

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 day, 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 hyper-activity that exists, the welcomed hyper-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 to 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 be 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 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 abismal. 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.