligation for structural repairs, it is paradoxical and something that the Government will have to explain, why it has not assumed the same level of burden in relation to Elliott's Battery where some of the expenses which fall on the landlord in private accommodation will fall on the management company in the case of Elliott's Battery. Subject to that, Mr Speaker, and subject to the preference that we would have had to reform the whole regime of the Landlord and Tenant Ordinance to deal with all the imbalances that exist, in principle, we support the Bill.

MR SPEAKER:

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

HON J L BALDACHINO:

Mr Speaker, I will not say that what the Hon Member has just said is a load of rubbish because it is not totally rubbish. He has a point to a certain extent but he seems to forget one Section of the Landlord and Tenant Ordinance and that is Section 15. I can tell the Hon Member that the way to get out of what is the prescribed rent that should be charged on pre-war dwellings is under Section 15 and I can tell him, Mr Speaker, that what private landlords are charging on pre-war houses are about three times more than what the rent would be in Elliott's Battery. There is nothing stopping any private landlord entering into a self-repairing lease with any tenant.

HON P R CARUANA:

If the Hon Minister will give way. The simple reason is that you cannot change the terms of a tenancy once the tenancy is there so if I have a tenant in my building who has been there for twenty years I cannot change the terms of the lease and I have the burdens that are imposed on me by law.

HON J L BALDACHINO:

Neither is the Government doing it with sitting tenants, Mr Speaker. We have invited applications and I can tell the Hon Member that we have received 425 applications so any private landlord can do exactly the same. I also think that we have been fairer with this amendment than what existed before in the Landlord and Tenant Ordinance because we have not, Mr Speaker, said that property that is now forty-five years old will now have a rent that is the provision of the Landlord and Tenant Ordinance. What we have said that the rent will be determined, and it will be a fair rent, by the Rent Assessor and therefore it will be beneficial to both the tenant and the landlord. There is some reason, up to a certain point, where it is unfair to other landlords who had the misfortune that when the Select Committee of the House was set up to discuss the Landlord and Tenant Ordinance - and you must remember, Mr Speaker, because you were a Member of the Opposition at that time - when we had amendments to the amendments to the amendments to the amendments, after a report from a Select Committee of the House of Assembly that they now find that their property was protected and because other property that did not fall in that category built before 1940, forty-five years old, they were not protected. Therefore I think it is also fair that property and there is a relationship not to pre-war or post-war, because let us hope there is not another war then otherwise those that, are post-war today will be pre-war after the start of the war! Therefore I think that it is only fair that we put a life on the building and therefore the building should be forty-five years and I think that we are doing a fair thing, Mr Speaker, because we are protecting tenants who live in property after forty-five years and I do not think it will stop investment because any landlord will get his investment before the forty-five years are up without any protection. Therefore the argument of the Hon Member, Mr Speaker, was not whether the tenant should be protected or not, his argument was based on the rent level that private landlords are able to charge to their tenants and therefore that also safeguards, and I presume, Mr Speaker, that he is in agreement that there should be a certain amount of protection to the tenant and not that the landlord has the right to give some six months notice and then they have to find somewhere else to live something which happens today. That is what we are doing, Mr Speaker, and with those amendments we are making it fairer than what it was before.

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

HON J L BALDACHINO:

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

MR SPEAKER:

At this point I think that it is appropriate that we should adjourn until tomorrow afternoon at three o'clock.

The House recessed at 7.10 pm.

WEDNESDAY THE 13TH NOVEMBER, 1991

The House resumed at 3.00 pm.

At this point in the proceedings the Hon J L Moss joined the meeting.

MR SPEAKER:

Before we continue with the business of the House, I would like to make the following observation. Yesterday during supplementary questioning on Question No 100 of 1991, the point was made as to whether headings 6 and 7 of the Report of the Select Committee on the Declaration of Members' Interests applied to Ministerial visits or Official visits by Members of the House. The interpretation and practice in the past has always been that they did not apply to such visits. As a result of this, I asked the Clerk, who is the Registrar of Members' Interests in Gibraltar, to clarify the matter and he has spoken to the Registrar of Members' Interests in the House of Commons from where our nine headings are derived and it has been confirmed that the interpretation in the United Kingdom is that this does not apply to Ministerial visits or to any other type of Official visit undertaken by Members of the House of Commons.

SUSPENSION OF STANDING ORDERS

HON CHIEF MINISTER:

Mr Speaker, I beg to move under Standing Order 7(3) to suspend Standing Order 7(1) so that the Minister for Education, Culture and Youth Affairs may answer Question Nos. 55 to 62.

This was agreed to.

THE EMPLOYMENT (AMENDMENT) (NO.2) ORDINANCE 1991

HON R MOR:

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

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

SECOND READING

HON R MOR:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, there are three objectives

proposed by this Bill which cover several sections of the Employment Ordinance. The first objective which the Bill sets out to achieve is to update fines for offences committed and to relate these fines to the Standard Scale on fines under the Criminal Procedure Ordinance. If I may just remind the House, Mr Speaker, the levels mentioned in the Bill relate to Level 1 - £100, Level 2 - £200, Level 3 - £500, Level 4 - £2,000 and Level 5 - £5,000. The second objective of the Bill is to amend Section 86 of the Employment Ordinance to extend the powers of the Governor to make regulations to give effect to obligations resulting from International Treaties and that may result in any laws passed by the European Economic Community which may be in conflict with or different to our own laws in the Employment Ordinance, and thereby make provision for the repeal or modification of any part of the Employment Board where this situation arises. The third objective of the Bill, Mr Speaker, is to extend to Crown employment the provision of the Employment Ordinance dealing with the rights to equal treatment. As the law stands the provisions of Section 52(a) to 52(g), which deal with the rights to equal treatment, are not included in Section 89. Section 89 refers to the provisions covering crown employment and the object of the Bill therefore to extend the rights to equal treatment for crown employment. Mr Speaker, I commend the Bill to the House.

MR SPEAKER:

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

HON DR R G VALARINO:

Mr Speaker, certainly we will be voting in favour of the Bill. My only doubt was as to part three in the Explanatory Memorandum where it says "to apply to Crown employment the provisions of the Ordinance dealing with the right equal treatment". However the Honourable Minister has clearly defined what that means. In fact, the Honourable the Leader of the Opposition is just going to recheck but I am sure that that will be alright as far as we are concerned.

HON A J CANEPA:

Mr Speaker, will the Minister confirm when he exercises his right to reply that there must have been an oversight because I imagine that it was always the intention that Section 52(a) and 52(g) should apply to the Crown and that that was not done by an oversight or is it that it was not an oversight and that it was a deliberate act of policy and now a different decision has been taken.

HON CHIEF MINISTER:

Mr Speaker, when it was brought to our attention we could not find any reasons on record as to why it had been originally omitted and therefore it is quite possible that it was overlooked. I remember that in the original Employment

Ordinance there were some Sections that applied to the Crown and some did not. For example, things like unfair dismissal or the right to join Trade Unions, those were specifically applied to the Crown. There is, of course, an underline concept which in practical terms is not relevant but there is this underline concept that in the Employment of the Crown people have no rights and that, in fact, the law cannot bind the Crown and the Crown can terminate at pleasure peoples' employment. But, of course, it has always been held that in practice the Government cannot very well require other employers to keep certain standards without observing it itself, whether the law says that it applies to the Crown or not. So we are introducing it at this stage really because it has been brought to our attention that it is specifically left out and there seems to be no conviction for leaving it out. But, in practice, we would expect it to be observed in accordance with the spirit of the law whether it applied to the Crown or not until now. So it is not that we are expecting a major change taking place as a result of this law.

HON P R CARUANA:

Mr Speaker, as the Members opposite now know from my voting pattern at the last sitting of the House, the Party that I lead would prefer that the scale of charges attached in the Schedule of the Criminal Procedure Ordinance were itself subject to change by primary legislation as opposed to subsidiary legislation. I am reluctant to continue to vote against legislation simply because it contains a further step in introducing references to scale rather than to fines. I therefore put on record that my failure to vote against the particular Ordinance that includes this device is not an abandonment of that principle and that whilst I support, in principle, the Government tidying up legislation by referring to fines on the basis of a point in scale rather than a sum of money the scales themselves should be changed by primary legislation and not by regulation. It is also our preference that primary legislation be used whenever possible and that whilst there is Constitutional Authority in the United Kingdom for giving to the Government, by regulation, the power to amend or repeal Ordinances, there are instances of it in the United Kingdom, probably the most famous one is in the Factories Act of 1961 but they are rare and exceptional and are not ordinary of the legislative process. The Government appears to have the stated policy of legislating by regulation whenever possible and that is not something that we would seek to encourage from this end of this side of the House. Insofar as it affects the implementation of European Community obligations, then, as the Learned Attorney pointed out yesterday, Section 4 of the European Community Ordinance already gives the Governor the power to make regulation in that respect. The proposed amendment in Section 86 of course goes further because it refers to International Treaties and not just to EEC legislation. Our concern about the terms of Section 86, and this is a point of principle to which I refer, is that the method of complying with an EEC provision of law

is not itself a scientific fact, it is not itself a science in the sense that the European law may impose a series of requirements but how that is translated into legislation is a matter which we would prefer to have done by this House on the basis of a Bill drawn up by the Government in the usual way. We have no objection, in principle, with the substantive content of the Bill but we do have those two objections, in principle, to the resort to regulation for the doing it. Subject to that on the principles of the Bill, the substance of the Bill, we support but we will abstain on the vote for the reasons that I have indicated.

MR SPEAKER:

If there are no other speakers, I will call on the mover to reply.

HON R MOR:

Mr Speaker, there is really nothing much to say, other than to thank the majority of the Opposition to supporting it and for the minority of the Opposition to support the idea behind it but on a technicality that they will abstain on the Bill.

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

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

The Hon P R Caruana
The Hon Lt-Col E M Britto

The Bill was read a second time.

HON R MOR:

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

THE PENSIONS (AMENDMENT) ORDINANCE, 1991

HON ATTORNEY-GENERAL:

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

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

SECOND READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the Bill be now read a second time. Mr Speaker, in addressing the House on the general principles of this Bill, I think, that there is very little I need add to what is contained in the Explanatory Memorandum in view particularly of the short length of the Bill. I hope that Members on both sides can appreciate that Clause 2, in fact, seeks to amend the fourth paragraph of the proviso of Section 10 and it is the words which follow the first reference to the word Ordinance in the second line of that paragraph which are to be deleted and not merely the words which follow the second reference to the word "Ordinance" within that paragraph. I appreciate, Sir, that Clause 2 of the Bill does not specifically say that. I have seen a necessity at the moment to indicate my intention to raise an amendment at the Committee Stage to the Bill but I did feel for the assistance of Members that I should draw attention to precisely what the Bill intends. As Members will be aware Section 10 of the Ordinance deals with the reduction or abatement which must be made to an Officer's Pension where he is in receipt of certain other benefits. Paragraph 4 of the proviso that at present provides that no reduction shall be made in respect of any benefit or part thereof which is payable under the Social Security Insurance Ordinance and this of course refers to what is commonly called the Old Age Pension. However, the exception from such reduction is at present limited and I quote "to the extent that it is attributable to a contribution made by the Government under that Ordinance in respect of employment in the Public Service by the Officer on or after the 1st day of April 1980." It is those words, Mr Speaker, which the Bill seeks to remove. Thus an occupational pension will no longer be reduced or abated in any way when the Officer concerned begins to receive his or her Old Age Pension. I understand that the abatement has been nominal in any event and that we are talking about a figure of only £2 per annum for each year that the Government has contributed its share as an employer of the contribution towards the Social Insurance Fund from its inception on 3rd October 1955 to 31st March 1980. The latter date is the date as from when the then Council of Ministers agreed that the abatement should be discontinued in respect of service beyond that date. Mr Speaker, Government has considered to what extent, if at all, the amendment this Bill proposes will result in disparity of treatment to those pensioners who

previously worked for the United Kingdom Government and I am happy to be able to confirm that the Foreign and Commonwealth Office to whom enquiries have been made that there is no objection whatsoever to this Bill being proceeded with. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON DR R G VALARINO:

Sir, we welcome the Bill and we will be voting in favour. We are grateful for the explanation given and I am sure that a fair amount of people will be happy with the fact that they will be receiving an extra little bit of money as a result of this amendment.

HON A J CANEPA:

Mr Speaker, this morning downstairs I was buttonholed by an old gentleman who asked me "when are you going to remove the provision whereby I have £4 deducted from my Old Age Pension because of my former employers contribution to the Social Insurance Scheme?". So I said to him this afternoon and he was very much taken aback since he thought that I was joking. I of course took the Bill out of my briefcase and showed him that that was precisely what we were going to do. The whole question of abatement has been a matter that vexed me no end during the years when I was Minister for Labour and Social Security. I used to get constant representations from old people and what was very annoying was the fact that everytime that one brought legislation to the House increasing benefits payable under the Social Insurance Ordinance, everytime that we increased the Old Age Pension the abatement of the Government Pension of Ministry of Defence Pension was greater, so obviously we took the decision in 1980 of no more abatement. I honestly thought that we had done away with it altogether, but apparently what we did in 1980 it is clear that we froze it. We said for service after 1980 there will be no more abatement. No doubt we must have been advised that such abatement as there was prior to April 1980 must have been a small sum of money which has become increasingly a smaller proportion of the actual pension. I was however honestly under the impression, Mr Speaker, that we had done away with abatement altogether. That it was a retroactive piece of legislation and, of course, it is clear from reading the Pensions Ordinance that that was not the case. I imagine that in the same way as I was buttonholed this morning, the Government must have received representations recently from affected parties and has responded positively in the way that anyone, in the words, I think, of Mr Feetham yesterday, "with a social conscience" would have done. I am very glad to see that what we left undone the present Government is doing. I therefore support the Bill wholeheartedly.

HON LT-COL E M BRITTO:

Mr Speaker, once again the support is unanimous on this side of the House. We welcome the Bill for the reasons that have already been explained so I will not go into detail. The only other minor point which I would like to put to the Learned the Attorney-General is that in fact his concern about which Ordinance is not really relevant because the comma only appears after the first time the word Ordinance appears and not after the second time.

MR SPEAKER:

If there are no other contributors I will ask the mover to reply.

HON ATTORNEY-GENERAL:

Mr Speaker, it is very gratifying to me that in the period, slightly in excess of two years that I have had the privilege to be a Member of this House and it has been my duty and pleasure to propose a number of Bills, I do not think, that in any occasion any of the Bills that I have presented have been voted against by the Members who sit opposite to me. I particularly pleased therefore to, for the moment at least, retain my 100% record. I am grateful to all Members of the Opposition for their support. It is well known that the Honourable Leader of the Opposition and myself have crossed swords in the past but that was a long time ago and we have been friends for a long time since then and I am particularly grateful for his kind words and his support for this Bill. Thank you Mr Speaker.

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

HON ATTORNEY-GENERAL:

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

THE INCOME TAX (AMENDMENT) (NO.2) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. Over the last year or so the legislative

programme of the EEC has began to focus much more than hitherto on taxation issues. This has been less on the forefrontal assault towards tax harmonisation which some in the 1980s were advocating, instead measures implemented or in the pipeline have concentrated much more on removing very specific blocks arising from the differing tax systems around Europe that discourage towards integrated markets and cross-borders business. Recent examples of measures taken by the EEC to remove such blocks have dealt with removing withholding on cross-border dividend and interest flows and initiating a common system of treatment for offsetting losses within cross-border company structures. These measures and others in the pipeline will make cross-border company structures much more attractive than previously. Whether this process constitutes an opportunity to our Financial Services Industry depends on our ability to stay ahead of the evolving process, with the legislation that both meets our European obligations and which is a suitable springboard for product development. Our ability to succeed in these changing circumstances would derive in no small measure from anticipation of the opportunity that change itself represents. By demonstrating an early and ready response in our legislation we will create an environment attractive to modern international businessmen who are also having to adapt to succeed. Furthermore by the nature of our response the Government does believe that the Gibraltar Finance Centre can contribute to the process of change that the EEC is trying to bring about and which will place Gibraltar firmly in the middle of market intergration. Accordingly the purpose of this Bill is to extend the Governor's powers to make rules contained in Section 98 of the Income Tax Ordinance to provide for such roles to implement in Gibraltar the legislation of the EEC insofar as it has an impact on the Income Tax Ordinance. This is achieved by the addition of the proposed conditionality (b) to the rule making power. The power contained in conditionality (a) repeats an existing power within the Ordinance. The rules will of course be subject to Gazetting in the normal way. Sir, I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Can we have some explanation, Mr Speaker, as to whether the EEC legislation that is being referred to is of a binding nature? Does it have to be implemented by EEC Member States or is there discretion as to whether there is a choice as to whether it has to be proceeded with or not? If it is binding then I suppose that we would have no real objections to it being implemented by regulation. But if it is discretionary, we would prefer that legislation be brought to the House, primary legislation or amending legislation to the Income Tax Ordinance be introduced in the House,

that would also additionally give us an opportunity to comment on the proposed legislation. So at this juncture subject to what we may hear from Members opposite our inclination would not be to vote in favour. We would probably abstain.

HON P R CARUANA:

Mr Speaker, as far as concerns the Gibraltar Social Democrats, this Bill is either unnecessary or undesirable. If it is unnecessary, it is unnecessary because Section 4 of the European Community's Ordinance already gives the Governor the power to do everything that this Bill intends to achieve. It is undesirable really for the reasons that I have already said in relation to the previous Bill and I do not want to carry on repeating myself everytime the opportunity arises and that is that in relation to the implementation into Gibraltar Law of Community Law requirements, and I accept what appears to be the policy of the Government, that Gibraltar should implement EEC law obligations but the manner of implementation of that law ought to be brought to the House for debate and for discussion and that really we do not support any major changes to the law books of Gibraltar to be achieved by regulation if it can be avoided. For that reason and again subject to anything that the Chief Minister may say when he has finished reading the book that he now has in his hands, we will probably abstain.

HON CHIEF MINISTER:

Mr Speaker, when we are talking about the application of Community legislation to Gibraltar, let me remind the House that effectively there are two instruments, one is a Community Regulation which effectively requires no action at all on our part, either by way of primary legislation or by way of regulation, other than the possible repeal of Gibraltar law where the regulation is in conflict with EC Law because the regulation effectively states that it is immediately applicable in all the territories of all the Member States without further action by those States. This is why, for example, in the areas like the Air Liberalisation process, we have the peculiar situation that you have primary Community legislation, I do not know what the Honourable Member thinks of that as an example of Parliamentary practice, but here you have primary legislation which says "this legislation applies in all the territories of all the Member States except Gibraltar where it is suspended". If we had a law in Gibraltar which was in conflict with the 1991 EEC Regulation on Air Traffic, our law would de facto have to have been repealed. So this is about giving effect, in Gibraltar, to Community Directives and therefore what it requires is an adaptation of our system in order to bring it into line with UK. It is a matter of policy on the part of the Government that we should do this by Regulation as far as possible for a variety of reasons. One of which is, as has been already indicated by the Financial and Development Secretary, that we feel that the flexibility that that gives us provides us with a competitive edge over other people and that those Regulations which can be tailored and produced, taking very much into account the advice of the professionals in the business, much quicker than they can be produced by anybody else anywhere else. The Hon Member is right

to say we could simply use the powers under the European Community's Ordinance which was passed in this House in 1972 and came into effect in January 1973 on accession, but we feel that rather than use that blanket power we should, in fact, introduce specific provisions in specific Ordinances and we have already done this in some other areas. In fact, the power to make the Regulation is already in Section 98. Therefore what we are saying is that at the moment in Section 98 we have a situation where the Governor may make rules for carrying out a number of different matters in connection with the provisions of this Ordinance and there is now going to be a Subsection (2) of Section 98 so, in fact, what we are doing is retaining the power in Section 1 but extending the occasions on which it may be used and it may be used, not only, to give effect to the provisions of the primary Legislation of Gibraltar but also to give effect to the provisions of the primary Legislation of the Community obviously in a way that makes one compatible with the other. However, in terms of the principle of being able to make rules, the principle, is already there and has been there all the time but we may from time to time make rules generally for carrying out the provisions of this Ordinance and for anything which under the provisions of this Ordinance is required or permitted to be prescribed. It is that rule making power by the Governor that we are saying we wish to make use of to give effect to EEC obligations in Gibraltar. In the particular case that we are looking at at the moment, which is a case which has been giving us some concern for some time over the last twelve months, is, in fact, something which may or may not give us a headache when we come to test it in the Market. I am sure that the Member may know about it professionally. It is an area that we want to put to the test as quickly as possible because a lot of investment decisions are pending, awaiting this and it goes to the very root, in fact, of our membership of the Community. We have a very clear legal opinion from our own Chambers and from the Foreign and Commonwealth Office that from 1993 a company elsewhere in the Community that has a subsidiary operating in Gibraltar has to be treated under Community law in a certain way. It is a requirement by the Community on the creation of the Single Market. It is a requirement which has been designed in order to remove obstacles to the Single Market in the provision of services and in the free movement of capital and that requirement we are clearly told we are obliged to put into effect and if we did not do it we could be challenged for failure to do it in terms of money earned in Gibraltar and sent to a parent somewhere else. We are going to go ahead and do this because we are told we are required to do it and because we want to demonstrate our willingness to very quickly move into line with Community requirements. Therefore we hope that that will mean that we can ensure that there are no problems created when the flow of money is in the other direction, that is to say, money earned by Companies elsewhere in the European Community which are owned by parents in Gibraltar. It will be obviously completely unacceptable if we had a situation where we are being prevented from taxing dividends payments from Gibraltar to anyone of the twelve Member States

and yet anyone of the twelve Member States, not to mention one in particular, would be able to continue to tax payments made to Gibraltarians or to Gibraltar registered Companies. That is the most immediate test that we have in front of us and it is the first use we intend to make of this but we are sure that there are going to be others in the future. Quite frankly, not to put too fine a point on it, it is another facet of the problems that we face in asserting our position in the European Community similar to the one that we are facing in connection with the External Frontiers Convention. We have it very clear that this requirement has been there since 1973 and has always applied to us but we are supposed to behave in a certain way and we are supposed to be treating other people with investments in Gibraltar in a particular way and we intend to do it. However the other side of that coin is that other people are supposed to treat Gibraltar based investors in a non-discriminatory fashion. I do not want to spell the thing out in more detail than that and if Members would like to get any further information from me on what is at stake here I am quite happy to provide it but that is the context in which this has been produced and the reason why we want to proceed with it immediately and give it effect.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The only thing that I will add, Mr Speaker, to what the Hon Chief Minister has just said, is in response to the question on whether these Directives generally speaking are binding or discretionary. The ones that we have seen so far have tended to be binding by their nature although typically they do allow discretion in terms of the time-scale on which they are implemented. They tend to give a couple of years for implementation to be phased in. I think, that really emphasises the point that I was making that it is important to us to be able to anticipate that discretion by implementing these measures as quickly as possible and certainly we will do so.

HON P R CARUANA:

If the Honourable Member will give way before he sits down. Mr Speaker, although I have said already several times today that we as a Party are not in agreement with the Government's policy.

MR SPEAKER:

May I draw attention to the speaker that he cannot introduce any new matter. He may ask questions on any matter that he is not clear on but he cannot introduce at this stage any new matter.

HON P R CARUANA:

Very well Mr Speaker. What I was going to say I could say at a later opportunity.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon Lt-Col E M Britto
The Hon P Caruana
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J e Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

The Hon K B Anthony
The Hon A J Canepa
The Hon M K Featherstone
The Hon G Mascarenhas
The Hon Dr R G Valarino

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

THE SUPPLEMENTARY APPROPRIATION (1991/92) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31st day of March, 1992, be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The Bill is supported by a more detailed statement previously tabled by me in accordance with established practice I will not make any speech on the general principles of the Bill but merely commend it to the House.

MR SPEAKER:

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

HON P R CARUANA:

Yes, Mr Speaker. It seems that at least the part of the Supplementary Appropriation relating to Housing is described as being for the eight hundred units. That presumably will be explained at Committee Stage and perhaps the Government would also explain why the need for this money, the accelerated need for this money, in such a short period of time.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Simply to confirm, Mr Speaker, the points that have been raised will be dealt with at Committee Stage.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: The Arms Control and Disarmament (Inspections) Bill, 1991 and the Supplementary Appropriation (1991/92) Bill, 1991.

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

THE ARMS CONTROL AND DISARMAMENT (INSPECTIONS) BILL, 1991

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

Clause 3

HON CHIEF MINISTER:

Mr Chairman, I beg to move that this should be amended by deleting in Subclause (1) (b) the words "authorised by the Governor" and inserting the word "granted". As I explained during the Second Reading of the Bill the situation is that when we introduced that in the Bill initially and we sent it off to the United Kingdom for the perusal, it was not in order to create a situation where His Excellency the

Governor would be given the powers to overrule the Secretary of State for Defence. Their view is that theoretically there would appear to be what we are doing and therefore they have asked us to remove it so that potential conflict is not created. Therefore the word "granted" is neutral because it does not say who is going to be doing the granting.

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

Clauses 4 and 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 SUPPLEMENTARY APPROPRIATION (1991/92) BILL, 1991

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

The Schedule

HON A J CANEPA:

Can we have an explanation from the Government how the programme, the substantial housing programme, is going? The eight hundred units, the £11.4m is required in this Financial Year?

HON CHIEF MINISTER:

Mr Chairman, the Honourable the Leader of the Opposition will remember that in 1988 and in 1989 my Colleague explained that when we were being asked in fact about the breakdown of the composition of the five hundred units it was explained in the House that the Government had taken an option on Westside 2 because we felt that before committing ourselves to a new construction programme we wanted to be sure that all the property that had been available for home-ownership was going to be sold. It would not have made sense to have had a situation where the market of home-ownership was exhausted and we were building additional units and those units remained unsold. When in fact the position was reached that the level of sales was tapering off and it looked as if that option might effectively be exercised in meeting our own commitment to finance five hundred units we took the policy decision of introducing as a further impetus to home-ownership the provision of co-ownership. We would finance, as a Government, 50% of the unit and the private owner-occupier would finance the other 50%. The effect of that has been to bring the cost of financing the property forward for us because, of course, if we are financing one hundred houses over eighteen months you do it over eighteen months, but if you are financing instead half of two hundred houses then you do it in nine months because you are doing it in the first nine months of the two lots of one hundred houses. We have therefore had to put more of the money upfront because effectively out of the eight hundred units

we have five hundred and eighty units in the 100% Government owned new project which is going on slightly ahead of schedule but that is not the main reason for the additional funds being required in this Financial Year. We have found that the take up of the 50%-50% option has been greater and therefore has put a burden on us, both in terms of the numbers for units that are going to be financed in the current year and also in terms of the stage at which the property is nearing completion. So it really means that in practical terms when we are talking about the eight hundred units we will finish up with the situation where the Government will probably own something like say six hundred and fifty units 100% and within two years maybe another three to four hundred units 50%. Taking us really over the eight hundred total but in practice in the current Financial Year we will effectively be financing a bigger share of the total estimated cost of the eight hundred units than we thought would have to be the case when we put the figures together at the beginning of the year. This was before we had tested the demand for the 50%-50%. In actual practice what my Minister tells me is that there has been unsatisfied demand and that if there had been more property available more would have been sold. I am not sure how we would have managed to find the money but that is another problem. That is one for the Financial Secretary to worry about not the Minister for Housing!

MR CHAIRMAN:

Before we continue with the Committee Stage of the Bill I should point out to the House that I overlooked the fact that this Bill has been taken today and I should have asked permission from the House whether the House agree that we should take it on the same day. Does the House agree?

HON P R CARUANA:

Mr Speaker, of course the House agrees and I would not have made the point except that yesterday when I fell foul through inexperience of the rules of the House I was deprived of the opportunity to give twenty-four hours notice of a motion on the adjournment. If I had taken this point today, of course, I would be in time by 5 o'clock tomorrow to give my twenty-four hours notice on the adjournment motion because it is now 4.30 pm.

HON A J CANEPA:

Mr Chairman, may I just point out that in Item 17 there seems to be a conflict between the remarks and the actual Item. It is not clear whether it is Lady Grundy or the Honourable Lady opposite who are to have the overhaul. Mr Chairman, further down Item 34 Purchase and Refurbishment of Port Launches and the next Item really is the same question. These are both new Items which the Government is coming to the House for new expenditure. I can understand in the case of GBC that the Minister did not seek this provision when the Estimates were presented because perhaps he was not ready. There were negotiations going on at the

time and therefore he may not have been ready. I can understand that. However in the case of the Port Launches can the Government explain why it is that half way through, or well after, the beginning of the Financial Year they have decided to purchase a new launch for the Port.

HON M A FEETHAM:

It is very simple, Mr Chairman. An opportunity arose during the course of the Financial Year for a launch to be bought through the local market, second hand, from one of the agents which was acceptable to us and, of course, that made quite a substantial saving against buying a new one in the UK. As a result it gives us an opportunity to refurbish the one that we are actually using at the moment.

HON J C PEREZ:

Mr Chairman, the Honourable the Leader of the Opposition is quite right in saying that at the time of the Budget the question of GBC was not resolved and the question of the decoders had not been agreed. What I would like to inform the House, which I did yesterday, is that the Financial and Development Secretary will most probably have to come with a new Supplementary provision for GBC in terms of equipment for GBC itself which is unrelated to the decoders and for possibly a loan to a new Company which will be dealing with the production part of GBC.

HON A J CANEPA:

Mr Chairman, is the Minister or the Financial Secretary able to say to what extent the decoders are resulting in increased revenue? Are people up the Coast purchasing decoders?

HON J C PEREZ:

Mr Chairman, my information is that without having marketed the decoders properly up the Coast we have sold over a hundred already. The intention is to have a strong marketing drive up the Coast and there will be GBC personnel visiting each hotel up the Coast offering the decoders. It is envisaged that at least something like five hundred extra decoders could be sold up the Costa del Sol if we are successful. They would need to order more decoders if the demand were there because the cost of the decoders included in this Supplementary provision are for the ones being used in Gibraltar. These have been given to subscribers free of charge because we have to have an encrypted signal for the purposes of the BBC Governors agreement to receive BBC programmes in Gibraltar.

HON A J CANEPA:

I have a question, Mr Chairman, on the last Item - the Incinerator. The construction the treated water pipeline. What is it that has lead to this requirement being necessary now?

HON J C PEREZ:

Mr Chairman, it was overlooked at the time of the Budget that because we were having the commercialisation by Lyonnaise Des Eaux and they were the recipients of the water from the Incinerator Plant and we had an agreement with the Incinerator, that the Government would be providing the pipeline between the Incinerator and the Reservoir. It was overlooked at the time of the Budget. The arrangements that have been entered into with Lyonnaise is that we do the work ourselves because the price put forward by the Contractor was twice as much. This is for the pipeline that goes from the water being desalinated by the Incinerator Plant to the Reservoirs of the Gibraltar Government.

HON M K FEATHERSTONE:

Does this include the cost of any pumping that is necessary?

HON J C PEREZ:

No, the cost of pumping is the responsibility of the Incinerator Plant. They run the pumps.

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

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Arms Control and Disarmament (Inspections) Bill 1991, with amendment, and The Supplementary Appropriation (1991/92) Bill, 1991, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

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

ADJOURNMENT

HON CHIEF MINISTER:

Sir, I have the honour to move that this House do now adjourn to Wednesday the 4th December, 1991, at 10.30 am.

Mr Speaker put the question which was resolved in the affirmative and the House adjourned to Wednesday the 4th December, 1991, at 10.30 am.

The adjournment of the House to Wednesday the 4th December, 1991, at 10.30 am was taken at 5.00 pm on Wednesday the 13th November, 1991.

WEDNESDAY THE 4TH DECEMBER, 1991

The House resumed at 10.40 am.

PRESENT:

Mr Speaker

(The Hon Major R J Peliza OBE, ED)

GOVERNMENT:

The Hon J Bossano - Chief Minister

The Hon J E Pilcher - Minister for GSL and Tourism

The Hon J L Baldachino - Minister for Housing

The Hon M A Feetham - Minister for Trade and Industry

The Hon J C Perez - Minister for Government Services

The Hon Miss M I Montegriffo - Minister for Medical Services and Sport

The Hon R Mor - Minister for Labour and Social Security

The Hon J L Moss - Minister for Education, Culture and Youth Affairs

The Hon K W Harris - Attorney-General

The Hon P J Brooke - Financial and Development Secretary

OPPOSITION:

The Hon A J Canepa - Leader of the Opposition

The Hon G Mascarenhas

The Hon M K Featherstone OBE

The Hon Dr R G Valarino

The Hon K B Anthony

The Hon P R Caruana

The Hon Lt-Col E M Britto OBE, ED

IN ATTENDANCE:

C M Coom Esq - Clerk of the House of Assembly

The Hon the Financial and Development Secretary moved under Standing Order 7(3) to suspend Standing Order 7(1) in order to lay on the table the following documents:

- (1) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.14 of 1990/91).
- (2) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.15 of 1990/91).
- (3) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.3 of 1991/92).

- (4) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.4 of 1991/92).
- (5) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No.5 of 1991/92).
- (6) Statement of Supplementary Estimates No.2 of 1991/92.

Ordered to lie.

BILLS

FIRST AND SECOND READINGS

THE COMPANIES (AMENDMENT) ORDINANCE, 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

Mr Speaker 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. There are Mr Speaker, two main purposes of this Bill. Firstly, it seeks to give effect to our obligations to implement requirements of two important EEC Directives relating to the control of Companies and their activities. Secondly, it proposes the introduction of a number of measures to streamline and make more effective our procedures to Company Legislation. The measures relating to EEC Directives have already been the result of extensive consultation with the Finance Centre Institute. Indeed the measures have been prepared with the assistance of a number of our local professionals. Nevertheless the changes proposed are extensive and as such of potential significance that I intend to merely present the Bill to the House today, but hold back its subsequent stages to allow time for that consideration and consultation to be broadened. In this light I will confine myself in my presentation to describing the principles of the Bill and some of the background proposals contained therein. We will deal first with the EEC related measures. I have emphasised in presenting earlier Company related matters to the House, that it is important, if we are to be able to claim the benefits of the integrated European Commercial Market, that our Companies formed here in Gibraltar should be seen and be demonstrably Euro Companies in every sense. They must be seen to meet the regulatory standards that the EEC sets and therefore be capable of taking part in cross-border formation and structuring within Europe. If I can just dwell on the history of this legislation for

a moment. There have been a number of false starts in tackling our obligations in this respect and whenever there was an attempt to make progress we became somewhat bogged down and we were given assistance by the United Kingdom by providing a Law Draftsman experienced in Company Legislation. Much work was done towards a major reshaping of our Company Legislation which after all remains to this day largely based on the 1929 United Kingdom Legislation. While I was not personally part of the efforts at the time, my understanding is that there was a general dissatisfaction with the material produced as perhaps being too heavy handed and not entirely appropriate to the special circumstances of a Finance Centre such as ourselves. Then, in 1990, the position was again reviewed in the light of the need to make progress and the United Kingdom's Department of Trade and Industry seconded to us Mr John Warman with a view to recommending a practical way forward. The conclusion of that study was that our existing Ordinance albeit being based on old outdated United Kingdom Legislation, nevertheless remained perfectly valid as a starting point of adaptation. It was suggested that this was a more practical way forward in view of the resources that would be necessary to sustain the production of a totally new Ordinance. The Report by Mr Warman therefore, recommended a procedure for carrying out such an adaptation and proposed a logical sequence for tackling these requirements for individual EEC Directives. It was in this light that work began with examining the requirements of the Second and Fourth Company Directives and these were identified as forming the basis for implementing most of the subsequent Directives that draw largely on their provisions. In doing so we could of course have drawn on the powers approved by the House earlier this year to enable EEC compliance to be implemented by way of Regulations. But once again once it began it quickly became apparent that because these two particular Directives are so similar in their effect that the provisions really needed to be integrated very closely with existing primary Legislation. It is for this reason that the measures are being brought forward as amendments to the primary Ordinance. In general terms, the Second Company Directive deals with safeguards for those with an equity interest in a Company or who otherwise deal with the Company. As such, certain of these provisions are more pertinent to the type of Company which has a potentially unlimited number of members and where the shares interest are capable of being freely traded. It is proposed therefore, as in the United Kingdom, to distinguish between such Companies which in future will be known as Public Limited Companies and Private Companies for which both membership and share transfers will remain as at present restricted. The Fourth Company Directive deals with the preparation and provisions of financial information about all Companies and the requirements as to audit. As such, it leaves a certain amount of discretion to Member States concerning their treatment to different sized Companies to which I will refer later. If I can just draw out for Members the principle provisions of this Bill that derive from the Second Company Directive. Clause 4 defines the minimum capital requirement for the Public Limited Company

as being £20,000, which is set by the relevant EEC Directive. Obviously, a private company will remain and continue to have a lower capital or make it to have a lower capital. Restrictions are based on a plc as to the minimum to which its shares must be paid up which is set in Clause 23 as 25%. The extent to which it can distribute profits, which is defined in Clause 47, its ability to reduce capital and the procedures to be followed, is in Clause 23 and a variety of protections and requirements in relation to acceptance for the purchase of shares are arrangements that involve other than cash, which are set out again in Clause 23. All of these provisions by their nature are relevant to a situation in which there are a large number of share interests which may be constantly changing. Amongst the most important measures that affect all Companies including measures to provide protection where a Company trades before its registration is complete, provision in Clause 18. The protection of existing shareholders where a new issue of shares is proposed is in Clause 23. All Companies are also required to take specific action including consulting their Members where losses seriously diminish shareholders funds. This is provided for in Clause 26. As the Fourth Company Directive, the new accounting and reporting provisions to reflect EEC requirements are largely contained in Clauses 41 and 42 together with the Schedules 14 to 18. Clause 44 reflects the requirements of the EEC that certain accounting information be filed with the Registry, although the House will notice from the definition of the small company, which itself reflects EEC requirements and which is contained in Schedule 13 but the vast majority of Companies registered in Gibraltar will fall within this definition of a small company. They will therefore be eligible to include in their returns the considerably truncated material set out in Clause 44 and Schedules 15 and 18, which amounts to a short form of balance sheet and relevant notes. Indeed provision is made that even this may not be required when a Company is not trading as defined in Clause 44. There has inevitably been some considerable focus during consultation on the potential sensitivity of the filing of accounting information. Whilst views inevitably differ, I think, that there is a general understanding that maximum use is being made of the flexibility permitted by the Directives and the filing of the truncated level should really be no burden to the quality of business that Gibraltar is seeking to attract. Furthermore any additional accounting work and therefore cost attached to the accounting requirements is very largely offset by the flexibility permitted under the Directives where we seek to make use in Clause 45 to remove the audit requirements in specified circumstances. This may be a considerably rationalisation, for example, where a Company perhaps holds a single asset and has a single Member and where the requirements to hold an audit inspection is of less relevance. A number of transitional arrangements are contained in respect of the implementation of all these EEC Directives related measures, perhaps the most important of which is the provision that the new accounting requirements will only relate to accounts ending in a period after December 1992. This will give time for accounting

procedures to be adjusted. Further work will also be necessary to amend some of the existing Schedules to the Ordinance to reflect all the previously mentioned measures. This can be done under delegated powers. Turning now to the various streamlining of measures with regards to the work of registering companies, I am sure that all Honourable Members will agree that the provision of unaffected registration process is important to the image and development of our Finance Centre. Some of the measures in the Bill are merely tidying but the more significant that I will like to draw to your attention including Clause 4 of the Bill, the Enabling of Objects Clauses in Memorandum of Association, to permit the Company to do many things for which it has legal capacity, this reflects current United Kingdom practice and avoids the lengthy statements in Memoranda of all encompassing objects which currently takes place to the same end. Clause 36 provides streamlining of the filing procedure and Clause 53 enables a less cumbersome procedure for removing from the Register, Companies that are defunct. Clauses 54 and 56 deal with the form in which material may be supplied to the Registrar are available for access to the public and will permit, for example, a greater reliance on microfilmed or computerised material and methods of transmission. Those then, Mr Speaker, are the main provisions of this Ordinance and some background to their purpose. One final matter that I would like to refer to is that it may be appropriate at some stage to return to the possibility of entirely replacing the Companies Ordinance with a new Consolidating Ordinance. We can continue to adapt on our existing Ordinance in the light of advice and because the need to make progress is recognised. However we are likely to get to the point eventually where a complete consolidation becomes appropriate. What we must all acknowledge however is that this is a task not to be likely undertaken, not least because of the very extensive upheaval, loss of continuity and need for transitional arrangements that will be involved. Nevertheless it is a possibility that is being given parallel consideration in conjunction with the Finance Centre Institute and will be kept in view as the process of adaptation to existing essential obligations continues. One final point I would like to make in regards to the Bill is that there are a number of typing and printing errors in the Bill and although I will not obviously be moving them today, I will nevertheless circulate them to all Members for their subsequent consideration. With that Sir I commend the Bill to the House.

MR SPEAKER:

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

HON A J CANEPA:

Mr Speaker, in very general terms we are grateful to the Honourable the Financial and Development Secretary for explaining the main provisions of the Bill. He has also explained the background and the history indeed of this

Bill. In the past, certainly when we were in Office, Mr Speaker, it was not exactly an easy task to comply with the huge amount of legislation coming from Brussels. For many many years the Chambers of the Attorney-General were under-staffed, not because there was no adequate provision in the Establishment, but because recruiting for such posts was not an easy task. In any case the kind of expertise that was required in order to draft this and other complicated EEC Legislation just was not there hence the reason why the British Government decided to give us some assistance. At the time it was also felt, as the Financial and Development Secretary has intimated, that perhaps a general review and a new Companies Ordinance should be the first priority before we followed on with the giving legal effect to the Second and to the Fourth EEC Directives. We are not going to go into a lot of detail at this stage, Mr Speaker, though my Honourable Friend Mr Featherstone is going to draw attention to one or two points that have struck us. There will be an opportunity, no doubt, before we go into Committee to have a closer look at the detailed provisions of the Bill and comment accordingly. I am glad to see that there has been extensive consultation particularly with the experts in the Finance Sector and that therefore this Bill broadly speaking meets with their concurrence. It is tactically a good thing that the Bill should come to the House now and that we should comply as much as possible with EEC Directives and Legislation, particularly in a situation where, in political terms, Spain is questioning our Membership of the EEC and therefore if for that reason alone we would support the Bill. But generally, we think that this is a good piece of Legislation, it is following what is required in 1991, not only to comply with the EEC Directives, but to streamline the Companies Ordinance in line with procedures that have been adopted in the UK. So we have no difficulty, Mr Speaker, in voting in favour of this Bill.

HON M K FEATHERSTONE:

Mr Speaker, as my Honourable Colleague has said we support this Bill because we support the application of EEC Directives to Gibraltar. We must however go into this Bill with our eyes open because it does have one feature which is completely new to our way of life and that is that all Companies, be they public or private, large or small, will have to deliver their balance sheets to the Registrar. These will therefore be open to a search by anybody who wishes to see such balance sheets etc, and it is to be hoped that the search fee for such an opportunity will be set sufficiently high to prevent frivolous application of this facility. One very interesting feature in the Bill, is Clause 19, in which a Companies capacity is not limited by its Memorandum. This is a very good thing. In the past we have had Companies which have branched into other lines and have been told "this is not included in your Memorandum" and considerable difficulty has been introduced therefor. So we support this very much indeed. As I say, Mr Speaker, the Bill has a number of technical features which does streamline the whole facility of

Companies Ordinance and we are sure that this is going to be something which will redound to the improvement of the Companies Legislation as we have it in Gibraltar. Thank you Sir.

HON P R CARUANA:

Mr Speaker, we on this end of this side of the House support in principle the Bill for the reasons that have already been stated. We think that it is correct and proper that Gibraltar should be seen to be complying with its obligations under Community Directives especially in an area of Community Directives which is so important to the question of Gibraltar participating in the Single European Market. In principle, therefore, Mr Speaker, we shall be supporting this Bill at this stage. We have only had the Bill for one week and it is a highly complicated complex and lengthy piece of legislation which deserves detailed and careful study. We therefore in expressing our support, in principle, for the Bill fully reserve the right to express views as to the detail at later stages of the Legislative process. Finally, Mr Speaker, I am gratified to hear the reference that the Honourable the Financial and Development Secretary has made to the possibility of a new Consolidated Companies Ordinance. I think that that is now called for and, I think, that it will be well worth the administration's effort and I understand that it would be a great effort, but I think it will be effort well spent in producing a Consolidated Ordinance for, not only the internal users of the Finance Centre, but indeed for potential external users of the Finance Centre who seek access to our Corporate Law and presently has to be given to them in a very hamfisted fashion. The GSD Members will therefore be voting in favour of the Bill at this stage.

MR SPEAKER:

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I simply wish to express thanks for the support of Honourable Members opposite for the principles of this Bill and to note that consideration will obviously be given in detail to the substance of the Bill before Committee Stage and in particular I note the point about the search fee and we will certainly bear this in mind.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

THE SUPPLEMENTARY APPROPRIATION (1991/92) (NO.2) ORDINANCE 1991

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31st day of March 1992 be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that the Bill be now read a second time. The Bill is supported by a more detailed statement previously tabled by me and as the purpose of the Bill is clear and well known to Members I will not make any speech on the general principles. However as is customary, detailed questions on individual proposals for the supplementation contained within the Bill will be responded to at the Committee Stage. The only point that I would add, Mr Speaker, is to point out that we have already had a Supplementary Appropriation Bill before the House on the 12th November. It was originally intended to include these proposals in that Bill but since further investigations were being carried out at the time they were left pending for clarification. Nevertheless the Minister for Government Services did point out to the House the likelihood of further Capital of Expenditure in relation to the support required for GBC which is one of the items in question. With that, Sir, I commend the Bill to the House.

MR SPEAKER:

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

There being no debate Mr Speaker then put the question which was resolved in the affirmative and the Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause

by clause: The Endangered Species (Amendment) Bill, 1991; The Landlord and Tenant (Amendment) Bill, 1991; The Employment (Amendment) (No.2) Bill, 1991; The Pensions (Amendment) Bill, 1991; The Income Tax (Amendment)(No.2) Bill, 1991; and The Supplementary Appropriation (1991/92) (No.2) Bill, 1991.

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

THE ENDANGERED SPECIES (AMENDMENT) BILL, 1991

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

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

THE LANDLORD AND TENANT (AMENDMENT) BILL, 1991

HON P R CARUANA:

Mr Chairman, the Hon the Minister for Housing has recently announced outside this House Government's intention to set up a Committee of involved and interested parties to advise the Government on matters arising from the operation of the Landlord and Tenant Ordinance. It seems to us, in those circumstances, that this Bill is premature and should be withdrawn insofar as it attends to the proposals that would presumably emanate from that Committee once it has met and deliberated. It seems that this Bill contains the proposals of one of the points that is to be represented on that Committee and if only for the purposes of even-handedness, the Government ought to consider withdrawing this Bill until such time as it is in a position to produce to this House a Bill to Government's liking but which at least has awaited the results of the Committee that Government itself has convened. For those reasons, Mr Chairman, and if Government does not agree to withdraw the Bill until that time, it will be our intention to abstain on all sections of the proposed Bill.

HON CHIEF MINISTER:

Mr Chairman, we will not withdraw the Bill. Let me say that the decision of the Minister for Housing to invite people with an interest in the relationship between the landlord and tenant to get together and try and see if they are able of reconciling their conflicting interests and putting proposals to the Government which the Government will then decide, if we are the Government or if the Hon Member is the Government, when that happens, it could be a very long time before they are able to reconcile their differences. The Government of the day, we feel, would ultimately have to decide whether those recommendations, once prepared, will be supported politically. Clearly recommendations which involve an input from landlords and an input from people representing tenants are more likely to be ones which are not controversial. The setting up of the Committee is not and will not be an excuse for doing nothing, which is, I think, what the Honourable Member

is asking us to accept. Let me tell the Honourable Member that when I was sitting in the place he now is at the moment, in 1980, the Government of the day brought in legislation to control the rents of properties built in 1980. This controls the rent of property built in 1946, hardly a draconian measure. When landlords organised themselves in order to have that removed from this House it had got to the same stage that this one has. The Committee Stage was not taken because the Government of the day accepted the kind of proposal that the Hon Member is putting, that instead of proceeding with the Bill there should be a Committee to come up with comprehensive legislation. That Committee was a Select Committee of this House involving Members of the Opposition and Members of the Government except myself because I refused to have any part in it. Now that Committee deliberated for many many years and produced nothing which would satisfy all concerned. So, although the Hon Member may, in good faith, have thought that he was coming up with a new idea and may know nothing about the background of the Landlord and Tenant Ordinance, if he cares to do a little bit of research he will find that the proposal that he is putting is a recipe for refusing to face the necessity of tackling a totally unsatisfactory situation. We have only tackled half the problem and we recognise that. We have done it because we gave a commitment in 1988 that we would do it within our four year term and we are honouring that commitment and we have done it in a way which we think is least onerous for property owners because we are talking about a situation where already in 1990, property built in 1945, was 45 years old and therefore rent-controlled. What we are saying is in 1991, the property built in 1946, if there is any, will be subject, not to rent-control as such as the Minister for Housing has already explained but to the assessment of a fair rent. This is a fair measure which goes a very small way to protect tenants of post-war properties. Much more is required. At the same time something is required to protect the owners of pre-war property who might be getting a very poor return on their investment. That is what that Advisory Committee hopefully will be able to advise the Minister of Housing what he ought to do. It is a very difficult thing to try and produce something that will keep both sides happy. This measure is the minimum that should be done and we are not prepared to withdraw it because we think it is overdue and justified.

HON P R CARUANA:

Mr Chairman, it is increasingly the style of the Honourable the Chief Minister to suggest or to suppose that only he is knowledgeable about matters of political history of this community or even legal history. Let me assure him that, at least in my professional capacity, I am intimately familiar with the provisions and history of the Landlord and Tenant Ordinance and its contents and indeed the history of the previous Select Committee of this House that dealt with the latest recommendations. But, Mr Chairman, the fact remains that the Committee that the Honourable the Minister for Housing is now proposing is not being

recommended by the Opposition to try and pull the wool over the Government's eyes, as the Hon Chief Minister has suggested has happened before. This is a Committee proposed and suggested by the Government itself. They, who have spent the last four years lecturing the community about the uselessness of Committees, in which matters simply get buried and lost, they are the ones that now towards the end of their term of Office suggests a Committee. I put it to them as a means of simply killing the issue until after the forthcoming General Election. But the fact remains and that the Honourable the Chief Minister has limited his intervention to commenting on the respective rights of the landlord and of the tenant. And what I said was not addressed to that at all. The Honourable the Chief Minister makes a mistake if he thinks that the point that I was making was in defence of the interest of one party or the other. All that I say is that if the Government, as it appears to have done, has decided that this is a matter in which it cannot exercise its usual stringent style of Government by it deciding what is good for the community and here is a subject on which it has at last decided that it needs the advice of the Committee, then it seems reasonable that it should allow that Committee to deal with the whole area and not only that part of the matter which may be politically unpalatable to the Government, mainly the defence of the landlord's rights which is politically unpalatable whereas the defence of the tenant's rights is not. This is why the latter is alright for them to decide and to bring to the House in the form of a Bill but the latter is best left to be perhaps decided by others and not by the Government themselves. All I say is that if this Committee that the Honourable the Minister for Housing has himself convened, not prompted by anybody on this side of the House, he has decided it all by himself to convene it, it seems only fair that those people should be able to discuss the whole issue and not just that part of the issue that the Honourable Members opposite do not wish to tackle themselves.

HON CHIEF MINISTER:

Mr Chairman, the Honourable Member opposite, I am glad to say has confirmed that everything that I have said with regard to its history is true because he says he is familiar with it and has not disputed the sequence of events that I have given. Therefore the position is that we are not asking anybody in any Committee to give us their views or their advice on whether this should be legislated or not because this is Party policy. We went to an election in 1988, and we committed ourselves in 1988 that within our term of Office we would take some action to do something which had been promised to tenants in 1980. We are doing it in 1991. Eleven years overdue. Independent of that fact, if there are other things that can be done which can be done with the support of representatives of landlords and tenants then we will look at the possibility of doing that at some time in the future but not because we are saying this is what we want to do but because we are giving people an opportunity and the Honourable Member is totally wrong in thinking that this is a unique feature, because,

in fact, we have just had a situation where the House has voted on an amendment to the Companies Ordinance and much of what is in that Companies Ordinance is the result of the advice given to the Financial and Development Secretary by a group of people who are professionals in the areas of Company Law. So this is nothing different from what we are doing with this Committee. A Committee outside the House, a Committee of people within the community who have knowledge of this, and we do this constantly, Mr Chairman. But the position on this particular law is that this represents the policy of the Party and if the Honourable Member thinks that means that the GSLP is biased towards tenants, then I can only suppose that as a corollary of that, they are not supporting it because they are biased in favour of landlords.

HON P R CARUANA:

The corollary is not a correct one, Mr Chairman.

Clauses 1 to 3

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

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

The Hon Lt-Col E M Britto
The Hon P R Caruana

Clauses 1 to 3 stood part of the Bill.

Clause 4

HON J L BALDACHINO:

Mr Chairman, I gave notice on the 28 November, that I would be amending Clause 4 as follows: "That Clause 4 should be amended by omitting all the words and figures after the expression "Section 5 of the Principal Ordinance is amended", and substituting therefor the following:

(a) The words "as follows" and a colon immediately after the words "as amended"; (b) The insertion of the figure "(1)" immediately after the figure "(5)"; (c) The addition of the following new subsection: "(2) The Governor may, by regulation, prescribe fees to be charged, by whom such fees shall be payable, and to whom they shall be paid in respect of any of the several matters which, by virtue of the provisions of this Ordinance may be referred to the Rent Assessor."

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

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

The Hon Lt-Col E M Britto
The Hon P R Caruana

Clause 4, as amended, stood part of the Bill.

Clauses 5 to 22

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

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

The Hon Lt-Col E M Britto
The Hon P R Caruana

Clauses 5 to 22 stood part of the Bill.

Schedule 6

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

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

The Hon Lt-Col E M Britto
The Hon P R Caruana

Schedule 6 stood part of the Bill.

Schedule 7

HON J L BALDACHINO:

Mr Chairman, as I have already given notice, I would like to amend Schedule 7 of the Bill. It is to incorporate the proposals made by the Opposition spokesman for Housing and therefore I amend the Schedule as follows: (a) In paragraph (a)(3) omit the word "or" and substitute therefor the word "and"; (b) In paragraph (a)(5) insert after the word "armchair" the words "(provided that where the accommodation is let to two persons, there shall be two armchairs)"; (c) In paragraph (b)(3) omit the word "or" and substitute therefor the word "and"; (d) In paragraph (c)(1) insert after the word "cooker" the words ("Which shall consist of at least two cooking plates and one oven"); (e) By adding in the paragraph (c) a new subparagraph (7) as follows: "(7) One washing machine".

HON K B ANTHONY:

Mr Chairman, I would like to say how grateful I am to the Government for taking in hand the amendments that I suggested to this Ordinance. The object of the amendments that I

raised at Second Reading were simply to prevent any Rachman type landlords, and I hope that there are none in Gibraltar, but those might take advantage of the little letter of the law and I feel that this gives a degree of assistance to any future tenants so that when they go into accommodation they will have a minimum that is acceptable to this side of the House with the exception of my Honourable Members on my side. Thank you Mr Chairman.

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

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

The Hon Lt-Col E M Britto
The Hon P R Caruana

Schedule 7, as amended, stood part of the Bill.

The Long Title

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

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

The Hon Lt-Col E M Britto
The Hon P R Caruana

The Long Title stood part of the Bill.

THE EMPLOYMENT (AMENDMENT) BILL, 1991

Clauses 1 to 8 were agreed to and stood part of the Bill.

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

THE PENSIONS (AMENDMENT) BILL, 1991

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

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

THE INCOME TAX (AMENDMENT) (NO. 2) BILL, 1991

Clause 1

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

Clause 1 stood part of the Bill.

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I have given notice of the intention to insert six additional Clauses into this Bill which will become Clauses 2 to 7. With the indulgence of Honourable Members, since I have circulated that material, if I could simply

explain the background to these measures then perhaps I can take the amendments as read. There are really two groups of amendments, the first being an amendment of the new Clause 2 which seeks to insert the provision into the Income Tax in relation to one of Government's own proposals that are currently being developed to broaden the tax base, in this case particularly, with relevance to potential wealthy individuals who may wish to come here to live in Gibraltar and to take up residency. The purpose of this amendment is to change the definition of ordinary residency for tax purposes in such a way that makes it clear that if a person does simply hold property in Gibraltar and does not have a job, for example, in Gibraltar then providing that he does not live here for more than seven months he shall not be deemed to be ordinarily resident for tax purposes in regard to both the Income Tax and Estate Duty. The remaining amendments the new Clauses 3 to 7 deal with Government established policy now of revising any fines and penalties to a standard scale and the purpose in this case is to attack certain remaining fines and penalties in the Income Tax Ordinance to that scale. With that, Mr chairman, perhaps with the indulgence of Members I could take these amendments as read.

HON P R CARUANA:

Mr Chairman, the amendments to Section 2, and as a matter of general principle, have been delivered to the Honourable Members on this side of the House today and I think it is a matter of Parliamentary practice which is not to be encouraged because in effect Members of the Opposition are being required to peruse, analyse for effect, form a view on, formulate argument and present argument, all in thirty five minutes which is the time that these amendments have been in our possession. Although there might be some Members on this side of the House who through their familiarity with the subject matter or for reason of their professional work or whatever are more capable than others of coming to a quick conclusion as to the effect and meaning of these amendments, I think, that it is not fair that amendments to an Ordinance, such as the Income Tax Ordinance, and especially certain of the amendments before the House, should be presented to the Members of the Opposition at such short notice, literally when we arrive at the House for this meeting. Frankly, I do not feel, and I do not suppose that I am necessarily the least qualified Member on this side of the House to form a rapid view on this subject matter yet I simply do not consider that the Members on this side of the House can be expected to do their job properly in circumstances where they have to form a view as to the meaning and effect of amendments under this pressure of time. Accordingly and with the greatest respect to the Honourable the Financial and Development Secretary who is moving the amendments, I do not consider that I am equipped at this moment in time to support or resist his amendments, for the simple reason that I have not had a reasonable opportunity to consider their meaning and purport. For that reason, and that reason only, I really have no alternative but to abstain.

MR CHAIRMAN:

I will explain the procedure which I think that the House should know. These are new amendments and therefore when they are read for the first time it is the same as if one was trying to get it through its second reading. So in fact if the Honourable Member wishes to vote against then he can vote against at this stage. Secondly, another safeguard that the Honourable Member can make use of is the fact that the only amendments that can be made at such stage are to those already included in the Bill. If any Member votes against a new amendment it will have to be left to another day. If the Honourable Member wishes he can take that line although I am not suggesting it.

HON P R CARUANA:

Mr Chairman, the Honourable Member has taken the line that he wishes to take already and it is not a question of voting against. As I have explained in some detail why I wish to abstain and it is not a question of a consideration of the merits but rather a question of the Parliamentary practice of producing complex and consequential amendments to complex and consequential Bills and Ordinances in too short a time order to allow the Members of the House to form a view on it. I am grateful to Mr Speaker for his explanation of the procedures. I however think that the procedure offered to me by my opportunity to intervene at this Committee Stage, gives me every opportunity that I need to make the point that I wish to make and that I have not made.

HON A J CANEPA:

Mr Chairman, the Honourable Mr Caruana is of course perfectly correct. This is a matter which has happened on numerous occasions in the past, particularly with the Income Tax Ordinance. It is a very strong temptation for a Government which has a Bill to amend the Income Tax Ordinance, an Ordinance which has probably been the subject of more amendments than any other Ordinance over any given period. There is a very strong temptation if there is such a Bill before the House and something else crops up in between the Second Reading and Committee Stage for amendments to be moved which are entirely new and which introduce a new matter. As far as principle is concerned all that is really happening is that the Income Tax Ordinance is being further amended. However the nature of the amendment before us, the amendment to Section 2, could well have been the subject of a separate Bill in itself. Now, Mr Speaker, had that been the case, then Members of the Opposition would have had an opportunity to discuss the matter in detail and to formulate a view. I can understand what the amendment is trying to do and perhaps I myself can react on the spot and decide what I feel about it, but the reality is that we have not been given an opportunity, my colleagues and I, to sit down and discuss the upshot of this amendment and formulate a collective view. That is the reality of

the matter. From that point of view I do not think that that is the way that we ought to be legislating. It is however not an isolated incident because it is something that has been happening during the last three or four years and which Honourable Members opposite used to complain about when they were on this side of the House when we used to do something very very similar. It is understandable and of course it should not happen and again if earlier notice had been given of this amendment, if we had received it earlier this week, then it would have given us an opportunity to sit together and discuss it. We met yesterday, Members of the Opposition met yesterday and the day before and we would have had an opportunity to look at it in some detail. What it is proposing to do is to exempt, as I understand it, to exempt wealthy individuals from Income Tax and from Estate Duty where they own property in Gibraltar and where they are resident for less than seven months. This the Government is doing because it is for the good of the economy that we should attract such individuals to purchase property in Gibraltar, a great deal of property, some of it of a luxury type that is being constructed and if we can have individuals to purchase these properties for a variety of reasons that is obviously of direct benefit to the economy. That is the action of it all but it does not give us, as I say, an opportunity to form a collective view. Therefore in the absence of that, purely because of that, though if we had formed a collective view we might be in agreement with the amendment, but purely for that, I think, we have no option but to abstain.

HON CHIEF MINISTER:

The Leader of the Opposition of course is perfectly correct and so is the Member opposite in that it is not good Parliamentary practice to introduce amendments with so little notice and expect people to be able to formulate a view on it on the spot and it is a practice that ought to be avoided. We have gone down this route because, in fact, we have no choice because subsequent to the Bill having been brought to the House, otherwise it would have been in the original Bill from the beginning when it was printed, we had some doubts expressed as to whether technically what we had already announced we were going to do for attracting high net worth individuals, as part of the package which was debated in the previous meeting of the House at Question Time subsequent to that meeting we had already said that we were going to introduce a way of taxing the income and the property of people who would take up residence in Gibraltar in competition with places like Jersey, Guernsey and the Isle of Man but would not be coming to Gibraltar to go into competition with the ordinary resident, either for jobs or for businesses. If we are going to have a special category of individuals and give them special incentives to come to Gibraltar and establish their domicile here for their international tax planning purposes, then as far as we are concerned the power to do that was already in existence in the law. We were already committed to do it as a matter of policy.

We had already reflected that in answer to Questions in the House. Now, Mr Chairman, since we took the First and Second Reading of the Bill and after the matter was raised in the House we had a further look at the situation and although it is not one hundred percent certain a doubt has been raised as to whether such an individual would be caught by the definition in the Ordinance of ordinarily resident, and since it is not the intention that that individual should be caught by the definition of ordinarily resident, because he is not going to be ordinarily resident therefore in order to make sure that we do not find ourselves after this meeting giving a brochure to people in the business community, who are involved in advising their clients, that the rules for high net worth individuals where competitive rules which could give people the same safeguards as they have in Jersey, Guernsey or the Isle of Man, and then find out that somebody challenges that on the basis of that individual being covered by the definition of "Ordinarily Resident" that has been in the Ordinance since 1954. We have brought effectively a change to the definition of "Ordinarily Resident" to make clear that the new category of people of whom we are talking are excluded. Now if we had been satisfied that it was necessary to make that clear three weeks ago then it would have been in the original Bill and we would have explained that under the debate on the general principles of the Bill. Frankly, I am not 100% certain that this change is required but the reason why we have brought it at this late stage is that I would rather not take the risk of having people being told by the Government "Look it is perfectly safe for you to advise a client that instead of going into Jersey where they only allow five millionaires a year to settle". So if they cannot reside there they can come in here and when they come in here they will still be able to operate their international investment portfolios and pay a limited amount of tax in Gibraltar and not suddenly find since these people are in general elderly that if they pass away their world empire suddenly becomes subject to our tax law because they are "Ordinarily Resident" because they spend seven months of the year in Gibraltar and we define anybody that is "Ordinarily Resident" as somebody residing here for six months in the year. Clearly, any self-respecting professional adviser, an Accountant or a Lawyer or whatever would not take the risk of advising a client that he was adequately covered by the new regulations and then find himself being exposed to a negligence claim. If there is one chance in one hundred that that might happen then this removes that risk and that is the reason why we have done it and that is why it has happened so late. That, Mr Chairman, is the truth. There is no other way that we can excuse it or explain it. If we had been made aware that there was this danger or if somebody had thought of it before then it would have been done before. In fact, I can tell Honourable Members that they have had no greater amount of time or notice to look at this amendment one than we have had on this side. We are all in the same boat, but, in fact, this is not introducing any radical change or burden on people. All that it is saying is "It was always the intention that

this new category of wealthy individuals that we want to attract to Gibraltar would be taxed in a particular way and we have made that clear". For the avoidance of doubt, we are saying that that person is not an "Ordinarily Resident" person in Gibraltar like the rest of us are and is not going to be allowed to do what "Ordinarily Resident" people do, which is to take up a job and go into competition with us and get special tax treatment. That is clearly unacceptable. So, apart from that, which is Section 2, in fact, the rest of the Ordinance is simply taking the opportunity to apply the same regime for fines as we have done in all the other laws that have different tiers for different seriousness of fines. The opportunity of tidying that up has been taken. But, I accept, that more time should be given for these things to happen and I regret it has not been possible.

HON P R CARUANA:

Mr Speaker, I am grateful to the Chief Minister for his explanation, although I am not certain that I am now not more worried about what he has told me that he has had as little notice as I have had for the proposal, because one of the tasks, I think, of legislators, is not just to evaluate the proposal on its face value but to consider what implications, not immediately obvious it might also have. That is the process of which we have been deprived. However the shortness of the notice and although if we accept on the assumption that we accept what the Chief Minister has said about the effect and the intention of this amendment it still does not detract from the fact that we are as a House deprived, as legislators, of the opportunity to consider what wider effects it might have in addition to the ones that the Honourable Chief Minister has so elusively explained to us. If, Mr Chairman, the position is that this doubt and this insecurity that the Chief Minister has explained has only arisen this morning it still leaves untouched the point that I have made and that indeed the Honourable the Leader of the Opposition has made that with greater effort perhaps we could have been given at least notice yesterday which would have given us a greater chance and therefore whilst I accept all that the Chief Minister has said about what he thinks the effect of this Section is and the intention, I think it does not affect the points that we have made before although in all fairness to the Honourable the Chief Minister he has recognised it.

HON CHIEF MINISTER:

If I can just clarify something, Mr Chairman. I am not saying that this was brought to our attention this morning what I am saying is that this was brought to our attention subsequent to the previous Meeting of the House when the matter was raised at Questions Time. Once that was raised what we said was we wanted to make sure that we were properly covered in what we were doing and therefore could somebody produce an amendment and different ways of tackling the

problem, looking at the possible amendments of different Sections, and at the end of the day the most efficient way of doing it was by amending the definition of "Ordinarily Resident". The Member may be right in saying perhaps the way that we have amended the definition of "Ordinarily Resident" can have other effects but I put it to him that in fact practically all the legislation that we pass in this House, and this is true whether we are in Government or as I have been for sixteen years on the other side, to some extent unless one is a Lawyer by profession like the Honourable Member is, one tends to look at this and it used to happen to me when I read draft legislation it was on the basis that I was reading the Queen's English and not the Lawyer's English. Quite often I came to conclusions which ordinary competence in the language lead one and Lawyers subsequently told me that that is not what the language said. It still happens to me constantly and therefore I have to say that as a mere linguist I am satisfied that the language of the Section does what I have said and nothing more. The fact that Lawyers may at some future date get to read it as if they were chewing a bone and come up with a totally different solution is something I can not guarantee against or protect myself or this House from.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

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

New Clauses 3 to 7

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

New Clauses 3 to 7 stood part of the Bill.

New Clause 8

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, there is a Clause 8.

HON P R CARUANA:

Mr Chairman, I think the point that the Honourable the Financial and Development Secretary is making is that we have not called the proposed amendment to Clause 8, although we have dealt with the re-numbering. I was going to raise that when that was called, for example, to illustrate my point Mr Chairman, that the proposed amendment to little (a) of Clause 8 which simply reads "By omitting the words "Income Tax" and substituting therefor the word "Principal". I mean unless one has the opportunity now to go to the Principal Ordinance and see what that means we are voting completely and utterly without the remotest idea of what that legislative provision is. If we are going to call that particular amendment, I think, I would be grateful that at least the Honourable the Financial and Development Secretary will just explain to us what the proposed amendments to Clause 8 are in fact.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, if I can clarify the reference in New Clause 8(a). There is no significance to that amendment other than the fact that when this particular Clause was the

first substantive Clause, Clause 2, and it was necessary to mention the Income Tax Ordinance because it was the first time that it was mentioned, now that it has moved to Clause 8, it is simply a question of referring to the Principal Ordinance, it has no other significance than that, Mr Chairman.

HON P R CARUANA:

Mr Chairman, I now know for the first time, and as I am required to vote on it, that the proposed amendment has no significance or has significance or what significance it has and I have only chosen this, perhaps, as an unimportant example to illustrate the point that I was trying to make before.

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

The Hon J L Baldachino
The Hon J Bossano
The Hon M A Feetham
The Hon Miss M I Montegriffo
The R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

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

Clause 8, as amended, stood part of the Bill.

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

THE SUPPLEMENTARY APPROPRIATION (1991/92) (NO. 2) BILL,
1991

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

Schedule

Head 104 - Government Support Services

HON P R CARUANA:

Mr Chairman, I would welcome confirmation from the Honourable the Minister for Government Services that the item on the Schedule that appertains to matters for which he takes Ministerial responsibility, ie GBC, relates to the decoders.

I think, he forewarned us at the last meeting. If it does not, and I accept that it is entirely an assumption on my part, I would be grateful to him for clarification as to what it is.

HON J C PEREZ:

Mr Chairman, if the Honourable Member would recall that in the proceedings of the last Meeting of the House, I said that as a result of certain new proposals that had been received there would be the possibility of a creation of a production company which would be producing programmes for GBC and that the need to capitalise for the purposes of equipment to the tune of £400,000 had arisen and that this would be a loan payable back to the Government for a period of ten years free of interest. This is done through GBC and the loan would be extended to GBC and GBC would then pass it on to the company. There would be no direct relationship between the company and the Government, it would be done through GBC and it would be tied up to the contract that the company signs with the Corporation of the production of its programmes.

Head 107 - Industry and Development

HON P R CARUANA:

Mr Chairman, I am obliged to the Honourable Member opposite for that explanation. Moving to the last item on the Schedule under Land Reclamation seeking a new and therefore an additional sum of £4m and it is always difficult, Mr Chairman, to decide whether points of this nature should be made at the Second Reading or at Committee Stage but it does seem odd that there can be additional and unforeseen works on infrastructure projects of £4m. The need for which has arisen in the relatively few months that have passed since the Budget Session of the House. Whilst of course, one accepts and understands that Government can decide to do new things or enter into new projects that it had not counted on at the time of the Budget it however seems odd that this should happen in an amount of this size and I would welcome from the Honourable the Minister for Trade and Industry a detailed explanation of the extent to which the proposed expenditure is for unforeseen works and what the unforeseen works are and the extent to which they are additional infrastructural projects and what those projects are.

HON M A FEETHAM:

Mr Chairman, insofar as dividing the actual breakdown is concerned it is very difficult to give the Hon Member you a detailed explanation off the cuff in this House. The main bulk of the expenditure involves, of course, that as the reclamation itself took effect and as we approved developments arising from there in terms of investments coming in and constructing on the site the original estimate of the infrastructure costs has had to be revised as

developments have taken place. So a bulk of that involves, of course, such things as extensions in terms of sewers, pumping stations and extra road works and matters arising from there. The rest refers to alterations or deviations, around £1.5m if I remember correctly. This involves deviation arising after we had put the infrastructure works into effect, particularly in the area of Queensway. I think that I have already said previously in the House, on a number of occasions, that we have had to face certain situations where what had been identified in terms of services by the Service Departments as to if what was originally expected to be there it has turned out not to be correct and we have found that we have had to deviate by going further underground in order to avoid services that were not supposed to be there. In Queensway as Hon Members know the land on which the buildings have been constructed over a number of years is reclaimed land in itself and the bulk came about as the disposal of boulders and so on from the tunnelling works and, I think, the Airport and below 1½ metres the boulders are lying there. What has happened is that when we reached a situation where we have had to deviate, that is to say, go below 1½ metres, because we have confronted services that were not supposed to be there, primarily because some of them may have been quite a few years old and records have disappeared, particularly in respect of MOD we have had to go well below the expected depth and that has been an expensive exercise in itself. There has been quite an amount of money spent in that respect. Other things like having to shift a pumping station in one particular case, much to my annoyance, because again we found out that we had come up with MOD and Shell pipes that were not supposed to have been there and we have had to spend about £350,000 extra in having to move the pumping station from its original place. All in all, I would say that the expenditure is virtually about 50/50 in terms of new developments and services required and not foreseen and the rest is based on deviation from the original contract.

HON P R CARUANA:

Mr Chairman, it appears from what the Honourable Minister has said, in fact that there are no new infrastructure projects. In other words, that what there are is unforeseen problems in existing infrastructure projects. I mean, that is how I hear him.

HON M A FEETHAM:

Mr Chairman, deviation from the original contract that we have put into place as a result of unforeseen circumstances. Before the contract was put into effect there was quite a lot of site investigations taking place, ie a lot of borings took place all along Queensway and the route and the design was put into place by our Consultants Mott MacDonald. Once work was actually commenced as a result of digging up obstructions and so forth were found that were not expected to have been reasonably foreseen

and therefore that has meant that there has been deviations. As far as the point that the Hon Member is making "new works" well yes they are new works because as developments have taken place we have had to build new roads. Those new roads would not have been built if there had not been an investor prepared to undertake, for example, Europort or Eurotowers and so on. We have had to do quite a lot of work in connection with that sort of thing.

HON P CARUANA:

Mr Chairman, we are discussing what these particular £4m are for and the roads were already there or the new roads, the resurfacing works had been voted.

HON M A FEETHAM:

Not necessarily, Mr Chairman. As developments have come on stream the original work has had to be added to take into account these developments. It is as simple as that. Nothing odd in that.

HON P R CARUANA:

So, Mr Chairman, it appears from what the Honourable Member is saying that this sum appertains substantially to the Queensway project and the Queensway infrastructure.

HON M A FEETHAM:

No, Mr Chairman, it is as a result of land reclamation and the developments that have taken place on this land plus deviations arising of works which had to be put into effect in order to meet obstructions along Queensway which had not been foreseen.

HON P R CARUANA:

My last intervention Mr Chairman, is simply to say this, that whilst I have no doubt that the Government has a need for this money because otherwise it would not be seeking it I would have expected and preferred that if a sum of this size were being requested on this basis that a little bit more specific information as to what it was going to be spent on had been given. Whilst I am grateful to the Honourable Minister for the explanation that he has given I am not able to say £500,000 is being spent on this and £4m is being spent on that. I have been given a general description of the categories and the needs that have arisen and no more.

HON M A FEETHAM:

No, Mr Chairman. I can only give a response in general. The detail of the expenditure, of course, handled by the Infrastructural Engineer who is responsible in my department for advising me and informing me exactly what the requirements are. Of course all the payments that are made are, of course, measured by his support group after

justifying what has been spent and as far as I am concerned if I am told that short of stopping the infrastructural works, which is enormous in itself because we are talking about an enormous project with an awful lot of inherent problems, then short of stopping it and not meeting our commitments I have to, within reason, so long as I am satisfied that my people are satisfied that the expenditure is justified to carry on with the works.

HON P R CARUANA:

If, of course, Mr Chairman, there were a Public Accounts Committee of this House then we could summon the official to which the Minister has just referred and asked him directly the questions about the need and destination of this money. Since there is no Public Accounts Committee, because the Honourable the Chief Minister explained at the last sitting of the House that he and his Ministers would take Ministerial political responsibility, I really have no-one to question except the Minister who heads the Department. It is therefore the Minister who heads the Department, in this case the Honourable the Minister for Trade and Industry, who has the responsibility of explaining to this House in detail the purposes for which he seeks Supplementary Appropriation. What the Hon Minister has given me, and I accept that he has given me all that he is able to give me, is not enough and I would have preferred slightly more detailed information. I am happy to leave it at that, Mr Chairman.

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

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

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

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to move that The Endangered Species (Amendment) Bill, 1991; The Landlord and Tenant (Amendment) Bill, 1991, with amendment; The Employment (Amendment) (No.2) Bill, 1991; The Pensions (Amendment) Bill, 1991; The Income Tax (Amendment) (No.2) Bill, 1991, with amendment; and The Supplementary Appropriation (1991/92) (No.2) Bill, 1991, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Mr Speaker put the question and on a vote being taken on the Endangered Species (Amendment) Bill, 1991; the Pensions (Amendment) Bill, 1991; and the Supplementary Appropriation (1991/92) (No.2) Bill, 1991, the question was resolved in the affirmative.

On a vote being taken on the Landlord and Tenant (Amendment) Bill, 1991, the Employment (Amendment) (No.2) Bill, 1991; and the Income Tax (Amendment) (No.2) Bill, 1991, the following Hon Members voted in favour:

The Hon K B Anthony
The Hon J L Baldachino
The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon M A Feetham
The Hon G Mascarenhas
The Hon M I Montegriffo
The Hon R Mor
The Hon J L Moss
The Hon J C Perez
The Hon J E Pilcher
The Hon Dr R G Valarino
The Hon K W Harris
The Hon P J Brooke

The following Hon Members abstained:

The Hon Lt-Col E M Britto
The Hon P R Caruana

The Bills were read a third time and passed.

PRIVATE MEMBERS' MOTIONS

HON DR R G VALARINO

Mr Speaker, I beg to move the motion standing in my name that reads as follows:-

"This House reiterates that the External Frontiers Convention should apply to Gibraltar on the same terms as to all other EC countries and urges Her Majesty's Government that:-

- (i) Gibraltar is not excluded from the above Convention;
- (ii) the terms of inclusion should not in any way lessen our present standing within the Community; and
- (iii) requests that Her Majesty's Government takes note of the views of the elected Members of the House and the people of Gibraltar and to act in consonance with these views".

Mr Speaker, all Member States of the European Community have been negotiating in recent years the terms of a Convention which should be completed by 1993 on the process of the free movement of persons within the Community as envisaged in the Treaty of Rome. The Convention would basically define the external borders of the EEC and introduce controls at those borders by implementing a common

visa policy. The framework for the new Convention was agreed in June this year and was ready for signature on the 19th July 1991. Very much at the eleventh hour and against all expectations the Spanish Government stated that it would veto the Convention unless Gibraltar was excluded from its application. Insisting that Gibraltar's own position was a matter for bilateral agreement between Britain and Spain outside the Community umbrella. The Spanish Government is therefore pursuing its territorial claim over Gibraltar, if necessary, at the expense of the process of European integration. Spain has adopted this posture despite the fact that the Convention would make it clear that its application was without prejudice to the respective positions of both Britain and Spain in their bilateral dispute over Gibraltar. We must remember, Mr Speaker, that Gibraltar joined the EC in 1973 by virtue of Article 227(4) of the Treaty of Rome as a dependent territory of the UK. As part of its accession Gibraltar opted to be excluded from the provisions of CAP, CCT and VAT. Spain joined thirteen years later in 1986 in the knowledge that this meant a recognition of Gibraltar's EC status, independent of its longstanding claim to repossess sovereignty over Gibraltar. By then Spain had lifted the blockade of Gibraltar in 1985 and in return, with Gibraltar's agreement, had secured immediate advance implementation of EC rights for Spanish labour, trade and interests in Gibraltar. The Gibraltar Government amended this law in 1985 for this purpose. It must be highlighted that the previous administration, agreed to the advance implementation of EC rights to Spanish nationals but always envisaged that this would only apply until Spain joined formally the Community and after this period normal community procedures had to apply in relation between Gibraltar, Spain and the Community. Gibraltar has complied with its EEC obligations arising from Spain's entry and in particular, the free movement of Spanish labour, freedom of establishment for Spanish traders and the payment by Gibraltar of revalued social security pensions to former Spanish workers. In fact, over 10% of Gibraltar's labour force is now Spanish. Trade with Spain has risen dramatically to over 12% of total imports with Spain, being the second largest exporter to Gibraltar and need I say much about the enormous cost of revalued pensions being paid to former Spanish workers. That cost, as we all know, is over £10 million per annum met from UK funds, a cost which Gibraltar could not afford but had to argue out with Her Majesty's Government in order to comply with EEC obligations. At no stage, have the EC rights of Spain or its people been denied in Gibraltar. Most importantly, Gibraltar has developed its economy within the European framework, notably in recent years in preparation for the Single European Market. Gibraltar no longer seeks overseas aid from UK. It has invested heavily from its own public funds and from the European private sector to build up an infrastructural base to make the economy self sustaining, servicing community markets. This could now be put at risk if Gibraltar were excluded from the External Frontiers Convention. Mr Speaker, Sir, it has been argued in some quarters that since Gibraltar is outside the Customs Union it should therefore be excluded

from the Convention. This argument is flawed. The External Frontiers Convention deals with a greater freedom of movement of persons, not goods. Gibraltar has also accepted that there will have to be internal border arrangements between Gibraltar and the rest of the Community to maintain the necessary Customs controls. This is no different to what has been happening since Gibraltar joined the Community, notably since 1985 when the frontier opened. Press reports abound that Spain is trying to exclude or suspend Gibraltar from a proposed EEC Convention on External Frontiers which will define the external boundaries of the Community. Indeed, the Spanish Cortes has already taken such a stance. This would mean that Gibraltar would be left out of the EC and de facto deprived of its status within a Community which it joined in 1973. Spain has already demonstrated its intention by blocking the Convention solely because of Gibraltar and has threatened to veto its implementation. So far the other eleven Member States have rejected the Spanish Government's position. The British Government has made it clear, quite clear, that it will not agree to Gibraltar's exclusion. The situation at present could very well be compared to that prior to the Airport Agreement and Gibraltar's exclusion to the Air Liberalisation Package. A similar scenario is being observed. The Spanish tactic on this Convention has already been rehearsed. The Spanish Government says "no" at the very last minute and eventually pressure builds up on the other side to concede. At the time of the Air Liberalisation package, British reaction was immediate and strong. The Right Honourable Paul Channon the then Honourable Minister for Transport, supported our inclusion and even more importantly, Sir Geoffrey Howe stated that Gibraltar had a legal right to be included. However, Spain was prepared to veto a package that would include the whole of Europe. Everyone in Gibraltar knows what followed. Moreover, the reality is that Britain agreed to a joint use Airport Agreement in December 1987 against the overwhelming wishes of the Gibraltarians. Her Majesty's Government took the view that this bilateral agreement did not impinge on its sovereignty. Little could they have judged Spain's interpretation of that Agreement. The obvious danger where the present Convention is concerned is that there is a risk that Britain may be forced down the same path i.e. to concede: (a) because they have done so before; and (b) because of the continual pressure for European integration. The people of Gibraltar must be made aware of the fate that could well lie ahead. The Spanish position on this Convention is as previously stated at the beginning of my speech. However, there is paramount importance in the latest information on air liberalisation, the Third De-Regulation Package released this year, which throws the infamous Airport Agreement out of the window because this latest Directive has by itself rendered the Airport Agreement of 1987 as meaningless. It would be ironic, indeed undemocratic, if the Spanish Government were to succeed in isolating Gibraltar by means of a Convention which is, by definition designed to bring about greater freedoms of movement for all citizens of Europe.

The people of Gibraltar have acquired and are committed to those principles. They have invested their future, their economy, their laws and their identity to that ideal. No one has the right to deny or defraud us of those freedoms. Mr Speaker, it is hoped that this motion will be passed unanimously thereby showing the feelings of the people of Gibraltar as represented by their elected representatives, and that the tone and strength of feelings will be transmitted to the British Government by their representatives in Gibraltar. Mr Speaker, Sir, I commend the motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Hon Dr R G Valarino.

HON P R CARUANA:

Mr Speaker, speaking on behalf of the Gibraltar Social Democrats we have no difficulty in immediately confirming that the mover's wish will come true. As far as we are concerned, and on the assumption that his colleagues and members opposite support the motion, it will be unanimous. We for our part, and I know that the Members opposite for their part, have been alert to the difficulties and to the problems that approach us with the EEC External Frontiers Convention insofar as it affects Gibraltar's rights. We have been highlighting these in public, commenting on this in public, since the problem arose. Insofar as the Honourable Dr Valarino intention of the need for Gibraltar's elected representatives to convey to Her Majesty's Government the tone and strength of their feelings, then I can say, speaking for myself and the Members of this House and the party that I represent that we have been doing that both privately and publicly since long before the summer. Our concern in relation to this matter and our interest in this matter and our identification of the need for Gibraltar to speak up loudly on this matter predates by many many months the date of this motion which is the 4th November 1991. Nevertheless, that does not detract from the fact that, I think, that the motion correctly formulates the position that this House should take in relation to this matter and, as I have said, I and my colleague, the Honourable and Gallant Colonel Britto, will be wholeheartedly and enthusiastically voting in favour of the motion. The Honourable Dr Valarino has referred to the European Community Air Liberalisation Package and indeed to the 1987 Airport Agreement. And seeks to draw parallels between them and what we all know happened. I am not sure that everybody in Gibraltar knows everything that happened. Certainly we all know what happened publicly in relation to the Airport Agreement of 1987. But I think and I am confident that the British Government and specifically the Foreign and Commonwealth Office, I think, has learned its lesson from its experiences in relation to the 1987 Airport Agreement and I am confident that Britain will maintain the position that it has so far adopted in public. I think that Britain is now under no illusion and after the passing of this

motion will be less so if it is, that the consequences in local political constitutional terms of excluding Gibraltar or coming to any form of agreement in relation to the EC External Frontiers Convention that either obviously or by ambiguity has the effect of diluting or casting doubt over the status of Gibraltar within the European Community will be met with a unanimous reaction in Gibraltar and that it will cause a crisis in local political terms which will be far greater than that which ensued the 1987 Airport Agreement. Mr Speaker, the truth of the matter is that the European Community External Frontiers Convention, as we see it, is more important still than the 1987 Airport Agreement because after all the 1987 Airport Agreement resulted in our unfair exclusion from a very specific package, of a very specific regime, relating to air liberalisation and whilst our exclusion was unfair the damage was contained to one subject matter. However for the rest of it, its only downside was the precedent value that it created as we are now seeing in relation to this Convention. The additional dangers in relation to the EC External Frontiers Convention is that although excluding Gibraltar from the External Frontiers Convention would not in any legalistic sense exclude us from the Community in terms of our status under the Treaty of Rome, for practical purposes, it would have much the same result because I think Gibraltar will be hard put to explain and persuade foreign investors and others who are not intimately familiar with the situation, that yes Gibraltar is not within the external boundaries for the purposes of freedom of movement of persons but do not worry we are in the Common Market. The element of precedent value of any deal on the EC External Frontiers Convention of the sort that I have described would be enormous^{and} would give Spain a degree of mileage from its strategy in relation to the EC External Frontiers Convention which I think would be used by Spain as a platform for pursuing her case for Gibraltar to other matters where Gibraltar was involved and a breaching of the wall by using the EC for this purpose. I think that what we must hope is that the disastrous, in more ways than one, events surrounding the Air Liberalisation Package was a one-off breach of that and that that breach has now been stopped. It is necessary for Britain's position in relation to EC External Frontiers Convention to be maintained and that that will send a signal to Spain that the European Community is no longer willing to tolerate the using of that institution as a means of progressing her bilateral, in the sense of bilateral affecting only her and the United Kingdom, claim towards an issue which in the context of the European Community and as far as the European Community is concerned, is a small one. For those reasons, Mr Speaker, I and my colleague, the Hon and Gallant Colonel Britto, will be voting in favour of the motion.

HON CHIEF MINISTER

Mr Speaker, I am grateful to Dr Valarino for bringing this motion to the House which will, of course, be supported

by the Government. I think we cannot do too much to make our people aware of just how crucial the decisions that are being considered are for the survival of Gibraltar. As Dr Valarino has pointed out, and indeed the Hon Member Mr Caruana, the United Kingdom is maintaining a position which is entirely consistent with a position of the Government of Gibraltar and of its House on this matter and we expect them to maintain that position come hell or high waters. But we cannot guarantee that. That has to be clearly understood. We have not ever been ourselves, in Government, in a situation where that sort of pressure was being put on the UK and therefore although we were hypercritical, in the Opposition, of the 1987 Airport Agreement before it was signed, when it was first mooted, of the 1984 Brussels Agreement before it was signed and of the 1980 Lisbon Agreement, we have never known to what extent, or if at all, the Government of Gibraltar was driven into a corner by circumstances. Therefore we have to say that it is not happening to us now and we will say more, it will not happen with us. That is to say that if that is a possibility, however remote, and if that were to happen, then the GSLP in Government would not be prepared to defend, because of circumstances, what in conscience it does not believe in. We would therefore go to the people and if it got to that as I said recently in a public meeting in Mackintosh Hall, it would be not to persuade the natives but to lead them. That message is crystal clear in London. I do not know whether it is crystal clear in Madrid, but it is crystal clear in London. Whether that has been the lesson that the Honourable Member thinks the Foreign and Commonwealth Office has learnt or not, I am not sure. But I can tell the Honourable member that although we are perfectly relaxed about the situation we are, as I have said, totally informed indeed of the results of the meetings and consulted before the meetings take place and the position that is adopted at meetings is agreed positions agreed by us. That continues to be the case until yesterday. What I cannot say is it will continue to be the case tomorrow because it is not something over which we have 100% control because, of course, there is an element of foreign affairs in this. Therefore I cannot guarantee that but I have no reason at all to believe that there is any change being contemplated. One thing that we think is important to bear in mind is the pace at which these things move. Although again I cannot complain about the degree of involvement that we are having from Her Majesty's Government because you know I get called three or four times a day by the people who are handling this. The reality of it is that you then switch on the television and there is Senor Corcuera saying on television something that does not seem to fit in with what somebody has told one half an hour ago on the telephone from London. So you say "Is it that something has happened in the last half hour and has not yet reached me?" It is obvious that there is a great deal at stake for the United Kingdom itself. So in a way I think this is not just one of the biggest tests we have to face as a people, it is probably one of the

biggest tests of the United Kingdom's commitment to the people of Gibraltar in defending the interests of the people of Gibraltar in a non-military situation. This is clear. For three hundred years Gibraltar and the UK have been side by side and side by side on a war footing but it is not that kind of situation. This is about the shape of Europe politically in the future. Therefore our political future is going to be dramatically open, if in the shape of that new Europe, there is not a corner which is not a corner which is the Gibraltar corner that belongs to us and where we control the situation. We have a motion passed in the Spanish Parliament to which Dr Valarino referred, Mr Speaker, which I think is worth bringing to the attention of our Parliament. I do not know to what extent the Spanish Government, who is of course not as familiar with Parliaments as we are in Gibraltar because we have had one for much longer than they have, may feel bound by unanimous resolutions as we do. I can tell the House that they can be certain that this resolution introduced by a Member of the Opposition, supported by the Government of Gibraltar, we consider to be a binding statement of policy of the collective views of the people of Gibraltar. That is how we interpret, Mr Speaker, Parliamentary practice in the British Parliamentary system. I am not sure that that is how the Spanish Government interprets the binding nature of motions introduced by the Opposition and carried unanimously but if they do, then there cannot be an External Frontiers Convention signed. It is as simple as that. Because the unanimous resolution that was passed in the Cortes on the 2nd October 1991 requires Spain not to sign if it applies to Gibraltar and we continue to be a colony. That is the resolution passed on the 2nd October unanimously, introduced by Izquierda Unida supported by the Partido Popular, welcomed by the representative of the Socialist Government and in a situation which finishes up after several amendments, they also go in for amending amendments in there and it finished up saying that, in fact, the position of the External Frontiers was that the Spanish signature to that frontier was not acceptable if it perpetuated our current status. Our current status means the status enshrined in our current Constitution. My Spanish is not too hot, Mr Speaker, but I cannot read this any other way. Therefore it seems that there is that and another element which is an element which we do not disagree with them which is that it should not undermine their position in the negotiations for the decolonisation of Gibraltar and its reintegration into national territory. As far as they are concerned the negotiations for Gibraltar's decolonisation and its reintegration into national territory is the Brussels process. That, Mr Speaker, is how they describe the Brussels process and they want to make sure that the External Frontiers Convention will not undermine the prospects of success of the Brussels process and the prospects of them getting Gibraltar decolonised and reintegrated into national territory. We are quite happy with that view that the Spanish Parliament has expressed because as far as we are concerned the Brussels process is as dead as the Dodo and

their prospects of success are zero and you cannot give them less than zero because that would require a minus. You know, we will guarantee them that their prospects of success will not be weakened one iota. In other words zero. That is no problem for us. But of course there is a problem if they want our status changed before they sign the agreement. I can think of ways in which it would have changed our status, for example, we could become independent tomorrow and that would change our status. But I do not think that is what Izquierda Unida had in mind, although it might have been what one might have expected Izquierda Unida to have in mind given its revolutionary role in the past. So on the basis of that being a reflection of the position and, let me say, that this was on the 2nd October, and on 3rd December the line taken by Senor Corcuera after the meeting in The Hague was to say that they still believed a resolution was possible if only the British Government would be as reasonable as they were being in the negotiations. That means that they are being reasonable in wanting to kick us out of the Common Market and the UK are being totally unreasonable in wanting to keep us in when we have been in since 1973. But the position of the Spaniards is that apparently they still have hopes of making them behave reasonably. It might explain, Mr Speaker, why it is that we are so reluctant to become Spanish given that that is what is reasonable behaviour in the eyes of Spain. So we have a position where I can inform the House that there was a proposal put forward by the Dutch Presidency and that that proposal was transmitted to the Government of Gibraltar. We looked at it very carefully in the light of the position that we have taken and we were satisfied that it was a proposal which was in fact taking out, I do not know whether Members are familiar with the texts of the External Frontiers Convention but, of course, the text that applies to us is Article 30 and in many respects since this was vetoed by Spain in June, what we have been doing is rehashing Article 30 so that it is clear that Gibraltar is inside the External Frontiers but does not give offence to Spain. Well that is impossible because every time a proposal comes back if, at the end of the day, however inoffensive it is made to look, the crunch point is "are we in or are we out". If we are out it is not acceptable to us and if we are in it is not acceptable to them. So, you know, okay, we have been going round this buoy now for the last five months.

HON P CARUANA

If the Hon Member will give way. Is the Hon Chief Minister at liberty to disclose to the House what the proposals of the Dutch Presidency were or are those subject to some confidential process?

HON CHIEF MINISTER:

Well, I am not entirely sure whether I am at liberty because I have not asked, but let me say that the Spanish Government seems to have little inhibitions about what it is at liberty

to inform its Parliament about and therefore I do not see why I should withhold information from our Parliament. The Dutch Presidency effectively came up with a new wording removing what was there before, which was about the Convention applying to territories for whose external affairs a member state is responsible. It not only affected strictly speaking Gibraltar's position but that of Jersey, Guernsey, the Isle of Man and everybody else because in fact Article 30 has got different elements in it for different people, and what they did was they scrapped the old one totally and they came up with a new one, which would effectively have read that "the Convention applied to a territory over which a member state had jurisdiction". We came back by Agreement with UK to say we prefer that it should not be "over which a member state has jurisdiction", just in case it occurs to the Spaniards some day in the future to say that they believe they had jurisdiction. So we sent it back saying that apart from that, which is that we do not want any wording which is capable of more than one interpretation, but the amendment went on to say that in respect of the border crossing an agreement would be required between the United Kingdom and Spain and we were quite happy with that because we have always maintained that the border crossing is an internal frontier which, unlike any other internal frontier in the Community, is subject to a special customs regime and we would have to decide how we handle a situation once the external frontiers of the Community come in on the basis that you have a situation where somebody is inside the Community in Gibraltar, inside the Community in La Linea and yet there is a border crossing which is subject to customs searches. Now that would have meant that Gibraltar's frontier with the external world were external frontiers and the Gibraltar/La Linea frontier was not an external frontier, it was a border crossing which was an internal border crossing. That was accepted by us in The Hague the day before yesterday and rejected by Spain. By us meaning the UK on our behalf. The Spanish position continues to be that they cannot accept as has been publicly said subsequent to that meeting, that the external frontiers of the Community are on Gibraltar territory and the responsibility of the Member State the United Kingdom. That is fundamentally what the issue is. Now it is interesting, Mr Speaker, that in June 1987, in a letter to the Presidency on the Air Liberalisation Directive precisely the same point was made in relation to the airport. They said: "we cannot accept that the airport at Gibraltar is a Community regional airport on British soil and we cannot accept that it should be included in the list of British Regional Airports". They said they would "accept that it could be included as a Community airport but on Spanish soil because we claim the isthmus is Spanish". They added that they had been having on-going negotiations with the United Kingdom since 1984 the 1984 Brussels Agreement about the issues, plural, of sovereignty and therefore it is recognised that there is one issue of sovereignty considered under Utrecht and another issue of sovereignty which has been annexed by the United Kingdom which we have never considered". Now to the extent that the airport would become an external frontier, they are

really not putting an argument that is new and that they have not put before and that they have not gained some mileage before. Let us be clear about that although we are not seeking that, and we have made that absolutely clear, we are not seeking to decolonise Gibraltar via the External Frontiers Convention to our advantage. We do not accept that they have the right to seek to do it to their advantage either. But we have to recognise that in some respects we are trying to recover some of the lost ground. It would be dishonest not to say that. Because to some extent if we contain the lost ground to what has already happened in the 1987 Air Liberalisation then if things that happen now include Gibraltar as they ought to, as a normal part of the Community, then the value of the precedent created in 1987 is watered down because we would have subsequent precedent which are in conflict with this. I have said already publicly, Mr Speaker, that one of the interesting side effects of the External Frontiers Convention is that it actually produces an opportunity for unlocking the Airport deadlock. The fact that Spain is blocking the Convention to me is a clear indication that they do not have the remotest interest in unlocking the Airport deadlock. They are interested in winning, not in compromises. Because, in fact, Members will know that one of the issues of the clauses in the Airport Agreement which give cause for serious concern as to the matter of sovereignty is that Spain has argued in the European Court of Justice, and indeed outside, that from the beginning their position on the airport was that the competent authority authorising flights to Gibraltar could not be the Civil Aviation Authority. Because if the Civil Aviation Authority in London is a competent authority then axiomatically the airport is a British Regional Airport on British soil and they claim that that would not be consistent with their historic position on never having recognised British sovereignty over the isthmus. So they say because under Community Law the applicant airline has to send an application somewhere, we cannot accept that the application should be sent to London. We are not saying it should be sent to Madrid. So what the Airport Agreement does is it produces a requirement that that application should be considered by both Civil Aviation Authorities, the British and the Spanish and therefore the competence and the authority and the power to grant permission is being shared by London and Madrid. That is the position of Spain. It is the position of Spain after the agreement, in the Court Case and to be fair to them, it was the position before they signed. Under the External Frontiers Convention, in 1995 airports cease to be external frontiers unless they are receiving flights from outside the European Community. Therefore in that context the airport in Gibraltar would only be an external frontier of the Community if we have flights from Tangier or from Tokyo, or from the United States. However let us be practical, and if we have flights from Tangier it would be an external frontier for the Tangier/Gibraltar flight but every single flight from every other airport in the European Community would be a domestic flight and people would arrive here without having to go through Immigration controls. The quarrel

about whether they go through the Immigration controls in Gibraltar first and in Spain afterwards or in Spain without going through the Gibraltar one disappears because under Community Law there cannot be Immigration control because they are moving into the internal market post-1995 with an External Frontiers Convention which says you cannot be required to have a passport or an ID card to move from anywhere to anywhere in the Community by land, sea or air. So it seems to me that, in fact, if there was genuine goodwill in trying to progress relations with us, this would be a welcome opportunity where one could find ways of developing great utilisation of the airport of Gibraltar without anybody having to lose face. I can understand the difficulty that people can have in Madrid in saying well how can we defend that here when we have an Agreement signed by the British Government and its colony rebels and the British Government says "sorry the natives will not wear it and therefore it cannot be done". I can understand the difficulty of that being swallowed in Madrid but I am demonstrating, I think, to the House that the External Frontiers Convention could have given us an opportunity to move forward and overcome some of the problems of the past, and regrettably instead of that happening we have become more embedded in those problems and therefore our position with Her Majesty's Government has been to say "look we have had to make a stand once and for all otherwise we are going to have this every day on every issue and the amount of stuff coming out of the Community is astronomical and on every one of them Spain is going to be saying I will veto it unless Gibraltar is removed". Let me tell the House that this is not the only occasion where we are facing a Spanish veto. There are a number of other important measures for the development of our financial services industry and for the development of our international business which currently are held up because of Spain's opposition. This is one of the reasons why we are bringing in Community Directives to make sure that nobody can dispute the fact that our companies are community companies. But it is being disputed and, as Dr Valarino was pointing out when he was saying the degree to which Gibraltar has made sure that it has complied with Community law in applying it to Spanish nationals and Spanish businessmen and Spanish workers and Spanish pensioners, well the Spanish Government seems to have no problem at all in deciding that we are part of the European Community when they want something out of us and finds it totally unacceptable to accept that we are part of the Community when they perceive us as getting some benefit out of it. Now that is not an acceptable way for civilised, democratic people to behave in the European Community of which we are both supposed to be members and partners. So I can only tell the House, with regret, that the position continues to be deadlocked. There was and there is a certain amount of desire, a certain amount of pressure to see if it is possible to get this agreed and out of the way before the Maastricht meeting which is just round the corner, in a few days time. I do not rate the prospects of that happening very high. The information that I have is that in fact

if we do not have the External Frontiers Convention agreed before Maastricht, then the pressure is likely to recede for an agreement because then, it can hang around until December 1992. There is a legal view and I am not qualified to pass judgement on it but we are working on the assumption that it is a view which is widely shared, because we have tested it out on a number of independent sources that under Article 8A of the Treaty of Rome which is the Article introduced into the Treaty of Rome in 1987 as the result of the signing of the Single European Act, the creation of the unified market and of the External Frontiers, because it will be a frontierless market, and you cannot have a frontierless market internally unless you have frontiers externally, otherwise you would be frontierless with the whole world, that that is mandatory by 1st January 1993, under the Treaty of Rome, and that therefore if there is no agreed Convention, then the mandatory nature of the Treaty of Rome could well lead to implementation by imposition. That is the view that we have, and we are acting on that assumption, and therefore the assumption leads us to the conclusion that we had better make sure that if anybody is being sat upon it is not us between now and December 1992. Clearly, the fact that we have consistently, I am told although I am not there, but I am told by our negotiators, that we have consistently been supported by the other ten members and that we have in each occasion where wording like the one that I have just described to you has been proposed by third parties, in the process of the last five months, there has been a situation where Spain has rejected everything we have proposed and we rejected everything that they have proposed, but at the same time we have accepted everything everybody else has proposed and they have rejected everything that everybody else has proposed. Now that, I am assured, puts us in a better line with the rest than we have ever been on any other issue because we are seen to be willing, although standing our ground on fundamentals, we are willing to accommodate the views of the Dutch, or the French, or whoever, who says "well, why do we not describe it in this way and maybe this way the Spaniards will not be upset". And we say "yes we agree" and then the Spaniards come and they are upset. Now how long that can carry on, I do not know. What I can tell the House is that we will certainly not just be voting on this motion but in our relationship with the United Kingdom be absolutely crystal clear that nothing at all that is capable of being interpreted as excluding us from the External Frontiers Convention will be acceptable, so that anybody can come in the future and say, "Gibraltar does not form part of the Single Market in 1992". Nothing that is capable of that interpretation however remote or esoteric that interpretation might be is acceptable to the House, to the people of Gibraltar or to the Government of Gibraltar, because in fact we have a tough enough job already restructuring our economy and surviving in the face of a declining MOD expenditure for us to even dream of being successful if we are cut off from the most prosperous market in the world, which is the market of the four hundred million people that make

up the EEC. Unless we are able to do that unchallenged, or unless we are able to do that on the basis that if somebody stops us we can challenge the people who are stopping us and go to Court and win. We are really on a hiding to nothing and if we are going to be on a hiding to nothing we might as well stand our ground and have it out now. So that is the position of one Government, Mr Speaker.

MR SPEAKER

The House will now recess until quarter past three this afternoon.

The House recessed at 1.00 pm.

The House resumed at 3.30 pm.

MR SPEAKER

We shall carry on with the motion of the Hon Dr Valarino and I understand that the Leader of the Opposition would like to speak.

HON A J CANEPA

Mr Speaker, early on in his intervention the Hon Mr Caruana made clear that the concern felt in his party about the question of the External Frontiers Convention predated by many months the date of notice of this motion. May I say, that the concern that we felt in the party on this issue also predated by many months the date of notice of the motion and likewise I am sure of Honourable Members opposite with a difference that the Chief Minister himself has probably been dealing with the matter throughout this period virtually on a day-to-day basis. The only difference is that I did not feel it necessary to either write to Mr Garel-Jones about the matter nor to go to London to see him and discuss the matter with him to express to him the views of my party. What was happening throughout the period was that I was being kept fully in the picture by the Chief Minister and I was totally satisfied about the strength of the Government's stand on the matter and therefore I knew that the views that we, as a party, had were being reflected. They reflected the general anxiety felt in Gibraltar and they were being reflected by the representations which the Chief Minister was making on the matter and by the watching brief that he was keeping. Nevertheless, it was right and proper on this issue as has been the practice over the years that the matter should be brought to the House at an appropriate time with a view of the House adopting a unanimous resolution that would enshrine the strongly felt views of the people of Gibraltar as expressed through their elected representatives on this issue. And I think that the motion before the House today, I am glad to see does indeed strongly reflect such unanimity of views. Let me add that we took the decision that at the first meeting of the House after the summer recess

to bring such a motion in an appropriate form depending on the state of play on the question of the discussions amongst EEC members and in particular Britain and Spain over the matter and depending on the state of play so phrase our motion. That was a decision taken and reiterated in October shortly before I left for the UK and I was away in the UK for two weeks and my colleague the Hon Dr Valarino had good reason to think that there was a danger that we were going to be pre-empted in bringing such a motion to the House, so he consulted with my Deputy, Mr George Mascarenhas, who was ill at the time and agreed that Dr Valarino should give notice and introduce this motion on behalf of the opposition. That is the reason why it is Dr Valarino and not myself, who has always brought such motions to the House on matters to do with external affairs, has brought the motion. Dr Valarino acted on my behalf through my Deputy Mr Mascarenhas and if I had not gone to the United Kingdom for a fortnight I would have given notice of the motion and I would be bringing it myself. There is no doubt, Mr Speaker, that over the years we have learnt, elected members have learnt, a number of lessons from what transpired at the time of the Brussels Agreement and subsequently and at the time of the Airport Agreement. If there is some divergence of view or approach on matters touching the Spanish question in Gibraltar, it is perhaps because for a variety of reasons and there are some who forget what has happened in Gibraltar over the years. For many years, from 1963/64 until perhaps 1980 at the time of the Lisbon Declaration the elected representatives of the people of Gibraltar, the political leaders of Gibraltar, succeeded in taking Britain by the hand so that Britain by and large saw things from our point of view and through joint political action we were able, a number of us of various political parties, were able to succeed in getting for the people of Gibraltar many matters that strengthened our ability to resist Spain's economic blockade and her political harassment of Gibraltar. I am referring to the new Constitution, in 1969, which was the result of a great deal of work in which some who are presiding over affairs in the House today were very closely involved. I am referring to the five points that were presented to the British Government and which led to the Constitution. I am referring to the development of the policy of "Support and Sustain" which Britain had no difficulty in associating herself with until 1980 or 1981 or 1982, after the Lisbon Declaration, when it became clear that it was a matter of time before the frontier opened once Spain wished to be accepted amongst the nations of in the democracies of Western Europe. As I say, we succeeded, a number of politicians in Gibraltar and perhaps the most prominent of which was the former leader of the AACR who succeeded in taking Britain by the hand so that Britain saw things from our point of view and defended our aspirations, by and large defended our aspirations. Whenever the British Government itself was not happy to accede to what we wanted we knew where our friends were in the House of Lords and in the House of Commons and British public opinion through the media the British Nationality, for example, and so

on. However things started to change by the middle 1980's and by 1984 or 1985 Britain started to carry us by the hand instead of our carrying them by the hand. That was the result of the Strasbourg process, Lisbon and Brussels. By the time of the Airport Agreement not content with leading us by the hand they tried to lead us by the nose and that is where, of course, they failed. They ultimately failed because of the strength of feeling in Gibraltar over such an issue and if Britain and Spain agreed to the Airport Agreement, as they did and if they entered into such an Agreement then we for our part, and certainly in the short period that I was at the head of affairs, made it perfectly clear that we were not going to bring legislation to this House that would make the way clear for the implementation of the Airport Agreement and Britain knew that if they tried to impose the Airport Agreement by taking the sort of action which Spain thought that Britain would take, could take, and which they urge Britain to take, we made it clear that if they did that there would be trouble and the trouble that that would bring would be a Constitutional crisis. We would also have had with me certainly heading or leading the natives into action. No doubt joined by Honourable Members opposite. An action, Mr Speaker, that would have been somewhat more energetic than the famous demonstration at the time of David Ratford's visit to Gibraltar. Those, Mr Speaker, are the lessons that we have learnt over the years and therefore that is why I am glad to see that the attitude by and large is never again. We Gibraltarians are not going to allow a repetition of such events and if as a result of having to stand firmly for such belief and fight for such rights we are going to be labelled that we are anti-British well then hard luck. Because what we are is more than ever before pro-Gibraltarian. We have been through a hell of a lot, Mr Speaker, in Gibraltar to allow our rights and aspirations be undermined in a way with which we do not agree. I am aware that there is a body of opinion in Gibraltar that would like to see the Airport Agreement implemented because they think that it is good for Gibraltar. They think that it is good for their own pockets! That is all. That it would be good for Gibraltar. Yes. Perhaps there would be economic benefits that would accrue from that and yes there might have been economic benefits that would have accrued from our taking a different stand against Spain during the years that the frontier was closed. However the people of Gibraltar were prepared to sacrifice themselves economically, materially, socially and to suffer real hardship and some of us lost perhaps the best years of our lives and the sort of things that ordinary communities are entitled to. So therefore it is nothing new that we are doing today by resisting on the Airport Agreement and by taking the stand that we are taking on the possibility of our being excluded from the External Frontiers Convention. It is a repetition of that and we are showing that we mean business and that we are prepared to sacrifice ourselves, if necessary, because of what we believe in. There is now a situation in which Britain is no longer supporting and sustaining us, on the contrary they are putting obstacles

in our way and I am very glad to hear about the coincidence of view that there is and the detailed way in which the Chief Minister has described what has been going on in the EEC and the difference that there is that whereas Britain was afraid that the European jury, the other ten would back Spain. It is now clear that they are backing Britain and they are backing us. I am glad to see that that is the case. But the reality is, Mr Speaker, that we cannot afford a situation in which Britain withdraws the Resident Battalion, in which they are going to withdraw the RAF, probably sooner than the vast majority of people in Gibraltar imagine, probably much sooner, so what are we supposed to do, just go along with Britain and see things from their point of view and be accommodating to them? We need to survive as a community and the best way that we can is by trying to fend for ourselves. If the only way that we can do that is by taking advantage of our position within the EEC then so be it. Because we have been at the receiving end for very many years on many matters to do with the EEC and got precious little benefit out of that. Honourable Members will recall that during all the years when I was on that side of the House I was always complaining about the big boys club out of which we got very little. Nevertheless we saw that we could not get out of it and now today the Government has reversed things so that what we are trying to do is to take advantage of our unique position in order to survive as an independent community which values its institutions and which wants to fend for itself and to be allowed to remain in peace not because we are anti-British, or because we are anti-Spanish, but because we are pro-Gibraltarians. We are here, we have developed as a distinct people and we mean to stay here. So I am really glad that the message appears to have got home. I do not know whether Britain would be adopting a different attitude if the other ten were not with her. I do not know. But that is just hypothetical. The reality is that the message has got home and it is important that it should be said that we would not take things lying back if we were to be excluded. We cannot afford that this should happen because otherwise we will not survive economically and Spain would succeed in using her membership of the Community to destroy our economy and to achieve that which they could not achieve in the years in which they were harassing us in a clear overt fashion when the frontier was closed. I have very little more to add to that, Mr speaker, other than to say that we do live in a hostile world, in a world that does not feel that it owes us anything. Britain does not feel that it owes us anything and there are no indications that Britain is prepared to give us anything that could be remotely described as Development Aid. In 1980, they were telling us that that was our last lot and therefore the only way forward is to pursue the independent economic policy that Gibraltar is entitled to pursue in order to defend our rights politically with every ounce of strength that we have and to try to fend for ourselves in this world in which ultimately unless the people of Gibraltar show, as we are showing, that we are grown up, that we can stand on our

own two feet and that we are here to be counted. Unless we do that, Mr Speaker, we are going to finish up in the arms of those who will never, as has been shown, are going to drop their claim to Gibraltar and anyone that does are really kidding themselves. I think that that is living in cuckooland, Mr Speaker, even to a greater extent than to think or to describe Gibraltar as the Thirteenth Member State as the Chief Minister does. Mr Speaker, we wholeheartedly commend this motion to the House so that a strong voice that should come out and for once show that we ought to be speaking with one voice regardless of the events of the by-election.

MR SPEAKER:

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

HON DR R G VALARINO:

Mr Speaker, Sir, there is indeed not much more to say. I am very grateful to the Members of the Government for supporting the motion and also to the Members of the GSD. I think this is one of the most important motions that has been brought to the House of Assembly and indeed, I think, it is the first time, certainly this year, that a motion is supported by all fifteen Members of the House. The last one that was brought earlier on this year and was supported by fourteen Members of the House. So therefore I am glad the support has been forthcoming from that quarter as well and I thank you gentlemen. To people who have not heard me before they probably think that I have been rather strong on this subject but those people who have come with me to Commonwealth Parliamentary Conferences, such as you Mr Speaker, the Chief Minister and the Leader of the Opposition, they all know that I have been very forthright in debating points raging from the Environment to talks on South Africa and when the need is there, I do speak my mind. I must say that I am also reassured by what the Chief Minister said about Regulation 8A of the Treaty of Rome, which will in time, if nothing else happens see us to a happy conclusion. Today certainly is certainly a historic day for the House of Assembly and I welcome it Sir. Thank you.

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

HON P R CARUANA:

Mr Speaker, I have the honour to propose the motion standing in my name which reads as follows:

"This House deplores the crisis in the Health Service as shown by:

1. the alarming warning sounded by the British Medical Association of Gibraltar that standards of Health Services in Gibraltar could drop to "Third World" levels,
2. the unprecedented low level of morale amongst the medical and nursing staff.
3. the fact that such a dedicated and professional body as the nurses have been provoked into a state of industrial dispute,
4. the continuing failure to appoint a permanent gynaecologist and obstetrician to the obvious and publicly stated concern of women in Gibraltar,

and calls upon the Government to allow the Gibraltar Health Authority to function as a truly autonomous body, free of direct political day to day management and control so that the Health Services may benefit from the input of the experts and professionals as intended by the writers of the Medical Review Team whose 1987 Report the Government fully accepted and undertook to implement."

Mr Speaker, the dictionary definition of the word "crisis", which is an emotive word, as "A crisis is a turning point or a time of danger". We believe that there is mounting evidence, mounting and irrefutable evidence which suggests that that is indeed the state to which the Health Services in Gibraltar have come. An equally suitable word, Mr Speaker, might have been "Lysis" which means the gradual disintegration. Both of these words, Mr Speaker, I think, are apt to describe the situation in the Health Services and I now proceed to justify the use of the words chosen in my motion. There was, Mr Speaker, a time when this community was proud and indeed supremely confident in its Health Service. However four years of political management of the Health Service without taking the advice of the experts and the professionals has, in my view, left the Service demoralised, frustrated and less equipped than ever before to provide the quality of health care that this community needs and wants. These things, Mr Speaker, are reflected by the increasing use of Private Clinics and of medical treatment in Spain, to which increasing numbers of Gibraltarians are having resort. In 1988, Mr Speaker, the Party opposite said that its first priority was caring for the sick and the elderly. They said, and I quote from their 1988 Manifesto: "The GSLP has constantly been making the Government aware of the continuing decline in standards of our Medical and Health Services. We believe that were it not for the dedication of the people who work in them, the Services would hardly be working at all. This analysis is confirmed by a UK Medical Review Team, who produced the Report at the end of 1986, wherein they advised that certain recommendations be implemented as a matter of urgency". A year later, Mr Speaker, they said, in 1988, of the then Government, "a year later this has still not happened and the GSLP is fully committed to the Report." Well, Mr Speaker, four years later many of the

recommendations of the Report have still not been implemented by this Government. That is, four years after they criticised the previous Government for not having implemented them after one year. It is, Mr Speaker, indeed worrying that four years after this Government warned of the continuing decline of standards, the British Medical Association of Gibraltar should now warn that the standards of health care in Gibraltar could fall to Third World levels. This, Mr Speaker, after four years of Government by the Members opposite, whose first social priority was caring for the sick and the elderly. Mr Speaker, the British Medical Association is a professional body of all doctors and consultants in Gibraltar. They are a group of, one must assume, responsible men and women with a vocation for caring for the health of others. Their leadership comprises the most Senior Medical men in Gibraltar. None, as far as I am aware, have any known political motives. The Members opposite giggle, Mr Speaker, and when it comes to the turn of the Honourable Minister to reply, perhaps she would like to translate that laughter into positive allegations to the contrary.

HON J C PEREZ:

The Honourable Dr Valarino is a Member of the BMA and is a Member of the AACR.

HON P R CARUANA:

Well, Mr Speaker, if the Honourable Member opposite were listening more carefully than he obviously has been, he might have known that I spoke of the leadership of the British Medical Association of which I do not believe Dr Valarino forms a part. Well, Mr Speaker, these, of course, are personal allegations which are no skin off my nose. The Honourable the Chief Minister is quite free despite tradition to point fingers at private individuals from this House. We, in the GSD, Mr Speaker, believe that the mere fact that such a body has felt a need to warn that standards of health care in Gibraltar could fall to Third World levels is by itself enough to sustain the central point of my motion, that the Health Services are in crisis. The alternative, Mr Speaker, which appears to be the view preferred by the Government opposite is that these warnings by such people should be disregarded because after all Hon Members opposite know everything even about matters of professional judgement. Mr Speaker, after all, if the Members opposite thought in 1988, that the standards of Health Services were in decline then what have they done about it in the last four years? Certainly, it appears, that they have spent substantial sums of money running, I believe, into several millions of pounds on the painting and refurbishment of some wards, corridors and passages and many areas of the Hospital do indeed look brighter and less rundown and I have had a personal and recent opportunity to witness this for myself in a recent visit to the Hospital. But it is also true to say ...

HON A J CANEPA:

A visit to Maternity?

HON P R CARUANA:

Yes, Mr Speaker, it was indeed to Maternity but the access to the Maternity Ward is so convoluting that one really has to take a small tour of the rest of the Hospital to get there. This is why I saw all these bright corridors. It is also true, Mr Speaker, that very soon after all these sums of money have been spent it appears that the roofs are leaking again! At least this is my information from persons who work at the Hospital. The Honourable Minister will have her opportunity in due course to say whether this is true. It is also true that there appears to be at the Hospital a problem of rat and cockroach infestation. But those things, Mr Speaker, are cosmetic. They are not the things that determine the standards of the Health Service. Presumably, Mr Speaker, when the Members opposite warned in 1988, as they did, as I have read directly from their manifesto, that the standards were then in continuing decline, and presumably, Mr Speaker, they were not referring mainly to the paints on the wall, the linoleum on the floors or the state of the furniture in the Hospital? Presumably, when in 1988, they warned, not as professional men like the BMA, but as laymen in medical terms that the standards of Health Service were then in continuing decline then one presumes that they were not referring to the state of the floors and the walls at St Bernard's Hospital. Presumably, Mr Speaker, what they meant was that the medical standard of the product being delivered to patients was in decline. Mr Speaker, in relation to this, if that is indeed what they meant then the Government has done practically nothing in four years to improve the situation. In fact, certain policies followed in the last four years have positively and visibly accelerated the decline in the quality of health care available to this community, resulting, we believe, in the stark warning from the British Medical Association to which I have referred. It would give me a considerable amount of pleasure and indeed satisfaction as a member of this community if when she comes to reply, the Honourable Minister could disprove the allegations that form the substance of this motion. Mr Speaker, several urgent recommendations of the Review Team Report have still not been implemented, in fact, in some instances and despite accepting the Report, the Government has caused the Gibraltar Health Authority to move in the opposite direction to that recommended by the Review Team. This is especially so in the employment for Consultants, which so obviously affects the quality of the service that can be attracted to Gibraltar, and presumably will form the basis of the defence of the Honourable Minister to the allegations of the BMA. I hasten to add Mr Speaker, that I, as a Member of this House or in any private capacity, am not qualified to judge the truth or falsehood of warnings given by professional men in the field of which I know very little. My duty as an electorate representative sitting on the Opposition benches

of this House is simply to bring the debate to the fore and not to stand here and defend the fact or the reasons for which this professional body has seen fit to make the allegations. The fact remains that they have made it. Mr Speaker, perhaps the principle recommendation of the Medical Review Team was the establishment of the Gibraltar Health Authority itself, as an autonomous body, to be responsible for the overall policy making and planning of the Health Services in Gibraltar. The Report recommended that and I quote "The Government should allocate an annual budget and delegate completely to the Gibraltar Health Authority financial and management responsibilities for planning, organising and running Health Services in Gibraltar". Mr Speaker, in order to implement this recommendation this House enacted, or a precursor of this House, enacted the Medical Gibraltar Health Authority Ordinance of 1987. Section 3, of that Ordinance, establish the Authority and constituted it as follows: "The Minister for Health Services as Chairperson, the Administrative Secretary, the General Manager, two Medical Practitioners, one Gibraltar Trades Council Representative and three independent members, one of whom would be a lawyer. That, Mr Speaker, in the days when lawyers were not the maligned breed of people that they have since become. Section 6 of the Ordinance, Mr Speaker, imposed on the Authority, as a Corporate Body, the responsibility to provide and manage the Health Authority and the Health Service and to establish policy. Mr Speaker, although the Authority does indeed exist in form it does not function as it was intended either by the Medical Review Team who recommended it or the Ordinance which created it and imposed Statutory Duties on it to provide the Medical Services to this community in the manner set out in the Ordinance. The reality of the matter is that the Authority as a whole, as the Body, as a group of individuals, constituted as I have just described neither runs the Service nor makes policy. These things are done on an exclusive day to day basis by the Minister opposite. Senior management although appointed by the Authority take their orders directly from and only from the Minister. Far from running the Health Service and making policy as an autonomous body, the Gibraltar Health Authority, by which I do not mean one or two individual members of it, by which I mean the Gibraltar Health Authority, as a Body Corporate established under the Ordinance, has become nothing more than a little used rubber stamp for the direct political management of the Health Service by the Government through the Minister. Mr Speaker, it is a notorious fact, and I fear the Minister opposite will have difficulty in rebutting when the time comes, that the Gibraltar Health Authority, as a Corporate Body, constituted as I have described, not the body of men and women, in reality neither run the service or make the policy. The fact of the matter is that the Gibraltar Health Authority rarely meets and when it does it is not allowed to discharge the functions for which it was created and which are imposed on it by law. They are I am told, never having been present in one of its meetings.

HON J C PEREZ:

Rumours?

HON P R CARUANA:

Rumour by those who are present are not rumours, they could be facts.Are lectured by the Minister and not allowed to play a meaningful role in policy making or management and are basically ignored. Mr Speaker, this in our view has been the principal cause of the unhappiness, the frustration and the disillusionment that presently prevails within the Health Service amongst doctors, nurses and successive managements alike. In relation to management, Mr Speaker, the recommendations of the Review Team, which the Government accepts, that many practices were ignored, were these: That the General Manager would be given complete responsibility for financial and manpower responsibilities for the Health Services; the General Manager would be responsible for drafting policies and plans and for developing an effective management organisation; that the General Manager should enjoy the power and seniority intended by the Report, it recommended that he should be of Consultant status. Well, Mr Speaker, the first appointee, Mr Ralph Murray, who was himself an experienced Hospital Manager by training, met this description but was simply not allowed to run the Hospital. He became as is well known little more than the Minister's helper. In fact, Mr Speaker, more than once he is reputed to have commented that he was the highest paid clerk in Government Service. He eventually left. Subsequent appointees that have been appointed have not been accorded the status of Consultant in either terms of remuneration or in terms of seniority and as a result the post has been downgraded and with it its seniority power and influence. In effect, Mr Speaker, what has happened under the GSLP Government is that through it the Minister exercises complete day to day control of all aspects of policy and management and that the Gibraltar Health Authority is nothing more than an impotent shadow. The Gibraltar Health Authority, Mr Speaker, for all practical purposes has become little more than a device whereby the Government escapes the need to bring to this House detailed breakdowns of its financial input and spending on Health Services by claiming that as the Gibraltar Health Authority is now an autonomous body, there is a subvention made to it by Government and Members, of course, will have noticed that all we get now and have had for a few years is a one line figure of subventions. The House therefore cannot monitor how these resources are spent or whether there are cutbacks in one particular service or another until many years later when the Gibraltar Health Authority eventually produces its Accounts, as it has now done for a couple of years ago. Mr Speaker, all of this has led to a drop in morale to unprecedented levels amongst Health Service employees of all grades. There are increasing numbers of credible reports of outright political intimidation of staff in the Health Services. That doctors and consultants complain that they are not consulted and indeed have difficulty gaining access to the Minister to

discuss matters of concern to them. Mr Speaker, the Review Team recognised the importance of Medical opinion in running the Health Service when it recommended and I quote: "The Review Team consider that Medical opinion which is vital in the running of the Health Services is fragmented and uncoordinated and as a result does not have the impact or influence which it should have in the provision of services to patients and the public". To deal with this, Mr Speaker, the Report recommended that a Gibraltar Medical Staff Committee be formed. This was indeed done but in practice we are told by members that it is never consulted and that its advice and recommendations are completely ignored. Its representatives of the Gibraltar Health Authority are no more influential than any other, except the chosen few members of the Gibraltar Health Authority. Indeed, Mr Speaker, the Report spoke of the need to ensure that Medical opinion was bought to bear on management decisions regarding Health Service and this is clearly not happening. Mr Speaker, if the Review Team have said that the input on Medical opinion is vital to the running of the Health Service and that input is not allowed, it follows that the quality of health care will suffer as a result because the recommendation, in very firm terms of the Report, must have been based on the expert knowledge of the members of that Review Team who are all experts in Medical and Health Services. In this respect, Mr Speaker, the matter now is actually worse because there is now no professional, Medical professional Director of Health Services as there used to be, so, what we now have, Mr Speaker, is a situation in which there is no Medical expertise involved in the running of the Health Service or in the policy making of the Health Service in the devising of strategies for the Health Service. In short, what has happened is that the Health Service is now under the complete control of non-Medical people and to boot of non-Medical people who do not take advice because they do not seek it from those best qualified to ensure the provision of the most effective Health Care and Service. The result, Mr Speaker, whether the Members opposite care to admit it or not has been a loss of public confidence in the Health Service and, and this is now a matter of opinion on my part, in the acceleration of that decline in standards of which the GSLP itself complained in 1988, when, of course, it was sitting on this side of the House. I now echo the words of the now Chief Minister, who in 1988, said that were it not for the dedication of the people who work there, the Health Services would hardly be functioning at all and this, despite the fact that the Government has tried and tested the morale and patience of the staff to the point of driving them to ultimate industrial action. It is indeed ironic, Mr Speaker, that the Nursing grades should be driven to industrial action on matters such as, additional unpaid duty allowances and matters connected with day and night shift rotation by a Government, which in 1988, promised to improve manning levels at St Bernard's Hospital. Mr Speaker, unhappy places of work are not conducive to the delivery of the most effective possible product and the Health Service, Mr Speaker, is not presently a happy place

of work. There is, Mr Speaker, mounting evidence of politically motivated intimidation and political power play in the Health Services. I have received reports, Mr Speaker, which I regard as credible and were I not to regard them as credible, I would not bring them to this House. Mr Speaker, there are reports of some members of staff having been threatened unless they leave a particular Trade Union or that their career prospects would be adversely affected. Mr Speaker, Nursing Staff in the Health Service have been effectively divided into two camps along what appears to be politically drawn lines. There appears to be a degree of hostility between these two camps and these, Mr Speaker, are matters of grave concern to those who are interested in the Health Service as no more than a body charged with caring the health of this community and have no other interest of any other kind in that body of people. Mr Speaker, there were other matters urgently recommended in the Review Team Report of 1987 which the Government has not yet addressed. The Report recommended that as part of a ten year new strategic plan, and the ten year strategic plan was itself regarded as urgent, that the Gibraltar Health Authority should get on with producing a ten year strategic plan for health about which nothing has been heard. As part of that strategic plan it was recommended that the Government should give urgency to the need to centralise Hospital services in a single new site and that work should immediately commence on the planning of a new Hospital on the Royal Naval Hospital site. Mr Speaker, nothing has been heard of late in relation to what Government's commitment may be to that project that was recommended as a matter of urgency. Certainly, Mr Speaker, the not inconsiderable sums of money that the Members opposite have spent on refurbishing St Bernard's Hospital does not augur well for the prospects of a new Hospital in the foreseeable future which the Report said was the key to a strong and independent Health Service. Mr Speaker, the Report also recommended that Private Practice by Consultants be allowed on terms that did not impinge on the availability of care and treatment to public patients. Mr Speaker, this recommendation did not presumably reflect, this recommendation by the Review Team incidentally, with all the murmurs that come from across the floor when the Members opposite accepted the Review Team's Report and hailed it as the panacea for the ills of the Health Authority, they did not say: "all of the Report except the recommendations in relation to Private Practice", because those recommendations which came not from anybody on this side of the House and not from anybody that the Members opposite may wish to stigmatize as having private interests on one side of the political spectrum or another, these recommendations came from the experts from the United Kingdom and their recommendation was that if the Gibraltar Health Authority precluded Private Practice on terms that were clearly regulated and were not seen to impinge on the availability of free Medical Services to the general public then that would severely prejudice the quality of Medical Service that the Health Authority could make available - the Honourable Member opposite shakes his head but in

a moment I am going to quote directly from the Report, so perhaps he ought to reserve the shaking of his head for a moment or two - and that the refusal, as has been happening, and as is visible, would affect the quality of care available. What the Report said, Mr Speaker, was "that if its resources, if Medical Practitioners, were not allowed a degree of controlled Private Practice, as they are in the United Kingdom and everywhere else in Europe, the quality of the recruit that a Gibraltar Health Authority, that drafted its contract in those terms, thereby not allowing Private Practice, the quality of the recruit that it would attract to Gibraltar, to then provide the service free of charge to those users of the Public Service would be diminished." Mr Speaker, the Government has indeed adopted a policy of offering new Consultants contracts that preclude those Consultants from undertaking Private Practice, and as I have said, Mr Speaker, the most obvious consequence of this policy is that it lowers the quality of Medical Practitioners that will accept the post. This for reasons, Mr Speaker, that no Consultant that is either a leader in his field or that can reasonably aspire to getting a job on terms that are standard elsewhere will come and work in Gibraltar on the terms of the contract that the Gibraltar Health Authority now offers. Mr Speaker, for those Members opposite that think that this point of view has not been put to the test let us look at the quality of some of the more recent recruits and the difficulty, which presumably must explain the otherwise inexplicable delay in nominating a full-time Gynaecologist, that the Members opposite have had in attracting quality Consultants as this community has been accustomed to enjoy. Gibraltar, Mr Speaker, cannot employ just any doctor that needs the minimum qualifications because unlike the position in the United Kingdom and other large Countries there is not a body of colleagues in Gibraltar to which a Specialist Consultant can refer or with whom he can discuss the problem. The Specialist Consultant in Gibraltar is very much on his own. The Gynaecologist in Gibraltar, whoever the Honourable Member opposite, through her Gibraltar Health Authority, employs as the Gynaecologist in Gibraltar, is very much on his own and it is therefore especially important that persons appointed in Gibraltar to Consultancy posts be well qualified and particularly experienced because he or she has no other support in his field. In short, the buck stops with him or her. If the Hon Member wishes me to give way I will do so with pleasure but he should at least stand up and ask me to do it.

HON J C PEREZ:

Mr Speaker, will the Honourable Member give way? Is the Honourable Member suggesting that those qualified people today in post and recently recruited are not of the calibre that he and Mr Benady of the BMA feel that it ought to be? Is the Hon Member suggesting that those people today are not of a high calibre and that, as the BMA said would put Gibraltar on a Third World rating? Is the Hon Member

suggesting that our Medical Services today are of a Third World level because of the recent recruits? And that the recent recruits are of a calibre below the level that we should be recruiting? Is that what the Hon Member is suggesting without any shred of evidence?

HON P R CARUANA:

I am suggesting precisely that, Mr Speaker. I am suggesting that because of the policy that this Government is pursuing, the quality of the recruit is indeed inferior, and I say it, not on no evidence, as the Minister with responsibility for Government Services states but my evidence, as a layman, is the warning of the British Medical Association.

HON MISS M I MONTEGRIFFO:

That is no evidence, Mr Speaker.

HON P R CARUANA:

Mr Speaker, that may be no evidence. Ok, well perhaps what the Honourable Members opposite should say is that what this community must do is listen only to them and ignore the warnings from the professionals. That is precisely what they are doing. Mr Speaker, the Report also said this: "Two courses are open, either the continuation of provision of facilities within the Health Service or the exclusion of Private Practice from the Health Service if the expectation of the facilities will be provided elsewhere in the Private Sector. It is our view that medical resources available would not permit satisfactory functioning of two separate services and that the Health Service would be damaged by the exclusion of Private Practice". Now, Mr Speaker, that statement that the exclusion of Private Practice would damage the Health Service is not made by Mr Benady, Mr Montegriffo or anybody else that the Minister may wish to accuse of wishing to line their own pockets that statement was made by the visiting Review Team from the United Kingdom that was not going to benefit from its recommendations and its views. The Report recognised, as we do Mr Speaker, the widespread public concern that there is and that the provision of Private facilities in the Health Services could and have in the past been abused to the serious detriment of the public users of the Health Service, but, Mr Speaker, the Review Team felt that such abuse could easily be prevented leaving public medicine to benefit from the additional revenue and higher quality specialists that would follow by allowing a measure of controlled Private Practice. If the Government persists in its policy of not allowing new Consultants to have Private Practice on whatever terms of regulation, on whatever conditions of monitoring or supervision that the Government feels is necessary to impose to ensure that it is not abused to the detriment of those of us, in which I include myself, who do not use Private Medical Practice but rely on the Public Service, then the standards of care will fall as a result of the continuing fall in standards of the recruit

that you will attract to look after the health of this community. Mr Speaker, I defend Private Practice in reliance only on the arguments that have been put for Private Practice insofar as Private Practice benefits the Public Service, on the basis recommended by experts brought out from the United Kingdom and contained in the Report which the Members opposite accepted. If they wish to doubt whether or not they accepted it then I have here a copy of their manifesto from which I will gladly quote. Mr Speaker, the medical and physical facilities for Geriatric patients was especially bad in 1987 and nothing has been done by this Government in four years to improve that situation. This is what the Review Team said then in 1987: "The outstanding deficiency we have identified is the provision of care for the elderly. The proportion of the elderly in the population is increasing and the provision of the Services is manifestly unsatisfactory. The appointment of a Physician with interest in Geriatrics and with responsibility for coordination of Hospital Community Services for the elderly and for the establishment of rehabilitation programmes is an urgent requirement". Mr Speaker, absolutely nothing has been done to implement that urgent recommendation based on a finding that the Service was then four years ago manifestly unsatisfactory. We still have the same Mount Alvernia with some of its facilities closed down for lack of resources. We still have the Lady Begg Ward and the Louis Stagnetto Ward with the same beds as thirty years ago notwithstanding that the recommendations of the Report in 1987 described this as the outstanding deficiency and a manifestly unsatisfactory Service. The population growth has been towards an increasing number of elderly members of the community and so the problem now is worse in mathematical terms than it was in 1987 when these uncomplimentary comments were passed by the Review Team. The fact of the matter is, Mr Speaker, that there has been no appointment of a Specialist Physician with interest in Geriatrics. The fact of the matter is, Mr Speaker, that there is no rehabilitation programme for the elderly. The fact of the matter is, Mr Speaker, that there has been no build up of the District Service and therefore, Mr Speaker, it follows as inevitable that that service which was manifestly unsatisfactory in 1987 is now in a state of crisis insofar as it affects the Geriatric facilities. Mr Speaker, the Maternity Ward, which as the House now knows I have on a recent occasion had cause to visit, is inadequate in size and it is inadequate in configuration. It is an old run-down part of the Hospital and it is indeed a credit to our highly dedicated staff, whose dedication, skill and competence I personally vouch, that this difficult service is so expertly provided in those conditions. The inadequacy of the Government's policy, Mr Speaker, on Medical staff recruitment is best illustrated by the fiasco surrounding the appointment of a permanent Gynaecologist and Obstetrician during most of this year. I appreciate, Mr Speaker, that my motion says "The continuing failure" and as far as public announcements are concerned, I think, that remains true. I hear on the grapevine that, in fact, a Consultant may now have been engaged. It really is

nevertheless, Mr Speaker, extraordinary that the Minister has allowed this Service to be provided since April of this year by a succession of locums thereby denying women in Gibraltar the benefits and reassurance of continuity of treatment by the same doctor. Mr Speaker, if the Government wants to say again that this Member does not know what he is talking about, as is their custom and their style, then they can continue to bury their heads in the sand for as long as they like, on as many issues as they like, whenever they like, but the fact of the matter is, that for the first time in the Medical history of this community, women have had to have recourse to the letter pages of local newspapers to bring their serious concerns to the fore. Mr Speaker, if it is the position of the Members opposite that those women that did put pen to paper were simply hysterical, politically motivated, anti GSP, ignoramuses, then let them say so and take responsibility for the consequences. Mr Speaker, in relation to the question of recruitment there is grave doubt as to who, if anyone, is consulted about new Medical staff recruitment. Certainly, my information is that the body of Medical expertise available to the Gibraltar Health Authority here in Gibraltar is not consulted. It seems incredible that the Minister should not seek this expert advice so readily available to her. This, Mr Speaker, coupled with the terms of employment offered to new recruits is having a direct and adverse impact on the quality of Medical Services in Gibraltar. Mr Speaker, in 1987, the Review Team said that the Health Centre was overcrowded and recommended the opening of a new Health Centre in the South District. This has not been done either and nor as far as the public is aware, are there any plans for one. This, Mr Speaker, coupled with the question of the Group Practice Medical Scheme which is far from being user-friendly means that there is some concern being expressed on the way it is run. GP's appear to be overworked, consultation times are very short and there appeared to be a lack of continuity of care and patients did not feel that they could always identify with one GP as their own doctor with whom they could have a continuing one to one relationship. The reasons for these deficiencies were identified as being the insufficient number of GPs, which certainly the Members opposite have taken some steps to remedy with an increase to eleven or twelve in the number of GPs in the Group Practice Medical Scheme. The second point, the one about people in Gibraltar not feeling that at the Health Centre they have a doctor of their own, is that they have failed to implement a list system of registration where a patient registers with one particular GP. Nothing has been done to remedy this last point with the effect that people do not really have someone that they can call their own doctor. Consultants have nobody to report back to and discuss an individual patient's case with and patients can never be sure to see the same doctor twice even in respect of the same illness. This, Mr Speaker, together with the continuing overcrowded state of the Health Centre makes it very unuser-friendly. Mr Speaker, if I could turn now briefly to the question of Nursing and the Nursing School. What, Mr Speaker, is the

future, as far as the Government is concerned, of the Nursing School? What is the Gibraltar Health Authority's strategy in respect of Nurse recruitment and Nurse training? What is the future in-house training? What is the future of in-house training through the Nursing School? The Nursing School has been transferred to the responsibility of the Deputy Director of Nursing Services. Mr Speaker, the Hill Report recommended the need for an annual student Nurse intake of about 34, 35 or 36, over a couple of years. That is 35 one year and just 36 the next. There are presently 14 to 16 Trainee Nurses in St Bernard's Hospital but none, not one single Nurse has been admitted for the current year commencing in September 1991. Mr Speaker, it appears that Government is increasingly recruiting untrained Nursing Assistants. As trained Nursing staff is lost and not replaced, this will lead, Mr Speaker, to a shortage of local trained Nursing staff at the Hospital. Is there, Mr Speaker, a policy on the part of the Members opposite to change the balance between trained Nurses, in which I include Enrolled and Staff Nurses and Nursing Assistants? Is it the policy to change the balance in favour of Nursing Assistants? Mr Speaker, is this policy of recruiting untrained Nursing Assistants, who cost, I am told about half a trained Nurse, a policy of economy and cheap labour? And what, Mr Speaker, does the Honourable Member opposite think is the impact on health care of such a policy? Mr Speaker, I wish to make some reference to the current industrial dispute but I have no intention of conducting industrial relations across the floor of this House. However, Mr Speaker, as I understand it, the problem areas in the current industrial dispute in the Health Service are these: Government's cancellation of extra duty allowance for new comers who nevertheless are required to continue to perform the extra duties. I know that the extra duty allowance continues to be paid to those that have always been getting it. There is the problem of Members of the Nursing staff who have always been on night-shift and who have organised their life on that basis, who are now apparently being obliged to work day-shifts if called upon to do so and there is also the loss of one post at the School. Mr Speaker, I am told, but I would welcome the Honourable Member's confirmation, because it is not for me, and I express absolutely no opinion on the merits of the dispute, which is a matter between the Gibraltar Health Authority as employer and the Trade Unions involved and it is not, as far as I am concerned, the matter for the political domain. But I am told that the problem which appears to be the most intractable one is the question of night-shift people now being brought onto day-shifts. It involves four individuals and I ask myself if the blacking that the Government is being subjected to of electricity bills not to be sent out and therefore not paid, etc is really worth the aggravation that is being caused to the Health Service and whether these issues could not and should not be solved at the earliest opportunity. I would welcome a statement from the Minister, in her capacity as Chairman of the Gibraltar Health Authority, as to what the problems are. What the issues are and why it appears that they are intractable. Mr Speaker, a criticism of a general

nature that one would levy at the Health Services in Gibraltar, is that there is really no accountability to the patients or to users. The system of appointments is one that I forgot to mention when I mentioned that the system was not user-friendly. There is grave anger and frustration at the system of appointments that requires everybody to arrive at a given time and then you have to wait an hour, two, three, four, until you are called as if people had nothing better to do with their time than kick their heels in some waiting room or another. There is no effective complaints procedure. There is no long-term strategy. Mr Speaker, there are no statistics. I found it extraordinary when I was told and admittedly I did not ask the Management of the Gibraltar Health Authority but I am hoping that when the Honourable Member answers me, she will tell me if I had asked the Management whether they would have been available. I was told by a very Senior source within the Gibraltar Health Authority, for example, that there are no statistics in relation to such things as infant mortality rate. That if I wanted to find out how many people in Gibraltar are dying of this, that or the other, that they are simply not available in statistical form. On a basis of a comprehensive breakdown. I am surprised that everytime that I indicate as I openly do, the source, which is by no means limited to the professional side of the Gibraltar Health Authority, that the Members opposite should snigger as if they said "Ah you see he has been speaking to him", or "Ah he has been speaking to them". That, Mr Speaker, is the source of information to Members of the Opposition in order to do their job or do Honourable Members opposite think that I should come here and criticise the Health Service on the basis of having spoken to nobody involved in it. In summary, Mr Speaker, what we have is a Health Service that is not autonomous from Government in any real sense of that word, where the professionals are not consulted, where the staff at all levels are unhappy and frustrated, where qualified Nurses are increasingly replaced with unqualified Nursing Assistants and the whole Nurse Training system is being run-down and downgraded. Gibraltar is no longer producing a body of qualified Nurses. There is no accountability to its users and is very far from user-friendly. Perhaps, most worryingly of all, there is political power playing going on to the extent that the Nursing staff has been divided into two opposing camps. There is no provision of adequate and dignified care for our elderly. The Health Centre is now too small and overcrowded. The recommended second Health Centre has not been provided. People attending the Health Centre are deprived of a doctor of their own preference. The promised and recommended new Hospital is no nearer to reality. I do not say to the Members opposite that they had any electoral obligation to deliver the new Hospital ready and up running in their first term of office but what I am saying is that it is no nearer to reality. A Health Service where Doctors and Consultants are recruited on terms that are steadily lowering the standards of expertise available to our patients. A Health Service which is struggling along on a day-to-day basis and which has no strategic plan for the future. Mr Speaker, we have

a Government that has not in 1991, done in four years, many of the things that it accused the previous Government, in 1988 of not having done after one year. A Government that throws vast sums of public monies at commercial ventures and penny-pinches on recurrent Medical expenditure. Mr Speaker, I use the words "Recurrent Medical Expenditure" advisedly, because I am conscious of the fact that the Government has invested large sums of money, in my opinion misdirected in part, and which would much better have been invested towards the Capital Cost of rebuilding a Hospital elsewhere. Mr Speaker, as a result of four years of GSLP Government, we have a Health Service which its own professionals accuse of being in danger of falling to Third World standards. Now, Mr Speaker, it seems to me that there are two clear choices here, either the British Medical Association do not know what they are talking about or the Health Services are in crisis or lysis, depending on which of my two opening definitions you prefer. Mr Speaker, it is therefore with regret that I commend this motion to the House.

Mr Speaker proposed the question in the terms of the motion moved by the Hon P R Caruana.

MR SPEAKER:

I would like to point out that I consider this to be a vote of censure on the Minister for Medical Services and Sport. It is now, I think, an appropriate time for the House to recess for 20 minutes.

The House recessed at 5.00 p.m.

The House resumed at 5.25 p.m.

HON MISS M I MONTEGRIFFO:

Mr Speaker, I will be answering the Hon Mr Caruana on the motion that he has presented to the House except that I have a problem with my knee and I cannot stand. I am grateful, Mr Speaker, for having been given the privilege of being able to answer the Honourable Member, sitting down. I am injured because I happen to be a very active sportsperson, Mr Speaker. I have listened to the Honourable Mr Caruana and I must say that I consider that most of what the Hon Member has said to be completely inaccurate. It in no way reflects that there is a crisis in the Health Services. Even though the Hon Member has presented a motion where he has listed certain points he has spoken in such a way that it is difficult to answer him in the sense that he has digressed from point to another. Therefore, Mr Speaker, as Minister for Health, I think, it is better for me to answer all the points that have been listed. Let me, first of all, Mr Speaker, say that as far as I am concerned, as Minister for Health, we in the Government are absolutely convinced that there is no crisis in the Health Service. Far from it and when the Hon Mr Caruana says that there are alarming warnings being sounded by the British Medical Association of Gibraltar that the standard of our Health Services could drop to Third World levels, I can assure the Honourable Member and this House

that that is not the case and that this will not occur as far as the GSLP is concerned. Another allegation that has been made, Mr Speaker, is that if the Health Authority is to employ Consultants who do not engage in Private Practice then those Consultants will not be of the calibre of the present Consultants. Well I must make it quite clear to the House today that we have already a number of Consultants engaged in the Health Authority that have already accepted contracts without Private Practice. Now, Mr Speaker, the Honourable Member in his contribution said that he favoured Private Practice and I, as Minister for Health, and the Government consider that Private Practice is something which the majority of the people of Gibraltar that have come to me are not in favour of. We do not believe that people should be seen to primarily because they can afford to see a doctor. People should be seen to because of their medical condition and not because they have money to afford to see a doctor. I adhere to that and the people of Gibraltar I am convinced will adhere to that. We therefore have a situation where the Consultants that have been recruited have contracts that do not vary at all from previous contracts except on the question of Private Practice, Mr Speaker. I believe that doctors should take us Ministers as an example of giving a service to the community of Gibraltar by working full time and not engaged in any Private Practice. I think also, Mr Speaker, that it is very unprofessional on the part of the BMA to say that colleagues who already been contracted by the Health Authority could be inferior to them because they happen to have signed a contract whereby it is stipulated that they will not undertake Private Practice. Some may indeed come from the Third World but that does not necessarily follow that if they come from the Third World they are inferior. I am convinced that those Consultants that have been recruited to the Health Authority are those that are up to UK standards and when the BMA say that they are not involved in the selection of those Consultants, again, Mr Speaker, we have a situation whereby we are having the BMA, which is a Union, trying to get involved in selecting candidates. There is a procedure for selecting candidates and the Health Authority does not necessarily have a situation whereby new Consultants are not being recruited without medical input. The medical input is there, Mr Speaker, and we have gone further in recruiting new Consultants because we have engaged the services of Consultants in UK specialised in that particular area. So it is not true for the BMA to say that we could be faced with a situation whereby Consultants coming in to Gibraltar could be those that are inferior to the Consultants already engaged in the Health Authority. I as a Minister for Medical Services subscribe to the fact that if one is a doctor working in the Public Sector and for the community then you should be there to see patients because of the medical diagnosis and not purely and simply because one can afford to see a doctor. Therefore Mr Speaker, if we look at the question of the Consultants that are being employed by the BMA then we have a situation where the Government feels very strongly on this question of Private Practice. We

are on the other hand respecting the contracts of those Consultants within the Health Authority who can continue with their Private Practice. However that does not mean, that as a Government, we have not the right to employ new Consultants with the condition that they do not practise Private Practice. I am completely convinced Mr Speaker, that the alarming warning given by GSD is completely unfounded. We have today a situation, as I said before Mr Speaker, where we have three Consultants within the Health Authority that have signed contracts that do not include Private Practice. Coming now, Mr Speaker, to the second point in the Motion whereby the Honourable Mr Caruana is saying that there is an unprecedented low level of morale amongst the Nursing staff, then I must say, that as a Government, we have been consistent with the policy that we will not be drawn into a public debate on matters relating to industrial disputes. We, on this side of the House who have had experience as Shop Stewards ourselves know that the more that matters are aired in public the more that it will exacerbate the problem. Therefore in keeping with that policy which has been consistent since we came into Government we will not enter into a public debate with the Union. We do not wish to do this because we do not think it is healthy and we do not think it is in the interests of the nursing profession, the Hospital or the patients. I am however prepared on a very confidential basis to meet the Honourable Member and to provide him with all the facts. If, I am obliged to defend our policies against the accusations and allegations that have been made publicly then it would mean that I would have to necessarily attack the Union and I would need to say publicly why we think the Union is right or is wrong. If the Hon Member is interested in the facts, Mr Speaker, and not just trying to score political points, then I am prepared to answer every point that the Honourable Member has made in connection with the dispute on a confidential basis. I hope that the Hon Member will take up my offer. Mr Speaker, we now come to the point of the continuing failure to appoint a permanent Gynaecologist. Let me inform this House that when the administration of the Health Authority came to me and informed me that we required a further Consultant, it made complete and logical sense to me that rather than rely on qualifications and CV's of the Consultants applying we should bring them over as locums and try them out and see in practice how well they suited into our community. We could also rely on the feedback that we would get from the professionals and the other people that would be working with them. Mr Speaker, the Honourable Member has said that the BMA are saying that if these Consultants come to Gibraltar and they have not had an input themselves then it would mean that they are of a Third World class standard. That, Mr Speaker, is nonsense. The Honourable Mr Caruana, said on television that if he got into Government then he would recruit a Consultant in two weeks. Well the policy of the administration of the Health Authority was to select with the advice of an accredited Consultant in that area in UK Consultants that would be suitable to Gibraltar. These

Consultants, Mr Speaker, have come to Gibraltar and they have actually worked for us for a number of months and they have been tried out by the very people that the Honourable Member calls professionals and the staff within the Health Authority. Now, Mr Speaker, let me inform the House that two months ago, the Health Authority contracted the services of a Gynaecologist so the question of the Health Authority not having a permanent Gynaecologist has been blown out of all proportion. When the Honourable Member presented the motion the Health Authority already had a Gynaecologist. However because of his personal commitments he could not start working in Gibraltar until the early weeks of December. As far as we are concerned the Health Authority not only had a suitable Gynaecologist, who happens to be himself a Member of the BMA, but because of his personal commitments he could not start until now. Therefore, Mr Speaker, it seemed very logical to me, as I have said before, that rather than rely purely and simply on the qualifications of the doctors it would be better to bring the Gynaecologist to Gibraltar and to bring those people that had been selected in UK and try them out and to see whether they were suitable. That is what has happened. The Gynaecologist, as I have said before and I think it is important to stress the point, was contracted two months ago before the Hon Mr Caruana came out on television saying that we had failed to appoint a Gynaecologist. We have not failed, the Gynaecologist has already started working for the Health Services. Moving now, Mr Speaker, to the other points made in the motion. The Honourable Member makes reference to rats, cockroaches and leeches that is complete nonsense. We have regular disinfection programmes and although the buildings are old and occasionally there may be one or two it is not what the Hon Member has described. We have a mechanism already in motion for the past three years for the BMA or for other doctors to give recommendations to the Minister or to the Administration and that has not happened up to now, Mr Speaker. I can say quite categorically today that we have within the Health Authority a Medical Advisory Committee. Now, the Medical Advisory Committee is comprised solely of the professionals that the Hon Mr Caruana is talking about and they have only met once since we came into power, Mr Speaker. Once. That is the medical input that the professionals, that the Hon Member is talking about have given to the Health Authority. Once, Mr Speaker. On the question of the Management Board and the Health Authority Board, Mr Speaker, again, we have a situation where the Management Board is comprised of professionals and still today, Mr Speaker, we do not have a Consultant in the Management Board of the Health Authority. So where are those professionals that feel that they have to have an input, Mr Speaker? I want that input from the professionals but I am not getting that input. So what the Honourable Member is saying is utter and complete nonsense, Mr Speaker. If we talk about the Health Authority Board, that the Honourable Member has made such a song and dance about, Mr Speaker, well I am Chairman of that Board, and never have I, as Minister, tried to

overrule any decision taken at that Board. That has never happened Mr Speaker. The Health Authority Board has had meetings and received representations from a wide spectrum of professionals and independent Members of the community and it is however not been a question of the Minister taking decisions and everybody keeping quiet. That is not the case at all, Mr Speaker. So the more that I go into the details and the reasons why the Member has brought this motion to the House, the more I believe that the Hon Member is just trying to make political capital and score political points. When the Hon Member is talking about the Health Services and accusing the Government of just giving a coat of paint to the Medical Institutions and that the Medical Services are run-down that, again that is completely inaccurate. The Hon Member knows that at every Budget Session I have actually bored Members on this side of the House because I have read lists of all the works and all the equipment and the improvements that have taken place in the Medical Services.....

HON DR R G VALARINO:

And bored this side of the House as well!

HON MISS M I MONTEGRIFFO:

Yes, both sides of the House, Mr Speaker. I am now glad that I did that because it is on record. I have put on record all the monies that have been spent, how they have been spent and all the improvements that have taken place in the Medical Services. I am proud to say that in three years, and anybody visiting the Hospital, can verify this, fortunately the Hon Mover has not had to visit the Hospitals, but it has not been a question of giving a lick of paint, as has been said by the GSD, it has been a question of bringing the Hospital up to modern standards and every ward in that Hospital has not only been equipped with modern up-to-date furnishings and equipment but has been renovated. In fact I can say of a lot of Hospitals in UK would envy the standard of our Hospitals. The Hon Member mentioned Mr Ralph Murray, former General Manager of the Health Services, well I have never felt so proud in my life in having a General Manager who is Gibraltarian, who knows about Gibraltar and who cares about his homeland as I care about my homeland and in three years that the Government has been in power we have started with a Budget of £8m and have nearly doubled that amount in three years. When the Member refers to the Report of the Review Team in 1987, well I have looked at that Report and many of the recommendations of that Report have already been implemented, Mr Speaker. I can tell the Honourable Member that when we are talking about extra medical staff, as he chose, Generics, well many of those recommendations have already been implemented. Most if not all of them, Mr Speaker. When the Honourable Member is trying to justify what we have not adhered to, and I have jotted what the Hon Member said, it is basically that we have not built a new Hospital or a second Health Centre. Well there are two answers

to that, Mr Speaker. In 1987, when the Report was accepted by the previous administration and we were in Opposition it was clear that the Hospital was actually falling down and needed a lot of money to be refurbished. We came in, we looked at the alternatives and we saw the results in the first year that we were in Office whereby we had a previous situation that the amounts of money pumped into the Medical Services were in the tune of £2,000 in 1984/85, £50,000 in 1985/86 and £17,000 in 1987/88. We came in and just on refurbishment works we spent nearly £200,000. In fact a ward which we refurbished cost us something like £70,000 to £80,000. Then on maintenance, and as the Honourable Member has made a reference to leaking roofs, we have an on-going programme, a commitment by the GSLP, to improve the fabric of the buildings. So from a new Hospital in 1987 we started to put money in to the Medical Services and saw the results and we realised that we were achieving improvements and the question of a new Hospital was no longer a priority. Nowadays, Mr Speaker, with the equipment and the refurbishment works that have been carried out we have a Hospital that I, and I am sure, most of Gibraltar, is proud of. Therefore, it is false, for the GSD and for the Honourable Member opposite to say publicly that the Minister for Health glories in being associated with charitable organisations. Yes, Mr Speaker, that accusation has been made by the GSD. That I glory in being photographed receiving gifts of very necessary equipment from charitable organisations. That is not correct. That is not true. It is false, Mr Speaker. We spent in our first year in Office nearly £200,000, in important medical equipment and after three years in Office we have not only done away with the backlog of important medical equipment but we can be proud of having really modern up-to-date equipment in nearly all of the departments of the Medical Services. Of course, I glory being photographed with the Organisations. I glory because I am proud of my community and I am proud of the people of Gibraltar being so charitable and participate in caring for the community. It shows how out of touch the GSD is with the Gibraltarian community. This is not something new, Mr Speaker, charitable organisations have always been coming to the Health Services and offering money to provide for equipment needed by the Hospital. That in no way means, Mr Speaker, that the Health Authority will cut-back on the amount of money that it has budgeted for important equipment. The Honourable Member might not be aware but I have, in this House, given a list of not only the basic equipment that we have replaced, but also of the important new equipment that the Hospital has purchased. We now have a situation, Mr Speaker, where the wards are completely refurbished to modern day standards but the Honourable Member has the audacity to come here to the House of Assembly and to say that the Health Services are rundown and that there is strike action because the Union have certain grievances. That the doctors are saying that we are going down to Third World, or that we could go down to Third World standards because of the new contracts being entered into. Well the whole of Gibraltar is in favour of doctors not undertaking Private Practice. They

should follow our example, of Ministers on this side of the House, of working full-time for the Public Sector. We will not undertake in any private work and doctors should see patients as a matter of priority because of their medical condition and not because of any other reason. Those Consultants that are being recruited, I can assure the House of Assembly have been recruited because they are qualified and it is completely unprofessional for the BMA to put into doubt the competence of colleagues already working in the Health Services. I am looking at my notes and I think that I have covered his points but looking at the motion and I have realised, Mr Speaker, that the Hon Member is calling upon the Government to allow the Gibraltar Health Authority to function as a truly autonomous body, free of direct political day to day management and control. Well, Mr Speaker, I have been Minister and I as Chairman of the Gibraltar Health Authority, I can assure the Honourable Member that if the GSD is trying to portray me as a Margaret Thatcher then I have no qualms with that. If given the number of votes that Margaret Thatcher was given then I have no problem with that. I can however assure the Honourable Member that I do not get myself involved in any day to day policies that are related to the administration of the Hospitals. My role as Minister is to make sure that I implement broad policy decisions that come directly from the Government. For example, Mr Speaker, without being drawn again on the question of the dispute as perhaps the Honourable Member wants to, but I must say that when we talk about the grievances of the Union and the allegations made by the Union, Mr Speaker, one of the problems highlighted was the internal rotation of the Nurses and I did not take a decision on that. The decision was taken by the professionals. The professionals that the Hon Member says should have an input into the Medical Service. They have that input already because in fact, the internal rotation was advertised even before I was advised about it. I however agree with that policy Mr Speaker. I agree with it because the professionals who introduced that system were those that I cannot in any way question because even I accept, Mr Speaker, that although I am Minister for Medical Services I am not going to question every point and every matter that has to do with health care within the Health Services, Mr Speaker. The internal rotation as introduced by the professionals in order to improve patient care. With regard to the BMA, Mr Speaker, and their allegations, I can assure this House that as Minister for Medical Services I sit in my office every day and have people coming to see me and I defend the position taken by the doctors whenever people come to me with grievances or with requests that they wish to be seen by a specialist or they wish to be sent to UK. My only intervention in that field is to tell the doctors that they have a blank cheque from the Government of Gibraltar and if at any time the doctors feel that someone should be sent to UK for any reason at all then the GSLP administration will give them the financial backing. I have said this before in this House of Assembly and have defended, in my office, the position of the doctors when they, as the professionals, feel that they should not send someone to the UK and that they should be seen to in

Gibraltar. So how can the allegations being made by the BMA be justified, Mr Speaker. They have the avenue for the medical input and it is completely false, Mr Speaker, when I read the allegations made by the GSD that I, as Minister, have not agreed to meet them to hear representations on matters of concern. That is completely false, Mr Speaker. That is inaccurate. I have never ever said no to anyone wanting to come and see me. Therefore when I read the motion and the accusations being made by the unofficial Opposition on the Health Services I can only come to one conclusion that they are not trying to come up with concrete recommendations as we did when we were in the Opposition, they are only trying to make political capital. Coming again to the Medical Review Team and to the second Health Centre, of course we are aware that the facilities at the Health Centre need to be upgraded. In fact, Mr Speaker, I can give a commitment to the House that our plans are to upgrade them. However the Report of the Review Team was done at a time when the population of Gibraltar was scattered in such a way that in order to be able to identify the priorities of the medical requirements, the Medical Review Team at the time were looking at a completely different scenario. The scenario then was that the proportion of the population in Gibraltar could well be distributed between the South and the North. When we came into power as a result of my colleague, Mr Feetham, having instigated his huge reclamation programme that no longer was the case and a second Health Centre in the South was not needed. So we had to readjust and look at the new elements of Westside I, Westside II, and GIB 5. Now, Mr Speaker, we have come to the conclusion and we are in a better position to plan for a new Health Centre and the commitment of this Government is to have a new Health Centre but, a new Health Centre conscious of the requirements of the distribution of the population of Gibraltar as it stands today and that commitment I will give to the House today. A new Health Centre is being planned and it will take into account the structure of the population within Gibraltar as it will be as a result of the reclamation and not when the 1987 Report of the Review Team was presented. Again, Mr Speaker, at the end of his contribution the Honourable Member made certain allegations as far as the Nurses were concerned but I will not, and I am being completely consistent with the policy of my Government, enter into a public debate which we know will only exacerbate the situation between us and the Union. We are here to try and solve industrial disputes, Mr Speaker, and that is why we have not come out in public. We know that if that is the case we will not be able to reverse the situation and will only help to aggravate matters more, so in the light of the information that I have given the Honourable Member if he will take up my offer we will get the facts. I will then be able to brief him on the facts of the dispute rather than come out publicly attacking the Union which will not serve any other purpose than to make things more difficult. I wish to resolve the problem and not to aggravate it. Therefore in ending my contribution I will say that the Hon Member has described the situation

in the Health Services as a "crisis" and that is far from the real situation because the Health Services in the three years that we have been in Government have progressed to such an extent that any Gibraltarian visiting the our Institutions can be proud of what they see and, in fact, it is one of the departments within the Government that has seen more money poured in than any other. The Management functions without political interference from me or the Government. So it is completely erroneous and completely false what the Hon Member opposite has said. I meet the Management of the Health Authority and they come to me with a list of priorities for the Health Services and as a Government what we do is approve the funds. We do not question those priorities. The only time that we intervene as a Government is where important broad policy decisions need to be taken like on the question of private practice. I think on that particular question we have the whole of Gibraltar on our side, Mr Speaker. Therefore in concluding, Mr Speaker, I wish that the Honourable Member would not only accept my invitation to brief him on the question of the Nurses dispute but also to come and visit our Health Services, look at the buildings, the new equipment, in fact, to look at everything and perhaps he will agree that the Health Services have never been in a better state. I therefore completely reject the motion because it is inaccurate and it is not in line with the real situation within the Medical Services.

HON DR R G VALARINO:

Mr Speaker, Sir, to start with, I am sorry to hear that the Minister's knee is troubling her again. I think that if she tries to get a public appointment at the Hospital for the problem with her knee she will probably find out that she will be seen sometime in March. However if she goes privately she will be seen tomorrow. Mr Speaker, there is a place for private health care in Gibraltar but not at St Bernard's Hospital. Fifty per cent of the problems that arise at St Bernard's Hospital are directly or somewhat associated with private practice. That is the root of all evil in the Hospital. Now to those sage words, Mr Speaker. I notice that the motion is one of no confidence in the Minister. However let me reassure her that the last motion that I faced on that side of the House was one of no confidence in me and the result was the then Opposition party swept out of the House of Assembly and I came fourth at that General Election! So a motion of no confidence certainly does not do the Hon Minister any injustice and she will probably do better at the next election. "The alarming warning", as the first paragraph states "sounded by the British Medical Association of Gibraltar". Now, Mr Speaker, all doctors and dentists in Gibraltar are Members of the British Medical Association. I am also an Associate Member of the Royal College of General Practice and if as the Hon Minister says the Medical Advisory Committee has not met in a year then let me tell her that the British Medical Association has not met in ten years! So whatever words and advice is being received by Hon Members on my left from the British Medical Association certainly

comes from individuals who have a grudge to bear. I certainly know who those individuals are. But I do not think we ought to name names at this present time. It is said "that standards of Health Service in Gibraltar could well drop to third world levels". Funny but I have never heard about second world levels. Do they not exist? Or is it that one drops from the first to the third? What is certain is that the Gibraltar BMA certainly, as a Body, has practically ceased to exist. The Chief Minister may remember when I was Secretary of the BMA and we had regular meetings and, in fact, one of the Presidents at the time was Roger Dogerty. When we had those meetings we used to negotiate doctors pay at the time and we used to have our regular meetings with the Union. Since then I am afraid that the BMA has practically dropped out of all significant life in Gibraltar. Now headlines like "the unprecedented low level of morale amongst the Medical and Nursing staff". Well that does not help anyone at all. I have not met any unprecedented low level of morale amongst Nursing staff. The only unprecedented low level of morale amongst the Medical staff could be associated with the ones in the private practice who are getting less patients now and therefore less money. That probably accounts for their low level of morale. Especially with Christmas coming. They probably want to buy all kinds of things and they do not know where they are going to get the money from. Mr Speaker, let me move now to the third point. The fact that such "a dedicated and professional body as the Nurses that have been provoked into a state of industrial dispute". I have met with many Nurses and talked this over and I have come to realise that this is an internal dispute between two sections of the Nursing Staff. Now, I do not think that this House through a motion should be the place where this point should be discussed and I am not prepared to comment any further on that one. Certainly on the first three points and on the crisis element the Leader of the GSD, has not convinced me at all and more especially about Private Medical practice at the Hospital. The fourth point about the continuing failure to appoint the permanent Gynaecologist and Obstetrician, there I tend to agree somewhat more with the Honourable Member on my left. I have, as you know, asked for over a year what was the position of the Consultant Gynaecologist at St Bernard's Hospital. Whether one had been appointed and if not, how long would it take. I also asked the Minister for her thoughts on the matter and certainly at the time there was no clear indication as to what would happen. It has been explained today that the Government would rather try a Gynaecologist first to see how that person fitted in into the pattern of Gibraltar's life rather than appoint one for two years and then find out that the person appointed was not suitable. That, Mr Speaker, to me makes some sense but it does not exactly answer all the queries that have been made from this side. There has been too long a gap in the provision of those Services and therefore I have some reservations on that point. The rest of the motion talks about various other things like the 1987 Medical Review, the Autonomous Body etc which the Government fully undertook to implement. As far as I know, most of the

points of the Hill Report have been implemented. So I do not see where this arises. There was another point mentioned about the "Gynaecologist being very much on his own". The Hon Member on my left explained that he would be unable to talk about problems of a Gynaecological nature with some other colleagues. Well, I am glad to say that reading the Chronicle this morning I saw that the GNP seemed to have a blue print for the future because they are saying that the GNP believe that the appointment of a Registrar at the Hospital would relieve the Consultant from the pressures of work and would also provide certain medical advice and support for the Consultant.

HON MISS M I MONTEGRIFFO:

Mr Speaker, if the Honourable Member will give way.

HON DR R G VALARINO:

Certainly.

HON MISS M I MONTEGRIFFO:

Nothing to do with his contribution, Mr Speaker. I have inadvertently forgotten to say that as part of the recommendations of the Review Team, one of the suggestions made by the Review Team which we have taken up, as a Government, and implemented is that we have moved from five Senior House Officers to seven. That answers one of the allegations made by the Honourable Mr Caruana. The extra two now have a commitment into Geriatrics and into Gynaecology. Also, Mr Speaker, something which is new because apart from the recommendation of the Review Team, we have also implemented other things which were not suggested by the Review Team and these improvements Mr Speaker, are within the Health Services and that is that we have started involving the GPs into specialising in different areas and introducing new clinics like the Well Woman Clinic, Post Natal Clinics which will all provide input into the Hospital and alleviating and helping the Consultants within the Hospital.

HON DR R G VALARINO:

Mr Speaker, that has answered my question. Except that House Officers at times do not have the experience that a Registrar could well have to take over from the Consultant when need be. This however is something which obviously the GHA must bear in mind and must take on board. Talking professionally a Senior House Officer needs just a little bit above the minor qualifications where a Registrar usually has either a Membership or a Fellowship. So he is of a higher calibre, a high category and would come into a great deal of use. But at least here we have a blue print. I do not believe that the GNP have any sort of blue print. Calls about the Government allowing the Gibraltar Health Authority to function as a truly autonomous body free of direct political day to day management and control. Well

I have personally been active within the Hospital and I have never encountered, when talking to any of the administration, about there being any political control. So that to me does not hold water. Finally I would like just to read a little comment from the British Journal of Medical Practice which says at the end, if I can get these documents, "Two important documents have been published recently which consider the future management of Nurses working in the community. The International Health Service Management Executive Report on Nursing in the Community describes possible models of organisation and it is intended to stimulate discussion. The Kingston Institute and Nuffield Provincial Hospitals Trust are providing a document which amongst other things looks at the management of Nursing with the development of family Health Care as a whole. The outcome of the debate will affect all General Practitioners and Nurses working in primary care and could radically affect the concept of the primary Health Care team". Now obviously as far as we are talking about the primary Health Care Team, we are then talking about the Health Centre, not about the Hospital which is obviously the Consultant stage of the Organisation. All in all I must say that I have not been impressed by the Mover of the motion. I have my own ideas on the subject but two things have predominantly been put across by the mover of the motion. One is the great BMA, the great strength and I can honestly say that that is a fallacy and the second point is Private Practice. As I have said before there is a place for Private Health Care in Gibraltar but that place is not St Bernard's Hospital. Thank you.

HON CHIEF MINISTER:

Mr Speaker, I am not going to be dealing with the aspects of the motion that have already been dealt with by the Minister. What the Hon Minister did not deal with, I think, the Honourable Dr Valarino has drawn attention to and, of course, I share with him an experience over many many years in this House and therefore it might be that the mover of the motion has brought this motion simply on information that he has been fed and which he has accepted at face value, and not having been in this business long enough, understood that people present things with half-truths to suit their own ends. That might well be, Mr Speaker. I however do not think that that is the explanation. I think, the explanation is that the GSD, notwithstanding the fact that I was glad to hear the mover say that he does not intend to try and make the House of Assembly the forum for discussing industrial relations and union claims, is trying to make political capital out of it. That is the view of the Government and it was the view that I had when I was in the Opposition and in the Union. Because the more public accusations that are bandied about the more difficult it subsequently becomes to find a resolution of the conflict and I have many years of experience of that in the Trade Union Movement and therefore the policy of our Government from 1988 has been to work closely with our friends in our Union, to which we all

still belong, the Transport and General Workers Union, and indeed with colleagues in the other Unions in the Trade Union Movement in Gibraltar to resolve differences. For that reason, as the Minister said, the Government has deliberately abstained from replying to a variety of public statements that have been appearing over the last three months and from which presumably the statement about the low morale comes. The statement was made about the low morale sometime back, attributed to Mr Michael Netto in the Chronicle, and that is as far as I know the only source of the supposed low morale to which the Hon Member refers in his motion. I have not heard anybody else talk about morale, before, during or since that particular point. It is of course a perfectly legitimate strategy for any Trade Union representative, whether that Union is the BMA or the TGWU, to try and engineer political opinion to suit the aspirations that it is defending. It is up to those who have the responsibility for governing Gibraltar not to take the bait. That, Mr Speaker, is something we do. I can however assure the House that all those statements that have appeared in public have been answered in private. That is to say they have been answered by the Government's Personnel Manager and are on record which is where we think they ought to be. At each meeting the Personnel Manager has been making a statement saying, "Although this has appeared in public and has not been answered in public and we are not answering it in public because the policy of the Government is not to exacerbate industrial relations. But, of course, if that was all that was behind the motion and if that was all that had motivated the Member opposite, then one could put it to the learning curve that he is engaged in since he got elected to this House. However, he is the Leader of the Party and therefore, he is responsible for the utterances of other Members of his Party, both in public meetings and in the press. The comments of Mr Peter Cumming, described as a Trade Unionist although he actually was kicked out of the Trade Union and a former Senior Nurse, he was also actually kicked out of the Health Service, and those two things were omitted from the Report. Ok, Mr Speaker, fair enough. What Peter Cumming must understand is that people in glass houses cannot throw stones. That is a golden rule, Mr Speaker. Mr Peter Cumming came out congratulating the newly elected Committee and I do not think it is a matter for the GSD or Mr Peter Cumming to congratulate or denigrate or pass judgement on the quality of Shop Stewards in the Hospital or anywhere else. It is a matter for the Membership to select those who represent them and whether those who represent them are more or less militant that is entirely a matter for the Membership to decide. Of course, the same Membership that elected the recent Members of the Committee have also elected every previous Committee. The Committees of the Hospital or indeed of any other Section of ACTS or the Transport and General Workers Union have never been appointed by either the Government or the Executive of the GSLP and therefore in freely elected democratic Committees and Shop Stewards inside the Union, the people elect whoever they feel will represent them better and protect them better and fight for them better.

They are perfectly entitled to do that because we are a democracy. Of course, I can tell the Members opposite that I happen to vote as well because I happen to be a paid-up Member of the Union and I am entitled to vote for whoever, I think, will be best for the Union, like I will be doing when we have our elections shortly for our new Branch Officer. I can still have situations where I may quarrel with that Branch Officer but we belong to the same family and no attempt by Mr Peter Cumming or anybody else in the GSD is going to break up that family. So they are, I am afraid on the wrong wicket there. Let me say that, I think, it is scandalous for Mr Peter Cumming to talk about a situation where the people are dissatisfied with my Socialist Workers Paradise and that the situation is that the Union was muffled by the GSLP and people were not free to defend their interests. So that is totally inaccurate but it is, of course, the kind of remarks that Peter does tend to make and I have probably known him better than Mr Caruana does over many more years. Of course, I do not know whether Mr Cumming's sudden conversion to Social Democracy or to defending the new Members of the Committee has anything to do with his own recent relationships with me. However since he chooses to put himself in the firing line he is about to get shot. I have to say to the House because this is relevant to the motion, and to the concern of Mr Caruana, that we should not have political interference in management decisions in the Health Authority and what better proof could I give the Honourable Member opposite about our consistency in not interfering politically than the history of Mr Cumming who is on his Executive and who will be able to verify what I am saying to him. Mr Cumming was the Senior Tutor in the School and shortly after we came into Government the decision taken by Mr Cumming was that he would not allow a Student to resume his training. That decision, Mr Speaker, was contested by the Transport and General Workers Union who had, in fact, a written commitment from Mr Cumming's predecessor, Mr Durrell, that this person would be allowed to resume his training. Therefore the Health Authority when this was brought to their attention instructed Mr Cumming to have the student concerned back in the School of Nursing. Mr Cumming defied the instructions of the Health Authority and closed the school down and the Health Authority said they did not want him there anymore. Mr Cumming approached me and asked me to overrule the Health Authority, and I said "Look I cannot interfere politically because I cannot say to Mr Ralph Murray that he must have you there. We do not interfere politically. The Honourable Member can ask Mr Cumming if this is true and he can find that, in fact, there is evidence of one very clear incident where I was asked to interfere politically and I did not do so. Mr Cumming, of course, would then have had to go through a Disciplinary Procedure, as a Civil Servant, and we retained him and found him other work in preparing the intake of pre-nursing students and we paid him his wages 'Personal to Holder'. He was not happy doing that work and he made representations on a number of occasions about being given abolition of office, which would mean a vast cash payment and, in fact, a very

substantial pension at a very early age and in the circumstances the Government agreed to this. I can tell the House that he then wrote me a letter where he thanked me for this but went on to ask me to re-employ him after having just been given abolition of office and a very substantial gratuity. I can tell the House that it is a very nice pension at a relatively early age. In the letter he said "Dear Joe, I want to thank you for letting me have early retirement. Your positive response encourages me to ask for one more favour. Please let me have a job in Mount Alvernia." Well, again because we do not interfere politically the answer that he received was that notwithstanding the fact that the Government does provide a subsidy to Mount Alvernia, the Government does not tell Mount Alvernia who to employ and who not to employ. It was also pointed out to him that if he had not sort to leave on abolition of office terms it might have been possible to say "Well I would like to transfer Mr Cumming to Mount Alvernia and one might have been able to persuade Mount Alvernia to give him the option because he was already on the payroll of the Government and was already being paid out of public funds". Now I have said this, of course, because presumably the passion of Mr Cumming subsequent to that, must have been because I said no to his request. Because I had said 'no' to exercising political patronage. This is in essence what we are being accused of doing by Mr Caruana. That people are being intimidated politically. What are we being told that people get promoted if they belong to the GSLP and not otherwise? That people get overtime if they belong to the GSLP but not otherwise? That people get sacked if they do not belong to the GSLP? Well, I can tell the Honourable Member that if Mr Cumming is an example of how we ill-treat those who do not belong to the GSLP then he is laughing all the way to the bank.

HON J C PEREZ:

I am resigning tomorrow, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, so much therefore for the accusation that there were fears of political infiltration and of manipulations of workers for the achievement of personal power. It takes a certain kind of hard face to say things like that after having written to me a month ago in the way that I have described to the House. So I look forward to the General Election and to facing Mr Cumming across a television screen if he is still going to be there. The Member opposite has said people have been driven to industrial action by unpaid allowances and the night and day rosters. That indicates, of course, how superficial a knowledge he has of the grievances that the Nurses had and which were brought to my attention. As the House knows, because it has been in the media, the meetings have been with me, not with the Minister, for the simple reason that all industrial relation matters are dealt with by the Personnel Manager and not by the Minister with responsibility for a particular department. Our position is that if there is a problem

that affects a Clerical Officer in the Education Department then it is not a matter of Education. The same if it affects a Clerical Officer in the Medical Department it is not a matter of Health, unless they are sick or ignorant, in which case it would be Education or Health. But if it is a question of pay then it is a matter of industrial relations. So, there has to be a consistent Industrial Relations policy for which the Government takes political responsibility and that Industrial Relations policy is not driving people to Industrial action because one would need to be insane to want to drive people to industrial action. It is, in fact, to seek to avoid industrial conflict but not to buy industrial peace at the expense of principle. Therefore, I can assure the House that it has been a painful experience for me. I have been the Branch Officer of the Union for fourteen years and I have been a Trade Unionist all my life. I continue to be a paid-up Member of my Union and proud of it even if they choose to attack me in public. There are certain principles, Mr Speaker, that certain people uphold that do not change whatever side of the House one is sitting. It would have been a relatively easy thing when the Union brought the matter up to me in July, before any action was taken, to have said: "I will order the Director of Nursing Services not to move a particular Nurse from a particular shift to a particular shift". I have been at pains to explain to the Union that if I did that then I would be politically interfering in a professional area and that that was the wrong thing to do. This is precisely the opposite of what the Hon Member opposite is censuring us for have done! It is, Mr Speaker, what we refused to do and it brought the industrial action. That is why we had the dispute because I refused to do that and it was very painful for me to say no because I did not want to say no. But I had a situation where the Director of Nursing Services, as the Minister has explained, thought, without seeking political clearance, not a very good situation to be in when you find yourself in a dispute and you then have to discover how it started, because it was not a political decision. He thought that in the light of changes that were taking place in the United Kingdom that it would be better for the quality of patient care, and these are caring dedicated Nurses that we are talking about, that there should not be the same person always on nights and someone else always on days. That, in fact, keeping people four months on nights and eight months on days would improve the quality of patient care. Having thought that, he discussed this, not with the Minister, not with the Board, not with the Chief Minister, not with the Council of Ministers but with the Senior Nurses in the Hospital, with all the Senior Nursing Staff, and having discussed it with them, without telling us, it was decided a year ago to introduce this system on trial and see how it worked. It meant that during the course of last year people were moving into this rota system until some person came along and said "I will not move". Then lo and behold who should that person be but the same person that Mr Cumming did not want to carry on with his training in the school. What a coincidence. Because in fact when Mr Cumming left

the Service that person did go back into the school and actually qualified and is now in the ward and doing a very good job. However he, of course, now belongs to the Section that is getting so much praise from Mr Cumming. We took the line that the Management and the Union had to find a way out of this problem. Management then came along and said "Well, instead of making it four months in the year on nights we will make it eight months in the year on nights" and this person accepted. However there is another person who said no. It is a very difficult situation because the Government can only resolve it by going along to the the Director of Nursing Services and saying to him: "You must run the Hospital by having a referendum or an opinion poll and asking people what they want to do and let them do it". At least that is how the Senior Management see it. We frankly might be tempted to do that for the sake of peace and for the sake of avoiding a conflict with the Union because it is not a pleasant situation for us and we might even be tempted to do that in a place which is not as sensitive as the Hospital. However at the end of the day none of us are prepared to have on our conscience interfering with the views of the most qualified and most highly paid and most senior people in the Hospital for the sake of avoiding a conflict with the Union and for the sake of avoiding other people jumping on the bandwagon, like the GSD has done and the BMA has done. It is certain that if the Union had not come out in July saying "There is a crisis" there would be no motion here today. If there is a crisis today the crisis has been there since 1988 according to the Member opposite. It however never occurred to the Hon Member to say that there was one. We do not say that there is one now or that there was one before. What I am saying is that the arguments that the Member has used are all related to what we have failed to do since 1988. But it is only because the Union came out saying "there is a crisis" and the BMA came out saying "there is a crisis" that same people said "well now if I have a situation where there is a wedge between the Union and the GSLP, now is our chance to get a foot in the door". Of course the door can shut and catch your foot and that is what has happened to Mr Cumming. So, is it true that there are no personality issues involved and that there are genuine problems here which are the result of the Government penny-pinching? Well the Hon Member does not even bother to read the Accounts that are presented to the House because otherwise he would know that Recurrent Expenditure has gone up by 60% in three years. It is there, Mr Speaker. It was tabled at the last Meeting of the House. I can tell Hon Members that the payroll in the Hospital has gone up by 57% in three years. I can tell Members that not only is it not true that we are replacing qualified Nurses by unqualified, but that the opposite is true. We have been replacing unqualified by qualified. I can tell the Member that the recommendations of the "Hill Report" for increased staffing levels was that there should be a substantial increase in additional posts at the level of qualified Nurses, ie Staff Nurses. It recommended that the additional posts identified should be introduced in

a planned programme over five to seven years. We have not been here seven years. We have been three and a half years and we have completed the programme and gone past it. According to the recommendations of the expert in the UK, improved upon by the Director of Nursing Services because the Director of Nursing Services actually recommended that we should go further than the expert brought in 1987 by the Members opposite had recommended. We politically accepted the recommendation and provided the funding. But we did more than that. We actually said because of the need to have our qualifications accepted in the UK because there was this study called the Snee Report looking at Nurse Training and Nurse Qualifications and the Member has asked what is the future of the school well I will tell him, Mr Speaker, what the problem of the school is, because I am sure nobody has told him. The problem is that when we came into office in 1988 we had this Report from the UK which said "In order to get Gibraltar qualifications recognised in the European Community and recognised by the UK CC", which was something that I had been fighting for as Branch Officer for fifteen years and not getting anywhere, "you must stop training people in the way you do in Gibraltar because otherwise you will not get recognition". Now what is wrong with the system in Gibraltar is that in Gibraltar somebody comes in as a Nursing Auxiliary and can do a number of years to get to Enrolled Nurse and then they can stop training because they get married and they have children and whatever and then ten years later they can continue the training. That is a system which has always been used in Gibraltar which I happen to think personally is better because it provides more mature Nurses and provides better qualified Nurses. It provides a combination of experienced and academic standards which is better than the way the UK does it. But whether we think it is better or not the fact of the matter is that nobody recognises that system. So we were told "You have to scrap your system and people have to come in as Students and do the training in three years and they cannot interrupt it". We then negotiated with them to protect all our existing Nursing Staff so that they would be allowed between 1988 and 1989 and 1990 to go on a crash course to complete their training and then after that the system would have to be the same as in UK. This is the one, in fact, that we introduced in 1988 for new entrants. We were surprised by two things, Mr Speaker. We were surprised by the number of people who took up the option, this was, of course, negotiated, discussed and agreed with the Union at the time, but we were surprised by the numbers who volunteered to go on this crash course and we were surprised by the numbers who were successful. The consequence of having given everybody this opportunity to complete their training is that whereas according to the complement we are supposed to now have fifty eight Staff Nurses and we have seventy nine. Twenty one over. Twenty one supernumerary posts. We have agreed that they should be paid at that level notwithstanding the fact that the vacancies do not exist. If there is one accusation that is easy to rebut then it is the accusation that we are replacing qualified by unqualified staff. In fact,

we have qualified staff in unqualified positions because we gave an unlimited opportunity and many more people took it up than we thought would take it up and many more people passed than we thought would pass. That has then created a problem for the intakes in the School; which is what the Member was saying "What is happening about the future intakes in the School?" Well, the future intakes in the School were based, not on a situation where we would have seventy-nine Staff Nurses already qualified, but where we would have fifty-eight and the programme of training new Nurses would be to increase from the fifty-eight. We have already gone past that programme that was supposed to take seven years. So, in fact, what we are looking at now is using the School more for in-service training on the basis of upgrading their skills. However this will not lead to more pay because people are already being paid at the grade of Staff Nurse in the UK even though they may not be occupying such a post. It has meant that the intake of students has been discontinued because we cannot go on taking students in every year when you have a situation where you have already 21 over the complement. We have, let me tell the House, over and above this 21 over the complement other groups completing their studies this month. If they qualify, because of the commitment of the Government, will have to be paid notwithstanding the fact that there are no jobs for them. Mr Speaker, this is not an issue which worries us because in fact we are totally committed to the Health Services in terms of the difficulties of our Budget which Members of the House are fully aware of. The one area which has never had its Budget cut, the one area where the numbers employed are up on what it was in 1988, instead of being down like they are everywhere else, and I do not hide it, is in the Health Service. Those local allowances, Mr Speaker, have not been stopped or discontinued. So the Hon Member is misinformed. The position is that the local allowances were introduced in 1978 and there is a list of duties linked to those allowances. There is a payment for those duties and that payment is reviewed periodically and is in the process of being reviewed and being negotiated and the Government from day one accepted that there had to be a negotiation to increase those allowances. There is a situation where the Union came along this year and said "We want to introduce local allowances for other people". We pointed out that in fact the other people were not being given any extra duties to do and it is not a question that somebody comes along and says "I have been doing something for the last twenty years but as from tomorrow I do not think it should be my job to do it and I now want an allowance for doing it". We cannot accept that principle, because, of course, that is a principle that anybody can use anywhere and we know that in fact in looking at the range of the local allowances there is a list and we have made absolutely clear that we do not expect people who are not getting paid the allowance to do anything on that list. What we cannot do is that somebody should decide without warning that tomorrow what they have always done and have always accepted and agreed between the Union and the Employer, in fact, agreed when I was a Union Official with me, to

be part of their job, suddenly they say well as from tomorrow it is not part of my job and for doing it I want to be paid extra. We are quite happy and we said to the Union that we were quite happy to look at any factual evidence if we had got it wrong anywhere, because at the end of the day the last thing that we want to do is to have a quarrel with our own comrades in the Union and the last thing we want to do is to portray the Nursing Staff as anything other than totally dedicated to their job. Part of the friction that has been created within the Health Service, which we very much regret, has been because as a result of the industrial action that developed some people felt professionally that in the Hospital there had never been a situation where people took industrial action. It has never happened before, other than a token ten minute walk out or whatever. This was something that professionally they could not do when it affected patient care. Therefore the confidence that we have in the morale of the people in the Hospital is the confidence that we have in knowing them personally and knowing the dedication and the commitment that the vast majority of them have. Not all of them but the vast majority of them. Therefore we know who are the ones that are committed to their job and who are the ones that are not committed to their job. We know them by face, we know them by name, we know them when they came in and we know them because I have been their Branch Officer for fourteen years. For all of them, including Mr Cumming. So I can assure the Hon Member opposite that in simply echoing things that have been said by others he has been echoing things that are untrue. If he is simply echoing them because he genuinely believed it to be true, and I am always prepared to give him the benefit of the doubt as new Member to this House until I learn that it is otherwise, it is certainly not true of others as I have demonstrated, Mr Speaker. So I would hope that not just in this issue but generally in relation to the role that he and his Party will play in Gibraltar in the future he should impress upon colleagues in his Party that what he has said here today of not wanting to make this a forum for arguing on industrial relations will be reflected in the stand that he takes in any other issue because frankly it is not a route we want to go down. But, if the challenge is issued the Member will not find me running away from it. I can assure the Hon Member, Mr Cumming and anybody else that wants to get into the boxing ring, that I have been a street fighter too long and I am now too long in the tooth to be worried by the consequences. I however do not think that it is a good thing for politics in Gibraltar, for this House or for the prosperity and the future of our people to try and stoke up fires and try and make political mileage out of it. That, Mr Speaker, is precisely the interpretation that has to be put on this motion if it is not genuinely one where the Member opposite has been misled. If it is one where he has been genuinely misled, then I suggest the best thing that he can do is withdraw it. Thank you, Mr Speaker.

MR SPEAKER:

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

HON P R CARUANA:

Mr Speaker, if I can deal with the contributions from the other Members in reverse order and start with that by the Chief Minister because what he has said is freshest in my mind. Mr Speaker, the points that I would wish to make in reply to what the Chief Minister has said are short, but I hope sharp and succinct. In the first place, I am impressed by the ease and ability with which he is now, that he sits on that side of the House, able to distinguish between the role of Trade Unionism and the role of Opposition politics. Because it is notorious in this community that when he was sitting on this side of the House, before 1988, he had neither the inclination nor the ability to distinguish between those two roles. As for the BMA's allegation, this is not an allegation that has been made to me or even to the Gibraltar Chronicle. This arose in an interview given by a leading Consultant in Gibraltar and a spokesman for the BMA on GBC Television and as a member of the community I take note of what people who are well placed and know what they are talking about say. The Chief Minister says that there is no baffling by the GSLP, no political power play in the Health Service. What then, I would ask the Chief Minister rhetorically since I have the last word here, although I am happy to give way to him if he asks, prompted the recent friction and ruction in the Unions in the Hospital, and I am not here to hold the brief of the Trade Unions or of the BMA or anything of the sort, but I am going to reply to the Chief Minister's points. Does he deny that those ructions were along Party Political lines promoted and motivated by persons close to the Party opposite?

HON CHIEF MINISTER:

Mr Speaker, if he wants me to answer will he give way? Mr Speaker, I deny entirely and I can assure the Member that there are GSLP members and GSLP non-members on both sides of the divide. It is not a Party Political issue because, in fact, there is only one Party, my Party and there are people in my Party fighting each other.

HON P R CARUANA:

Mr Speaker, when I said on Party Political lines, I was hoping that the Members opposite would be able to read between the lines and know what I was saying.

HON CHIEF MINISTER:

No, Mr Speaker, I am saying that the divisions that took place which led to industrial action being taken is that in the Committee there are people who were in favour of more militant action and people who were against more militant action. The division between the two points of view was not a division based on political affiliation. It might have been a division based on who is more militant or less militant, more left-wing or less left-wing. It

might have been the left-wing of our Party or the right-wing of our Party. It was not that there was AACR supporters against the GSLP supporters or GSD supporters. I am saying to the Member that he will find that there are people who are committed Trade Unionists and committed supporters of the GSLP in both camps.

HON P R CARUANA:

Mr Speaker, a specific allegation that has been put to me straight from the horses mouth, and now I ask the Chief Minister to allow me to get on, is that there has been political intimidation. That there has been political intimidation against members of the Union to leave the Union if they did not wish to upset the Government. Now, I am not going to fall into the temptation into which the Chief Minister has fallen to conduct industrial relations across the floor of this House! Because having said that he agreed with me that it should not take place it seems to me that he has spent much of the last half hour doing exactly that. The second point that I would like to say to the Chief Minister is that I consider what he has done to Mr Peter Cumming, in this House, this evening to be a scandalous, outrageous and cowardly abuse of the procedure of this House. That he has aimed by his own words, his gun, at somebody that is not present here to defend himself and that he shot him. That is what the Hon Member has done. I consider that if the Chief Minister considers that this House exists for him to advocate personal grievances that he might have against individuals by name specifically and at length then I say to the Chief Minister that I consider that that attack formed no part of the motion and that he was referring to what Mr Peter Cumming had said in a publication. It formed no part of the motion before the House. It was therefore an abuse of the process of this House when engaged, as it is now, in discussing the motion that I have presented. I have presented arguments in favour without reference to anything that Mr Peter Cumming might have said outside this House. Mr Speaker, I will continue, notwithstanding severe provocation from the Chief Minister, to leave personalities out of this debate. It suffices to say that my allegations of political interference in the Health Services extend to prepotent forces at work in the Health Services who form neither part of the political team opposite nor indeed of the Management infrastructure of the Gibraltar Health Authority. Those are notorious facts which the Members opposite may wish to giggle away but which everybody knows is the case. The Honourable the Chief Minister argued that the plan to introduce or to cancel the exclusive night-shift working was for caring reasons, to give them breaks and to give them shifts. If that is so and if he says that it is so, I have no reason to doubt him.

HON CHIEF MINISTER:

No, I have not said that.

HON P R CARUANA:

I will give him the opportunity to clarify my misunderstanding on what he said.

HON CHIEF MINISTER:

I have said, Mr Speaker, that the Director of Nursing Services following the introduction of a new practice in the United Kingdom, a year ago, introduced a system in Gibraltar in order to improve patient care on the basis that the latest view in the UK was that patient care was improved if the person that was regularly seeing a patient that night saw also his behaviour during the day. That this view by the Director of Nursing Services was discussed at length, not with me, not with the Minister, not with the Health Authority but with the Clinical Managers, the Charge Nurses and the Sisters. They agreed to introduce it and we only discovered it was introduced when the first person said I will not move. We did not know it had been going on for a year. There was no political clearance and no political decision. I do not know if it is true that it is better for patient care because I am not a patient. The people who are running the Hospital assure me that this is something that is being done in the UK and that it has been tried in Gibraltar and that the results of the experiment in the last twelve months are evident for all to see and I am accepting their professional advice because I am not qualified to question it.

HON P R CARUANA:

Mr Speaker, I accept the clarification. I had misunderstood. I thought that the Chief Minister had said that he was doing it for caring reasons of the Nursing Staff. The Chief Minister said also that they do not say, that is the Members opposite, that there is a crisis now nor that there was one in 1988. But with respect that is not true. Alright it is true that they did not use the word "crisis" but this is not an exercise in semantics. In 1988, they accused the Government, then formed by the Members of the House sitting alongside me, of allowing the Medical standards in Gibraltar to go into continuing decline. That, is by any definition a crisis. So there was a crisis in their opinion in 1988. A crisis which I say they have done little to alleviate except to spend money on the physical fabric of the Hospital. All that I can say in reply to what the Chief Minister has said on the Nurses and the Nursing School is that it is what the Chief Minister has said that is not consistent with the information that I have, not only from the doctors, but from other sectors of the Health Service. Mr Speaker, I hope that the Honourable Dr Valarinc is listening in the adjoining room because otherwise I might fall foul of what I have just accused the Chief Minister of in relation to Mr Cumming.

MR SPEAKER:

May I tell the Honourable Member that he is free to speak about anybody in this House. That is the privilege of the Member. Now, how it is expressed, of course, is a matter for other Members, perhaps, to criticise or comment on. But there is nothing wrong in a Member of the House referring to any person in this House except for certain exceptions of which there is Standing Rules, but I will not go into that now.

HON P R CARUANA:

I am grateful for Mr Speaker's clarification of a position of which I was aware. The Honourable Dr Valarino spoke of not being impressed by the Mover of the motion. I have not sought to impress the Honourable Member or anybody else. Nor, am I particularly impressed with the contribution of the Honourable Member. I fully accept and understand that it is possible, proper even, that the Members alongside me on this bench of the House do not agree with the motion that I have put before the House and do not agree with the reasons that I have given in an attempt to establish that motion and that therefore, they should vote one way or the other. It is not true, as far as my information is concerned, that the British Medical Association is dead and has not met for ten years. I do not know how the British Medical Association works. What I do know is that the day before they met me they had a Committee meeting to discuss their meeting me. Now, that might be the first meeting that they have had in ten years. That might be true. But, I think that to say that they have not met in ten years is to my knowledge inaccurate. The British Medical Association spoke to a sub-committee of the Executive of the Party that I lead, as a Body. It was not an individual who came to express views. They came as spokesmen for the British Medical Association. I do not know if they had been dead for the ten years before that and suddenly, like the Learned Dr Valarino, sprang to life for a specific purpose. I ask myself whether Dr Valarino's contribution to this House on this issue today reflects the fact that he thinks that everything in the Health Authority is fine by him and his Party or whether it reflects that strong opposition which he has recently advocated in the pages of the local press. Because frankly from where I was sitting, he might just as easily apply to join the Members opposite if they will have him. The Honourable the Chief Minister opened his contribution by commenting that what the Honourable the Minister for Medical and Health Services had not dealt with the Honourable Dr Valarino had dealt with and I think that that is correct. The fact of the matter is that as we, in my Party, understand the role of Opposition politics, and certainly others may have a different view, is that if there are matters of public concern, of public importance, and are brought to our attention, not by casual passers-by but by more than one sector involved in the particular area, in this case the Medical Health Authority, it is our duty to collate as much of that information and as many of those allegations as we consider are reasonably sustainable. Not all the allegations and all the stories that are blown into one's

ear and our duty is to bring those allegations to the fore for debate and discussion in this House which is what I have sought to do here today. I take note that the Honourable Dr Valarino considers that the Health Service is operating today entirely as it should and that presumably nothing of what I have said is of validity and of accuracy, except the question of the Gynaecologist which is where he said he tended to agree with me. He said that as far as he was aware most of the recommendations of the Hill Report had been implemented. Well, I have not spoken of the Hill Report. The review of the Medical and Health Services conducted in January 1987 is not the Hill Report. There is nobody called Hill involved with it. There is another document called the Hill Report but it deals with something slightly different and not with this. That the Honourable Dr Valarino should say that as far as he is aware most of the recommendations of this Report, which is the one that I have based my address on, have been implemented, is surprising indeed. Because it is not for me to defend the AACR back in 1988. But in 1988, the Honourable Members opposite were severely critical of the then Government for not having implemented the recommendations of this Report and since then they have implemented no new ones.

HON DR R G VALARINO:

Mr Speaker, if the Honourable Member will give way? The Member mentioned the Hill Report. I certainly do not remember mentioning anything about that Report. So if he is quoting me on what I have said on that Report then I cannot recollect that I did say anything particularly on that Report.

HON P R CARUANA:

Well, this is the Report of the recommendations of which I have spent three quarters of an hour in my opening address. I have not said anything about the Hill Report. I do not know what the Hill Report says. I have been discussing the UK Medical Review Report of 1987 and although, I think, that he has simply confused the Report, my understanding was that he was commenting on the implementation and non-implementation. Perhaps, he would like another opportunity which I will now give him by sitting down and giving way to him, to comment on what I was commenting because it seems to me that it is now clear that he is not agreeing with the fact put by the Members opposite that most of the recommendations of this Medical Review Team have been implemented. The fact of the matter is, and I will say to the Honourable Dr Valarino, that his Government were slated, severely attacked by the Members opposite in 1988, for not implementing after only one year in Office the Report, this was in 1986. Now you came into office after the 1988 General Election and four years later I stand up and say "you still have not done most of the things that they had not done". And the Hon Dr Valarino stands up and says that as far as he is concerned most of the

recommendations have been implemented. It strikes me as extraordinary, as quite extraordinary, to suggest that most of the recommendations have been implemented. This is simply not true. I will deal with this when I come to the principal area of my reply which is to deal with the contribution of the Honourable Minister for Medical and Health Services.

HON DR R G VALARINO:

If the Hon Member will give way. I was talking at the time, if I remember rightly, about the Nursing Services. Now we are talking about the Hill Report. I did not say anything at all about that Report. I did not quote that Report at all. So I cannot see how the Honourable Member can quote that Report now. I did not want to interrupt the Hon Member because otherwise we are going to be here half an hour longer, but I thought I had the obligation to put you right.

HON P R CARUANA:

Can we agree on this basis, Mr Speaker, the Honourable Member and myself, that he has not spoken and he has not addressed this House, this afternoon, on the recommendations of the Medical Review Team that I have based my motion on, because I have not mentioned the Hill Report and I have not mentioned the recommendations of the Hill Report, I have only mentioned the recommendations of this Report and now by his own admission he has not even addressed his mind to those recommendations. The address and contribution is, with the greatest of respect to her, simply not a reply to the points that I have put. It is as far as I am concerned, a rhetorical emotional appeal to public sentiment which simply does not address the points that I have read. She has limited herself to addressing the points that appear printed on the motion as she is at liberty to do. She has not addressed the arguments that I have relied on and called upon in support of the general proposition. The Member opposite has quite predictably tried to focus the debate onto Private Practice for or against and who agrees with Private Practice and who does not and why she does not agree with Private Practice. That is one small area of the Report with which I dealt and it has to be said, that when she says that they do not believe that people should be seen because they have money, I agree. When they say that Consultants are being recruited with new contracts and they accept that they do not have to do Private Practice well that is a matter for the Gibraltar Health Authority. What I say, is that the recommendations of the Review Team which they accepted do not agree with that view. They, not I, I hold no brief on this matter, they are the ones who say that the Public Medical Services will suffer as a result of not allowing Private Medical Practice. This is not some ideological principle, which I expand in defence of my own preferences on the matter. Yes they do, and I quoted from it and if the Honourable Minister does not remember I will read the passage to her again. "The Honourable Minister has said

that it is very unprofessional of the British Medical Association to cast aspersions on their colleagues". Well, again, it is not for me to defend the rebuffs of the British Medical Association and it is not for me to be the arbiter on Medical technical grounds as to whether what the British Medical Association have said is right, wrong, justified or unjustified. My concern is based on the fact that they have said it. She has said that the British Medical Association is acting as a Union. This is not my impression of what that Body is, but again, there is the assumption on her part that the warnings of the British Medical Association are necessarily limited to and based upon only this business of Private Practice. That is an assumption on her part. She dismisses the wide-ranging warnings of concern of these professional men on the basis and assumption on her part that they are simply looking after their own personal pockets. She is responsible for the provision of Medical Services in Gibraltar and if she considers that that attitude is proper that is the position for her to defend. I personally do not agree with that view. She says that doctors should be there to see only public patients. That, let it be said, is an ideological policy on her part to which, as the Government of the day, she is quite entitled. All that I say is that is not the view of the Medical Review Team that reported in 1987. That is all that I say. A Report that you at the time accepted and now apparently have changed your mind in that respect. Because the Labour Party in the United Kingdom, who are presumably no less Socialists than the Members opposite, do not appear to have this difficulty with Private Practice. I therefore, do not accept, attractive as it is, for the Members opposite to argue the contrary. I do not accept that this is the political ideological issue that they now try to make it cut to be. This is an issue, which as far as I am interested in it, is limited only to the effect that it has on the quality of the Public Medical Services in Gibraltar. My concern is only therefore, Mr Speaker, on the effects that Government policies have on the quality of the Medical product available through the Public Medical system in Gibraltar. She has invited me to accept confidentially an invitation to hear from her the facts. Well, I will be delighted to meet with the Minister and I am grateful to her for her invitation to hear confidentially whatever facts she wants to put to me.

HON MISS M I MONTEGRIFFO:

Mr Speaker, I was referring to the Nurses dispute and their grievances. On which I was not prepared to enter into a debate publicly and I gave the reasons why. Everything else, Mr Speaker, I think I have explained fully in the House.

HON P R CARUANA:

The Honourable Members opposite accuse me of simply trying to make political capital. Well, if all that they say is true, I am on a hiding to nothing. It is not for either

them or for us on this side, this end of this side, to judge that. That is a matter for others. I repeat that this motion reflects and is based upon serious concerns expressed to us by persons who are users, workers and professionals within the Medical Services. If the Minister does not agree with those views, that will be naturally reflected in the votes from the Members opposite at the end of this debate. The Minister has said that the justification of the eight months work of locums is that in Gynaecology and generally these potential recruits are then subjected to a valuation locally and I ask rhetorically perhaps, unless she wants to answer it, who makes the assessments locally?

HON MISS M I MONTEGRIFFO:

If the Honourable Member will give way. I said that in my contribution. They were recommended already, short-listed by accredited Consultants in UK, Mr Speaker, together with the system that has already been in existence in Gibraltar for many years. The only reason why the Gynaecologist could not take up the job when it was offered to him was because of his personal commitments, Mr Speaker. When the Honourable Member was on GBC saying that we did not have a permanent Gynaecologist, we already had one, Mr Speaker. The Gynaecologist, signed the contract with the Health Authority months ago, and again in my contribution I said that I was not able to say that because unfortunately the Member saw fit to bring the motion and I was not going to prejudice the position of the Government on the Health Authority to give the reasons why the Gynaecologist, Mr Speaker, or the Health Authority had not said publicly that they already had a Gynaecologist already contracted. I have already said that.

HON P R CARUANA:

Mr Speaker, if there persists in Gibraltar for a period of seven or eight months a position in which there is not a permanent Gynaecologist and the Government secretly, as it is their style, sign a contract with the Gynaecologist and do not, after seven or eight months of anxious waiting by the public, publicise the fact that they have signed a contract with the Gynaecologist it can hardly come as a crashing surprise to them that members of the public do not know what they have done. If they have not told the public what they have done then we do not know. Mr Speaker, it is not months ago it was in October. My information is that a contract was signed with the Gynaecologist and the fact remains that whether he could not come because he was on holiday or had other commitments in Dubai or for whatever personal reasons, the fact still remains that from April to date, as we speak, there is still no permanent Gynaecologist in service at St Bernard's Hospital. There is no permanent Gynaecologist. You might have signed a piece of paper with an individual elsewhere but there is still, as we speak today, no permanent Gynaecologist at St Bernard's Hospital. The Minister denies

that there are rats and cockroaches at St Bernard's Hospital. Well if that is the position then it is not my information. My information is that areas of the Hospital are infested with rodents and that this is notorious. However if the Minister says that that is not so then that is the Minister's position. She says that there is a mechanism to consult with the doctors and that she has never refused to meet with the doctors. Well, Mr Speaker, my information which now is not a matter of being confused or misconceived, but which would be a complete lie now on the part of those that have told me, and I can tell you that they are Senior people, is that in the case of the Pathologist, Dr Wi Singhe, there was great concern on the part of the doctors and they sought a meeting with the Hon Minister on the matter and that the Honourable Member opposite refused. Now this is pure fabrication!

HON MISS M I MONTEGRIFFO:

That is not true at all, Mr Speaker. I am an honest person and the whole of Gibraltar knows that and I am telling the Member that that is not the case.

HON P R CARUANA:

Mr Speaker, I have no doubt that the Honourable Member opposite is an honest person and nothing that I intend to say is intended to suggest the contrary. The point is that it follows from what the Minister has said that these other people who are also honourable men of integrity are lying to me. So I am now in the invidious position of having to choose between two apparently honest people. One of them is not telling me the truth. As I said before, Mr Speaker, the information has come to me in such clear and categorical terms that it is not possible that there should be a break-down of communications. "Why", she says, "do the doctors' Committee not meet and seek input?" What they say to me, but again, if the Honourable Member says that this is rubbish and not true and it is that they have given up, bored, that they have given up. Now that is not true either. That also is a fabrication on the part of these men. Well, so be it. Complete and utter fabrication. All my sources of information are fabricated. The same explains why there is no Consultant on the Management Board. They tell me, again invention, fabrication on their part, that they have given up going to meetings in which they simply get told what is going to be done. They do not get consulted and just sit there to lend credibility to this infrastructure, that is, the Gibraltar Health Authority. But, I do not insist on the point. That too is fabrication from my dead grapevine. What they say is that the Honourable Minister, who says that she does not impose or overrule, comes to these meetings and simply informs them of fait accompli. That also is untrue and fabrication on their part. Mr Speaker, I too, in reference to Mr Ralph Murray, am proud and I have tired of saying publicly that what we must work at in Gibraltar is a situation where we the Gibraltarians fill the Senior posts. Be it in the Finance Centre, in Banks, in Constitutional

Offices, in the Health Service and everywhere else. I too, like the Minister, am proud of having locals in the field. What I am not proud of is to reduce the status of an office by taking it down from an expatriate and giving it to a local on terms that are less senior, less well remunerated and less influential than the expatriate. That is not what the Hon Minister and I are proud of. That is the reverse of what we should be proud of. That is what has happened in the case of Mr Murray or otherwise would the Honourable Minister tell me, I will sit down to give way to her, whether the present incumbent in the office of General Manager earns the same as what Mr Murray used to earn? My information is that he does not and therefore that is asking a Gibraltarian to do a job on terms which are inferior to that which you were quite happy to pay an expatriate to do.

HON CHIEF MINISTER:

No, no. I can give the Member an answer. He is talking complete nonsense on this one as he has done on everything.

HON P R CARUANA:

I will give way when he asks for it.

HON CHIEF MINISTER:

I have said I will give him an answer as he wanted.

HON P R CARUANA:

That is not asking to give way.

HON CHIEF MINISTER:

If the Hon Member will give way. If the Member is talking nonsense and he wants me to tell him then I have to tell him but he may not like it. The position is that the grading of Mr Ralph Murray, which he negotiated for himself when he came, put him not on a status consistent with his position, but put him above the Governor of Gibraltar. When he was replaced by a local man, the local man was put on a par with the Housing Manager, with the Accountant General, with the Principal Auditor and with all the other Heads of Departments. So it is not that we have reduced.

HON A J CANEPA:

But we still do not have a local man as Governor, Mr Speaker.

HON CHIEF MINISTER:

No we still have no local man as Governor. If and when that happens, that will be reduced also, Mr Speaker.

HON P R CARUANA:

The Honourable Member opposite said that many of the recommendations of the 1987 Medical Review Team Report

had been implemented. I put it to her that that is simply not the case. That most of the important ones have not been implemented. Which of them have they implemented since 1987? They have certainly done absolutely nothing about the recommendations in relation to Geriatric Medicine, in relation to the remarks that the outstanding deficiencies of the Health Service back in 1987 was the Geriatric facilities, in the description of those facilities as wholly inadequate, in the recommendation that this community urgently needs a Geriatric Physician. None of those things have been addressed. There is no new Hospital or plans for one.

HON MISS M I MONTEGRIFFO:

I have answered that, Mr Speaker.

HON P R CARUANA:

Mr Speaker, yes you have answered them. But I am telling you that those are the list of things that have not been implemented and the most important one and that I do not accept, notwithstanding the explanations that the Honourable Member opposite has given me. The most important one is that the Gibraltar Health Authority should be an Autonomous Body. I do not accept that the Gibraltar Health Authority operates as an Autonomous Body. It appears from the comments of the Honourable the Minister for Health that the Government appears to be inclined to shelve the proposal, also described as urgent, in the 1987 Report for a new Hospital. The planning of that new Hospital was an urgent recommendation. Now either it is being done in great secret or that plan does not yet exist. It is not true that I have said that the Minister glories in being associated with Charities. That is simply.....

HON MISS M I MONTEGRIFFO:

Mr Speaker, will the Honourable Member give way?

HON P R CARUANA:

No you cannot. The Honourable Member will not give way simply for you to add one confusion on another. What I have said was precisely what it says there. Not that you are ashamed to be associated with Charities, what it says is that you glory in being photographed receiving gifts from Charities in relation to equipment that in this over-taxed community, Government should be providing for itself. That is not a suggestion or a statement that you are ashamed to be associated with Charities as if Charities were some leprosy body. I am sorry but if the Hon Minister is going to hold my words to me, then she has to hold me to the right words.

HON MISS M I MONTEGRIFFO:

And I did, Mr Speaker.

HON P R CARUANA:

No she did not, Mr Speaker. What I have said in that publication to which the Honourable Minister refers is that whilst there is always a role for Charities to make specific gifts of special equipment, it happens everywhere in the world, we have not discovered sliced bread in Gibraltar on that issue, but that the Hospital appears to rely for equipment that is quite basic from donations from Charities and I do not think that that is proper. I think that this community pays enough tax to provide the equipment for the Hospital.

HON MISS M I MONTEGRIFFO:

Mr Speaker, if the Honourable Member will give way on a point of order. I will read Mr Speaker, what his Party has said in public: "The Minister glories in being photographed receiving gifts...."

MR SPEAKER:

Did you give way?

HON MISS M I MONTEGRIFFO:

He sat down, Mr Speaker.

HON P R CARUANA:

I am very happy to give way.

HON MISS M I MONTEGRIFFO:

On a point of order, Mr Speaker. On a point of fact, I will quote: "The Minister glories in being photographed receiving the gifts of very necessary equipment from Charitable Organisations when she should be ashamed that in our modern overtaxed community, Charity has to provide what her Government fails to do". I have answered that point, Mr Speaker, in my contribution and have said that I glory in being associated with Charitable Organisations whenever they come and say "We want to give this to the Hospital". As Minister for Health I am not going to tell Charitable Organisations that I do not want the equipment, Mr Speaker. What I said in the House is not a question of being ashamed of being associated. We do not ask for it but if we get it we are proud of the community that we have in Gibraltar. But that does not mean in any way, Mr Speaker, that the Health Authority reduces its Budget for equipment. What it does is that it tells the Charitable Organisation "How much do you want to contribute". And then the Health Authority receives that gift and the money that the Health Authority had earmarked for that specific equipment is redirected for other equipment and it stays completely in the Budget. The money for equipment is not reduced at all, Mr Speaker.

HON P R CARUANA:

Mr Speaker, I think my recollection without the benefit of having the document in front of me of what is said there is admirable, because what the Honourable Minister has just read out is what I recall reciting to this House two minutes ago. The only point that I make is that those words do not imply that the Honourable Member should be ashamed of being associated with Charities. That is the point. It is not the association with Charity which is the subject matter of the shame, it is the fact that the Gibraltar Health Authority should, to the extent that it does, rely on Charitable contributions.

HON J C PEREZ:

If the Honourable Member will give way.

HON P R CARUANA:

No, I want to carry on. The Honourable Member opposite denies that there is hands on political management at the Health Authority. This is not a matter that we can establish here and now with scientific fact. I simply say to the Honourable Minister that it is notorious on this community how, by whom, and on what basis the Gibraltar Health Authority is administered. I do not accept the explanation given by the Honourable Minister for the apparent change of policy in not providing a second Health Centre geographically distant from the first, which is the words from the Report, not that there should be one in the South District. But that there should be a second Health Centre geographically distant from the existing one which we all, with our geographical knowledge of Gibraltar assumed would be in the South District. The fact of the matter is that since the date of that recommendation, if anything, there are more people living in the South District than there were then, with developments such as Rosia Dale and Vineyards coming on stream. It is true that in the future there will also be more people living on the Westside Reclamation. But the principle of the recommendation was that there should be two Health Centres. The fact of the matter is that if in 1987, the residents of the South District were badly served by the existence of only one Health Centre in Casemates Square, the increased number of residents in the South District now, are worst served by a Health Centre, whether it is located in Casemates Square or on the Westside Reclamation. Mr Speaker, the points to which the Honourable Member has not replied are many. I do not propose to go through my speech at the outset again. She has dealt in broad terms and in terms which others will have to answer if they consider it appropriate, the question of the British Medical Association warning. In relation to the Report's recommendations, it is clear that there are issues which I raised that she has not addressed, such as the provision for Geriatric Medicine. She does not accept and has not commented at great length on the question

of low morale. She does not accept that there is problems of consultation and it follows from what the Minister has said, they have not either implemented the new Hospital, the Health Centre, the recommendations on Private Medicine, the recommendation on Geriatrics. These are not things that she has addressed in details and of course it follows from the position of the Members opposite that they reject outright my arguments in the motion. I knew that before I formulated the arguments. She has not addressed my arguments on the Health Centre and the Group Practice Medical Scheme and the criticisms of it that were identified in relation thereto in the Report. Mr Speaker, whilst I would have been very happy indeed to have formed the view that the Minister has given me adequate answers to the arguments that I have raised because that would mean that none of the problems that I have highlighted in my opening address exists, I however regret to say that she has not succeeded in doing so. I therefore do not withdraw the motion.

MR SPEAKER:

Before I put the question to the House I must remind the House that this is a motion of censure and that the ex-officio Members are not allowed to vote.

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

The Hon P R Caruana
The Hon Lt-Col E M Britto

The following Hon Members voted against:

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

The following Hon Members abstained:

The Hon K B Anthony
The Hon A J Canepa
The Hon M K Featherstone
The Hon G Mascarenhas
The Hon Dr R G Valarino

The motion was accordingly defeated.

ADJOURNMENT

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move that this House do now adjourn sine die and since that means, of course, that

unless we bump into each other in some Christmas Party or other, we shall not be meeting again before Christmas, notwithstanding the fact that the Honourable Member has attempted and failed to censure us, I would like to wish all Members of the House opposite and yourself, the Clerk and the rest of the Staff the seasons greetings and that we will continue to work together in the future for the good of Gibraltar for all our sakes.

HON A J CANEPA:

On behalf of the Members of the Opposition I would like to associate myself with those remarks of the Chief Minister, particularly to you yourself, Sir, and the staff of the House, in wishing you all a very Happy Christmas and to reciprocate the hope that we will, in fact, have the opportunity to meet at some parties associated with the Christmas festivities.

HON P R CARUANA:

Mr Speaker, I and the Party that I lead, endorse and reciprocate the expressions of wishes both in reply to the Honourable the Chief Minister and indeed to yourself and the Clerk.

MR SPEAKER:

May I also express my best wishes to all Members, hard working staff and all those who outside this House are connected in one way or another with this House. A very Happy Christmas and a peaceful New Year.

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

The adjournment of the House sine die was taken at 8.05 pm on Wednesday the 4th December, 1991.