

# GIBRALTAR

## HOUSE OF ASSEMBLY



# HANSARD

**24TH APRIL, 1995**

Vol II  
(3rd July, 7th July and 21st July 1995)

MONDAY 3RD JULY 1995

The House resumed at 2.40 pm.

PRESENT:

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

GOVERNMENT:

The Hon J E Pilcher - Minister for the Environment and Tourism  
The Hon J C Perez - Minister for Government Services  
The Hon J L Baldachino - Minister for Employment and Training  
The Hon Miss K M Dawson - Attorney-General

OPPOSITION:

The Hon Lt-Col E M Britto OBE, ED

ABSENT:

The Hon J Bossano - Chief Minister  
The Hon M A Feetham - Minister for Trade and Industry  
The Hon Miss M I Montegriffo - Minister for Medical Services and Sport  
The Hon R Mor - Minister for Social Services  
The Hon J L Moss - Minister for Education, Culture and Youth Affairs  
The Hon B Traynor - Financial and Development Secretary  
The Hon P R Caruana - Leader of the Opposition  
The Hon F Vasquez  
The Hon H Corby  
The Hon L H Francis  
The Hon M Ramagge  
The Hon P Cumming

IN ATTENDANCE:

D Figueras, Esq, RD\* - Clerk to the Assembly

BILLS

FIRST READING

HON ATTORNEY-GENERAL:

I beg to move under Standing Order 7(3) to suspend Standing Order 7(1) to proceed to the First Reading of the Criminal Justice Bill 1995.

Question put. Agreed to.

THE CRIMINAL JUSTICE ORDINANCE 1995

HON ATTORNEY-GENERAL:

I have the honour to move that a Bill for an Ordinance to make provision for the confiscation of the proceeds of criminal conduct, other than drug trafficking offences, and its value, to make provision with respect to the laundering of the proceeds of criminal conduct and to transpose into the national law of Gibraltar Council Directive 91/308/EEC be read a first time.

Question put. Agreed to.

ADJOURNMENT

HON J E PILCHER:

I have the honour to move that this House do now adjourn to Friday 7 July 1995 at 10.30 am.

Question put. Agreed to.

The adjournment of the House was taken at 2.44 pm on Monday 3 July 1995.

FRIDAY 7 JULY 1995

The House resumed at 10.45 am.

PRESENT:

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

GOVERNMENT:

The Hon J Bossano - Chief Minister  
The Hon J E Pilcher - Minister for the Environment and Tourism  
The Hon J L Baldachino - Minister for Employment and Training  
The Hon M A Feetham - Minister for Trade and Industry  
The Hon J C Perez - Minister for Government Services  
The Hon R Mor - Minister for Social Services  
The Hon J L Moss - Minister for Education, Culture and Youth Affairs  
The Hon Miss K M Dawson - Attorney-General  
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon P R Caruana - Leader of the Opposition  
The Hon Lt-Col E M Britto OBE, ED  
The Hon F Vasquez  
The Hon H Corby  
The Hon M Ramagge

The Hon P Cumming

ABSENT:

The Hon Miss M I Montegriffo - Minister for Medical Services and Sport  
The Hon L H Francis

IN ATTENDANCE:

D Figueras Esq, RD\* - Clerk to the Assembly

BILLS

SECOND READING

THE CRIMINAL JUSTICE ORDINANCE 1995

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that the Bill be now read a second time. I am introducing this Criminal Justice Bill as obviously it has legal connotations but in view of the fact that the contents of the Bill were agreed in negotiations between the elected Government and the United Kingdom Government, I will give way to the Chief Minister who will explain the contents.

HON CHIEF MINISTER:

Mr Speaker, when we published the Bill I gave a press conference, which is not a normal procedure, because of the misleading statements that had appeared and interpretations that had been given about what this Bill is doing prior to its publication. I think the first and the most important thing to make clear is that we are not legislating here to act against money laundering which is the proceeds of drug trafficking because we have already done that notwithstanding the fact that in the foreign press it constantly gets treated as if we were acting for the first time in respect of drug trafficking. The genesis of the Bill goes back to the position of the United Kingdom in February 1994 when I had a meeting with a number of ministers about a range of issues. It was raised at that time, in February 1994, but I was told that the priority for the British Government was, as hon Members will recall, that we should introduce changes to the composition and the nature of the appointment of the Financial Services Commission which we did in April. At the time that it was raised, in February 1994, in any case I pointed out to the United Kingdom Government that far from it being the case that we were years behind anybody else, the position was that at that time only five members of the EEC had introduced legislation and the UK itself had brought in regulations which had a starting date of the 1st April 1994 and therefore the view of the Government of Gibraltar was and is that we believe in moving within the same time frame as other people. We do not want to be the last and we do not want to be the first. We want to see what others are doing before we are in a position to make a

political judgement as to what we should be doing to make sure that we are maintaining in Gibraltar the standards that other people maintain but not necessarily the highest standard or the lowest. In July 1994 the matter was raised with me by Mr Heathcoat-Amory, who was then responsible for Gibraltar, on the basis that the United Kingdom wanted us to follow the manner of implementation that they had chosen. The manner of the implementation that they had chosen, which is reflected in this Bill, was not acceptable to us, in July 1994, because we thought the manner of implementation of most other member States was a better approach which was to make it for drug trafficking which is what the Vienna Convention requires and what Directive 91/308/EEC requires and to leave the door open for the possible extension of other specific offences. Most member States have taken that route of listing other things. The Kingdom of Spain has done it in that way and we thought that clearly this was something that was consistent with the Directive since it was what the majority had done. In any case, it was our view, and continues to be our view, that the argument of the United Kingdom which we have never rejected that as they are the member State responsible for our affairs in the European Union, we must comply with the mandatory requirements of Community law otherwise they are exposed to infraction proceedings, were fully met by doing it on drug trafficking because the Directive says it must be done for drug trafficking and it may be done for such other crimes as the member States may decide. The whole saga of implementation of Community law in Gibraltar, since 1992, has revolved on the concept of subsidiarity and on the concept of the demarcation between what is foreign affairs and what is domestic matters, and this was part of that same argument.

In September the Secretary of State informed me that the UK Government felt very strongly that it should be the same as theirs because this was something that primarily affected the financial services industry where the UK had made it clear that independent of Community requirements they expected us to match UK methods and that was the reason for the changes they had asked us to introduce to the Commission which, as we all know, having introduced it at their request as a matter of urgency - something that had to be done in a couple of months - it has actually taken over a year for it to be given effect to because they have had problems in finding the people to man the Commission. The UK's position on this has been that the acceptance of licensed institutions in Gibraltar for the purposes of the single market which they have to pursue with other member States, they will only pursue if the way the institutions are monitored and supervised in Gibraltar is virtually the same. Not necessarily identical, but virtually

the same as they do it in the United Kingdom and therefore it was on that basis that we agreed to the changes in the Financial Services Commission but we have no guarantee of when they will be satisfied that the industry in Gibraltar is being supervised and regulated in a manner which is not inferior to the manner in which it is done in the United Kingdom. Clearly they are now in a position to satisfy themselves on that since we have got a Banking Supervisor who is seconded from the Bank of England and a Commissioner who is appointed with the approval of the Secretary of State and a Commission that has a majority of members from the UK all of whom have been approved by the Secretary of State and we are now about to bring in legislation which matches theirs in terms of money laundering the proceedings of crimes other than drug trafficking. But even after we have done all that, I have to tell the House that that does not mean that they are now satisfied and that they are now going to deliver the commitment that was contained in the letter of which I brought a copy to the House in reply to the one that I had sent which I had sent for the purpose of being able to say so here as to the benefits that would flow from us carrying out the changes that they thought were required. The Foreign Secretary still maintains that this will be very good news for the finance centre industry. I have the distinct impression that the people who have to earn their living in the finance centre do not share his optimism and we have seen, as a Government, no evidence that the changes that we brought in last year to the composition of the Commission, which were also predicted to be very good for the industry, have actually generated any new businesses that would not have come anyway.

In discussing with the United Kingdom, after September, the position, we moved without their agreement on the basis of introducing the legislation and publishing the regulations that would bring in fully the requirements of Community law and the application of the Vienna Convention. We did this deliberately although we had not an agreement in anticipation of the meeting between the Spanish Foreign Secretary and the British Foreign Secretary in December 1994 as we made clear at the time and as I explained to the House in January, so that it could not be said that it was the result of that meeting and it could not be said that it was the fact that they had had that meeting that had led to legislation being introduced in Gibraltar as it were on the insistence of the Spanish Government. But we did not have an agreement with the UK that that was all that was required because their position still was that it should be extended to crimes other than drug trafficking. Nevertheless, the United Kingdom welcomed the legislation we had



brought in and asked me to consider extending it to other crimes quickly. This was the position in January when I brought the Bill to the House and hon Members will recall that in fact we had made a provision allowing the Government, by regulation, to extend the provisions of that particular law to other areas which, in the course of the committee stage, we removed on the basis of the argument that was put to us that as it stood this could have a devastating effect on the finance industry and that it was better to bring separate legislation to deal with any other crimes rather than extend the one that we had on drug trafficking. It would appear that in fact one advantage of doing that is that the one on drug trafficking is in some respects tougher than this one as regards what is an offence in terms of reporting transactions or not reporting transactions. Following further discussions with UK, the position that we have taken is, in line with the explanation that I have given at the beginning of my presentation on the general principles of the Bill, that we would be prepared to bring a bill to the House at this stage to show a commitment to do this but that we wanted an agreement with the United Kingdom that the commencement date in Gibraltar would be either at the UK's preference either when it was done by Luxembourg because the UK's argument is that everybody else is going to be doing this or when it was done by the Channel Islands and the Isle of Man. Therefore we said if we are competing in a European market we are not saying, as has been reported incorrectly, we want to do it when the BVI does it or when the Turks and Caicos does it or when the Cayman Islands does it because they may never do it. Certainly as far as we are concerned the only British dependent territory to date that has introduced legislation that gives effect to the Vienna Convention is us. Nobody else has done it. The argument that we put to the United Kingdom is, "If we do what is required by Community law and if you expect us to do it we accept that that is something that has nothing to do with other British colonies or Crown dependencies because they are not in the European Union and we are and we are demanding recognition of our licences and you are entitled to say, "If you want recognition of your licences then your licences must be based on Community law", but if you want us to do something more than Community law and the argument that you use is that what goes beyond Community law is good government, then we expect that you should want good government in Jersey, Guernsey, the Isle of Man, Bermuda, Cayman Islands and everywhere else or is it that you only want Gibraltar to have good government and good government means doing what you do in the UK?" The same provision exists in all the constitutions so the UK has got an overall responsibility for good government and therefore for ensuring that the laws that regulate the financial services of the territory for whose external relations they are

responsible are laws that they consider to be adequate so that the territory does not become used by people engaged in criminal activities who would not be able to do so in the United Kingdom. The Bill that we have got, which has been drafted by a draftsman provided by the United Kingdom, follows very closely the UK Bill and most of the technical arguments that have taken place over the last few weeks have been in the area where the UK system was being reflected in the way that the law was not compatible with the way we do the laws in Gibraltar. It is not an area that I have got any expertise on but it has been arguments of that nature and therefore many of the amendments are of that nature. On the question of the definition, I will be moving an amendment which I will explain when I get to it which shows how we propose to deal with it and how we are dealing with it in a different way which is the way they have done it in the UK by having a definition on whether it is a crime in another jurisdiction in Part III of the Ordinance as opposed to being in Part I.

At the moment the position is that once the Bill is taken through all the stages today we expect to receive a written commitment from the United Kingdom that the appointed date for its implementation will be in line with the introduction of similar legislation in the Channel Islands and the Isle of Man. This has been the basis upon which we have been arguing, I would say probably now for nine months, and the line of the UK has been, "If everybody is going to take the same line nobody is ever going to do it because everybody else is going to be waiting for everybody else". We do not want to wait until it is law. We want to be in a position to see at least that the law is published and also we have made it clear to the United Kingdom that if we see that there are areas of differences between the law that is published for those other dependencies, then we will want to go back to the UK and see why if they do it in a way which appears to be better for the industry than the way we have done it here, which is based on the way they have done it in the UK, we cannot follow that route. The UK position, I am assured, is that they are making the same demand of the other territories including the other dependencies, that they are making of us that it should be based on what they have got because they think that is the only effective way to do it. I cannot understand why it is the only effective way to do it and hardly anybody else in the world is doing it in the way they are doing it but clearly the view in the United Kingdom, perhaps logically, is that that is the way it should be done because if they had thought it should be done some other way presumably they would have done it some other way. As I said, our feeling is that to extend it, as it were, on the basis of applying it in the light of experience. That was also

an argument that we used, "Look we have brought the new law in in March. Let us monitor its operation and if there is an indication that because it is about drug trafficking and not about other things there are loopholes that need to be closed then we will move to close the loopholes, there is no problem with that". We are committed to acting against Gibraltar being used as a place where people can get rid of money made out of drugs. We are committed to dealing with any other crime provided that is what other people are doing. If it is not something that other people are doing then laudable as it may be, effectively what our law will require people in the financial services industry to say to their clients is, "You cannot do it here but there is nothing to stop you doing it in Dublin, Luxembourg, Jersey, Guernsey or the Isle of Man. The only two places where you cannot do it is here or in London". That is the consequence of us being the only two European jurisdictions that have got legislation which is in fact outlawing any crime whatsoever which is an indictable offence which is a crime that carries a potential prison sentence of more than six months. We have also, Mr Speaker, made the point - and that has been accepted - that we will be reviewing some elements of our Income Tax Ordinance and we will be bringing legislation to the House to do it because we do not want to find that because what is an indictable offence in the law of Gibraltar may be a summary offence in the law of the United Kingdom, we may finish up with also covering things that not even they cover and that is also a condition that we have put which has been agreed with London. It is on the basis of the acceptance of certain caveats that we have been willing to introduce the legislation in this particular aspect of the areas that we have still got which is an on-going business of the whole range of Community legislation; very little of which has anything to do with the finance centre but nevertheless the underlying position is still the same really on all of them as to whether we are talking about external affairs or we are talking about domestic affairs. I have no doubt whatsoever - I have made it clear to the British Government - that if what they are hoping for out of this Bill is that the neighbouring country will say, "Now that they have passed the Criminal Justice Ordinance 1995, there is no longer any money laundering in Gibraltar" they have got another thing coming. I do not think there is the remotest possibility that they will do it because in fact the position of Spain seems to be that if we do not arrest half the people in the finance centre for money laundering that is not proof that they are not money laundering, that is proof that we are being lax about enforcing the legislation. That is the view we put. London's view is, "Well never mind even if they keep on arguing that there is still money laundering the fact that you have got the law there will enable us to put up a stronger defence than we can today because the law is not

there". I think it is also worth pointing out that this law, because it matches UK law, goes further than Spanish law. That means that an act of disposing of the proceeds of certain crimes would be illegal in Gibraltar and be defined as money laundering but would not be illegal in Spain and would not be money laundering in Spain. Presumably, once people are properly advised of the infract of the law all they will have to do is cross in the opposite direction if they claim that they are not crossing in this direction. So it does show the contradictions in the situation and I imagine that that will not stop our neighbour from arguing that we have got less demanding laws here than they have but it can be demonstrated factually by a simple comparison of their law and others because theirs says laundering of the proceeds of terrorism, the proceeds of kidnapping, and that is the way that most of the European Union Members are doing it. Either they have it for drug trafficking only or they have it for drug trafficking and a schedule and in the schedule they add from time to time what they think ought to be added and not every member State has got the same things. That is understandable because terrorism might be a particularly sensitive thing in Spain and would not be a particularly sensitive thing in another part of the European Union where there might be some other crime which as a matter of political choice the member State using subsidiarity decides that in their country they are doing to do this. There is, of course, the contrary argument which is that given the absence of internal frontiers all that happens is that people presumably will launder the money where it is not defined as laundering and therefore will be able to go round shopping in which place they put their money depending on what the laws of the member States do. I have said to the United Kingdom that if they feel so strongly what frankly they ought to be doing as the member State in the European Union is to try and persuade Community partners that the Directive should say it is for all crimes. Then there would be no problems because we would all be required to do the same thing. But the Directive does not say that and we are already fully complying with the Directive and have been fully complying with the Directive since we published the regulations which are being repealed by this and incorporated and that is the regulations that we published last November. So therefore I think it is also worth pointing out that the fact that there is a reference in the introduction that this is an Ordinance to transpose into the national law of Gibraltar Council Directive 91/308 it is not because Council Directive 91/308 is not already in the laws of Gibraltar. It is because we have been advised that technically it is better to repeal the regulations we did for drug trafficking and incorporate the same provisions - there is no change - into this law and therefore we are

giving effect to that Directive for the second time round. I commend the Bill to the House.

MR SPEAKER:

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

HON P R CARUANA:

Mr Speaker, in relation to the last point made by the Chief Minister it might be worth making a small amendment to the long title to reflect that fact. It could be made to read something to make provision in the principal or in the primary laws of Gibraltar to transpose so that no one can pick this up and use it as evidence that we are now transposing it for the first time into the laws of Gibraltar. The position on this side of the House - I do not by that mean to suggest that it has been any different from the Government side of the House - since the first day that we discussed the Drug Trafficking (Offences) Ordinance has been that we have no difficulty with extending the anti-money laundering laws to crimes of a defined nature so, for example, I do not think that there is anything in this House and certainly I would not expect to find any reputable operator in the finance centre who thinks that it ought to be OK for Gibraltar's finance centre to handle the proceeds of bank robberies, prostitution rackets, gun running or slave labour or things of that kind which is what the ordinary man in the street understands. What I said on the second reading of the Drug Trafficking Offences Bill and I maintain is - it has indeed been shown to have been a correct analysis by papers that have circulated amongst those that have been discussing this issue since then - that the definition of all crimes, because there is not a definition of all crimes, includes things which are purely fiscal offences. The laws of the United Kingdom and of most of the civilised world have for centuries treated breaches of tax laws very different to the way they have treated breaches of other laws even when it comes to such things as extradition and things of that kind. It was the effect of this legislation on the finance centre insofar as it brings in fiscal offences that I pointed out had damaging consequences to the finance centre of Gibraltar. I understand, from conversations that I have had with others abroad in other British dependencies within Europe, that they have received a similar request and that they have made similar observations and expressed similar fears. I remain convinced that as currently

drafted, this legislation is capable and indeed probably will create considerable uncertainty as to the position in Gibraltar on various aspects of our finance centre activity. Despite the attempts by the GSLP Government to persuade the United Kingdom to exclude fiscal offences they have not succeeded in doing so. That gives me as a member of this legislature a political grievance against the Government Members because once again, as a result of the way that they have handled this matter regardless of the merits of the argument, regardless of whether they are right or the British Government are right or whether they are both of it right or both of it wrong, regardless of the merits, once again places this community and this Parliament on the horns of a dilemma. Again we have a situation in which we either implement complicated legislation of which we have had seven days notice or we find ourselves on the brink of a constitutional crisis. This is complex, lengthy legislation. It runs into 55 pages. It raised many potential consequences for what is one of our principal industries. It needs, if this legislature were going to perform the function of a proper legislature, careful consideration and it is extraordinary that the Government Members should think that this House, which includes the Opposition as well as the Government, can do justice to the legislative process in relation to a Bill of this complexity and of this importance to Gibraltar on seven days notice. Therefore, what we are now being asked to do is either to vote for a Bill that we have manifestly had insufficient time to consider the ramifications of or to assist in the provocation presumably if one believes all that has been said in the last two months, or alternatively provoke some sort of constitutional crisis with the United Kingdom. That constitutes the horns of the dilemma because neither of those are acceptable to the Opposition. Once again we have a rushed meeting of the House to consider in rushed manner crucial legislation. It appears to be the case from what the Chief Minister has said that there is really no point discussing the Bill because this is what we have to legislate. I am certainly not going to participate in some charade conducting a debate about the principles of this section and the ramifications of that section when the position is that regardless of the merits or virtue of what this House says or discusses it cannot be included in the legislation. That is not what the taxpayer of Gibraltar pays me to come to this House to do. My grievance against the Government Members, regardless of the merits of the arguments, is that as the Chief Minister has himself said they have had knowledge of this issue since February 1994. They tell us nothing. They say that the manner of the UK's implementation was not acceptable to them and I am not addressing the merits of their

arguments, in July 1994. In September 1994 they bring the Drug Trafficking Offences Ordinance to this House which he now says that he moved without the agreement of the United Kingdom Government to the extent that it did not go far enough in the sense that it only covered drugs. He did not say to us then, "Beware chaps because the consequences of doing this and nothing more is that the row that I have not told you about is still on and that we still face constitutional crisis". I do not say that my views on the merits of the argument would have changed if he had told me that. My concerns about the fiscal offences point was not going to disappear just because the Chief Minister told me that he was doing this without the agreement of the United Kingdom Government. But at least it would have laid before this House all the cards and it would have enabled us to have a debate and to make a decision in full cognisance of all the political ramifications of what we were then doing. The result of the Government Members having played the cards close to their chest for a year and three months now is that they now have to come to this House with a deadline to avoid constitutional crisis that is so tight it had to be today, Friday, the 7th July and it was such a crucial deadline in relation to his commitment to the United Kingdom Government that the Chief Minister was unable to accommodate my personal requirement to be outside of Gibraltar today. I say I am quite happy to stay in Gibraltar to discharge and to cancel my private travel if the interests of this community require it and if my duty as a member of this House calls for it but I want to know how we have come into a situation where in respect of a dispute that he has been conducting with the British Government since February 1994 that timing becomes so tight. So tight is the timing to avoid a constitutional crisis that here we have a Bill which he and I have now both agreed has possible, not to say, probable ramifications for what is a major industry in Gibraltar which nobody in the finance centre has had any sensible opportunity to read let alone digest and comment on. The first Bill that hit the streets was unreadable due to printer's devils. I got, for which I am grateful, a computer print-out typed thing which at least enabled me to give the matter one reading but the fact remains that here we are about to implement in one two hour sitting of this House all the stages of this Bill, second reading, committee stage, third reading, and I guarantee the Government that 99 per cent of the persons whom he says their livelihood is potentially affected have not had the opportunity even to read it let alone lobby. Let alone express their views in public. Let alone participate in that ordinary process of consultation that precedes all the legislative process in every other democracy in Europe.

Once again, Mr Speaker, we find ourselves rushing through critical legislation with a gun to our head. I do not say that if the Government had played it differently the gun would not still be to our heads, but at least there would have been a broader participation in the discussion process, in the ability to address representations to the United Kingdom Government, both politically and non-politically, and public opinion to express a view. Instead here we are rushing through this legislation. That is a matter which I regard as unforgivable. It reflects only the style of the Government Members. It is not necessary. There is no reason why he could not have published. There is no reason why he could not have been more forthcoming about the issues as they existed between the Gibraltar and the British Governments at a much, much earlier stage. To that extent we believe that the situation that currently exists is of the Government's making. They have played brinkmanship all by themselves. They have not wanted to allow anybody else to take part in their games of brinkmanship and when they have played brinkmanship with one of our vital industries and they have found themselves in a position where they knew they could not win. They now rush legislation to this House on seven days notice to avoid a constitutional crisis and regardless of the quality of the legislation, regardless of the opportunities that people outside and inside of this House have had to give consideration to the legislation. It is all very well for the Chief Minister to say that genesis of the UK's position is February 1994. The reality of it is that he has been having this argument with the British Government since February 1994 and by July 1994 he had reached the end of his tether and said, "You do it as you like". That is not acceptable to me. In September 1994 he brought legislation to this House which reflected the fact that the British Government's method of implementation was not acceptable to him.

Mr Speaker, having said all that and having said that in terms of its effect on the economy of Gibraltar, the principal danger comes not so much from the detailed provisions of the Bill but from the perception that it will create amongst potential customers of Gibraltar's finance centre. Certainly a delaying of the commencement date until other competing jurisdictions whose current reputation appears to be not questioned to the extent that ours is, will certainly help in avoiding the worse consequences of a situation in which in effect people will not come to Gibraltar to do things because they can do it without any sort of question mark in Jersey or the Isle of Man. I think one would have to be a fool to choose to use Gibraltar as opposed to the Isle of Man and



Jersey when in Gibraltar there is a question mark that one does not understand. Surely we do not expect everybody that uses the finance centre of Gibraltar to read this Ordinance to conclude that it is safe for him to come and use Gibraltar. We all know that these are matters of perception. We all know that Gibraltar's competitors are going to make hay with this and that the word is going to get around that in Gibraltar the place is a sieve for information because even tax avoidance is now in the frame. It will not be true, even on the terms of this legislation, but that is what will be put around. It would therefore have been preferable that the Chief Minister had succeeded in getting the United Kingdom to agree to accept his assurance that this legislation would be legislated, not introduced, as soon as it has been done or simultaneously with other places because the fact that this House passes this Bill will itself start the rumour mill going. The fact that it has not yet been implemented at a time when it has not even been legislated in Jersey and the Isle of Man is not going to save us from the immediate negative effect of such a legislation. The Chief Minister said that he expected a written assurance from the British Government that that would be the case and when he closes on this he might like to comment on whether that is an intelligent expectation, in other words, an informed expectation, in other words, is that the arrangement? Is that what he has been told he would get or does he only expect it as a matter of honour in the sense that he would expect that since he has done this that they would do that? Mr Speaker, the horns of the dilemma to which I referred earlier. In other words, that either this House passes with what I regard to be undue haste, insufficient consideration and certainly no consultation with any of the affected members in this community, all that being option number one and option number two being to vote against this legislation. In other words, not to adopt this legislation which would presumably propel us into a constitutional crisis with the United Kingdom of the sort that has been ventilated in the press, that is not a viable choice to which this legislature should expose itself. They have had knowledge for longer than we have. They have had cognisance of the issues and of the terms of the legislation for longer than we have. This is a problem of their making, in the management of it and therefore let them take the responsibility for this methodology of legislation in Gibraltar and the party that I lead, will abstain at all stages of the reading of this Bill.

HON P CUMMING:

Mr Speaker, on the face of it I would welcome and I think the whole House would welcome a law such as this one whose purpose is to prevent dirty money from circulating round our finance centre and if it should be discovered to be so circulating, to give powers to confiscate that money. Certainly if I had the choice I would prefer Gibraltar to live off tobacco smuggling, than off the handling of dirty money but the curious results of this law is going to be that in fact whilst tobacco smuggling is going to remain legal, going to the bank with the proceeds of it is going to be illegal. It seems to me that if there is any ordinary man in the street listening to us in the House or over the radio that he cannot but be entirely confused at the nature of this Bill and the fuss that it has caused. It seems to me that this confusion arises from the very nature of finance centres themselves because there is an ambiguity at the heart of that concept. Certainly, in Spain, I think, there is a total lack of understanding of the concept of the finance centres. It does not cross the mind of the man in the street that when he has some savings that he can put them offshore and enjoy tax benefits from them. It just does not seem to occur to them because certainly my impression has been from journalists that have come and interviewed and discussed that the facts that a Spaniard brings his money to Gibraltar and from then on Hacienda can kiss good-bye to any tax income from that money fills them with horror. I say to them, "Look, why do you pick on Gibraltar for this harassment? Why do you not pick on London or Dublin or Luxembourg? Do not tell me that there are no Spaniards investing their money in London and when they do that is good-bye to Hacienda from the income of that money". This seems to bewilder the most educated and most intelligent of them. They do not know how to handle it. Then I say, "Look in a perfect world of course there would not be finance centres, there would not be bullfighting either". I was interested to hear the Hon Mr Bossano I think it was in a Spanish interview actually saying that the finance centre industry was an Anglo-Saxon industry which had not occurred to me before and that of course may explain why Spaniards in general are not or do not seem to be familiar with the concept of putting money offshore. Certainly this view is confirmed in the Chronicle of the 26th June by Mr Millner who says Spain has an odd definition of money laundering. Money laundering means converting the proceeds of criminal activity into legitimate assets but Spain appears to take the view that if a Spaniard has a bank account outside Spain which he does not declare then that is money

laundering. Many people may be doing that but that is not what the international community considers to be money laundering and in practice I have found that to be very much so. A Spaniard has a bank account here who does not declare it, that to them, unfortunately in their minds, seems to be money laundering. Therefore there is a lot of work to be done via dialogue and dealings with the press in Spain to try and clarify that idea and to try and help Spain to be in a position to be more tolerant to the legal activities of our finance centre. A curious tit bit of information came my way 10 days or so ago because I was interviewed by a French journalist who works for a French television channel which deals with programmes dedicated to the sea and of course he wanted to do a programme dedicated to the question of the launches. It so happened that at the time that he was staying in Algeciras the Juez Garson, the Spanish super judge was also staying in Algeciras to address the Rotary Club and he took the advantage of having an interview with Juez Garson and in their conversation - I do not know whether it was supposed to be on or off the record - Juez Garson made reference to this Bill that we have before us, the Criminal Justice Ordinance, and said to him that this was a very good piece of legislation. It seems to me how then is it that Juez Garson has been able to see, analyse and judge this before the Opposition in Gibraltar has. It seems to me quite possible that in fact all this legislation has been discussed in detail with the Spanish authorities by Britain and of course then many Gibraltarians will raise their hands in horror and say this is appeasement. Maybe it is but we cannot lose sight of the fact that the more tolerant we can make Spain of our finance centre the more likely it is to flourish and therefore it seems to me that any activity aimed in that direction can only help and not hinder us in the long run. It might even be that in 100 years time when different policies have been put into place both in Gibraltar and in Spain and the political climate between us begins to change that eventually the Financial Services Commission may even have two Spanish independent commissioners who then could have a very useful function in reassuring the Spanish Government that what goes on in the finance centre of Gibraltar is none other than what goes on in London and other reputable finance centres in the world.

When I have been to the CPA in contact with parliamentarians from the Channel Islands, most of whom seem to me to be employed in their finance centre and seem to be very expert in the matter, I was amused by what seemed to me a double standard type of attitude to the finance

centre because they made very clear that in their finance centres they are always willing to talk to a policeman but never willing to talk to a taxman. If police from different jurisdictions come to them and say they are worried about this money which comes from drugs or gun running or from terrorism then they are most co-operative but if a taxman comes and says that somebody in their jurisdiction is avoiding paying tax, then they clam up and nothing can be extracted from them. But the problem is, of course, that the world is moving on and because of the difficulties, particularly in relation to drugs, in controlling the scourge of drugs over the world this new weapon has been discovered and developed by which in trying to control movements of dirty money, damage can be done to drug smugglers and therefore this expertise has built up which has turned many taxmen into policemen. So whereas before they would not talk to the taxman but they would talk to the policeman now they are in a dilemma because there is a new kind of policeman who is, in fact, a taxman. How this will eventually be resolved we do not know. As I say, in a perfect world there would not be finance centres. Certainly the same attitude to finance centres as they have in the Channel Islands we could expect to have. Our own Financial Services Commissioner who says, very rightly, in the Chronicle of 26th June that although he is not privy to discussions he said what Gibraltar should be part of is the international tax planning scheme, not part of the tax evasion scheme. The distinction here between tax planning and tax evasion of course is lawyers' speak because really and truly the working man whose only tax payments are made through pay as you earn schemes and who is liable to sudden bills, huge bills because they have not done the PAYE right and he is suddenly landed with a huge bill, that poor man has no opportunity to plan his tax payments so obviously one has to be rich to be able to indulge in this sort of tax planning which the man in the street can be forgiven for not distinguishing between tax planning and tax evasion. The question then becomes, does putting money offshore protect one from the taxman and this is the crux of the matter in the difficulties that we are having with this Bill because obviously our primary objective here is to protect the finance services industry? Therefore, we would really very much like to know whether putting one's money offshore protects one from the taxman. It is curious that when we receive our tax returns here in Gibraltar we are asked in all the different sections to declare our income and there is one section where it actually says money invested abroad must also be declared in this section. There are some who say that this money is outside the jurisdiction of the Gibraltar Government and therefore they are not

morally obliged to declare it. "If the Government can extend its jurisdiction to reach out to that money in that place then I will declare it but if they cannot I will not and this is the reaction of the man in the street. If on the one hand suddenly now if the Gibraltar Government were for example to say that from now on every Gibraltarian is going to be watched to try and catch him when he tries to put his money offshore in order to recoup taxes from him and at the same time running a finance centre for the same thing to be done in the inverse obviously one thing is not compatible with the other and brings a moral conundrum for the future of finance centres in general. How does it affect us in practice now? We have heard from the Leader of the Opposition who has clearly stated that fiscal offences are not excluded in this law which extends money laundering to an all crime basis. So, among the legal community obviously there is great emphasis on the difference between avoiding tax and evading tax. They are very loath to call anybody a criminal who has deliberately avoided paying taxes that really he should have paid. A great reticence, different countries of course take different views and different attitudes and try and tighten up certainly in America where political candidates are scrutinised to an extent that if ever, ever there was a dollar that they did not pay in taxes it comes to light and excludes them from public offence and there definitely they are calling a criminal somebody who does not pay the tax that he should. There obviously they are trying to put a culture which does not hesitate to label him a criminal. So here we are then with this ambiguity and this dilemma of really coming to grips with this problem. I have not read through this Bill item by item because it would not be a very productive exercise. At one time I was very keen I read the 1st July law in very great detail and it was not till I read it in the press 10 days later that the impact of it came to me. In other words, I did not understand at all what it meant, so spending three or four hours reading through this in detail obviously would not greatly..... But I have scanned through it and looked here and there to try and get an impression. Of course there are sections there which deal with registration of external confiscation orders because of course the problem that we fear is that the Spanish Government will bring a case to Gibraltar against a Spanish citizen who has invested in the finance centre, and try and confiscate that money on the grounds that they are fiscal criminals. Of course this would be very damaging to the finance centre and really and truly we do not know whether that situation is likely to arise. But certainly this law in its section headed 'Registration of External Confiscating Order and Enforcement of External Registration Orders' does put legal and

bureaucratic barriers to the execution of such orders so I would imagine that probably none of us really know in detail what the consequences of this law will be other than of course that it clears up the constitutional problem with UK. Obviously it will have a beneficial effect in enabling because I should imagine that if the Spanish Government came to Gibraltar and said, "Look here in your finance centre you are sheltering in such and such an account the proceeds of ETA". I am sure that everybody would fall over themselves in their anxiety to help the execution of a confiscation order but not in the question of tax avoidance. I should imagine then that the question of bureaucratic obstacles and the expenses involved will actually prevent fiscal crimes being investigated and nothing will come of it and that this law will serve only for the purposes of real crime, of what the man in the street accepts are real crime.

Mr Speaker, this Bill contrary to what we were led to believe at the last meeting of the House, says that it will come into effect the moment that the Governor says that it will. Of course we were led to believe that from now on the laws will come into effect when the Government says that it would. Therefore the Government have climbed down on this issue and very rightly so it seems to me because the headlines in the paper on Wednesday 26th April where it says, "Bossano moves to preempt Deputy Governor...." was really scandalous and brings great anxiety to the people, helps to fill the Mackintosh Hall when the GSD called a public meeting. It is something that I welcome incidentally. But the scandal and the anxiety imposed when the Chief Minister goes on television and says that he has to remind the Deputy Governor that he is not in Burundi or Rwanda is not at all welcome to the people of Gibraltar. It is welcome, of course, that he stands up for Gibraltarian rights against whoever it is including the Foreign Office. But this has to be done in a diplomatic way behind closed doors and only taken to the public when the public are expected to be involved. In other words, when a real authentic stand is going to be made. When the people must be involved in backing that stand but here we have a situation where the general has said to his troops, "Charge" and then in mid-charge he has said, "No, no, stop, do not charge". This confuses the people, dismays the people and swings them radically away from the GSLP which is the aspect of the situation that I welcome. There is no doubt, of course, that the British Government typical of the British character have allowed the Chief Minister to save face over this issue and that with a show of much movement between London and Gibraltar and

technicians being involved and so on, have allowed sufficient show of compromise to allow the Chief Minister to apparently back down graciously. But the fact remains that even though in another Chronicle of 27th May he declares, "I will not be Britain's puppet" in fact the crux of the matter in this public display of aggression resulting in a backdown in fact puts very much in doubt those headlines, "I will not be Britain's puppet" and has caused anxiety to the people for no justifiable cause. It seems to me, Mr Speaker, and I am coming to the end of my comment, that when the Chief Minister goes to his well-earned early retirement in the next few months and he has plenty of time for reminiscence he will have time to consider himself of the headlines of the 19th May which says, "Time to lance this boil once and for all". That will be, of course, the last nail in his coffin. All this issue has reminded me of the prayer in which the person making the prayer asks God to give him the courage to change the things that he can change and the resignation to accept the things that he cannot change and the wisdom to know the difference and, unfortunately, it is that wisdom that has been lacking in this case. Thank you, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, I think I need to remind the Leader of the Opposition that certainly he might not have been aware in February 1994 that this had been raised in London but he was certainly aware in January this year because in January this year he specifically asked me whether this was an issue and whether in fact the law we were passing in January was capable of being interpreted as being something that affected laundering of the proceeds of crime other than drug trafficking. The Opposition Member was questioning a reference where it says "or offences under a corresponding law" and he said, "I do not say, Mr Chairman, that the legislation necessarily has that defect. I am raising the query that here we have got very clear in this very powerful legislation which imposes obligations and if expanded is capable of damaging our finance centre irrevocably, let it be clear what we think as legislators we are legislating when we use those words. And if there is the remotest doubt that these words have a broader meaning that extends beyond the parameters of drug trafficking, let us make sure that we do not" and I replied, "I want to take this opportunity so that we have it on the record of saying in response to the concerns expressed by the Opposition Member that we share entirely the view that we have and obligations to ensure that our system is not exposed to being used as

getting rid of the proceeds of drug trafficking; that is what we are setting out to do, that is what we are required to do by the European Directive. Therefore we have made it absolutely clear in unmistakable terms to Her Majesty's Government that that is what we are doing and we are satisfied that the law reflects the policy decision because the UK Government is still trying to persuade us to go beyond this. In January it was public knowledge that they were trying to persuade us to go beyond it". In the public statements that I have made, not in the House but outside the House, in 1994 I have made clear that we had a difference with the United Kingdom on whether the law was fully in agreement with Community law on drug trafficking only or not when there were comments being made in the press about our failure to implement Community law. Therefore, in case the hon Member has not understood what I have told him, the matter was raised with me in February 1994 for the first time but I was told it was not the priority. I was told in February 1994 the priority was the Financial Services Commission. I made it clear then that in any case it could hardly be a priority for us to do it when they had not done it themselves yet. They did not do it until the 1st April 1994. Having done it on the 1st April 1994 they asked me to follow suit in July 1994 and we said, "We are prepared to do it if we see that people other than the UK are doing it. We are not against it. We think, having looked at others, it is better to use the system other member States have used and not yours but we are prepared to do the money laundering only straightaway". The UK said, "No, we do not want you to do the money laundering straightaway. We want you to reconsider your position and accept that the only way to do it is the way that we do it in UK because we have already agreed in February that the financial services industry in Gibraltar must match the standards of the UK and matching the standards of the UK include this". Clearly in their view much in the standards of the UK includes anything that touches on the finance centre. That is clear, that that is their understanding of what it means. Our understanding was that matching the standards of the UK meant that the standards of regulation and supervision would not be inferior to the UK. I certainly do not think that it is the responsibility of the Government to go public every time we are negotiating with the United Kingdom Government something that needs to be done or that is not to be done or that they would like us to do where we are putting one point of view and they are putting another. To the extent that we have gone public it is because for some reason that we still have not fathomed notwithstanding that it is constantly denied by Ministers, stories appear in the press which attribute things that are not



true and which are obviously being planted. The latest example was in The Times where it said we were closing loopholes because of the shoddy state of our banks. If our banks are in a shoddy state we have already got somebody from the Bank of England here, what are they doing about it? But The Times argued that we are now legislating today to close bank loopholes. This is all a nonsense but the man that wrote this story who is a diplomatic editor did not invent this. Somebody gave him that information and therefore whenever such information has come out, my response has been that something is up with the stories that are being planted because it is not true that this is what has happened and Ministers say that they do not know who is doing it and they do not take the responsibility for the alleged sources and this has been going on since last September and it has happened three or four times.

As regards the priority of the Government in trying to meet the United Kingdom, the position we have adopted throughout has not changed because our position has always been that we were prepared to do it within the same time frame as other people and not just the United Kingdom. We have, as far as we are concerned, got an understanding that that is agreed and that understanding was due to be confirmed in writing by the Foreign Secretary. Unfortunately, it was not possible for him to do it before, otherwise I would have been able to announce today that it was not simply an expectation on the part of the Government of Gibraltar but that we had written confirmation because it is on that basis that I wrote to him and on the basis that there would be a bilateral agreement between our two Governments. Before the hon Members think I have invented something, let me say that the first bilateral agreement on the application of matters relating to the EEC was done in 1973 between our two Governments. I tell him in case he thinks I have invented something by bringing something to the House which has got great consequence which has not been previously debated at length and has been in fact discussed between Gibraltar and the UK, when the House of Assembly was presented in November 1994 with the Brussels Declaration requiring all our laws to be changed to give advance EEC rights to Spanish nationals - 11 months before they were EEC nationals - we discovered, to our surprise, that in fact a willingness on the part of the Government of Gibraltar to do this had already been indicated to the UK Government in November 1993. Not only did we not know it here where we were being given assurances that the position of the Government of Gibraltar was the opposite, we discovered that the non-members of the House in the party had been told, much to our surprise.

*[Interruption]* I complained as much as the hon Member does, so it is a familiar complaint! I can understand it but what I wanted him to take on board is that having been there I can see the logic of his position but being here I can see why the previous Government sometimes brought something when it was agreed and not when they were negotiating and where they felt it was their responsibility to try and achieve a certain result and that is what we have tried to do. What we have tried to do has been to produce what the UK wishes to see produced on the basis of the time frame of its implementation, with which we have no problem, because we do not have an argument. We do not think we can defend a position where other territories are doing it and we do not do it because we would not want to be seen as a place that people come to bring the money which they cannot take anywhere else because in all the other places it would be laundering and in Gibraltar it is not laundering. That would not be a way that we want it and that would not do the finance centre any good. So there are two extreme positions. If we have got weaker money laundering laws than anybody else I do not think it does us any good and if we have got tougher money laundering laws than anybody else I do not think it does us any good. We want to be mainstream. In some places they may have been able to afford to have very, very tough laws because in any case they are dealing with something that is not important to their economy. I think that is the lesson that we learnt. The fact is that Luxembourg is extremely reluctant to move away from drug trafficking because of course financial services is very important to Luxembourg whereas for somebody else it might be less important and therefore attacking crime is a higher political priority than encouraging investment in the financial services industry. We certainly have the peculiar situation which is the way that the UK has done it. I will explain when we come to the amendment that it need not be a crime in the place where it happens, that is to say when we are talking about the proceeds of crime to us it seems more reasonable to say the crime has to be committed somewhere for the money to be laundered. But if someone is doing something that is legal somewhere why should he then be told it may be legal there but it is not legal here so here we consider it to be money laundering because if he had done the same act here then it would be a crime here. This is why I have mentioned we have put the case to the United Kingdom and they have accepted that we need, particularly in the fiscal area, to review the positions that we are sure that things are considered to be minor offences elsewhere and not considered to be indictable offences in our law because it is not being looked at as an important issue in the past.

We then find that somebody innocently handles money which is perhaps avoiding tax somewhere else and might be avoiding it there and evading it here and therefore technically without wanting to they have committed an offence and that is something we want to deal with before this becomes laws. So we will be working on that in order to bring legislation very soon so that is ring fenced before this is law.

I also want to make clear that the alleged imposition of direct rule which is the alleged constitutional crisis which is what I have said repeatedly we would fight every inch of the way if it materialised - that continues to be the position of the Government of Gibraltar - it has always been in response to allegations in the press that such a programme of action was under consideration. All I can say is that it has never once in all the meetings been something that I have been threatened with, ever, and all I can say is that Douglas Hurd in Madrid, sitting next to Senor Solana said, "The Gibraltar Constitution of 1969 does not allow the British Government to give instructions to the Chief Minister of Gibraltar. We have to persuade him and carry him with us" and that was said in Madrid post this particular meeting which led to Douglas Hurd asking me to reconsider our position on the law. Now, the fact that he says that publicly, I am afraid, does not mean that some other people might be thinking something privately or even if they are not thinking they are choosing to tell the press that they are thinking it and therefore we cannot ignore and we have not ignored it and we have made it clear that if that is a signal that is being sent out then we send a signal back. That is the way it is going to continue if the signals keep on coming. Nevertheless, it is not that we want to go down that route and as far as I am concerned the UK position is that within the 1969 Constitution their interpretation of what is foreign affairs and what is not foreign affairs, particularly post 1993, is that what was previously and clearly within the province of the elected Government of Gibraltar is now, at the very least, in what is identified in the Constitution as a grey area which is where it has aspects which are domestic and aspects which are foreign affairs. They have got a point because if we until 1992 gave somebody a licence to have a bank in Gibraltar, although the UK would want the bank to be properly regulated and properly controlled and not used for money laundering and all the rest of it, at the end of the day the bank could not move out of Gibraltar and if it wanted to move it needed to satisfy each country that it went to all over again like a new bank. Their position is the fact that the bank since 1993 under Community law no longer is subject to those controls and it means that the control in the

home jurisdiction has got to be considerably increased and since if a bank from Gibraltar starts travelling in Europe or doing business with Europeans or an insurance company starts writing policies, if it goes wrong, like it happened with Barlow Clowes in 1987, then we finish up picking the bill like we had to do in 1987 with Barlow Clowes. In 1987 we finished up accepting the argument of the Gibraltar Government in 1988 and 1989 that we had no choice but to pick up the bill because in fact we accepted Barlow Clowes in Gibraltar on a licence that they gave them in the UK. If there was any passporting it was passporting from the UK to Gibraltar but if we have got the ability now to issue financial services passports then the UK argument is this now transcends our national frontiers and if something goes badly wrong then they are held to answer for it by Community partners. Nobody is going to say, "What is the Gibraltar Government doing about it?" They are going to say, "What is the British Government doing about it?" Therefore we have now got a locus standi in this matter which we did not have before. It is not an argument that is devoid of merit. The point is that if we do not find a balance and that is what we have been trying to find since 1992 and we have not yet succeeded, but I hope we will succeed, if we do not find a balance then we can finish up - and that is a point we have been making since the 1992 election - with a situation that in order to protect themselves they go to such an extent to be absolutely 100 per cent safe that effectively there is nothing left for us to do here and to some extent this is correct of this legislation. If we have got a situation where we are going to negotiate with the United Kingdom the text of the laws that apply Community obligations or apply things in Gibraltar which have implications in external affairs and that is the position that we are in, effectively we cannot be toing and froing. That is to say, we cannot say we bring a Bill to the House, we listen to the views that are put here, we will get amendments, then we will go back, we will see if the UK will accept the amendments that we have got, if they say no then we will go back, we see..... It is an impossible situation. So at the end of the day we have to take the responsibility for the Government of saying we have to have the negotiations with the United Kingdom and what we finish up with is what we will use our majority and deliver in Gibraltar in exchange for the UK delivering something else for us which still has to materialise. Even now, and even after this I do not think that we are going to see the Treasury in the United Kingdom satisfied that they can now give the seal of approval to the Gibraltar financial services industry which will enable that industry, I think, to develop what is in the judgement of the Government a very considerable potential but that

considerable potential is only in the European Union and if they do not even allow us access into the UK market I do not see how they can persuade the French, the Germans or anybody else to allow us into their market because the example that they are satisfied in my view will be when they actually deliver by amending UK law. We were promised that in 1994 on the basis that they would monitor the system here but they have only appointed people to the Commission a few weeks ago and those are the people presumably who are going to be doing the monitoring and reporting back. There is no knowing how long it will take. In the meantime, the reality of it is that the more legislation that we bring into this area and the more we raise the controls and the standards and the requirements to UK levels the less of the historical, traditional, bread and butter company registry business we are going to be able to do, in our judgement, because that is the business that will flow to less over-regulated places which are outside the European Union and which do not have to comply with those requirements. So it seems to me that one important element which either they do not understand or they do not care is that we run the risk of losing one type of business without, at the same rate, gaining the other type of business simultaneously and that in between the two we could have a situation where the potential is in the future but the disadvantages are in the present. But there is no choice. That is a condition that they say is necessary for us to be able to achieve the penetration of the European Community markets by competing from Gibraltar that we believe we are entitled to, have been entitled to since 1973 and could bring a new level of business to Gibraltar but we have to put the things in place first and wait for the business afterwards. That is the only methodology that is acceptable to the United Kingdom Government and as far as they are concerned that is the way they do it there and that is the way they expect us to do it here and if other people do not do it there other people are not British territories and not responsible for them. We cannot argue that in Italy it is not done like that or in France it is not done like that. The UK view is that they think that is the proper way to do things in London and they expect us to think the same in Gibraltar subject to discussing the odd point of detail here or there or when it starts or when it does not start and that is the only margin, as far as they are concerned, that we have or alternately we ought to have been thinking of leaving the European Union which I think is just no alternative.

HON ATTORNEY-GENERAL:

Mr Speaker, I commend the Bill to the House.

Question put. The House voted:

For the Ayes:	The Hon J L Baldachino
	The Hon J Bossano
	The Hon M A Feetham
	The Hon R Mor
	The Hon J L Moss
	The Hon J C Perez
	The Hon J E Pilcher
	The Hon Miss K M Dawson
	The Hon B Traynor
	The Hon P Cumming

Abstained:	The Hon Lt-Col E M Britto
	The Hon P R Caruana
	The Hon H Corby
	The Hon M Ramagge
	The Hon F Vasquez

The Bill was read a second time.

HON ATTORNEY-GENERAL:

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

Question put. Agreed to.

#### COMMITTEE STAGE

HON ATTORNEY-GENERAL:

I have the honour to move that the House should resolve itself into Committee to consider the Criminal Justice Bill 1995, clause by clause.

THE CRIMINAL JUSTICE BILL 1995

The Long Title

HON CHIEF MINISTER:

The Leader of the Opposition has suggested an amendment to the explanatory paragraph at the start of the Ordinance to make sure that it is not possible subsequently for people to argue that prior to this we had not transposed Directive 91/308, and we think it is a good idea, and we are willing to accept it, and therefore I am moving the deletion of the words "transpose into the national law of Gibraltar Council Directive 91/308/EEC" and the replacement of the words "transfer the existing transposition of Council Directive 91/308/EEC from the subsidiary to the primary law of Gibraltar". I would say "from the subsidiary to the primary national law of Gibraltar".

HON P R CARUANA:

Mr Speaker, we support that amendment.

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

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

Clause 2

HON CHIEF MINISTER:

Mr Chairman, I beg to move in Clause 2(7) the deletion of the definition for "criminal conduct" contained therein and the substitution of a definition which says -

""criminal conduct" means conduct which -

- (a) if it occurs in Gibraltar constitutes an indictable offence other than a drug trafficking offence; or
- (b) if it does not occur in Gibraltar would constitute such an indictable offence if it had occurred;". \*

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\* The written notice given by the mover to the Chairman included the words "in Gibraltar" after the word "occurred". These words were inadvertently omitted by the mover when he proposed the amendment.

I will be moving a compensating amendment to Clause 6 which will introduce the definition of criminal conduct which is now in Part I in Part III and that is because in the United Kingdom where we have seen that they have got a different definition they have one definition for the Part that affects the actual administration and another definition for the Part that affects the definition for what constitutes the proceeds of criminal conduct and it being an indictable offence. Following the discussions we had with UK they accepted that we would be able to retain this definition but that it should be properly, in their view, in Part III and not in Part I.

HON P R CARUANA:

Mr Chairman, the Government Members can take it by themselves because certainly we have not seen any such amendment in writing. It is all very well for the Chief Minister to read it to me but I cannot here and now digest it and consider what its consequences, if any, might be. I have not seen anything in print and this is not a proper manner in which to propose amendments to the Bill. Certainly, the House can consider it but it will have to be all by themselves, that is, the Government Members. I express no view one way or the other, I do not know what Mr Chairman is asking me to express favour or antipathy to. I cannot comment on matters of which I am not aware and I am telling Mr Chairman that I am not aware of what this amendment is. I am not commenting on this amendment one way or the other.

HON P CUMMING:

Mr Chairman, I would like to be able to vote in favour all down the line but it just occurs to me, does this change the fact that if it is an offence in another country that becomes criminal conduct for the purposes of this law? Is that still part of the law in spite of this amendment, that is what I would like to know?

HON CHIEF MINISTER:

Mr Chairman, the Bill provides that for the money to be the proceeds of crime somebody must have committed a crime in the place where the act took place. That seemed to us to be the logical way to go about it. The UK has not done it like that. The UK has done it on the basis that if one commits a crime in Spain, given that we are in this part of the world, for the sake of illustration, and the thing that one has done in Spain is not a crime in Gibraltar then getting rid of the money in



Gibraltar is not dealing with the proceeds of crime. However, if one does something in Spain which is not a crime in Spain but would have been a crime in Gibraltar, had it been done in Gibraltar and not in Spain, then getting rid of the money will be money laundering in Gibraltar though clearly not money laundering in Spain. So the effect of this is that, as I tried to explain earlier on in the general principles, there will be a considerable range of profit generating activities which will produce money which can be legally laundered in Spain but would be illegal in Gibraltar.

HON P CUMMING:

The question of the tobacco launches, does that change the position as described in the press? It seems to open, because it is not a crime here therefore this seems to change what has been advertised in the press about the proceeds of tobacco smuggling.

HON CHIEF MINISTER:

Mr Chairman, I cannot help if the hon Member cannot understand what the law says because it is a fairly simple English language sentence. If it is something that had it been done in Gibraltar would have been a crime then it is an offence. All I can say is that this is what the UK would like us to do so whatever the effect may be it must be something that will please them.

Question put. The House voted:

For the Ayes:	The Hon J L Baldachino
	The Hon J Bossano
	The Hon M A Feetham
	The Hon R Mor
	The Hon J L Moss
	The Hon J C Perez
	The Hon J E Pilcher
	The Hon Miss K M Dawson
	The Hon B Traynor

Abstained:	The Hon P Cumming
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Clause 2, as amended, stood part of the Bill.

HON P R CARUANA:

Mr Chairman, as far as it concerns the Opposition you can take the Committee Stage of the Bill in whatever way it suits the Government. You can go straight to the clauses where they have amendments. We do not want to consider the Bill on a clause by clause basis.

Clauses 3 to 5 were agreed to and stood part of the Bill.

Clause 6

HON ATTORNEY-GENERAL:

Mr Chairman, the amendments to Clause 6 are being introduced purely as refining the definitions -

(a) Before the definition of Banking Supervisor" insert:-

""the Authority" has the same meaning as in the Financial Services Ordinance 1989;"

(b) Before the definition of "Customs Officer" insert:-

""Commissioner of Banking" means the person appointed in accordance with Section 12 of the Banking Ordinance 1992;

"Commissioner of Insurance" means the person appointed in accordance with Section 7 of the Insurance Companies Ordinance 1987;" and

(c) Before the definition of "the Money Laundering Directive" the insertion of -

""Insurance Supervisor" means the person appointed in accordance with Section 8 of the Insurance Companies Ordinance 1987".

HON P R CARUANA:

Mr Chairman, please take note for the record that all these amendments fall into the category which I described earlier. We have not seen them. We have not had an opportunity to consider them and therefore we are just not participating. I do not want Mr Chairman to sing "Stands part of

the Bill" even with our abstention. We are simply not participating in the process of the consideration by this Committee of these amendments.

MR CHAIRMAN:

That will appear in the Hansard but as far as the voting is concerned you are abstaining.

HON P R CARUANA:

The majority is a Government majority.

HON CHIEF MINISTER:

I beg to move that after Clause 6(3) a new Clause 6(4) be inserted reading as follows -

"(4) The reference in subsection (3) above to doing any act which constitutes an offence under Sections 2, 3 or 4 of this Ordinance shall, for the purposes of this part of this Ordinance, be construed as a reference to doing any act which would constitute an offence under those sections if, for the definition of "criminal conduct" in Section 2(7) of this Ordinance, there were substituted -

"criminal conduct" means conduct which -

- (a) if it occurs in Gibraltar constitutes an indictable offence other than a drug trafficking offence; or
- (b) if it does not occur in Gibraltar -
  - (i) would constitute such an offence if it had occurred in Gibraltar, and
  - (ii) contravenes the law of the country in which it occurs;"

Therefore what we are now doing is transposing the definition that was deleted from section 2(7) and introducing it as applying to Part III as opposed to Part I of the Ordinance. Renumber old sub-clauses (4) and (5) as (5) and (6) respectively.

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

Clauses 7 to 12 were agreed to and stood part of the Bill.

Clause 13

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move an amendment to Clause 13 again refining definitions. Clause 13(6)(a) should be amended as follows -

- (a) a new sub-paragraph (i) should be added in the following terms:
  - "(i) a function of the Authority appointed under Section 2(1) of the Financial Services Ordinance 1989."
- (b) the existing sub-paragraphs (i), (ii), (iii) and (iv) should be renumbered (ii), (iii), (iv) and (v) respectively; and
- (c) Clause 13(6)(iv) (as renumbered) should be amended as follows:
  - "a function of the Commissioner of Insurance or the Insurance Supervisor under the Insurance Companies Ordinance 1987, or".

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

Clauses 14 to 16 were agreed to and stood part of the Bill.

Clause 17

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move an amendment to Clause 17(2). For the reference to "Regulation 9(1)" substitute "section 9(1)".

Clause 17, as amended, was agreed to and stood part of the Bill.

Clause 18 was agreed to and stood part of the Bill.

Clause 19

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move an amendment to Clause 19. After Clause 19(2)(c) and (d) be deleted and replaced with the following -

- "(c) the Authority appointed under Clause 2(1) of the Financial Services Ordinance 1989;
- (d) the Commissioner of Banking and the Banking Supervisor;
- (e) the Commissioner of Insurance and the Insurance Supervisor."

Clause 19, as amended, was agreed to and stood part of the Bill.

Clauses 20 to 44 were agreed to and stood part of the Bill.

THIRD READING

HON ATTORNEY-GENERAL:

I have the honour to report that the Criminal Justice Bill 1995 has been considered in Committee and agreed to, with amendments, and I now move that it be read a third time and passed.

Question put. Agreed to.

ADJOURNMENT

HON CHIEF MINISTER:

I have the honour to move that this House do now adjourn to Friday 21 July 1995 at 10.30 am.

Question put. Agreed to.

The adjournment of the House was taken at 12.40 pm on Friday 7 July 1995.

FRIDAY 21 JULY 1995

The House resumed at 11.03 am.

PRESENT:

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

GOVERNMENT:

The Hon J Bossano - Chief Minister  
The Hon J E Pilcher - Minister for the Environment and Tourism  
The Hon J L Baldachino - Minister for Employment and Training  
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 Social Services  
The Hon Miss K M Dawson - Attorney-General  
The Hon B Traynor - Financial and Development Secretary

OPPOSITION:

The Hon P R Caruana - Leader of the Opposition  
The Hon Lt-Col E M Britto OBE, ED  
The Hon F Vasquez  
The Hon H Corby  
The Hon M Ramagge

The Hon P Cumming

ABSENT:

The Hon J L Moss - Minister for Education, Culture and Youth Affairs  
The Hon L H Francis

IN ATTENDANCE:

D J Reyes Esq - Clerk to the Assembly (Acting)

MR SPEAKER:

I regret the delay in starting the business due to the Chief Minister having been held back in his office with important Government business. Because of the deadly heat I think we do not want a bye-election, hon Members who wish to remove their jackets may do so.

DOCUMENTS LAID

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I beg to move under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the laying of the document on the table.

Question put. Agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to lay on the table Statements of Consolidated Fund Reallocations approved by the Financial and Development Secretary (No. 12 of 1994/95).

Ordered to lie.

## BILLS

### FIRST AND SECOND READINGS

HON ATTORNEY-GENERAL:

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 a Bill.

Question put. Agreed to.

THE IMMIGRATION CONTROL (AMENDMENT) ORDINANCE 1995

HON ATTORNEY-GENERAL:

I have the honour to move that a Bill for an Ordinance to amend the Immigration Control Ordinance in respect of the duration of and the terms and conditions which may attach to a permit of residence be read a first time.

Question put. Agreed to.

HON ATTORNEY-GENERAL:

I have the honour to move that the Bill be now read a second time. On the general principles of the Bill as hon Members will see from the text all that the Bill does is it replaces the existing provisions on the granting of residence permits to include the administrative practice. At the moment on a residence permit of under one year, the law limits the ability of the Principal Immigration Officer to have to give permits in multiples of either two days, even days, one month, three months and so forth. This often means that people get permits for periods which do not coincide with their need to be present in Gibraltar and creates unnecessary administrative work. The new provisions simply modernise the system to the extent that the permits can be given for a year or any number of days under a year at the discretion of the Principal Immigration Officer and advantage is being taken of the change being brought in at this stage to make provision for a system similar to the one that exists in the United Kingdom where the permits can be in the form of a stamp on a passport which can include provisos as to the conditions that are attached as has been the case in the UK immigration service for many, many years. I commend the Bill to the House.

MR SPEAKER:

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

HON P R CARUANA:

Mr Speaker, I hear what the Attorney-General has said about what appears to her this Bill achieves. Neither the Explanatory Memorandum attached to the Bill nor, indeed, the Attorney-General's explanation explains what, if anything the underlying policy decision of the Government is and why it is considered necessary to introduce these measures. For example, as I read the Bill and perhaps explanations to the contrary will come from the Government Members, one of the things that the Bill does is to repeal sub-section 18(3). Sub-section 18(3) is the one that says that a residence permit to somebody who is not a defined Community national can only be given if he has an employment permit. That is repealed and the effect of that is to eliminate the need for a work permit when issuing residence permits for under a year. The people in



this category are non-members of the European Union plus the United Kingdom who are excluded from the definition of Community nationals for the purposes of the Immigration Ordinance. Therefore, that repeals sub-section (3) and is replaced by one that says that a mandatory condition about having to have a work permit before someone can get to a residence permit. It is replaced by something which is entirely permissive. In other words, the Principal Immigration Officer may issue visas to which he may attach conditions and the conditions which may be specified in such a permit may be related to employment or may be such other things as he pleases. In other words, this is not just administrative housekeeping. This is not just relieving the Principal Immigration Officer of the inconvenience of only being able to give a visa in multiple of two weeks when somebody asks him for one of three weeks and he scratches his head and says, "Oh, dear, here is somebody who wants a visa for three weeks, and I can only give it to him for two or for four, what a terrible crisis". Therefore, this Bill goes considerably beyond that and if that is the effect of this Bill and it may well be, I express no comment at this stage as to its relative merits or demerits of that degree of liberalisation of the immigration policy currently in the Immigration Control Ordinance, but certainly I think that there ought to be a much fuller explanation of the effect of legislation. If an explanation is going to be given at all I think the explanation ought to be as complete as possible and certainly we would welcome hearing what the underlying policy is in respect of that amendment. We will reserve our position in relation to this Bill until we hear that explanation from the Government Members.

HON CHIEF MINISTER:

Mr Speaker, the Bill does two things. First of all, it removes the restriction that there is in the existing law which goes back to the days when people had to be out of Gibraltar before sunset, which in fact is not being observed and it would be ridiculous if we get a million people coming into Gibraltar and if they stay for two days they all have to queue up and get a two-day residence permit. The fact that the law has been like that for many years and has not been observed for many years does not mean that we do not get round to putting it up to date. Residence permits, and we are not talking about visas because visas is not included in the list of defined domestic matters but residence permits are and this is the issuing of a permit of residence, what we have done is to say rather than have a position when the law says the residence permit has to be for either two days or seven days but it cannot be for three, four, five or six, we say it can be for any number of

days up to 365. Rather than says someone cannot get a one year permit unless he has got a work permit and we have had specific instances of people who have had some connection with Gibraltar and who are caught by a mandatory definition which leaves the Principal Immigration Officer no flexibility whatsoever, what we have done is follow what is the normal practice everywhere else which is that in fact somebody that comes to Gibraltar can get a stamp put on the passport saying, "Allowed to stay in Gibraltar provided they do not take up any economic activity or provided they do not work or provided they work only in a particular thing". The answer is we believe that the Principal Immigration Officer in implementing the policy of the Government and implementing the law should have the framework which gives him the ability to attach the conditions that he considers to be necessary to achieve the desired results without being constrained in saying to somebody, "You cannot get a one-year permit because I am not allowed to give you a one-year permit because you have not got a work permit but you can have four three-months permits over the year and come four times and for that you do not need a work permit". I do not know what the logic was of the original thing but certainly what we know is that from experience of dealing with people who sometimes make representations to us, sometimes make representations to Opposition Members that bring it to us is that when we have gone back and said, "Why is it that there are specific instances of people who seem to have sensible arguments and yet they are finding lots of obstacles?" The answer is because the law only allows me to say yes or not or to do (a) or (b). We know that there have been instances where people have had to effectively invent a job and get a work permit in order to be able to get a one-year residence permit. We do not want that to continue to happen and we do not see a need for it and frankly in terms of the specific instances that I am talking about - we are not talking about more than half a dozen in one year - but we believe that by having the provisions in the law put as they have been put we can monitor the situation and if we feel that by making it more flexible we are creating an influx of people and creating problems for ourselves then we will review it. I will give way.

HON P R CARUANA:

Mr Speaker, that is precisely the point that I was driving at, that in effect, we are uncoupling the employment requirement from the renewable residence permit requirement. Because, of course, this is for a year. It raises questions about whether it has got to be a year minus 10 minutes in order not to trigger other rights of the holder but still, what we have here is a situation where somebody can now be given a 12

month permit renewable continuously and that that facility is available as a result of this Bill for the first time unconnected from the need for that person to have an employment permit. This is the indication that I want from the Government Members, whether I hear what the Chief Minister has said about half a dozen a year but I mean once the administrative machinery exists it will be used on as many occasions as the Principal Immigration Officer applying the Government's policy chooses. In effect, is this the way in for what we might call financial immigration? In other words, is this part of a policy now to attract to Gibraltar more high net worth resident individuals which, of course, is a policy that the Government have floated before in terms of expansion of the population and in terms of using some of the infrastructure that is being created? Really it would be helpful if the Chief Minister would indicate whether this is part of that jigsaw. In other words, this is the part that needs to be changed in the Immigration Ordinance to facilitate that policy implementation.

HON CHIEF MINISTER:

No, Mr Speaker, most of the people who come in under the high net worth individual (and this applies whether they are Community nationals or not, by the way) or people who are not coming in to work have to be able to satisfy the Principal Immigration Officer that they have things like private medical insurance and a private income which does not create a burden on our social services and that is contained in the general rights of residence under the Directive in Community law and in the provisions, for example, for retired persons and in the provision for, say, students. So unless someone is coming here because he is setting up a business or he is in fact taking up employment, the provisions already in Community law and in other sections of the Ordinance allow different criteria to be applied and normally if it is a question of somebody taking up residence in Gibraltar on the basis of not taking up employment but effectively making a contribution to the economy of Gibraltar which is a net contribution, then that is done under section 19(c) of the Immigration Ordinance which is what we introduced at the time the concept was envisaged. I think of the 40-odd people who have come in they have all come in under section 19(c). What we found here was that because one could not get a residence permit for one year without having a work permit, one particular instance that highlighted a deficiency in that necessity recently was a case of somebody who had a Gibraltar connection, who had been away from Gibraltar for a very long time, who then coming back to Gibraltar with small children, a single parent, not being able to work and there was no way in. They were not

high net worth, they were not Gibraltarian by birth, so it is obvious that whatever law we do there can always be situations which the law was not intended to prevent but the wording and the drafting of the law has an unintended effect. We believe that by making the law capable of having the conditions attached that are necessary, the flexibility exists in the Immigration Ordinance to Gibraltar which is the normal thing elsewhere. That is to say, it is not the case in other countries' immigration laws that the immigration officer is given no discretion and that he either has to say, "Either you have a work permit or I cannot give you a residence permit for 365 days". We have got people here for many years and have never had more than three months permits at any one time because there is nothing else that can be done. I will give way.

HON P R CARUANA:

I thank the Chief Minister for giving way again, but I understand all that but the point is that we are moving from a situation in which the Principal Immigration Officer has no discretion, unless someone has a work permit he cannot get a residence permit for a year, into one in which there is total discretion, unbridled discretion because he can impose whatever conditions, if any, he likes and that means whatever conditions, if any, from time to time the Government decide in accordance with that policy. So we move from a situation in which there is no discretion and the laws says who is entitled to come to Gibraltar and who is not to a situation in which the law says everyone can come and live in Gibraltar for up to a year that in effect the Government decide. There is no longer a blueprint in the law of who is entitled to come to Gibraltar and who is not. In other words, we have swung the pendulum completely from one of no discretion to one of unbridled discretion on the part of public administration. No one looking at this law thinking of applying for a one year's permit knows what it is he has got to comply with. There is now no published rules or guidelines that say, "If you need this, you can come and if you do not need that, you cannot". That is the great philosophical change.

HON CHIEF MINISTER:

No, I am afraid he is wrong, Mr Speaker, because this does not do anything to give anybody unbridled rights to come here and the law does not say, "If you have a work permit you shall get a residence permit". The law says, "If you do not have the work permit you shall not get work". That is what the law says. At the moment the Principal Immigration Officer cannot give a residence permit to someone who

does not have a work permit but does not have to give it to somebody who has. The work permit is not a pre-condition, it is a necessary second criteria. If the Principal Immigration Officer wants to give somebody a one-year permit he is not allowed to do it even though the person may have an overwhelming case. The answer has to be, "No, unless you go and fabricate a work permit and come back with a work permit". But if someone turns up with a work permit today he can still say no, for some other reason. So he is not obliged to give anybody one. So it is not to say that now somebody can look at the law and say, "Ah, if I get a work permit I am guaranteed a residence permit". That is not the case. What he can look at the law now and say is, "If I do not have a work permit, I am guaranteed refusal and if I am guaranteed refusal what I will now have to do is go and look for somebody, see if I can persuade him to give me a contract, real or artificial, go and persuade the ETB that there is no available local employment, get a work permit" and even after he does that he can still be told no, today. So there is as much discretion to say no in the law before the change as after the change. There is no discretion to say yes at the moment and we are creating the discretion to say yes because that makes more sense and it is the way other people do it and the fact that it has not been done before is because this has not been highlighted and brought to our attention until there was a very clear case which demonstrated to us that the law which has been there since the year dot, like there are many other laws in Gibraltar, needed bringing it to a more sensible way of doing things but it does not open the door for all and sundry to come in and the Principal Immigration Officer is forced to give permits or not forced to give permits. It really does not more than what I have said.

HON ATTORNEY-GENERAL:

I have nothing further to add.

Question put. Agreed to.

HON ATTORNEY-GENERAL:

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

Question put. Agreed to.

## COMMITTEE STAGE

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to move that the House should resolve itself into Committee to consider the Immigration Control (Amendment) Bill, 1995, clause by clause.

THE IMMIGRATION CONTROL (AMENDMENT) BILL 1995

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

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

## THIRD READING

HON ATTORNEY-GENERAL:

I have the honour to report that the Immigration Control (Amendment) Bill 1995, has been considered in Committee and agreed to, without amendment, and I now move that it be read a third time and passed.

Question put. Agreed to.

## PRIVATE MEMBERS' MOTIONS

HON LT-COL E M BRITTO:

Mr Speaker, I have the honour to propose a motion standing in my name which reads: "This House declares its profound anxiety at the deepening economic and employment crisis".

Mr Speaker, you will no doubt recollect that at the beginning of this meeting of the House the Opposition brought an emergency motion on the subject of the 51 Directives on which we were asking for further explanation and details from the Government and that despite this motion we were not satisfied at the position taken by the Government in not providing that information. As a result of that you will no doubt remember, Mr Speaker, that the Opposition walked out of the House as a sign of protest and as a consequence of that walkout some Opposition Members were not able to deliver the speeches on what is normally known as the budget session, that we had intended to give but we did

give the House and the public in Gibraltar an undertaking at that point that we would be making those contributions at an appropriate later stage. That, Mr Speaker, is the reason why the present motion is couched in such wide terms, so those Opposition Members can have an opportunity to make those contributions. Because of that, Mr Speaker, my own contribution is going to be much narrower than would normally be expected in terms of the motion that I am proposing. It is going to be in fact concentrated on that aspect of business for which I bear responsibility. In other words, for tourism, inasmuch as we understand that the broader subject has already been covered by the Leader of the Opposition in his own contribution at the beginning of this meeting and other subjects like the employment aspect of it will be covered by my hon Colleague Mr Freddie Vasquez.

As I say, Mr Speaker, I will be concentrating on tourism itself and particularly on the Government's failure of its tourism policy or lack of policy as I will show and the consequent effects on the economic situation and the employment situation in Gibraltar. I will do so in broad terms by looking at the potential for growth in world tourism, by examining the Government's commitment to tourism and by proving from the statistics provided by the Government Statistics Office itself how the situation in Gibraltar has been declining roughly since the late 1980s, beginning of 1990s, since in fact this Government came into power in 1988. I will touch on briefly on the reasons for those failures in the conclusion of my contribution to this motion. No less body than the World's Travel Tourism Council itself has produced in its report and suggested that travel and tourism have become, in fact, by now the world's largest single industry. The report by the World Travel Tourism Council suggests that travel and tourism will continue to expand faster than the economy as a whole and faster than comparable industries world-wide. In fact, independent forecasts support that growth strength and predict that by the year 2005 there will be as much as a 33.33 per cent increase in jobs world-wide. There will be a 100 per cent increase in capital investment and there will be twice as much consumer spending and there will be almost two times as much gross output as there is currently. Those are dramatic figures and dramatic predictions indeed by a world body and they provide as a background to a situation where tourism is expanding and increasing world-wide whereas in fact, as I will shortly show, the position in Gibraltar is diametrically the opposite and that we are in a diminishing phase because of the failures of this Government's policies or lack of policies and consequently the negative effect on our economy. But the GSLP when it came into Government told us that for them tourism was a target for improvement.

It said in its manifesto in 1988 that the GSLP "was committed to having a sector", and I am quoting from the GSLP manifesto, "was committed to having a sector that is compact, successful and has a place in the market". It said that this must be done in conjunction with the professionals and as a part and parcel of the study to be developed in their much wanted Gibraltar economic plan. It went on to promise that the Government would co-ordinate their own efforts with those of the private sector in order to achieve maximum results from the promotion efforts in terms of growth in the tourism industry. Mr Speaker, in their subsequent manifesto in the following election in 1992, the optimism of the Government was much more dim and much less obvious but it still went on to say that it would ensure that the maximum impact was achieved from the sums that Gibraltar would be able to devote to this activity. However, the contrary has been the case.

In terms of tourist expenditure, according to the latest Government figures provided by the Government's Statistics Office (the Tourist Survey 1993) we have in fact a situation where, excepting day excursionists from Spain, which I am excluding because, in fact, the footnote to the statistic itself says that the expenditure in respect of excursionists from Spain for 1992/93 had to be treated with a certain caution given the small sample of the annual tourist survey. So with the exception of those day excursionists, in 1993 visitors to Gibraltar were spending less than they were spending in 1988. Up to 1988 there had been a growth trend. In 1988 that growth trend had increased to £17.66 million, the figures given by the Government for 1993 are down to £16.65 million. There is a declining trend overall in this expenditure since 1990.

In terms of the hotel occupancy figures, if I can refer once again to the Hotel Occupancy Survey for 1993, and specifically in terms of arrivals in our hotels, once again there is a declining trend since 1988. Arrivals in our hotels in 1988 were of the order of 65,000 a year. In 1993 those had decreased to 39,000. In terms of sleeper nights there were 286,000 in our hotels sold in 1988 and these have now decreased to 157,000 by 1993. Once again a declining trend and, of course, as we all know in that period three hotels have closed, the Gibraltar Beach Hotel, the Montarik Hotel and the Sunrise Hotel.

In terms of visitor arrivals, once again the figures show the total disaster created in local tourism since this Government came into power. Quoting this time from the Abstract of Statistics provided by the Government Statistics Office for 1993 - the latest figures available - the



visitors by air which peaked in 1989 to 162,000 are by 1993 just under half that figure. The figure for 1993 is just over 80,000, half of what it was in 1989, just after this Government came into power. By sea and by land the figures are holding more or less steady although again by sea there is a slight declining trend. So, on the figures available, the Government's policy on tourism has shown itself to be not only a failure but to be turning tourism into a diminishing market with its consequent negative effect on the economy as a whole and on employment in general. It is, as I said at the beginning, a world market that is increasing everywhere else whereas we in Gibraltar are in reverse mode. The irony of the situation is that I believe that the three main sectors for the failure of this policy were all identified by the Government Members when they were in opposition up to 1987 before they came into Government.

The failures are, firstly, that they are paying lip service to tourism, despite what they promised in the manifesto, the little that they said, that they have quite simply no policy on tourism and that is why they are failing and this is what they blamed the previous Government for. The second failure is that they are providing inadequate financing and marketing in tourism. If one looks at the figures that can be proved as well. The third area in which they are going wrong although they themselves complained about it in opposition is that they have poor consultation and co-ordination with the private sector, something which the private sector bitterly complains about continuously.

On that note and in conclusion, I think the best proof of that feeling generally is to give the opinions of the people who count. The people at the sharp end. The people in the businesses, in the hotel sector, in the retail sector and in the restaurants and to quote from the recent Trading Conditions Survey published just a month ago where 87 per cent of those who responded to that survey were critical of the Government's tourism policy and considered it inadequate. Remember, Mr Speaker, that the people who responded to that survey employ something of the order of 18 per cent of the total labour force in Gibraltar. In that report which I quote now, the Chamber of Commerce say, "There is a clear dissatisfaction with existing tourism policy. It is clear that a major policy review is required. Gibraltar has always had a great potential for a viable tourist industry but has not managed to fulfil this promise. However, the right combination of product development and professional marketing needs to be found". Obviously, Mr Speaker, this Government has not found it. I commend the motion to the House.

HON CHIEF MINISTER:

Mr Speaker, if you will allow me to say something by way of clarification now that we have discovered what it is the motion is about which is not what it appears to be about, let me say that of course in looking at this motion we had assumed that it was a motion about unemployment because there is nothing to indicate even though the hon Member said that it was very widely drawn, all it says is that anxiety on the Opposition benches, that there is an unemployment crisis and we were waiting to discover what it was that led the hon Member to believe that there was an unemployment crisis, which we have not heard. It is obvious after his opening remarks that this is the budget estimate speech that he would have made had he not chosen to walk out. I do not think it gives him the right to make it under some other guise because he chose not to be here when he should have made it but nevertheless if that is what they want then we will try and accommodate it and notwithstanding the fact that we have not anticipated this we will try and give the Opposition Members the answers that they are looking for.

HON P R CARUANA:

Mr Speaker, on a point of order, if the Chief Minister had not anticipated that it is because he does not read the local press. We published this motion, it was published in the company of a press release that stated precisely that this motion was in order to deliver the budget speeches. So clearly he ought to inform himself a little better. The motion speaks about a deepening economic and employment crisis. The employment aspect will be delivered by the spokesman for employment, my hon Friend, Mr Vasquez, and surely the Chief Minister is not now so detached that he does not know how to link the lack of Government's ability to exploit Gibraltar's tourist potential to the economic and employment crisis Gibraltar is now engulfed.

HON CHIEF MINISTER:

Mr Speaker, I do not expect to have to read the press to find out that the motion is intended to say something that it does not say. So far the hon Member has not given one single statistic of the increased unemployment even in the tourist industry which is what the text of the motion is but nevertheless if they want to make their little speeches we will listen to them, we will destroy them as we do every other year and then we will deal with the motion eventually.



MR SPEAKER:

On the motion itself, there is a ruling I am going to pass. Of course that whatever hon Members say on the motion, it must be relevant to employment and if it is not relevant to employment that will be out of order. *[Interruption]* Exactly. Employment and economic crisis. That is the motion and speakers will direct themselves to those principles and none other.

HON J E PILCHER:

Mr Speaker, as the Chief Minister has said, I will try to answer the points made by the Hon Col Britto although we felt that this was going to be the effect of unemployment on the economic activities of Gibraltar. Let me just reassess what the Chief Minister says that although the Hon Col Britto has brought out some statistics on the movements, tourist arrivals in Gibraltar, passenger arrivals at the airport, etc he has not produced any figures of employment in the tourist industry because he knows well that the employment in the tourist industry has increased between 1988 to date; substantially as my hon Colleague, if he speaks to the motion on employment at one stage, will prove. There is, however, clearly a deepening crisis on the overnight market, Mr Speaker. Therefore, the tourist industry in general does not only reflect the employment in hotels, it reflects the employment in restaurants, the employment in cafeterias, the employment at tourist sites, the employment on infrastructure and therefore in general the fact that we have a substantial amount of day visitors has increased a substantial expansion of the tourism industry in Gibraltar. It is not true to say that there has been a decrease in the tourism industry but rather that there has been a decrease in the overnight market of the tourist industry.

Let me start off by saying that the hon Member cannot take us back to 1988, read through the report very briefly which he has done, by the way, between 1988 to date and discards, without even a mention, all the debate, all the discussions we have had here since 1988 to date with major problems of world recession, major problems of the Gulf War, major problems to small islands, that we have discussed here ad nauseam over the last seven years now. Let me point out two things which I think will clearly point to the problem that we are facing in Gibraltar, which I have mentioned before. When I came back about two years ago, having visited a tourism conference in Bermuda, I advised hon Members that one of the things of the conference had been the tremendous problems that small islands had in relation to the overnight

market with the major expansion that there was in tourism world-wide when we were talking about major areas of the United States, major areas of China and major areas in the world, all competing for tourism, with much greater national budgets, with much greater impetus of national carriers and that linked with the major expansion in the communications network across the globe meant that one could probably go from London to Orlando cheaper than one could go from London to Gibraltar or London to Jersey or London to the Isle of Man or London to Guernsey. I think the facts, if they are cared to be checked by the Hon Member, are true.

Mr Speaker, last Monday I had the chance to meet up an old acquaintance of mine who I had met in Barbados, in the Commonwealth Parliamentary Conference, Tony Brown, who is now the Minister of Tourism of the Isle of Man who was at the time, I believe, Sports and Leisure and is now Tourism, who advised me that the overnight market in tourism - and I am not sure whether there is anybody here from the Isle of Man, but the figure can be verified - has gone down over the last six years from 500,000 overnight market tourists to 125,000. A dramatic drop even according to the hon Member's failure of our policy. I am not for a moment saying that we have not got to work our utmost to try and get an overnight market buoyant. If we look at the tourism industry in general, the overnight market is the basis on which any major tourism policy is based because the spending value of people who come to hotels in Gibraltar is greater for obvious reasons than the day excursionist. Taking the hon Member back to 1988, he knows that during the course of 1988/89 and 1990, particularly during the years 1988 and 1989, in conjunction with the industry, particularly with the hotels, we tried desperately to take the profile of our tourists to an up-market situation. It is quite clear that the only way that small islands, small markets, can survive is if the value of the holiday is greater and therefore people are prepared to pay that extra bit more because it is not possible in the mass market tourism for Gibraltar or any small island to be able to compete with the Orlandos of this world. It is just not possible, particularly having a major player across the way as we all know - the Costa del Sol. During the concerted efforts of the industry and the Government at the time we then had major recession, we then had the Gulf crisis, we had the crisis in the civil aviation world, we had initially Air Europe doing down, then Dan Air going down, major crisis in the civil aviation world, and it was then decided by the industry and the Government that we needed to take a step back and start to look again at the tour operator market although we all knew and we continue to know that that is not the best future for Gibraltar in tourism. It is a mass

market and a mass market that produces a lot of problems for the infrastructure of the hotels, the infrastructure of the market in general but, unfortunately, this had to be done. When we launched this activity we were very, very successful. We have a lot of operators serving Gibraltar today and it is something that we set up the United Kingdom/Gibraltar Tourism Association in, I believe, 1990/91 to advise the Government from the point of view of our marketing ability in the UK which continues to be our main market and that, undoubtedly, although I accept and understand that the Opposition Members do not like it, because obviously if I say to them the situation is such that I am being advised by the United Kingdom tour operators, by the airlines, and by the hotels in the United Kingdom/Gibraltar Tourism Association, then obviously that detracts from the ability that they have to criticise a specific policy. The only thing that we have ever had in relation to the difficulties, and I think the word difficulty is not the right word, I think the only difference of opinion that we have had with the UK/GTA and with members of the UK/GTA was not the policy, was not the major drive that we were doing in conjunction with the UK/GTA. I have something to say because obviously I have prepared to advise the hon Member during budget time all the activities that we had planned for this year and I can advise him of that at the end of my contribution. But the only difference that we have ever had is the difference in relation to the money that we spent in the budget and I think every single year, the Chief Minister has made it absolutely clear that although it may be necessary to spend more money in tourism like it may be necessary to spend more money in medical services, like it may be necessary to spend more money in education, like it might be necessary to spend more money in employment, like it might be necessary to spend more money in refurbishing Government buildings, irrespective, at the end of the day, the Chief Minister quite clearly addressed the situation but at the end it has to be a balance and that balance is the balance that has to be struck by the Government in looking at their overall economic policy and in looking at the money that can be spent. At the end of the day a pure housekeeping exercise is required when we are left with the money that the Government have in their coffers.

I think, Mr Speaker, that gives an idea of the problems that we have in the market in tourism, not only in Gibraltar, certainly in all the small islands. I will not say all the small islands because obviously there are new islands. There are very successful islands. There are a lot of Asian islands which are very cheap, and obviously all those elements come together to determine whether it is a successful holiday resort or not but in any case the changing trends and the changing market is such that

people tend to move from Europe which is what used to be the case 10 to 15 years ago to the United States which used to be the case five to seven years ago and now to Asia and a lot of people are now looking at China. So there is a changing trend and therefore irrespective of overall policy, tourism is not a static activity. It changes on a day-to-day basis like, I think, if hon Members remember, happened to the Costa del Sol three years ago where they had an absolute disaster because of various activities in the market which had nothing to do with tourism. It had to do with the devaluation of the peseta, where the peseta was higher or was lower. It is not therefore true to say, Mr Speaker, that the Government have not had a priority in their policy towards tourism. I think that the record shows, it may not show that to the Opposition, but I think the record shows that we have been trying desperately to look at every changing trend. To look at every changing circumstances and adapting at the situation. The major movement, Mr Speaker, in the changes that we have implemented, much to the upsetting of the Opposition, is the setting up of the United Kingdom/Gibraltar Tourism Association which was an independent forum for the discussion of all the problems related to the advice required by the Government in their marketing drive in the UK. Hon Members will also remember that having identified last year that Spain was becoming an important tourist market, the Government, through the Gibraltar Information Bureau have also set up a Tourist Office in Madrid which is now producing results and in conjunction with the Chamber of Commerce it is the second year running - I think this was announced, I believe, on Tuesday or Wednesday - we are in conjunction with the Chamber doing major marketing efforts in Spain at this stage. I think it was very ably explained by the Managing Director of the Gibraltar London Office, Mr Poggio, at this stage on the shopping experience but we are now with the Chamber looking at how to package some things together which will either be a mid-week or a weekend break because that we have been very successful in the market, in relation to the UK market.

We have taken that a step further, Mr Speaker, and I can assure the Opposition Members that it has nothing to do with the sitting of the House today because I think the Chief Minister has mentioned very, very clearly that, and I can certainly vouch for the fact that I did not know we were going to talk about tourism today, but the press, I believe, yesterday, advised the United Kingdom/Gibraltar Tourism Association and the Chamber of Commerce following from the report which the hon Member has mentioned, have come together with the Gibraltar Information Bureau and is setting up a Tourism Advisory Board which I have agreed with them has got the widest possible terms of reference to

look at every single aspect of tourism in Gibraltar, internal and external. The Advisory Board will be responsible for meeting and discussing matters with every single entity, commercial or otherwise, that believes that it has something to contribute towards the policy that the Gibraltar Government should or should not implement and can also comment on the way forward that the individuals or entities believe. Mr Speaker, if that does not show that the Government of Gibraltar are quite clearly saying to the industry, "We want to have your views. If we have done it wrong we want you to tell us". I will not accept what we are told across the floor here because we all know that this Opposition, unfortunately, have been trying to make political capital out of everything. What it shows is that we have been working with the professionals in the industry in the United Kingdom for over the last two years. I will prove that in a moment. The activities that we are holding which, by the way, the United Kingdom/Gibraltar Travel Association is very, very happy with. We have been working with them for the last two years, taking their advice, looking at the marketing strategies, being told by them, "Let us look at public relations and not advertising. Let us look at activities of specialist holidays like bird watching and not putting ads in the Daily Telegraph. Let us look at this juncture in putting articles in the Daily Telegraph because it is better at this juncture". We have been working with them for the last two years. We have now agreed and we welcome it ourselves to get the industry locally to tell us exactly what they feel we should do to activate the overnight market. I have been the Minister for Tourism now for the last seven years and I assure Mr Speaker that there is not a single problem related to the tourist industry that I do not know about. Sometimes the solution is the difficult part. The acknowledgement of the problem is not the finalising of the problem. The problems have been outlined by the Hon Col Britto. Anybody can look at the figures and see that we have got less tourist arrivals at hotels and that we have got less passengers at the airport. But that does not mean that the Government have failed in their tourism policy. *[Interruption]* What it proves is that it is a very difficult industry and I challenge the Opposition to await four months and then see what it is..... *[Interruption]* Then we will see in four months time what it is that the industry feels we have to do and we may find that what the industry feels has to be done is not that far away from what we are doing already. It might require certain drastic measures in certain areas which, unfortunately, until today is an area which I would need to have the support of the industry in general before I was able to move on it. I hope that in three or four months time the industry and the Government will speak in one voice to say what has to be done. It is also possible that, having analysed all the different things that have to be done, it might be

a fact of life that the overnight market in small islands has to adjust itself in relation to what can or cannot be done in the future. But the Opposition Members forget one thing, that unlike other small islands we have a buoyant day excursionist market. If, unlike the Isle of Man and unlike Jersey, we did not have a buoyant day excursionist market, then we would be in far more serious problems that we are from the point of view of our declining tourist market. Those are facts, Mr Speaker. I am not going to say to the hon Member that I have more tourists when I have less or that I have more passengers arriving at the airport when I have less. Obviously he must also understand that there have been major structural changes in the Malaga airport. More structural changes in the road network in Spain and that we have also moved from a situation where statistically we were moving about 70 per cent to 75 per cent of people through the Gibraltar airport into Spain and now it is almost 45 per cent to 50 per cent, so perhaps in that element, if we deduct that there is certain expansion in the airline industry in Gibraltar. I think the frustration obviously is quite clear that what we have done now is we have linked up with the industry and we will pay attention to the industry. Not to the hon Member, not to his colleagues, because even if we had 100 million tourists coming to Gibraltar they would say why do we not have 101 million. I am interested, as Minister for Tourism, to listening to the industry, to negotiating with the industry and hopefully to try and get the industry to tell me globally and as one voice, because all that we have had over the last seven years is one element of the industry saying this is what we need, one element of the industry saying that is what we need. It is sometimes difficult to bring all these things together. We may have failed in expending the overnight market but has the hon Member forgotten totally what the infrastructure was on the 26th May 1988? He has forgotten what the tourist infrastructure..... *[Interruption]* I said leaving aside the overnight market and the..... *[Interruption]* If we take out of the equation the overnight market, which is what I said, the hon Member may wish the people of Gibraltar to forget what the tourist infrastructure was on the 26th March 1988 but I do not think that is possible. The Opposition will have to accept whether they like it or not that the improvement of the product, the improvement of the refurbishment of Gibraltar, the beautification, the cleanliness. I am not for a moment saying that we are perfect but the improvements have not been a hundred fold, they have been a million fold. Nobody that has visited the Nature Reserve and was unfortunate enough to have visited it in 1987 will agree with what I say. We have increased the number of tourist sites. We have increased the activities of tourism in those areas. We have increased employment in those areas. We have beautified the market, never in the history of Gibraltar were there

flowers to be seen anywhere. It is a sad reflection of what we had before. The Gibraltar Botanical Gardens which was gifted to the people of Gibraltar and was in an absolute disaster. Nor the GSD or anybody else will take it away from the success of the GSLP Government. In that area and in many others, but in that area. I challenge any Opposition Member to go round and find any major problem in the tourist infrastructure today, although we know that there are still one or two areas that we know about and we are now actively working to correct them. That is what we do.

Information, another area which again was sadly lacking. Hon Members must have seen the new information now produced by the Gibraltar Information Bureau. Again, commented on by the visitors to Gibraltar and particularly this week by not only the dignitaries but also by the sports people. Mr Speaker, in that area there is nothing but success to report. It is one area that will go down in history as one of the major areas. Not the only one because we have hundreds of those as we will be explaining during the next couple of hours but certainly if not over the next weeks. The other area, Mr Speaker, is in the area of what we have done to try and change the market where we have today very buoyant mid-week and specialist activities, special interest groups. We have been very active in those areas and we now have worked with different organisations and with different entities. We have now bird watching experiences, nature experiences, and I mean we have been very successful in that area. Let me add, which is what I was pointing at the start, is the way forward because unfortunately being a small place and being a small island together with other islands we cannot compete in the major tourist centres which cater for anything between 10 and 31 days holiday whereas the small islands are now catering for the smaller midweek/weekend breaks and up to from five to seven days. We have had a full advertising programme, particularly in features in the specialist market and brought a lot of people out to Gibraltar, in history, bird watching, national magazines, national press. One of the press groups that we brought was so impressed that the National Geographic is going to do an article on Gibraltar. That is certainly very, very good news for Gibraltar because that is one of the major, if not the major, nature magazine, for want of a better word, in the world.

We have now reactivated at the request of the United Kingdom/Gibraltar Tourism Association the so-called road shows, although with a totally different way that they were done before. The one we did in Manchester in May was a tremendous success for Gibraltar and was commented on in the UK press particularly in the Manchester

area as very important and which is now bearing fruit. I mentioned the Spanish Office which we have great hopes just started this year, is now co-ordinating with Spanish tour operators and we have great hopes that slowly the Spanish market will become an important market. At the moment the parameters under which it operates where normally the Spanish market - I think again Mr Poggio said that yesterday - operate on an August/September basis whereas the UK market is an all-year round market. I do not think that Spain will become the main market of Gibraltar but certainly it is a very important market and one which we are now activating because at the end of the day together with the Chamber we feel that we could have a situation where we had major success in Spain despite and irrespective of the difficulties that some of our so-called entities across the way in Spain put in our path particularly at the frontier. We have been to Madrid this year again, Fitur, and this year we want to Bilbao as well because we want to take the message of Gibraltar further afield. We started the first year with Andalucia, although this year the campaign is also targeting at Andalucia but we have now moved further afield to Madrid with the opening up of the office and together with our agents in Madrid we have been to Bilbao this year. Morocco is another market which we are looking at in conjunction with two of the main entities in Gibraltar and particularly from the point of view of the day excursion market and the two-centre holidays. That, again, is an area which I think certainly not in the near future but I think in the medium to long-term future could pay dividends. Mr Speaker, the hon Member has not mentioned the fact that the yachting market has maintained its activities in Gibraltar and that we have the Europa Rally again two years ago last year and we had the Trade Winds Rally as well which is being looked at. The liner market, which is a very, very buoyant market and which has been increasing steadily over the last couple of years and, again, that is a major expansion area for the future. At the time I was going to mention the Island Games but obviously that is now..... I say at the time because the notes that I have here in front of me are the notes that I prepared for the budget debate. We know that there is a requirement for infrastructure improvements for the liner market, following on from what I was saying, and this is now on line. I have discussed the matters with the MTI/DTI authorities where there is some European funding which we hope we can get in order to try and finalise the possibility of having a proper liner terminal in Gibraltar which I think can put us in good stead not only for the increasing activities of the liners coming to Gibraltar on a sort of day trip but also to use Gibraltar as a base now that the fly cruise activities are expanding in the local market.



I think that all I have said shows that the Government have been very, very active since 1988 in the different areas of tourism and the priorities which the Government set in 1988 and which we repeated in 1992 and which we have been working at were one to completely readdress the situation of the tourist infrastructure. We have always said that it is not possible to put pretty pictures in brochures and bring people to Gibraltar only to find the disaster of 1987. What we needed to do was to have a market where people could come to Gibraltar and see that what we were selling was perhaps slightly more expensive but worth the difference. I think that aspect of it we have been able to deliver. The shopping experience with the Chamber of Commerce and the beautification of Main Street is something which as hon Members know we are discussing with the Chamber. The final report and survey done is something which will shortly be made available to the Chamber by the surveyors and will be discussed with the Government but if not the Government are ready to do a minor start to the refurbishment of Main Street. Nowhere near what the Chamber of Commerce want because we are convinced that together we can produce the beautification of Main Street but if that fails certainly we will not allow Main Street to continue to be as it is today. Let me remind the Opposition Members, it is only the way it is today because for the last year, year and a half, in particular when we were going to put in place the refurbishment of Main Street we were asked by the Chamber not to do it because they preferred, together with us, to do a much greater scheme which we have agreed with the Chamber. Of course now needs the blessing of the members of the Chamber because unlike the GSD it is a democratic society. Mr Speaker, obviously if this fails it is not a question of Main Street staying as it is but it would be a situation where we would like as we have done in almost every other area of Gibraltar we have improved.

I think, Mr Speaker, that I have very little to say. When I said that I would read out all the activities planned for the 1995/96 year, and I can but I think I do not want to bore the House with every single activity. If hon Members want me to I will but I think it is a document which is 12 pages long. It is therefore my belief that the Government of Gibraltar that came in and I am taking it back to 1988, have accomplished 85 per cent of what they set out to do in relation to the tourist industry in Gibraltar. The area for the reasons that I have explained ad nauseam over the last seven years and the area which we still have major problems, is the area of the overnight market. Not problems particular to Gibraltar. Not problems peculiar to Gibraltar but problems, which are problems related to the changing trends in the world, the changing

communications network. I am prepared, as I said to the Chamber and the UK/GTA and the GIB privately, and I am saying this now publicly, I am prepared to listen to the industry and assure the industry that the priority that the Government give to tourism is as high as it could possibly be but we have to speak together with the industry so that we can determine what each different aspect of the industry want to do. Every single aspect of the tourism industry believes or advises me that we should do one thing. We have to speak as one voice if that 15 per cent which is the overnight market is to be cured we will do it. The GSLP Government will do it in linking up with the professionals of the tourist industry in Gibraltar. Thank you very much, Mr Speaker.

HON F VASQUEZ:

Mr Speaker, in my three years that I have been sitting in this House of Assembly I do not think I have ever heard such a bigger load of rubbish coming from the Government benches unbelievably not only in defence, crowing, boasting, about their tourism policy in this Chamber. To me it is absolutely unbelievable and I wonder whether I am living in the same community. Does the Minister for Tourism have any idea of the reality of what is going on in the real world? Apparently he does not and he must spend his life in his office without any idea of what really is going on. He has criticised the Opposition for having a go at this administration over their performance in the tourism industry. Let me remind the Minister that in 1987, a few months before this administration was elected into Government, he had the "cara dura" (I use a Spanish term) to present a censure motion in this House condemning the AACR for their tourism policy. For goodness sake, Mr Speaker, does the Minister not realise that since 1988 this Government have been responsible for the scrapping of the tourist department, for goodness sake? He is the Minister for Tourism, what does he do when he gets up in the morning? He does not even have a tourist department or civil servants with whom he can work, supposedly in support of the highfalutin GSLP tourism policy. Does he not realise that since they came into Government, this administration has simply failed to market Gibraltar as a tourist destination at all? They do not have a marketing budget for Gibraltar at all. One does not pick up a colour supplement anymore and see advertisements for Gibraltar. How do we attract the tourists if nobody even knows that we are here? What has he done about that? What the hell does this man do as the Minister for Tourism? Does he not realise that in his seven years in administration he has overseen the dismantlement of the overnight stay tourism in Gibraltar? Has he not seen, with all the nerve when he is criticising the AACR



Government, that since 1988 the number of overnight stays sold in Gibraltar has fallen by 50 per cent? He had the nerve to bring a censure motion against the AACR Government. One cannot believe the arrogant rubbish that these Ministers bring to this Chamber, Mr Speaker. Does he not realise that he has turned the east side of the Rock into a rubbish dump? Tourists come to Gibraltar and think they are in Scunthorpe, not in the pearl of the Mediterranean as he was trying to set up. What the hell does this man do? He says, Mr Speaker, that he listens, that he is there to listen to the industry. Let us tell him what the industry think of him, because in a recent Chamber report 87 per cent of traders thought that the tourism policy of this Government was inadequate. Does he not realise that? When he tell us that he is working with the industry, does he not realise that it is his responsibility to have a tourism policy? That it is his responsibility to formulate the policy and it is his responsibility to bring the tourists to Gibraltar? He is simply not doing it and he has the arrogance to come to this Chamber and not defend this policy but boast about it. It is simply unbelievable and the fact is that the Gibraltarians no longer accept it. They have seen through that and he started most unbelievably his lengthy and rambling address by saying that the numbers employed in the tourism industry had increased during the GSLP administration. It is simply mind blowing. Let me remind him we have not had an employment survey since April 1993. We are two years behind on the employment survey, that is another job the Government are not doing but we will leave that to one side. Basing myself on those figures let me remind him to the contribution I made to the appropriation debate two years ago on the 26th May 1993. I have to refer to this as it includes the figures. I said at the time, two years ago, "I have got news for the Hon Mr Perez and the Hon Mr Pilcher, in 1989 in Gibraltar there were 530 people employed in the hotel industry. Three years later, in April 1992, which is the last year that I have got figures for, there were 355. By now, a year later, April 1993, I suspect that figure is substantially less because, of course, we have lost two hotels since then and I would think the figure was probably between 300 and 315 employed in Gibraltar in the hotel industry". That is, at the same time I read through the number of losses of jobs I calculated then, two years ago, 270 jobs lost in Gibraltar in the hotel, bar and restaurant industry. What have they done since? The last figures we have, I was absolutely right, 305 people employed in the hotel industry in 1993, the last year for which we have figures. The Minister comes before us saying that the numbers have increased. Well, give us the figures. He has got the figures under his nose, when is he going to publish them? In 1993 there were 305 people employed. In 1989 there were 530. That is over 200 jobs lost in the hotel business alone. Whilst he has been Minister for

Tourism we have lost three hotels. We have got another major hotel in Gibraltar in receivership and he comes to this Chamber and boasts about his tourism policy. It is mind blowing. Fortunately the Gibraltarians no longer see it. The Gibraltarians are seeing clean through it. The Minister's attitude, unfortunately, is simply symptomatic of this Government's attitude. They seem to be cut off. They do not realise what is going on. They believe their own propaganda. They do not seem to be in touch. They do not seem to talk to people on the street, it is not our propaganda and I shall refer..... *[HON J E PILCHER: May I ask the hon Member how many times he has been to the Nature Reserve?]* They are simply completely out of touch.

Turning to the general economic situation of this community, they seem to think that everything is blooming in Gibraltar. Let me tell them. I wonder when a Minister last took a stroll down Main Street to talk to the traders in Main Street to find out from them, from the horse's mouth, what they think the economy of Gibraltar is going through. Let me give him some idea. The survey recently released by the Chamber of Commerce revealed that since 1992 cumulatively more and more businesses are doing worse than the previous year. We had four years successively of more and more businesses doing worse than the previous year and for this year only 17 per cent, that is less than one in five businesses in Gibraltar, think the situation is going to get better this year and only 12 per cent, which is only more than one in ten, think it is going to get better in the future. That is the depth of the desperation of the private sector in this economy at the moment.

We only have to look at the empty office blocks, the plummeting commercial rents in Gibraltar, even the banking statistics must speak for themselves. Bank deposits in Gibraltar peaked in late 1993 and they have been falling ever since. We have now seen an 11.7 per cent drop in the total number of bank deposits and an 8.5 per cent drop in the total assets held by banks in Gibraltar. This is supposed to be a finance centre, for goodness sake. If we cannot even attract the deposits what business are we going to attract to Gibraltar? For goodness sake, bank deposits are the boiler house, the fuel of economic activity and certainly the fuel of financial services activity in Gibraltar and what is going on? Whilst the Cayman Islands, whilst the Bahamas, whilst every other offshore financial centre sees its deposits rocketing ours are falling by 10 per cent and those are the figures available until March. I dare say that with the recent scare we have had, the threats of direct rule a good number of people have withdrawn their money from Gibraltar. The figures in future will speak for themselves.

The most damning evidence of all are, of course, the employment statistics. Apart from the fact that in 1992 the Chief Minister was elected with promises of 16,000 jobs in the economy locally, a couple of years later he pared that rather optimistic view down to saying that it was the Government's main thrust. I shall quote the Chief Minister's contribution in that debate. This is the Chief Minister speaking two years ago, "We have said that the emphasis over the next 12 months will be on bringing down the unemployment amongst Gibraltarians from the 600 level rather than on the global figure of maintaining 14,000 jobs". In other words, he says, "We have stopped creating jobs in the economy, now what we are trying to do is make sure that what jobs there are are going to Gibraltarians". He said two years ago that the main thrust of this Government's economic policy was to bring down the number of Gibraltarians unemployed from the level of 600. Well, let me give the Government Members the last figures that we have had supplied to us by the Government in answer to Question No. 107 of 1995. "There are exactly 600 Gibraltarians unemployed in Gibraltar, 256 under 25; 44 over 25". What that does not take into account are the numbers of Gibraltarians who are really unemployed but this Government are pretending are not unemployed by putting them in dead end jobs with SOS Ltd and JBS Ltd. These Government venture companies into which are being channelled millions of pounds from the European Union destined for training. What training are these youngsters getting? They are in dead end jobs earning a pittance on Victorian conditions of employment, on short-term contracts, doing what? They are not learning anything, they are just being bandied around in Gibraltar trying to pretend that they are employed. They are not employed, it is disguised unemployment, Mr Speaker. So we do not believe that figure of 600. We believe the unemployment situation is a great deal worse than this Government have divulged. The irony of all this, of course, is that this was the Government that were elected with the promise of economic miracles. This is the Government that said they were going to create the pearl of the Mediterranean, the Hong Kong of western Europe here in Gibraltar. Where has that got us? The fact is that this economy has undergone fundamental change. We know there are difficulties. We have had the MOD pull out of Gibraltar, big structural changes in this economy, what we in the Opposition wonder is what the hell this Government have done to address those problems? They simply have not addressed them. In fact, all we know is that when the MOD first started announcing that they were pulling out of Gibraltar we actually had Ministers here crowing about it thinking, "Great, we are getting rid

of the colonial yoke. We are free. We are being liberated". For goodness sake, they did not even ask the Minister of Defence.....

HON J C PEREZ:

Would the hon Member give way? Would the hon member say who is he claiming has said that in this House or outside this House? Would the hon Member retract that last statement or prove it here, Mr Speaker? If he claims that that has been said in this House he ought to quote chapter and verse in the Hansard.

HON F VASQUEZ:

Mr Speaker, I will undertake to do so. I do not have the Hansard in front of me. I have a clear recollection.....

HON J C PEREZ:

That is a lie.

MR SPEAKER:

Order. Order.

HON J L BALDACHINO:

Mr Speaker, on a point of order. Are not hon Members in this House responsible for the statements that they make and therefore they have to prove if they make accusations where and when those things have been said?

HON P R CARUANA:

What accusations? What is he talking about?

HON J L BALDACHINO:

I am not asking the Leader of the Opposition. I am asking you, Mr Speaker for a ruling.

MR SPEAKER:

What you say is if an hon Member makes a statement he must be responsible for it. Yes.

HON F VASQUEZ:

I am responsible for the statements I am making. I am saying that this Government made no attempt.....

HON J L BALDACHINO:

Would the hon Member make it outside this House?

HON F VASQUEZ:

What is he talking about? I am making it inside this House, thank you very much.

MR SPEAKER:

Order. Order. Mr Vasquez carry on with your speech.

HON F VASQUEZ:

I am very grateful, Mr Speaker. Thank you for that intervention from the Minister. What I am saying is that this administration made absolutely no effort when the British Government announced that the MOD was pulling out to negotiate any sort of structural package, to negotiate any form of compensation to do anything about it. I am talking from recollection, when it was announced that the resident battalion was leaving Gibraltar did the Chief Minister or any Minister of this Government say, "You are pulling 600 soldiers out of here. We want some sort of structural help for this economy". They did not do anything and let me tell them something and I have had this from the Armed Services the fact is that the resident battalion when it was announced expected to have to stay in Gibraltar one or two more years and when not a whisper was raised in opposition they upped camp and went to Cyprus where they were not even needed, 12 or 18 months sooner than expected to because the door was left wide open for them. What we have seen is no attempt by this Government to address the structural problems that have confronted this economy, no package of financial aid. We have seen it. The MOD has gone. They closed the door behind

them and we did not even ask them for any money on the way out and compare that to the previous administration when the dockyard was closed down obtained, I think, £34 million in aid in 1981 or 1982, double it now in real terms. What money have this Government secured from the British Government to do something about that?

Tourism, I have dealt with tourism, I dealt with it before because I was replying to the Minister. What on earth have this Government done to promote Gibraltar as a tourist destination? What alternative economic activity are this Government promoting to do something about the economic crisis in Gibraltar?

Financial services, we have seen as already mentioned, the fact that the bank deposits are falling. What is happening to the financial services in Gibraltar? I will tell him. It is being undermined, by the record of government of this administration. It is being undermined every time that somebody in England picks up the Sunday Telegraph and reads about the smugglers den and the lack of accountability and the failure of this Government to implement EU Directives. It is scaring potential investors away. The reputation of this jurisdiction has been completely dismantled and destroyed by this administration. That is what we have seen after seven years of GSLP administration and we believe that a lot of these problems are simply of our own making and until, for example, this Government address the social issues and the problems of perception that they create across the board represented by the fast launch activity, until they address that, until they realise that this activity.....

MR SPEAKER:

I must call the hon Member to order. You are anticipating what is going to happen.

HON F VASQUEZ:

I am talking about the economic.....

MR SPEAKER:

Yes, but you cannot go on like that anymore.

HON F VASQUEZ:

All I am saying, Mr Speaker, is that until this administration does something about redressing the collapse in the image of this jurisdiction, of Gibraltar, that has made Gibraltarians ashamed to call themselves Gibraltarians abroad, until that is addressed nothing is going to get any better. The result, if I can summarise of the last seven years is that we have an economy that is weaker than ever. We have relations with Britain and Spain that are worse than they ever have been and which are compounding the problems that we are facing and we have a crippling debt burden. It is a pretty obnoxious cocktail and one of concern to Gibraltarians and one which we are addressing in this motion before this House. I have seen the Minister responsible for employment has walked out. He is not even here to listen to this. What active steps is this administration taking to stimulate the level of employment, to try and create jobs in this community? What incentives are there for a prospective employer to create employment in Gibraltar? Let me tell them this. In 1988 when they were elected, the level of social insurance contributions which an employer made in respect of every employee was £8.79. Now, as of January 1995, it is £21.97, that is a 250 per cent increase on the levels of contributions that every employer has to make for each individual employee. That is nothing more than a 250 per cent increase in tax on employment in Gibraltar. What sort of incentives are they going to provide to prospective employers when they have increased the cost of providing jobs by 250 per cent on employers?

As to the Employment and Training Board, what a misnomer, it is a complete shambles which provides nothing but overwhelming bureaucracy. It must surely be the only employment exchange in the world that makes a secret of the jobs that it is trying to farm out. It is ludicrous, it is laughable. It is completely unaccountable and it creates enormous amount of resentment in the local community because Gibraltarians that go looking for jobs simply do not understand how these jobs are apportioned. All they know is that other people get jobs. Often it seems to be the people who know the right people. They get the jobs and we get people who have been going back to the ETB month after month, year after year, with nothing held out to them. They are not even told what jobs are available in the community. What sort of employment exchange is that for goodness sake? To give them some idea they want some statistics, let me tell them. Clear from the recent and, again I quote the Chamber of Commerce Trading Survey, 66 per cent of traders believe the Employment and Training Board serves no useful purpose and 76 per cent of them, that is three-quarters of traders

in Gibraltar, have difficulty in finding adequately and properly trained staff in Gibraltar. But this is an employment and training board. They are not doing anything about employment, what are they doing about training? Who is the Employment and Training Board training? Answer, absolutely nobody. What opportunities do this Government offer our youth in Gibraltar at the moment other than a job at the wheel of a fast launch or a dead end job in the SOS? What are the 16 or 17 year old school leavers, leaving school in Gibraltar this summer, who have not got 'A' levels or who are not going on to University, what employment prospects do they have in Gibraltar today? They are going to get on a fast launch or they are going to send up scrubbing floors in SOS Ltd. Those are the prospects that we are offering our youth today. The Chief Minister has repeatedly said he does not believe in the old model of the economy. He is more forward thinking than that. He does not believe in the old four pillars of the economy: tourism, ship repair, financial services, etc. No, no, he sees the economy in terms of land and people. These are our two resources. Well, let me ask this Government, what have they done to invest in the people of Gibraltar? What have they done to invest in the training of our youth to prepare them, to give them an even break, to give them an opportunity on the job market in Gibraltar. Government's record on the question of training is nothing short of diabolical. In 1988 when this Government came into office we had a construction industry training college, we had the Technical College and we had the Dockyard Training Centre. That was three centres that were properly equipped and properly administered in administering industry training and providing trade testing in all basic industrial and construction crafts in Gibraltar. This ensured two things, Mr Speaker, firstly, that Gibraltar had a ready supply of Gibraltarians properly trained in industrial craft to take up what jobs there were in the local economy so at least it was not a question of implementing the 1st July law and trying to lock everyone out or hiding what jobs are available from Spaniards and other people. No, it was a question of training our own people to be able to compete for the jobs that are available. If they do not train them 76 per cent of traders and people in commerce are going to say, "I am sorry I cannot employ these people, they are not adequately trained, I cannot do anything with them". They do not train them, they do not get them jobs and they have not trained them. They have stopped, it is unbelievable. The second benefit of training our youngsters is that not only are we filling what jobs there are available with Gibraltarians but at least we are giving our youngsters a sense of dignity, for God's sake. They are being trained in something. They are put on the job market so that they can hold their head up high and say, "Yes, I can do something". It gives them a sense of self-worth

and this, I have to say, and the Government may not be aware of it but this is what the youth of Gibraltar is lacking today, any sense of self-worth. To give them any sense of confidence, any sense of their worth, anything to anyone and that is the biggest failing that this administration has inflicted upon Gibraltar over the last few years. What do we have after seven years of GSLP Government? We have a vocational cadet scheme, which is a joke and everyone knows it is a joke. They put these poor youngsters fresh out of school, they are putting packing boxes and running around as messengers at zero expense to the employers, at the end of six months they are chucked out. How many people have been employed as a result of the vocational cadet scheme? Precious few. Now we have no doubt the Minister for Employment is going to crow, is going to tell us what a marvellous thing they have just implemented, the new apprenticeship scheme that the Chamber of Commerce had to bring to them and put in the Minister's lap, nothing to do with the Government. The Chamber of Commerce had to work many months convincing the Minister at last to do something and yes, at last we have a new apprenticeship scheme, not industrial training, limited only to the service industry and that still excludes the vast proportion of young school leavers who are not adequate for clerical jobs, who are looking for industrial jobs. Too little too late, after seven years we now have a semblance of an apprenticeship scheme that does not even have an apprentice training centre. When are they going to train our people as our bricklayers? I look forward to hearing from my hon Friend that now after seven years in Government they are now, coincidentally six months before an election, suddenly we are going to see investment in training colleges. That is very welcome news, I wonder how far the electorate will accept it though. Why? The question I put is why have the Government done this? This is supposed to be a socialist labour party for goodness sake. Why have they turned their back on young people coming on to the employment market? It is not as if they cannot afford it because under the employment and training levy, Mr Speaker, the Government of Gibraltar take approximately £26,000 a week from employers, £2 per employee in Gibraltar. Where is that supposed to go? That is supposed to go to provide training for Gibraltarians. Where does it go? What about the £3.5 million structural funds that we have had from the European Union, that is supposed to be going to training Gibraltarians? Where has that gone? What have this Government done? Seven years of inactivity. I will tell the House what this Government have done. This Government have simply been the victim of its own propaganda. They came in with all these grandeur schemes. They thought they were going to get people pouring in here. The fastest growing economy in the world; 16,000 jobs; the Hong Kong of the

Mediterranean. None of it came about. None of it has happened, Mr Speaker, and what have they left in its place, absolutely nothing. Dead end jobs or no jobs at all or a job on a fast launch. I could carry on, I am not going to, the point has been made. I commend this motion. It is quite clear that Gibraltar is gripped by an economic and employment crisis. I put it to this House that this Government simply are not in a position to do anything about it, lack the motivation, lack the ideas, lack the gumption to deal with this and I commend the motion to this House.

HON M A FEETHAM:

Mr Speaker, the last two or three words that the Opposition Member has mentioned were we lacked motivation, we lacked vision or words to that effect. Gumption, that is the word I wanted to discuss. In presenting this motion they have the audacity to go back all the way back to 1988 when none of the Opposition Members were in the House. That is to say, they were elected four years, for this term of office, on the basis of a political campaign that was really a political campaign based on smear mongering with really no clear-cut policies of which 23 per cent of the people of Gibraltar put their confidence in them and, frankly, up to now they have demonstrated to the people of Gibraltar that all they have done in the last four years is to continue the same propaganda, the same smear mongering to try to discredit the Government. I did not pick the argument about going back to 1988 but I will say as a Gibraltarian, not as a politician, as a Gibraltarian who feels for the people of Gibraltar, what we found in 1988. In 1988 we found that the people of Gibraltar were looking towards Spain for accommodation. That Gibraltarians were going to buy houses in Spain, in La Linea, because they could not have a home in Gibraltar. That is what we found in 1988. We also found in 1988 that 50 per cent of the land of the people of Gibraltar was in the hands of the Ministry of Defence and in 1988 only 20 per cent of the budget was contributed to for the people of Gibraltar by the Ministry of Defence. They had already run down by 80 per cent their contribution in defence expenditure in Gibraltar. We also found in 1988 that the infrastructure of Gibraltar was so neglected and so rundown that it was impossible to cope with the influx of four million visitors to Gibraltar, never mind the possibility of bringing about a housing programme into Gibraltar to house our people because we did not have the land to start building homes for our people. We did not even have the land to start building offices and workshops for our people so that we could bring about economic prosperity for the Gibraltarians in Gibraltar. I will say what we did on the 23rd April 1988. I presented a paper to the British Government saying that we no longer



could accept the Lands Memorandum as had been agreed by the previous administration in different circumstances and that the people of Gibraltar expected an acceleration of MOD land immediately for us to be able to put our economic programme into effect. Having said that, not for one moment did this Government believe that the Ministry of Defence were going to respond positively to the needs of the Bossano Government because we know what a Bossano Government meant to the British Government in the context of the Brussels Agreement. Therefore, we had to demonstrate gumption which is the word the hon Member used. Gumption and guts and courage to say to the British Government, "You give us the land as soon as possible, but we know you are not going to give it to us immediately" and the proof of the pudding is that they started releasing land in 1993, five years after I put them that petition and if we were going to have to wait five years for us to put our economic policy because land is the definite asset in trying to develop economic policies, the GSLP Government today would not have to argue about the tourist policy or about Main Street, the people of Gibraltar would not have elected us into office because we would not have been able to put our economic policies into effect. Mr Speaker, not only did we not have the land but the infrastructure, we had the absurd situation that the infrastructure that was available even on the sewage side was one that we had our own totally inadequate to meet the needs of demand in 1988 of the economic activity and the movement of people. But we had the MOD with their own infrastructure that for security reasons and military reasons over many years went their own way and there was no co-ordination in that infrastructure so that when we decided enough is enough and we are going to take destiny into our own hands and we are going to do what needs to be done and show the courage to do it, we decided to go into the land reclamation programme. Let me say that when we went into the land reclamation programme and we decided to reclaim 350,000 square metres of land for the people of Gibraltar in the space of six months, no sooner had I started reclaiming that I had the admiral of the day threatening to sue the Government of Gibraltar because I had forgotten one thing that all the waters around Gibraltar in the harbour were Admiralty waters and therefore I could not even reclaim but we went on and we said, "Take us to court" because we are not going to stand around waiting for an admiral that has got no ship, a commanding officer that has got no planes, and a commanding officer of a battalion that was on the way out to tell us what we have to do in order to meet their plans. The MOD had to fall in line with our plans because it was no longer the survival of the people based on defence expenditure on an artificial economy, it was one that we had to build strong foundations so that we could give the people hope for the

future. We went ahead with our land reclamation programme and everybody has seen it there. It is not something that we can talk about figures of statistics, that reclamation is there for history to show that the people of Gibraltar took the destiny into their own hands and produced the land for them to build houses for their people, not having to depend on Spain, not having to depend on the traders of Main Street, some of whom are landlords who have for many, many years taken and scourged the people of Gibraltar through high rents in Gibraltar so that they could not even buy their own accommodation. What has happened is that today rents are more competitive, that even tenants on business sites can compete better for a rental agreement and we did it and the reclamation today shows Westside I. This is what the people have to think about, not what the Hon Mr Vasquez says, who is the most destructive Member in this House because all he does, typical of a public schoolboy, is think he is so superior to everybody that he comes round with very fine words and all he does is destruct, no alternative. People on Westside I will remember that we built those houses, we made it possible for Westside I, we made it possible for Westside II and we built Gib V for our people.

MR SPEAKER:

I suggest we adjourn now and come back at four o'clock.

The House recessed at 1.00 pm.

The House resumed at 4.05 pm.

HON M A FEETHAM:

Mr Speaker, when I finished before lunch I was explaining the realities that this Government were faced with in 1988 in trying to stimulate the economy, in trying to improve the infrastructure and above all in trying to meet the demands of the people of Gibraltar in the area which was the social evil of our community at the time and that was the lack of housing. Because of the reclamation, because of the courage that the Government that were being advised by the professionals. This is one of the things that I will always remember, that we were advised that we did not have the resources. "We have not got the experience. We cannot do this. We cannot do that" and in the end there was a political decision made and we have defended it and the result is in the pudding, and it is there and everybody can see it but let me make it quite clear that if we..... *[Interruption]* Yes, because they have never had a housing

problem. But everyone else on that housing waiting list in 1988, many of whom had been there for 20 years, did not have an opportunity for a house. *[HON P R CARUANA: It was not done by them, it was done by a private developer.]* This is something that needs to be responded to, the remark the hon Member is making. It has not been made by us. It has been made by private developers. Let me make it quite clear that if we had not done what we had done, if we had not packaged and structured our economic development the way we have done, those houses would never have been built because..... *[Interruption]* If the hon Member would keep quiet and shut up I will give him some answers. The realities are that we have to compare like with like. The previous policy of the previous administrations insofar as meeting housing requirements was concerned was averaging out at about 30 housing units a year which meant that by the time 30 houses had been given in a particular year we had another 100 going on the housing waiting list. It was never to be terminated and the fact is that by the time 1992 came about the housing was not a political issue anymore which had been a political issue from time immemorial. In 1992, after four years of GSLP Government, housing was not an issue anymore. That takes gumption and that takes courage and that is something they will never be able to better. But the realities are that it is not only in the area of housing. A top accounting firm in Gibraltar in looking at what this Government had achieved - and I am only talking about 12 months ago, so I am not talking about the first four years, I am talking about averaging over the last seven years - in attracting investment into Gibraltar against the background of recession and every other aspect which will be discussed by other hon Members as we go along, said that Gibraltar had attracted a level of investment that has not equalled for the size of the territory and the number of people living here, £250 million of private sector investment came to our economy during the first four years of our term of office. *[HON P R CARUANA: What firm was that, that made that remark?]* The firm that made that remark is Touche Ross, the people who are looking at inward investment programmes. That needs to be given some credit. So if we are to argue that the level of investment that has come into Gibraltar, not in the first four years, over the last seven years, £30 million of private sector investment from outside into Gibraltar, it is something that needs to be given some credit. Things have been happening. It is not just about Main Street and it is not just about the issues that they try to do to discredit the Government.

But, Mr Speaker, it is not just private sector investment into Gibraltar. It is not about building 2500 housing units. It is not about infrastructure. There are lots of other things which have been going on which have

improved the quality of life as a result of the policies of this Government. Is not the Opposition Member aware as he went this week, we have built the swimming pool on the reclamation which for the last 25 years people have been asking for? We are responsible for that, for the last 35 years (I am sure he is a member of the Calpe Rowing Club) they have been chasing for the new premises. It is there built and so is the Mediterranean Rowing Club and so is the reprovisioning of the Dockyard Sports Association and so are 40 other clubs in Gibraltar that have been given premises. It is all as a result of the vision and the courage that this Government had in making a decision of not depending on the UK Government to give us a piece of land when they want to in order for us to be able to build 20 or 30 housing units because we went in it in the widest possible terms with the greatest, in my opinion, vision that has ever been seen implemented by any government in the history of Gibraltar because that is the reality of life. The reality of life was that we depended on an artificial economy for many, many years without any vision about developing and widening and diversifying our economy. We have waited and for the British Government we have pulled the plug out of the sink and they all realised that we had got a huge problem. That is what we had been waiting and that is the policies that we were not going to pursue when we came in in 1988. A policy that was only based on squaring our accounts by increasing electricity, increasing rents and squaring up the deficits, that was the policy for the previous 25 years. No vision, no diversification and waiting for Britain to give development aid. Well, that development aid finished in 1988, that is another thing. We came into office without one penny of aid from the British Government. It had finished by the time we came in. It is about making political judgement. It is about making political decisions and it is about defending the interests of Gibraltar as we see it. People want somebody else to defend it in a different way, going cap in hand begging, let somebody else do that? I believe that we have got the necessary potential and the will to survive in Gibraltar through our own efforts and if we need to at any time go to the United Kingdom it is not going to go on the basis of the argument being put over by the Opposition. We will certainly go with far more intellectual, far more convincing arguments than the Opposition Members are putting to us. We have been also criticised because lack of EC funding. We went into the European Community in 1973 and we came into office in 1988 and from 1973 to 1988 not one penny came out of the European Community to assist Gibraltar even though we were entitled to until we realised that we were entitled to it and in 1990 we made our first bid and made a major breakthrough when we were allocated funds under Article 10 of the Regional Development

Fund and this was for the development and refurbishment of the Europe Business Centre which is now full of people who have started businesses and let us hope they will continue to prosper. That was a major breakthrough in 1990 even though we had been in the Community from 1973. Hon Members are not giving credit for the efforts of the Government in that respect but ever since then, having made the breakthrough, we have been given and designated as an Objectives 2 area where we are getting something like £3.8 million for the next three years out of the European Community for funding our efforts in improving our infrastructure. That was done through the efforts of the GSLP Government, Mr Speaker.

It is important that people do not forget this and it is important that when we have these gentlemen across there every day going on television jumping on everybody's grievance, jumping on the bandwagon on everything that goes wrong in Gibraltar, criticising every decision that the Government make, I know because I believe in the people of Gibraltar, that they will examine what they have been saying, they will examine the results of this Government and they will judge, based on everything that has previously been happening in Gibraltar whether... *[Interruption]* I have no doubt, Mr Speaker, that we will accept on this side the judgement of the people of Gibraltar but we would certainly continue even if we were not, which is an impossibility, elected at the next term of office, we will be able to look back and each one of us will be proud that we have done what we have done in the circumstances that we have done it. One of the most severe criticisms of previous administrations has been that they have never made a decision. We went through years and years in Gibraltar without the Government making a decision. Fudging here, fudging there that is why we have got so many problems today. This Government have made decisions. This Government have been a Government that have made many, many decisions and have created many, many achievements and the net results of those efforts is bound to be that we will make mistakes. Of course, every Government makes mistakes, of course we have made mistakes but we have been making decisions and we have been creating what we believe is the right policies for the Government. The hon Member who is not in the Chamber now, the Hon Mr Vasquez, even went as far as criticising us in passing, may I say on this occasion, about the non-implementation of EC Directives and the effect that this had on our international reputation, because we are not complying and so on and so forth. Let us not forget that from 1973 to 1988 not one EC Directive was implemented. In fact, 50 to 60 per cent of the Directives that we have implemented now are Directives that should have been

implemented from 1973 to 1988 in the list of 137 Directives that we have got to put in. The realities are that there is a limit to what a Government in a small territory which have got so much pressure, so much demand, so much will to survive, can do. Because that is what we have got, the greatest will the Gibraltarians have is to survive and against that background to have infrastructure to have to be put in, to build people houses, to have the British Government say we have to put in Directives. What else was happening from 1973 to 1988, what is all the rush now? The rush now is that it suits some people to put this Government under pressure but let us examine this question of EC Directives, because we need to, to some extent. Some of these EC Directives that we have to implement we now find that a substantial number of the ones that we have got to implement as a matter of urgency were actually still tied down at this point with different departments in the United Kingdom who have still not got clear what it is they want us to implement and we may be ready to implement them.

HON P R CARUANA:

Mr Speaker, may I raise a point of order about the practice in this House. One thing is for the Minister to think that he is in a theatre addressing the gallery but when he does so with his back to the chair, addressing the gallery like this, I think he departs too far from the practices of this House. He has got to address the Chair and not the gallery.

MR SPEAKER:

There is nothing in Standing Order that a Member has to look at the Chair.

HON M A FEETHAM:

I am sorry if I have offended the hon Member. Last night in the European Movement actually he was slouching on top of the thing looking the other way. I have my style and nobody is going to change it at my age.

MR SPEAKER:

Order. Order.

HON M A FEETHAM:

There, Mr Speaker, when we talk about the pressures about EEC Directives, we have got to know exactly what we are talking about and we have got to understand that there are still EEC Directives that it is not in the interests of Gibraltar to be pushed into implementing because in our opinion it is going to do away with an awful lot of business. Fortunately we are taking the stand that affect certainly the people in the legal profession in the Opposition benches much more than others but that is the irony of this. We are defending the finance centre in looking at these Directives and these hon Gentlemen are telling us that we are killing the finance centre. We are trying to do our best in defending their position but then, of course, one can never win in politics. I appreciate that. But to talk that we have not done anything about the finance centre. When we came into office in 1988 hon Gentlemen, what finance centre did we actually have? In real terms that could develop itself into an international financial centre? No, but we certainly have got a bit further than what we had in 1988. When we came into office in 1988 we did not even have the financial services legislation in place so that we could licence financial services institutions and intermediaries and so on. We did not even have the financial services legislation in place how could we call Gibraltar a financial centre when we did not have the core framework for financial services in place? We did not have it. I was the person responsible for getting the financial industry in place and developing and bringing the financial services legislation to this House helped by the professionals in the field. Even the Banking Ordinance which has been one of the areas where we have best done over the years. Even the Banking Ordinance was not in place meeting EEC Directives and that is something that we have also done. Every area that the hon Member wants to talk about we have got stuck into those areas with determination and with a high level of achievement for such a short time in Government. One of the things, of course, that I could never accept as a person that has developed his roots from the trade unions and from the working class in Gibraltar is for Opposition Members to preach to us about the unemployment, about the problems of young people and the need to do apprenticeships and indeed about us not doing anything in that area. Let them not criticise us if we have not done enough finance centre, criticise us on the economy, but hon Gentlemen do not preach to us about the needs of the working class in Gibraltar. Let them not dare preach to us, Mr Speaker, about their needs when that is an area that we have consistently done our very best. But of course in the changing pattern of our economy one of the things that we have to realise too and that goes for everybody from

the top to the bottom, is that in the changing circumstances of the economy we have to adapt. We have to bring in changes. Those changes affect everyone and unfortunately for people like me who think in a particular way it affects more the working class than it affects the commercial interests of Gibraltar and that is a natural concept that we will never be able to overcome absolutely. Certainly in the circumstances I believe we have done a miracle in the short time that we have been in office. The Opposition have been very critical, for example, of my hon Colleague the Minister for Tourism. Frankly, as a person who has been involved in the tourist product myself I have to congratulate my hon Colleague on the tremendous improvement there has been on the product of tourism in Gibraltar. The tremendous improvement and one has only got to go out and see it with one's own eyes. Statistics is one thing. Visual is another and it can be seen the efforts that he has put in the areas of improving the product has been tremendous and most of the credit has to go to him. When the late Mr Pitaluga did his famous tourist report the whole thing of the report was that we had to improve the product of Gibraltar. I think that has happened and that has been achieved even though there is tremendous scope for even more improvement. One has got to go up to Parson's Lodge and to the Market Place and to see what is happening with the buildings in the market area. There is a whole list of things that shows that we are improving our quality of life in Gibraltar and considering the lack of resources that is available to us and the need to convince people to go in a particular way I think that we have done, as I said before, a miracle. Mr Speaker, I know there are other hon Members who are going to be dealing with other aspects of the criticism that the Opposition have made of the Government's efforts in the last eight years and so I will limit myself to what I have just said.

HON P R CARUANA:

Mr Speaker, very briefly, because I have given my speech at the budget session but I cannot help to be provoked by some of the more outrageous utterances of the Minister for Trade and Industry who now seeks to take credit for everything that has been done in Gibraltar in the last eight years whether it has been done by his Government or whether it has been done by the private sector. They have got a curious vision of what they can take Brownie points for. The reality of the matter is that the westside reclamation existed as a project in the AACR, was already at an advanced stage before they came into power in 1988 and.....  
[Interruption] Yes, the Government Members may wish that we all forget that but everybody knows that the Montagu Basin reclamation project



already existed and what they did in 1987 just before they came into power is renegotiate with Gibraltar Homes Limited the terms that they were going to pay for the infrastructure. The fact of the matter is that they can claim credit if they want to for the 50/50 scheme but let us face it, the development itself was a private sector development with private sector finance and these chaps think that they can put it into their manifesto as an achievement of theirs. The people of Gibraltar are not that silly. The Minister for Trade and Industry says that he will not have his working class origins questioned and that certainly because he thinks that he is from a working class origin and considers that the rest of us are not, that the rest of us are not allowed to preach to him about working class matters in relation to the 51 directives. Well, amongst those directives we are told, although we do not know because the Government will not tell us what they are so that we can all decide how vital it is to Gibraltar's national interests that they are not implemented. We do not know whether it is in the national interests or in their party political interests that make it undesirable for these unknown directives to be implemented and we do not know because they do not tell us but according to the hon Independent Member in the Opposition some of those directives relate to workers' rights and things of that nature which ought to appeal to the Minister's working class background and working class shoes. So let him not come here and now adopt ideologies which he has in effect abandoned. The trade union movement in Gibraltar accuse him of abandoning his trade union roots. It is just not good enough in the run-up to a general election for the Minister to suddenly take out his union card and pin it to his lapel and remind the whole of Gibraltar that he is still a neighbour, a trade union member at heart. That just does not wear anymore. The Government Members got the benefit of the doubt in 1992 and they are not going to get the benefit of the doubt again. One common thread through almost all the points that the Minister for Trade and Industry has made is the one that we have been making for four years. He does not understand the difference between providing infrastructure and providing customers. We spent the last four years warning them. Fine, yes, there is infrastructure, but that is not the end of the matter. It is no point telling us about their tourist infrastructure if the tourists do not come. It is no use telling us that he has got his financial services legislation in place and there are banks all over Main Street if the finance centre cannot attract customers. It is no use telling us that he was able to persuade Baltica to invest £250 million in Gibraltar and the place is still lying there as a white elephant. How many years does he think that he is going to be able to derive credit from an over-supply of infrastructure and a complete failure to deliver consumer demand for those services? He can come here now and

adulate the Minister for Tourism when everybody in Gibraltar knows, including the Government Members, although I understand the need for them to cover his back, that the Government's performance in relation to tourism has been nothing less than disgraceful. Frankly, were it not for the fact that the Minister's intervention was interrupted by the luncheon adjournment I would not have been able to report to the House what I heard on the radio at lunch time. According to the President of the Chamber of Commerce he has said on radio today in an interview that in his meeting with the Chief Minister to discuss the trading conditions survey he says that the Chief Minister has recognised to him that tourism had not been a priority for the Government over the last four years. So how can they all come in here one after the other like one duck clockwork and say about a magnificent performance. Either the Chief Minister is lying to the President of the Chamber of Commerce or the rest of them are not telling the truth in this House. They cannot both be true. *[Interruption]* I am not assuming anything, I am just going by what I have heard. Here I have heard this morning three people saying that the Minister for Tourism is the best thing that has happened to tourism in Gibraltar since the 1969 Constitution was written, which I am sure not even they believe, and on the other hand we are being told that the Government have finally recognised, as if the Minister for Tourism's speech were not itself sufficient recognition, that he has no policy. Here is a Government in the dying days of their second and last term of office now saying that it is about to start consulting with the professionals. Who are they going to persuade with that approach? Of course, the Minister discussed his achievements but not the failures and of course even by his own standards the achievements are yet to prove themselves or are we to regard an empty Europort as a monument to the Minister's activity or not of a continuing nature. I can understand that the Minister is proud of his achievement in securing that investment and certainly securing that investment was a very, very positive step. One cannot be in Government for eight years and achieve nothing. I do not think even the Government Members can do that. So it is not that we recognise that they have achieved nothing, but what I am saying now is exactly the same as I was saying during the election campaign in 1992, three years ago and that hot air about buildings and cranes and white elephants and infrastructure.... *[Interruption]* Yes and is it not obvious now? Where is the clientele? Where are the customers? They have failed to market this territory property. Mr Speaker, therefore, when the Chief Minister says that his party has been brilliant, that his party has been the only one with vision, that his party has rescued Gibraltar from the mire, there are many, many, many people in Gibraltar who blame this Government for much



of the economic, social, cultural and political desolation that they see around them today. He is absolutely right when he says that the people of Gibraltar in 1996 or sooner will judge them on all that they have presided over and unfortunately for the Government Members that is more than just the construction of Europort. Thank you, Mr Speaker.

HON CHIEF MINISTER:

Mr Speaker, the people of Gibraltar will judge him for having waged an incessant vituperative campaign which started in 1992, if not earlier when he arrived here in 1991 when his predecessor and the one that is after his job, abandoned the House because earning £100,000 a year was more important than serving the people of Gibraltar, and he arrived in this House in a bye-election and he started on a gutter campaign which has brought down the standard of politics to a level not known since the 1969 Constitution was started. That is what he is responsible for having introduced in Gibraltar politics and no doubt..... *[Interruption]* Yes, because trade union leaders took the fight to the places of work and fought them as trade union leaders of workers and not in the cocktail rounds, seeding discord and making the people believe that Gibraltar was going to rack and ruin and they are still ding it today, because what is the motion that we are supposed to be speaking to? What does this motion tell the people of Gibraltar to give them confidence in the future? They do not want the people of Gibraltar to have confidence in the future they want the people to believe that he is Jesus Christ Superstar who is going to save them next year. The only solution that he can give the people of Gibraltar is a deal with Spain which we will never be a party to. That is the only one that..... *[Interruption]*

MR SPEAKER:

Order, order. If the Chief Minister gives way you can speak, otherwise you cannot.

HON CHIEF MINISTER:

No, Mr Speaker, I am not giving way to the Leader of the Opposition. *[HON P R CARUANA: I have said what I wanted to say, thank you.]* He is saying it all the time. He says it in the European Movement in front of 30 people. He makes a party political broadcast every time he opens his mouth. We know that but we have got a motion in the House brought by them ostensibly because they felt they had to make speeches on the

Appropriation Bill of this year, having walked out in a huff. Described as storming out, I do not think they are capable of storming out, it is not in their upbringing to storm. They will never make storm troopers. *[Interruption]* Yes, or street fighters. This is why the people of Gibraltar would be poorly served by them. They bring a motion to the House which ostensibly shows their preoccupation about employment and about a depressed economy. The Leader of the Opposition has said he has been provoked into standing because he already made his speech at budget time. He did not make a speech about the depressed economy or employment at budget time and he certainly has been making a lot of statements now as the Hon Mr Vasquez did in his previous intervention which shows either that they do not know what they are saying - which I do not believe to be true - or they know what they are saying but they do not care about the truth. The Opposition Member is saying the only thing we can take credit for is for the fact that there has been a lot of infrastructure built between 1988 and 1992 but that nothing has been done to make use of the infrastructure and that that is not enough. Well, it is certainly better to have land that has been reclaimed from the sea with 2,500 houses and a supermarket and a swimming pool than to have the water that was there in 1988. Surely, that is better and if that land is now being used 75 per cent it would not be used at all if we had done what they would have done because what they would have done was not to borrow any money and not to invest because what they told people in 1992 - which was not true and which is not true now - is that we had already in 1992 borrowed £100 million; that we would need to borrow more money for the next four years; that it was all an artificial economy. The thing that he has just admitted to us five minutes ago is the only thing that in his book we can take credit for is what he said in 1992 was not real. It was an optical illusion created by spending borrowed money. The Hon Mr Vasquez has told the House today that we have got a crippling mountain of debt and in one of their political broadcasts a year ago they said we had borrowed over the £100 million and it is not true. They know that it is not true. I have told them in the Estimates a month ago that the Government this year have a zero borrowing requirement. I explained to them that if we have got a wrecked economy and a mountain of debt by their standards, with no new borrowing, I imagine that they must think that the management of the British economy by the Chancellor of the Exchequer is an unmitigated disaster because he is going to borrow £28 billion this year. He is going to borrow £28 billion this year and we are going to borrow nothing, and we are supposed to be mismanaging the economy. Their quarrel with us is that when we disagree with the UK Government the UK is right - that borrows £28 billion - and we are wrong that borrow

nothing and we are supposed to be borrowing too much. How can we borrow too much if we do not borrow anything? The fact that we do not borrow is evidence of the strength of Government finances and when I explain that to him what does he say? He has not said it now. That particular gem of intellect he provided us with in the previous meeting of the House when he spoke. He said, "The fact that the Government finances are OK does not mean anything the member opposite needs to go out into the street where I am. I do not know what street that is - Irish Town I imagine - and find out how the real world lives, because there business is very bad." Does he not understand that Government finances reflect business activity because the Government earn its money from the activity carried out in the private sector because the other source is now nine per cent of the economy? The economy of Gibraltar is now nine per cent MOD so how can we possibly have an economy which is able to maintain Government revenues and enable us to provide social services, medical services, sponsored patients to the United Kingdom? We have all that money coming in even though the private sector is disappearing under the weight of economic dearth and inactivity. The Opposition Members know that they are not telling the truth. When the Hon Mr Vasquez says there has been a drop in assets and a drop in bank deposits, is he telling the people of Gibraltar that there has been a drop since 1992? Or is he telling the people of Gibraltar that there has been a drop since 1988? He is telling the people of Gibraltar that there has been a drop since the Financial Services Commission came under UK. That is what he is telling them.

HON F VASQUEZ:

If the Chief Minister will give way. What I am saying is since the peak in 1992 or 1993 we have seen a drop. That is what I said this morning. From a peak in 1992/93 we have seen a drop in assets in deposits.

HON CHIEF MINISTER:

Well, Mr Speaker, I will tell him when the peak was and I will tell him what it was when we came in. In 1987 the assets of all the banks in Gibraltar was £417 million, that is what we inherited. In 1988 it nearly doubled to £808 million. In 1989 it doubled again to £1.398 billion. In 1990 it went up by 50 per cent to £2.322 billion. In 1991 it was £3.7 billion. In 1992 £4.95 billion. In 1993 £6.174 billion and in 1994 it was nearly £6.5 billion. In 1995 it is £5.9 billion, is in fact, as the hon Member said, 10 per cent less than the previous year. Ten per cent less than in 1994 in 1995. But it also happens to be since we are being told

we have been a disaster since we were elected, and it is all an optical illusion, well a growth of 12 times. The fact that we have gone from £400 million to £5.9 billion is real and nobody anywhere in the world can guarantee that there will be an infinite increase every year and I can tell the hon Member, as far as we are concerned, the fact that for the first time since we were elected there was a decline, I think is connected with the fact that the UK insisted on the Financial Services Commission coming under them and I said myself that whether it had a real effect or not on confidentiality there was a risk that it would be seen to have an effect on confidentiality. *[Interruption]* Perception is not my word. It is the word of the Opposition Member but whether we call it perception or whatever we want to call it, my view was that contrary to the judgement of the United Kingdom Government the fact that the Commission would be appointed by them would not result in more people wanting to bring their money to Gibraltar because surely if that was such a good thing, Jersey and Guernsey and the Isle of Man would all have asked for it years ago so as to get more money going there. In my view I thought it was likely to be, at best, neutral and potentially negative. For all I know, even people in the industry might feel that they need to advise their clients that now that the Commission is in a way staffed by people appointed in London they might want to take that into account because they have a duty to tell their clients these things and that that might have an effect. I do not know, all I can say to the Opposition Member that certainly to say that the Government's policy on the development of the financial services is a failure and that the investment in infrastructure has not produced greater use of that infrastructure. OK, we have got the original kudos out of building the places but the business has not come which are all the things that he has said because the amount of assets of the banking system is £5.9 billion in 1995, and it was £6.4 billion the previous year as compared to £0.41 billion, we are talking about six times as much even now. Certainly, it would not be there if the infrastructure had not been put in. The fact that we have got, as the hon Member says, an over-supply of infrastructure is of course deliberate. We have explained it innumerable times. Why? Because what we have found was that the cost of building something to take a certain volume was fixed down that if one puts in a pipe to take a volume of water the cost of building a pipe that takes twice is not 100 per cent higher. The marginal cost makes the investment worthwhile because if we put in just enough which is what used to happen before 1988 then the moment we get expansion we have got a problem that we have got to dig everything up and put it all again. So what do we have? We have got today fortunately for Gibraltar a situation where we do not have to turn people away because there is no way of meeting their

requirements in electricity or water or telephones or housing or offices. That we could handle many more I have no doubt. That we have explained ad nauseam how we had clear written commitments that Gibraltar's financial services would be given EEC recognition and that he knows that to be true and the fact that he chooses to ignore that as a factor why business is not as much as we wanted it to be and as we would like it to be and as he would like it to be because, of course, he happens to be in the trade. That does not mean that the Government of Gibraltar have not achieved any growth at all. It means that the Government of Gibraltar have not achieved as much growth as we would have liked which we do not dispute because we encountered a failure on the part of the United Kingdom to achieve for us acceptance of banking licences promised in writing in 1992. A letter from Mr Garel Jones written in 1992 telling me that there is no problem in getting the Gibraltar licences recognised in the EEC but that it would be prudent to first implement the 2nd Banking Directive with the help of experts from the Bank of England which we did. As I said to him in the European Movement each time we have done something, they have come back and said, "Yes, we are ready to inform everybody that they must accept your licence but can you do this?" and we have done that and this has been going on for five years. In spite of that, which was certainly not built into our equation, frankly we would not have told people, "You are going to be able to use your banking licences in Europe in 1991" had I not had it guaranteed in writing. Then when we found we could not do it in 1991 we went back to them and said, "Sorry, there has been some unexpected problem but you should be able to do it in 1992". I have been doing this now for five years and I am not doing it anymore because I no longer have any confidence that it is finally going to happen because in 1994 it was based on us changing our law, which we did, so that the UK could name the members of the Financial Services Commission and it has taken them 13 months to do that. If the UK position is that they will notify the Commission in Brussels that we have got proper supervision here and the person that supervises the bank is seconded by them from the Bank of England, well, if we have not got proper supervision let them take her away and send somebody else who can do proper supervision. Why is it that she was thought to be doing proper supervision when she was in London and she is not thought to be doing proper supervision now that she is here if she is the same person? What is the problem now? The problem is that they say it has to be going on for long enough for them to be satisfied that the regime that they put in place is now producing the desired results and how long is long enough? They cannot tell me so if they cannot tell me I cannot tell the House and if I cannot tell the House I am not going to tell the

customers. We have been telling people they would be able to do certain things in good faith, based on written commitments which were clear and unambiguous, fully documented, ready to use when the time comes when we find ourselves in an election campaign with the Opposition Member trying to put the blame for any difficulties that we have experienced on us and then we will let the people judge who is telling the truth because we will publish what we need to publish when the time comes. But I can tell the hon Member that notwithstanding that when we introduced the Financial Services Ordinance in 1989 there were 49 businesses licensed originally and that at the last count in 1995 there were 436 and the 436 was a five per cent increase from 1994 to 1995. We would have wanted it to be a 50 per cent increase but it is not true that nobody is coming in.

HON P R CARUANA:

If the Chief Minister will give way. If we are going to present statistics we ought to do it in a reasonable fashion. That leap in licensed businesses reflects the fact that the licensing requirement was introduced and many businesses that were already in operation, unlicensed, had to apply for licences. It does not reflect new businesses.

HON CHIEF MINISTER:

Mr Speaker, the original 49 was what was required when the licence was brought in but I have said we have had five per cent increase in the last 12 months and that is not that we have caught up with 25 unlicensed operators. It is that 25 people started in the last 12 months. So it is not true that there is nobody coming in. That is the point I am making. It is not true to say that nobody has come in since 1992 who were already here in 1992 and those who were not here in 1992 is a 50 per cent increase. We had 50 per cent increase post-1992. Five per cent in the last 12 months, new licensed businesses under the Financial Services Ordinance. *[Interruption]* Obviously, whatever information we provide, since the hon Member wants to believe that it is not true, he is going to continue believing that it is not true but of course since this is not just for his benefit, but in order to make sure that the rest of Gibraltar does not believe that Gibraltar is crippled by debt, does not believe that Gibraltar is on its last legs, does not believe that we have our backs to the wall, because making them believe all that can only be, apart from the fact that it is not true, bad for us because if one paints a picture of doom and gloom all that one is doing is getting people anxious and getting people worried. I can only suppose they want that

because they think they are on the verge of fighting an election and they feel that if they get people sufficiently despondent they will vote for them. They will not get them to vote for them any other way. As regards the number of employees in financial services, Mr Speaker, it has gone up from 940 to 1596 since 1988. This is based on PAYE and social insurance records. Is it that before we came in they were not paying PAYE and they were not paying any social insurance? It is not that we introduced legislation for the first time in 1988 requiring people to pay PAYE and social insurance. Fifty per cent is not enough; an extra 600 jobs in the finance industry is not enough to satisfy us. I wish it were 6000 but what I cannot accept is that hon Members should say that there has been nothing, because it is not true. Therefore, if we give these statistics one is not giving statistics to say how wonderful we are, we have created 600 jobs in the finance centre and that proves our policy is right. Our policy was that there should be much more than this but it is not true to say that the economy is today worse than it was in 1988, that is an outright lie, every statistic proves it. The fact that there are 2000 more people working in the private sector today than there were in 1988 is a fact. It has not been enough, 2000 more jobs in the private sector has not been enough to produce net gain over the loss of MOD employment. I have explained that several times already but if in 1992 we say we are going to bring down unemployment by 300 over the next 12 months and half way through the 12 months PSA disappears then an honest assessment takes into account the fact that at the time we made the projection we had not taken into account the disappearance of PSA. If, at the end of the 12 months, we still have 600 unemployed then what we have proved is that had PSA not gone down we would have reduced the unemployment. With PSA going down all that we have done is run faster to stay in the same place. That is what has happened. That is the true picture and the true picture is that the economy of Gibraltar today has got greater strength than when it had £30 million wasted on the dockyard. It has greater strength when we could not even build a school or a house without UK money. That is the truth. It is true that we have got an economy today which is producing £300 million a year and we had an economy that was producing £150 million and if the growth had been an illusion when the illusion was finished it would have gone back to £150 million. It did not go back to £150 million; it stayed at the level. It is not the level we would have liked it to be. We would have liked it to have been 50 per cent higher and the hon Member can say, "You have not achieved the target that you wanted" and that would be true but it is not true to say, "You are worse off than you were in 1988", that is not true. *[Interruption]* Mr Speaker, the actual words he used were "the economy today is weaker

than ever before." It must be weaker than in 1988 unless he thought the world was created in 1989. If it was weaker than ever before; it is weaker than in 1988. I am telling him it is not weaker than in 1988. It is scandalous to undermine the will to survive of our people by making them believe that. It is scandalous to make the people of Gibraltar believe that. We face totally unjustified problems in the European Union since the arrival of Spain because we did not have them before because Spain was not there making life difficult for the United Kingdom. I have already recognised the problem that the UK have with Spain in the European Union but that should have been foreseen before 1986 because it was a worry that I put to the Government many times from the Opposition. I used to say from the other side, "You need to take advantage of whatever years we have got left before Spain joins because they are going to join sooner or later to try and tighten up whatever loose ends need tightening up." We had a 1982 Banking Ordinance that transposed the 1st EEC Banking Directive. It was only in 1989 that we discovered that in the Journal where Community banks are published, Gibraltar banks had not been included. The Community requires that every bank in every member State of Europe should be published in the Journal and the banks of Gibraltar had never been included. We were included for the first time in 1990 when we brought this to the attention of the member State UK and they have not included us ever since. Notwithstanding that they were included they still cannot passport because the Community requires that the issuing authority in Gibraltar should be notified to other member States and it requires that there should be a Memorandum of Understanding and Spain has gone to the extent in 1993 of not signing the Memorandum of Understanding with the Bank of England for banks from the UK because they do not accept the Gibraltar banks. To that extent they have gone. The UK has got Memorandum of Understanding with everybody else except Spain because Spain refuses to sign with UK because they do not agree with the bank licences in Gibraltar even though we are not included in any of them. We need to know that that is true and that is recorded and that is there and that is an obstacle to our capacity to generate business which should not be there which is not of anybody's making in Gibraltar and which we are entitled vociferously to complain about. Without that frankly getting business to Gibraltar would not have required half the effort we have already put into it because Gibraltar offered a very attractive option and that was obvious to us not because we were experts in the field but because everybody we met told us that this was the case. If we could do what the law appeared to say we could do, people would be queuing up to come here provided we could accommodate them and we set about accommodating based on written



guarantees that we would be able to do it. The fact that it is not there does not mean that we have got no option and therefore we have got to think of alternatives which require buying off Spanish hostilities. That is not the case. We must not believe that that is the case; it is not true. It may require greater effort on our part. It may require harder work. We may have to look for other alternatives but we can do it and we must do it and frankly what I believe Gibraltar needs is that we quarrel with each other about the things we need to quarrel but we do not quarrel with each other about whether our economy is today weaker than ever before where we have got a crippling debt burden because the things are not true. If the people in the street are told that there is a crippling debt burden they must assume that the hon Member knows what he is talking about or that he is mistaken but not that he is lying and having been told in April that there is not going to be any need to borrow money in these 12 months then he must know we have not got a crippling debt burden because the debt he is talking about was the one that was there in 1992 in their manifesto. They put in their manifesto in 1992 before the end of this year the public debt of Gibraltar will be £100 million and I told him three month's ago that it was £99 million so it is still £1 million less than they were telling people in the last election. In fact, we are looking at our debt management programme always on the basis of efficiently finding ways of managing the debt so as to minimise the effect on Government finances. This is why we set the General Sinking Fund in the first place and we are confident that we have not got a problem of public debt at all. Let me say that in the other statistics that I have got about the finance centre, since 1992 what we show is that in the last four years the number of new companies registered in Gibraltar has been growing. Not at the rate that we would like it to grow. Certainly not at the rate it grew in 1988, 1989 and 1990 where I understand we were putting in a lot of companies that were companies as owning one house in Andalucia because the Spaniards stopped that business. But the basic flow of new company registration in 1995 is 3700 and in 1994 it was 3000. To register 700 more new companies than in the previous year which is a 20 per cent increase in company registration is not bad going for a place that is worse than Bosnia if the Opposition Members are to be believed.

Mr Speaker, the area of employment which will be dealt with by my hon Colleague is one where we have made absolutely clear our conviction that the employment and training has got to be geared to the kind of jobs that the private sector is capable of providing and I think he will be able to demonstrate the effectiveness of the measures that we have taken in that direction. As far as we are concerned I am not defending

the Estimates of Expenditure in this House because I did it in the last meeting. I am talking to the motion that has been brought to the House but it is clear to me that irrespective of the subject matter we are going to have to keep on putting the same message across because we are going to be faced with the same slogan from the other side and therefore whether we like it or not we will keep on repeating it and although it is not our style to have to keep on saying the same thing again and again and again it is quite obvious that unless we put the record straight by default we are letting Opposition Members create within our community a sense of despondency and fear about the future which is totally unjustified by reality and we are not going to tolerate it.

HON P CUMMING:

Mr Speaker, the motion talks about profound anxiety at the deepening economic crisis, the crisis that we are facing is due to the failure of the GSLP economic plans. It seems the Government do not accept that that is the truth of the matter. I would just like to read a few extracts from Hansard and this is the first budget of this House of Assembly, that is to say, four years ago in 1992, the budget in which the Chief Minister says, "I will try and give the House and the people of Gibraltar an expose of how we see not just the next 12 months but indeed the next four years. I would like to give broad parameters, broad outlines, of what we would like to achieve in this four year period and one element in that type of scenario is that of course it provides the framework within which performance can be judged." So, how could he have been so arrogantly confident of his economics to give the Opposition such a stick to beat him with. He himself has given us the measure, the ruler, with which to measure his economic success over the past four years. He goes on to say in his budget speech of 1992, "We have set ourselves a target in terms of employment over the next four years of maintaining 14,000 jobs in the economy of Gibraltar and we expect that in order to maintain those 14,000 jobs the economy of Gibraltar will have to increase its output from £300 million to £450 million between 1992 and 1996; an increase of 50 per cent." He goes on to say, "We have to run very fast to stay in the same place". He says, "We are confident that we can achieve this in the next four years notwithstanding the situation in the outside world which is catastrophic". He says, "There are people who are going round saying that the recession is going to take longer to come out of so we are taking a conservative approach in estimating. This is why when we say we are going to grow from £300 million to £450 million and maintaining 14,000 jobs we do not think it is an over-ambitious target. It assumes that there will be no new projects in the



Improvement and Development Fund after the completion of the ones in place. It assumes that there is going to be continuing shrinkage in the UK Departments. It assumes that the world recession is not going to be easy to end. The up-swing will be slower and come later than the optimists expect. I do not know," he says, "other than Armageddon what else we can assume in the equation to make sure that we are not being too optimistic. I say this because it is really important that whilst we have to be totally realistic in understanding the difficulties we face" and this is what I am after, that we should be realistic in understanding the difficulties that we face, this is the objective in my speech today, "as a people and as an economy small and vulnerable as we are I do not want to produce an impression of unmitigated gloom. So in this predication we have taken into account all possible negative factors. It is difficult to think what could go wrong that we have not already assumed will go wrong in the economic models that underlines the Estimates of the next four years." It seems incredible to me that four years later we should be in the position that we are in. Armageddon by the way, has not come and by no means has that target of 50 per cent growth been achieved. In fact, growth has been 3.5 per cent, 1.5 per cent, 1.5 per cent and in the last budget zero, no growth at all. In the previous four years there had been a growth of 100 per cent. So if it was a business we have a projection for the future and we draw a graph and to understand that 100 per cent of growth in the first term of office of the GSLP we have to take two things into consideration - the £100 million of the enormously failed Baltica investment and the £100 million of borrowing which has given an artificial boost to the economy and tremendous stimulus enabling it to become the fastest growing economy in the world. But the scope for artificial messing about with economies is very limited and very dangerous. Immediately the Chief Minister has forecast confidently bar Armageddon 50 per cent growth over these four years, hey presto, growth shrivels down to 3.5 per cent so we end up then with 6.5 per cent growth where he confidently estimated a 50 per cent growth. That to me reads failure of their economic plan. I am reminded of a speech by Harold Macmillan in which he said it takes a great economy a long time to die and little Gibraltar, little economy, but it had a great economy and it does take a long time to die but how will we project the graph into the future, a graph that received an enormous artificial economic boost and then fizzling out to very small amounts of growth until it stops to grow? So we say what happens next, what can we expect next year? Next year we can expect a shrinkage in the economy of 1.5 per cent gradually increasing up as the economy goes into reverse unless we are able to do something to change it. We are not in a catastrophic position yet. We

still have a small handful of years in which to come up with something very solid for our economy and if not the economy is going into reverse and as success succeeds failure fails and the economy will go into reverse faster and faster. I remember a broadcast in which the Chief Minister was being asked about his economic programme and he was saying how he had laid down the infrastructure in the first four years and in these next four years he was going into the marketing and was expecting only very moderate success which would ensure that the project would get off the ground. Then he said, "If we do not do it...." that is to say, make a success of this project, "it is because it cannot be done". Yet now the Chief Minister is saying, "We must not say it cannot be done what we must do is work harder and look at it like this and look at it like that". What we must try and do in this House of Assembly where we are the political leaders of the community and we have to think for the community whose economic expectations are in our hands, is to try and make a responsible analysis of this rather than trying to score political points. The Chief Minister said three years ago, "If we do not do it it is because it cannot be done" and I agree with that analysis. I think the GSLP have tried very hard to make a success of the economy and unfortunately they have not been able to market the infrastructure that they have put in place. This is a very serious matter because in their GSLP manifesto they rightly say, none of us would disagree, that there is no self-determination without economic viability. That is in the GSLP manifesto, there is no self-determination without economic viability and as our economy has reached zero growth and can only be projected to shrink and go into reverse in the future then obviously a question mark over self-determination and there is no doubt that we have to be economically strong in order to be politically strong. It must be that the principal Ministers of the Government must have been the first to realise that their expectations for their marketing campaign was over-pitched and they must have realised this months and months before everybody else in Gibraltar. Some sort of response from them, surely, would have been the right thing. I think that there was a kind of response and it took place in the Chief Minister's speech to the United Nations not this year but the previous one in which he differentiates for the first time between the right to self-determination in theory and the putting into practice of that right because he said to the United Nations, "We accept that the putting into practice of the right to self-determination...." For the first time the response to the failure of the economy is to say it is conciliatory to Britain and conciliatory to Spain to say, "Look, we differentiate between the right in theory and the right in practice, that we must negotiate with Spain to establish how we will put into practice this right". This was followed by a semi-conciliatory trip to

the Madrid Siglo XXI Club with a new attitude but the new attitude has not caught on. In other words, Spain will not accept that position. We have to ask them why has the GSLP economic plan failed? It is not because they did not work hard enough. It is not because they have not put their hearts into it. The reason and I am sure that they will probably agree with me, for their economic failure is one, Spanish hostility and two, British apathy. Certainly we could have expected the GSLP to have taken these factors into account when they took the risk of borrowing so much money but that is done. The Spanish hostility and the British apathy added together make political instability and it is political instability that - I have it on the advice of many people in the Channel Islands high up in the finance centre - that kills a finance centre and scares away potential investors to Gibraltar. So we must ask then, why is it that we are faced with this British apathy to help in the economic programme of the GSLP? The answer is so obvious it scarcely needs mentioning. The fact is that it is 15 years ago now since Britain and Spain decided in Lisbon that what they wanted for Gibraltar was a negotiated settlement and therefore to invest in the GSLP economic plan would be investing in something they saw as alien to their interests. Therefore they have been apathetic and willing to put up obstacles to the various plans that the GSLP has put in place. These then are the facts of our economy. We face hostility from Spain and apathy from Britain in helping in any programme that is to work outside the framework of the search for a negotiated solution to our future.

If I could turn momentarily to the economic plans of the GSD such as we can perceive them to be and because I have no doubt that the election of the GSD to government will result in an improvement in relations between Gibraltar and Britain nonetheless after the honeymoon is over some of those obstacles that the GSLP have been constantly struggling against will also be presented to a GSD government. In a beautiful crest in which the GSD has designed for its party we see the main item of it being Union Jack; the British flag. I have no objection to the British flag but a kind of feeling in Gibraltar of insecurity where people say, "We feel very insecure now. We used to feel secure before. What must we do now to feel secure?" They feel like crawling back into the nest that we had here with Britain before Lisbon. That I am afraid is not likely to be possible. It leads me to think that before the end of the first term in government of the GSD they will be running into problems with the British Government relating to the economy and to the finance centre. I always feel very nervous when the GSD mentions as an economic policy creating jobs because creating jobs is an intensely expensive matter if they are created artificially. The

Wilson government invested in a lot of money in trying to do just that and it had devastating economic consequences for the British economy. Therefore job creation has to be part of the real growth of the economy. So unless we establish real and sustainable growth in the economy it seems to me that it will just not be possible to create more jobs. It would be nice to think that if the GSD come into power - and it seems to me very likely that they will and certainly it is my present intention to vote for seven of their candidates - that out of their new attitude which is more open to dialogue and more reasonable and less nationalist will evolve gradually a policy which will carry Gibraltar with it into first, on dialogue then into negotiation and then a negotiated solution. That would be lovely to say that it will come in time. The problem with time is that the economic projection for the future shows that that time is short if we want to bargain from a position of strength because as the economy becomes weaker we will be more vulnerable to a solution being imposed on us that is not entirely to our taste. We cannot base an economic policy on potential aid from UK. It seems to me that the UK policy is to assist with a policy of reconciliation and negotiated settlement with Spain. To that they will contribute most liberally and without it they will not. Therefore, the honest message from this House from the GSLP and the GSD has to be to the people of Gibraltar, "Tighten your belts and be ready to tighten them a lot harder as the next four or five years pass". In the motion of censure in this House against me some months ago from the Government benches we had a speech from the Hon Mr Mor which I would entitle "Over my dead body speech" which was anecdotal, nationalistic and very anti-Spanish.

MR SPEAKER:

I must draw your attention that you must speak to the motion otherwise I will have to stop you. Do not start wondering about.

HON P CUMMING:

Mr Speaker, I am talking about the economy. In fact, I am talking about the economic urgency. The problem is that the economic viability and the self-determination has been linked.

MR SPEAKER:

You are repeating yourself now.

HON P CUMMING:

Mr Speaker, the fact of the matter is that unless politics in Gibraltar are going to become a very unhappy career, the economic cake has to be made bigger so that there can be a bigger slice for everybody because what is coming is the reverse, that the cake is getting smaller and therefore there is a smaller slice for everybody. Therefore this House will preside over the next few years into apportioning increasingly smaller slices with all the social implications that that will bring to us. It seems to me that if we are not careful on this question of the economy this House will become blind guides and the people who we lead will be led into the ditch. We will lead them into increasing bitterness and frustration as our economic policies are increasingly unrealistic. It is clear to me and clear to many in Gibraltar that Gibraltar will never flourish economically unless we are able to establish a good relationship with Spain. Certainly although Mr Speaker may rule this to be irrelevant we will never enjoy any kind of independence status that does not enjoy support from Britain and Spain. There was a gentleman who came to me at the airport yesterday and said to me, "Look, why do you keep saying we should have goodwill to Spain, why cannot we just at best ignore them?" I said, "We cannot ignore them because they are very important to our economy". He said, "I would rather beg than depend on Spain for my economic well-being" and I said, "Who are you going to beg from, the Spanish day trippers?" This should be an effect of the European Movement that we become increasingly inter-dependent economically on our European neighbours.

My plea in this motion is that we take on a more realistic message to the people of Gibraltar because this motion expresses profound anxiety at the deepening economic crisis. I will say that that is wrong because anxiety yes, profound anxiety I would not go so far just at this moment. Deepening economic crisis; we have not had an economic crisis yet, I do not believe because we are at that part of the graph where we have had growth and now we have come to zero. So we have come to the line where we can only expect that as from next budget it will be shrinking slightly. Therefore, it is not a profound crisis and there is no need for deep anxiety. Anxiety yes, because if we are not very careful over the next few years we will find ourselves in a profound crisis. It seems to me that before that crunch comes of an unmanageable economy we have to make the best use possible of those two or three years that we will have before the economy goes seriously into reverse and I would urge that we use them wisely. The Government Members, I think it was the Chief Minister, have accused the Leader of the

Opposition's solution to the economic crisis as being a deal with Spain and then there have been shouts across one way and the other. I will only wish that that was in fact the position of the Leader of the Opposition. It is not that any deal will do. It has to be a deal which recognises the right to our land, leaves us with our flag and our Parliament and leaves us masters in our own home. But apart from those conditions there are many ways in which we can take the Spanish claim into account and in so doing remove all those obstacles that have prevent the GSLP from bringing their economic plan to success.

HON J L BALDACHINO:

Mr Speaker, I will deal with the comments made by the Hon Mr Vasquez on employment. I think that my hon Colleagues have touched upon other areas that the Opposition have brought up in this debate.

First of all, before I move on to employment, I would like to remind Opposition Members of the question of home ownership. The Leader of the Opposition said that home ownership and the construction of nearly 3,000 flats for the people on the waiting list was an initiative by the private sector and that that initiative was there during the AACR administration. Let me remind the hon Member that prior to the 1988 election and when in Opposition, the GSLP did re-negotiate the conditions that the AACR had made for Westside 1. Westside II, Mr Speaker, was not an initiative of the AACR Government neither was Gib V nor Eurotowers. Let me remind the hon Member that the 50/50 scheme was not the policy of the AACR Government, that the introduction of the £10,000 tax allowance on capital of any flat was the initiative of the GSLP Government. Let me also remind the hon Member that the Leader of the Opposition and his hon Colleague Mr Vasquez were against the 50/50, let it be said ... I will give way.

HON P R CARUANA:

Will the Minister explain where he draws that conclusion from?

HON J L BALDACHINO:

I will. In the Leader of the Opposition's debate in the Mackintosh Hall. Even though he did not clearly set out that he was against he ... *[Interruption]* No, if he wants I can go into his dealings as a professional if he was against it or not. I do not want to go into that area. I give way.

HON P R CARUANA:

Mr Speaker, what the Minister cannot do is say that I am against the 50/50 scheme which is pure fabrication on his part to use the language that they have been using all afternoon with impunity; a lie and then when he realises he is caught out say that in my professional capacity representing one party or ... but what he means is that he is now up to the realms of politics. What he has said is not true and he must either withdraw it or support it.

HON J L BALDACHINO:

I will even go further, Mr Speaker, his Chambers even questioned the memorandum and articles of association of the company. On the question of the Hon Mr Vasquez, when he was a member of the board of the Chamber of Commerce members of the board could not belong to political parties. In a meeting, unless he has changed his attitude ... *[Interruption]* I will not allow him to interrupt, Mr Speaker, but I will give way if he asks me to.

HON P R CARUANA:

He is very generous with the giving of way. In fact is the Minister saying that the evidence that he has in support of his bold assertion that the Hon Mr Vasquez and I opposed the 50/50 scheme is, one, that my legal chambers representing a bank made a legal query about a provision in the memorandum and articles of association of a company and that he was a member of the Chamber of Commerce at the time that the board said God knows what. He has not actually told us what the board has said. That is his evidence in support of his assertion that we oppose the 50/50 scheme.

HON J L BALDACHINO:

Yes, Sir. I would like the people of Gibraltar to know that. Let me tell the Hon Mr Vasquez that the policy on the cadet and training scheme has been successful. Up to 70 per cent of people who have been in the cadet scheme have found employment. A percentage of the remaining 30 per cent are people who then decided to go and study in the United Kingdom. Another percentage of that are people who have found alternative full-time employment. Let me also remind the hon Member that there are now more students attending full-time education in the United Kingdom in Universities and Colleges thanks to the GSLP policy

of removing the pointage system. Some of the hon Members in the Opposition fought an election in 1988 against this. That is also part of training. It is the objective of this Government to have as many people as possible qualified to the highest academic standards. Let me tell the hon Member that he accuses me that the training scheme now put in place with the Chamber of Commerce was the initiative of the Chamber of Commerce. Let me also tell the hon Member that I have no quarrel with that. I do not mind who takes the initiative or who gets the credit for whatever it is. As far as I am concerned I have a duty to perform. I have a responsibility to perform and therefore I will reach any agreement with any institution to try and train our people to the highest level. Let me also remind the hon Member that the scheme that we have put in place with the Chamber of Commerce is one where the cadets will finish up with qualifications up to the standards of NVQ's. Let me also tell the hon Member that I intend to look at putting up a training centre where our youngsters can learn certain craft trades up to the standards of NVQ's. Let me say to the hon Member as well that I am speaking to other leading bodies within the financial centre to try and also get our people to higher qualifications and NVQ's that is required for those sectors like banking. Let me remind the hon Member that at the moment we are running legal secretaries courses and I hope that people in the legal profession take on the young ladies and men who we have trained for legal secretaries rather than go and look elsewhere. Let me also tell the hon Member that I am now reaching agreement with an insurance company for people to be trained within that sector to the qualifications required by the body. I think that the figures that he quoted were the figures that were not the ones that I gave him by a letter on 26<sup>th</sup> April. Gibraltarians unemployed under 25 are up to April. I am convinced that there are much less than that. There are 225 and over 25, 351. He also mentions the criticism levelled at the Employment and Training Board by the Gibraltar Chamber of Commerce but what he conveniently left out was paragraph 9 of that report which states, "This question was perhaps ..." and it is referring to the Employment and Training Board, "not worded correctly. Some respondents felt that the Employment and Training Board was being of some use via the existing Vocational Cadet Training Scheme. However, in the main most employers found little use for the Employment and Training Board which generally restricted practice on employment and unsuitable applicants being sent for job interviews ..." and it goes on on problems that exist within the Training Board and so on and so on. He so conveniently left that out. Let me remind the hon Member that the problem that we have in the ETB I will try my best in dealing with the employers. The hon Member in one of the questions when my hon Colleague Joe Moss was the Minister for



Employment, and I think it is in Hansard somewhere, said that we should leave employers to employ whoever they like, much to the regret of the hon Leader of the Opposition who was making all sorts of faces, biting his lips and trying to get the attention of the hon Member not to go down that road. The hon Member must understand that sometimes employers, when they put in vacancies and when the ETB sends people for those vacancies..... let me give him one example. The ETB sent five Gibraltar applicants who wanted to be chambermaids and that particular industry came back and said that none were suitable. We are talking about chambermaids. That Gibraltarians are not suitable to be chambermaids and then they employ two EEC nationals from the other side of the border. That is the problem that I am having within the ETB and that is something that I need to correct because even though I am obliged to accept that EEC nationals have the same right, what cannot happen is that EEC nationals have more rights than Gibraltarians. The hon Member said that I do not walk down the street. I do walk down the street and every Gibraltarian walks down the street and they only have to walk down Main Street to see who are the shop assistants. the hon Members says that the ETB does not do a job. Of course, it does not do a job. I am talking about some of the business trade because they are unscrupulous businessmen who are in a minority. I must say which other do comply. Others do help; others do employ, but the hon Member in the same speech says that the cadet system does not work because employers get a cadet and after nine months or six months they say they do not require them and pack them off. That is the speech that he said and that is the quotation that he said, that they pack them off. On the question of the training levy, the training levy does go for training. The question is that the training levy is linked to the stamps that are paid to the DSS and the hon Member knows that not all employers keep to that commitment of paying the stamps on time. Some of them even take a year and sometimes they take two years and sometimes we have to chase them to pay. I am talking about a minority, I am not talking generally because these employers do keep to their legal obligations. But some do not even pay the £26 registration which goes to people of the companies that go insolvent. It is the money that normally a worker should get from the employer when the company goes insolvent. What really gets me is the companies that really are good employers are the ones which pay and the ones that are in a higher risk of going into liquidation or of going away from Gibraltar do not. The hon Members knows at least one. Sometimes they even sell all the assets before they go bust and then the employees do not get what they deserve under the law and the reality is that the employer has not paid for that. So, if the hon Member wants to talk about training, if the hon Member wants to

talk about employment, let me tell the hon Member that out of the figure that I have just quoted to him over 325 Gibraltarians in the last month, and I am talking about January, 97 EEC nationals from across the border have been employed when those employers should have looked and given priorities to our people. What am I doing about it? I am going to tell the hon Member. The hon Member was a member of the AACR in 1987 which signed the Brussels Agreement, which gave Spaniards 11 months before all the other EEC countries the right to come in and look for work. How does the hon Member think I can act? I shall tell the hon Member how I can act. Every time that an application for a registration of a Spanish or any other EEC national for that matter comes to the ETB I will check that company to see if that company is keeping to its legal obligations. So now he knows and everybody else knows if that is what he wants me to tell him The truth is that the hon Member quite rightly knows that there is very little legally that we could do, equally very little legally that they could do so it is not a question of legality, it is not a question of putting anything in place to stop people being employed. What I am saying is that Gibraltarian companies that are established here, that do business with the local population should have in mind that they owe something to society, that they owe whatever profit they make by giving a service to the people of Gibraltar. I understand that in some cases we might not have expertise but let me tell the hon Member that in 1960 I did not do the entry exam for an apprenticeship. I went to the then DLSS which was in Montagu Bastion and the person in charge I think was the late Mr Desoiza and he said to me, "Read the Chronicle". So I read the Chronicle and he said to me, "Why do you not take the entrance exam to become an apprentice?" I said, "Look, I do not think I want to go down that road. I want to go and do something else" but in the end I finished up being employed as a shop assistant. The reality was that being employed as a shop assistant at that time did not need a qualification. It appears now that to get our people employed in the retail trade or in the wholesale trade or as a delivery man or as a lorry driver, I have now by necessity had to put in a scheme where people will be qualified to work for NVQ's because when one of the employers comes to me and says, "The person who you have sent is not qualified", we say, "Yes, she is qualified, she has an NVQ". A florist needed to be employed and I said, "I am prepared to give you one of my cadets and you teach her how to be a florist". He said, "No, no, I need somebody qualified, I want you to give me a work permit for somebody who is living on the coast or across the frontier who has an NVQ level 1 as a florist". An NVQ level 1 is the minimum or almost no qualification. For the hon Member to criticise the ETB, for him to say so I think is cheap political points from the hon Member by saying that



people who go to the ETB and they choose who they send and who are not sent. It really puts into question the people who work at the ETB. I can tell him that there are many people in the ETB who actually take things seriously. They try to help our youngsters in particular and the question is that the selection is not done by ETB personnel. If a company asks for a cadet, I have said since I came in in January that the first obstacle that our young people have to pass is to attend interviews. People are sent for interviews to the company that is going to take them on and it is the company or the business who selects the cadet. Of course, what happens is that if a bank asks for a bank clerk, we have to send them the people who have the academic qualifications that the bank requires. We cannot send everybody else and we also take into account the youngster's preference. We try to marry what the youngster really wants to do with the jobs that become available within the ETB. This is nothing different. There is no difference, for employment of people over 25. For people over 25 we have exactly the same problem. We have people who are qualified chefs. They are prepared to take another national than our own person. For waiters they prefer to take somebody else than our nationals. For labourers they prefer to take somebody else than our nationals. They even come for labourers and ask for work permits. I am telling the hon Member I have refused it. I will not even consider that. I will consider if somebody asks for a work permit where he cannot find somebody suitable within our economy and that he is a Gibraltarian or a resident of Gibraltar. When I mention Gibraltarians there are people who are entitled to look for work here because they are resident. Most of them are British people; not necessarily Gibraltarians. I trust them all the same. I will repeat myself, so that the hon Member understands even if he criticises me, even if he says I am doing it because I have got six months for the election. This Government will start training our people so that they have the qualifications that are required so that the private sector does not come back and say that our people are not qualified enough even if that means giving qualifications for chambermaids, for barmen and for whatever it is. It is not true when the hon Member says that this is something that is being done today for six months. This is something I have been working on from January. This is something that happened in a meeting that I had with the Chamber of Commerce. Another thing which he has brushed aside from the report. He has only mentioned the bad things. He has not mentioned what the Chamber president has said in the 'Chamber Review' on the understanding that now exists between the ETB and the Chamber of Commerce and the personal contacts that we have. He should read that, at least he should be honest enough. If he is going to quote the bad things at least he should say that the

Government are now pulling in that direction, that it is speaking to the Chamber of Commerce to try and find solutions so that we make it better for the businesses so that the ETB can at least contribute for the benefit of the business. Let me tell the hon Member that the ETB, if it was properly used by the traders, could be a great help to them. The ETB does many functions; complaints by employees that they have been made redundant; the employer has not paid the insurance stamps; they have not been paid redundancy; that sometimes the employer wants to pay the redundancy in six months. A lot of things that the ETB actually does and the hon Member criticises maybe because it is nice to criticise.

The motion of the hon Member reads, "This House declares its profound anxiety at the deepening economic and employment crisis". I do not think that we are in a crisis. Of course, we are not as well as we would like to be. I would like to have everybody employed but that is Utopia. This Government and I would try our best to lower unemployment to get our youngsters in training but I cannot give a commitment that there will not be any unemployment. It would be stupid of me to say such a thing. I will try to bring it down at least to an acceptable level. I have said that there are many businesses who employ outsiders and other EEC nationals and let me say that we must be conscious that in catering, for example, our people must also be willing to carry out those jobs, otherwise we will still require to bring labour from outside. It is a must that we try and convince our youngsters that the days of the naval dockyard, that the days of the PSA and the military establishments as existed here, are long gone. There can no longer be any more shipwrights; there can no longer be any more pipe fitters, sail makers, boilermakers. Those are trades that we can no longer give training to our people. Our youngsters must understand that the policy of this Government is to train people for the demands in the job market. That is the only way because what we cannot do, and I am not prepared to do, is to give false hopes to our youngsters that we are going to train them in something that will not be of any use for them to find employment and all they are going to be is back in the dole queue. I will work my utmost with the private sector, with all institutions, to try and find an agreement and a solution so that our people can be trained and for the over 25's and for people that are there I also require, as I am actually doing, to see that the priority of employment is given to the Gibraltarians. Having said that and having listened to my hon Colleagues I intend to move and I gave notice, an amendment to the motion standing in the name of the Hon and gallant Lt-Col E M Britto.

Mr Speaker, I beg to move the following amendment, delete all the words after "This House" and substitute by the following:

- "(1) Notes that there is concern that the pace of economic activity could slow down and produce higher unemployment;
- (2) Welcomes the fact that there is so far no material evidence that this is happening;
- (3) Welcomes the fact that this year so far the number of unemployed Gibraltarians has declined and supports the Government objective for further reduction;
- (4) Welcomes the initiative taken to start new businesses of which 136 have been registered in the first six months of 1995;
- (5) Notes that a greater impact on unemployment could be obtained if all employers gave priority of job offers to Gibraltarians and recommends that this should be encouraged".

Mr Speaker, I am speaking on my amendment to the motion. I think that by the contributions that have been made by my hon Colleagues as far as we are concerned have proved that there is no anxiety and deepening economic and employment crisis. We are prepared to recognise that if economic activity does slow down obviously that will affect and produce higher unemployment. I do not want to repeat myself because of the many of the things I have said in reply to the hon Member. What is evident is that the hon Members have given no proof or any evidence that there is an economic and unemployment crisis. The number of unemployed persons in Gibraltar is declining. I agree that it is not declining to the level and at the pace that I would like to see it decline but nevertheless it is declining. The Government are committed to work as hard as possible so that there is a further reduction. The construction industry was an industry that traditionally employed just under 1,000 persons and I am talking about fixed employment (maintenance) there are times and peaks in employment. It is the objective of the Government obviously to move into that area. It is an area that we want to move into. Let me say that when it was at a higher level, I think it was almost 1,900, we have about 16 Gibraltarians employed in the construction industry. Today even though we have now reached the level that the construction industry is not in its pace, let me say that we have made a substantial inroad into that area and today there are 35 per cent employment in that area. I think there is quite a lot

of leeway since two-thirds of the industry are still none local employees. Even though I have said that in the catering industry and the hotel industry we are making very little inroad for the two factors that I have mentioned before and that is the Gibraltarians are reluctant to move into that area of employment and that some employers prefer to employ outsiders rather than our people, nevertheless let me say that employment in that area has also increased very substantially - about 60 per cent of what it was in 1988. I think that specially on the youngsters I am sure it will take a lot of convincing for them to move into that area. Nevertheless, we will try our best to orientate them that that is an employment. I understand that that sector has very unsociable hours and therefore they are not very attractive for local people to be employed but let me say that we have had about five cadets employed in the industry and the five have finished up in employment. It is a question of trying to convince our youngsters. Of course, the Government welcome any initiative from businesses. We are prepared to listen. I am sure my hon Colleague the Minister for Trade and Industry is prepared to listen to people who want to put up small businesses. The glass factory was something that was negotiated by my hon Colleague the Minister for Tourism and the Environment. We have 10 cadets there. There are provisions to employ more cadets if the business picks up. If anybody has any ideas please come forward. Of course we have our own initiatives but there are people who might have ideas. They may not be our ideas but we might want to listen to them. It is as simple as that. I understand that the hon Member if he was in Government probably would just implement his ideas and not listen to anybody else which is what he criticises us for. On point 5, greater impact on unemployment could be obtained from our employers to give priority to job offers to Gibraltarians. This should be encouraged. It is something I have said and it is something that I am all the time in contact especially with the Chamber of Commerce which much to the regret of some people I do have a good relation with the president and therefore I am sure that we will find ways and means of trying to convince businessmen in Gibraltar to give priority to Gibraltarians. I commend the amendment to the House.

MR SPEAKER:

I now propose the motion moved by the Minister for Employment and Training the Hon Mr Baldachino which in fact is not a form of reforming the original motion but totally introducing a new concept and therefore we have now two propositions in the same motion and I explain this because our method of carrying on the debate now will be similar to that

which we have used previously in similar circumstances and that is that hon Members who have spoken already will only be able to speak on the amendment but the other Members who have not spoken can speak on the original motion and the amendment. The procedure will then be that the proposer of the amendment speaks last for the amendment and then finally the proposer of the motion will speak for the original motion and then we shall take a vote on the amendment and if the amendment is passed then automatically the original motion is defeated. I will not read the motion because I think all hon Members have got a copy in writing of the motion so I think it is a waste of time of the House. The debate now continues and if any hon Member wishes to speak he can do so bearing in mind what I have just said because I shall have to be strict and I will not allow any repetition of what was said originally.

HON P R CARUANA:

The rules are very clear, Mr Speaker, as always, thank you. Mr Speaker, the Opposition will not be supporting the Minister's amendment for two very obvious reasons. The first is that the effect of supporting this amendment would be in practice that our own, which we consider to be much more accurate than this one, would be defeated. But the second reason why the Opposition will not support this motion is that it is manifestly inaccurate. The Minister might think as he says here that there is no material evidence that economic activity could slow down. He could only possibly think that if he has not read the Chamber of Commerce's trading conditions survey report or has read it and has not understood it, which is probably more likely, or chooses to believe that everyone that has answered the questionnaire is lying to the Chamber of Commerce. The statistics of business confidence which in every other part of the world is regarded as an indication of the underlying health of the economy could not speak more loudly. Twenty per cent of businessmen think that they would do better next year than this year. Fifty-eight per cent think that they will do worse and in respect of each of the previous years the decline of pessimism is there. The Minister thinks that there is no material evidence of an economic slowdown is because he lives in the same ivory tower as his hon Friend the Chief Minister. The other reason why the Opposition will not support this motion is that it will be regarded as a sick joke by the Gibraltarians and non-Gibraltarians. He is very anxious just to produce the figures of 600 Gibraltarians, I think he ought to resist the temptation to be racist, there are 1,100 people unemployed in Gibraltar, not 600, 1,100! Those will find it a sick joke. The parents of youngsters who cannot find dignified, decent employment will regard these platitudes as a sick joke

and the people whose absence from the employment statistics is manoeuvred only on the basis of offering them slave labour rates in Government owned companies will think it is a sick joke that the Government Members should be patting themselves on the back and trying to make us all believe that there is not an employment crisis in Gibraltar because they are the only ones who are going to believe it. No one else is going to believe it. The people out there in the real world, in the streets of Gibraltar are not going to believe it so they can vote for their self-serving little amendment all by themselves and then they can explain to all the people that I have described, the difference between the rose garden as they see it and then they can decide for themselves when they vote at the next elections what they wish to do about that. Frankly, there is only one paragraph of this amendment that I think has merit and justification because certainly the Government's performance on business creation is not one that deserves the congratulations of the Opposition but I agree with paragraph 5. Regrettably I cannot vote in favour of paragraph 5 without voting in favour of the rest of it, I am not prepared to vote in favour of paragraph 5 either. I will just read paragraph 5 for the benefit of Hansard, "Notes that a far greater impact on unemployment could be obtained if all employers gave priority of job offers to Gibraltarians and recommends that this should be encouraged". I agree. I think that Gibraltarian employers should take that message on board. Everybody in this community, employers as well, have got a community obligation to ensure that they contribute all that they can to the social and economic viability of this community and this is one way that employers can contribute to that and that that is right but, having said all that, it is no use just urging employers to do that. I hear the chambermaid's example that the Minister gave or the example that he gave of the five that were turned down but one cannot ignore either what the employers are saying. It is no point trying to disprove it by reference to five chambermaids which may well be an abuse, I do not know whether it is an abuse or not, sounds a little bit odd. *[HON J L BALDACHINO: I have not used the word abused.]* But his indication was that this was frustrating and defeating the whole objective of employing Gibraltarians. As we presumably can all agree that one example, however good or bad, does not prove or disprove the whole theory, the Government Members cannot ignore the fact that what 76 per cent of the employers are saying to them is that they find that Gibraltarian labour is not adequately trained for their needs. That is the criticism that we have made of the Government that they had ignored adequate basic training of the sort precisely that would give the Gibraltarians a fair chance in the market place and that is their fault. If employers, who should I have said be trying to employ Gibraltarians,

were not employing Gibraltarians who had been properly trained, that would be indefensible but more than half of the blame is to be shared by the Government who I think have failed to equip many of these Gibraltarian job applicants, not all of them, many of these Gibraltarian job applicants. They have failed to equip them with adequate basic training to give them a reasonable chance of impressing a potential employer and that is their fault, and they bear political responsibility for the mishandling and mismanagement of the whole question of training and retraining and apprenticeship schemes and the like over the last six years.

The House recessed at 6.30 pm.

The House resumed at 6.55 pm.

HON CHIEF MINISTER:

Mr Speaker, having spoken to the original motion I am now speaking to the amendment. The amendment that has been moved by my hon Colleague the Minister for Employment and Training, is an amendment that reflects the position on the information that is available to us as a Government and which has been substantiated by the information that we have provided the House. The original motion which we are amending asks this House to declare its profound anxiety at the deepening economic and employment crisis and not one single statistic has been produced by the Opposition at what is the evidence that they have which gives them this profound anxiety. They have not demonstrated that there was already in 1994 a deep economic and employment crisis which has got deeper in 1995 which is what the original text said. Therefore we are reflecting in the first element of the amendment what they tell us which is that there is concern that this may be happening and if the Leader of the Opposition quotes from the Chamber of Commerce survey, the Chamber of Commerce survey does not say there is a deepening economic and employment crisis, it says there is lack of confidence about the future. That is what it says because people are asked, "Do you think that this year you will make more money than last year or the same amount of money as last year or less money than last year?" Of course, how much money they made last year we do not know. We certainly know they made considerably more money last year overall than they did the year before that and that every year the activity in the private sector reflected in statistics from the returns to Government shows an improvement. It may well be that 1994 will prove to have been a better year than 1995 will be. We do not

know that yet. We are not in a position to say how 1995 will compare with 1994 but we do know that 1994 was a good year, and that it was better than 1993, that we can say already. I will not go into the limitations of the analysis produced in the Chamber of Commerce report because I have already promised the president of the Chamber that he will be getting a detailed response to that in writing which will take each item and explain where the conclusions are incorrect in terms of the analysis. It is a technical thing and it will be dealt with technically but I have already taken him through some of them in the meeting we had but I have told him that I will give him the opportunity of being able to study the response of the Government. It is right that he should get it first and not that he should have to hear it from a presentation that I make in the House. It is only fair that it should go to him. Of course, we know that the Opposition jumped to all sorts of conclusions as soon as it came out and is still jumping to conclusions because they are saying the statistics of business companies clearly demonstrates what is happening in the whole of the private sector. When the Opposition Member says 76 per cent of employers are saying that they lack business confidence or that they think 1995 is not going to be a good year, he does not say that it is 76 per cent of 125 employers and that there are 1,500 employers. So it is 76 per cent of less than 10 per cent of all the employers in Gibraltar. Let us get the facts right. It may well be that out of 1,500 employers in Gibraltar there are 100 employers which is the 76 per cent of the 125 that are not going to be increasing their business in the next 12 months. All I can say is that on the basis of the information in that report it is not possible to draw the conclusions that the Opposition Member wants to draw. That, I can assure him and that we will be able to demonstrate that technically and that that information will be given to the Chamber so that they are able to assess the response and that of course we will then make the position public so that everybody else, including the Opposition Member will see that we are right. For the hon Member to talk about slave labour rates in Gibraltar, in Government owned companies, slave labour rates? I can tell the Opposition Member that if the Government companies are paying slave labour rates then most of the members of the Chamber of Commerce have got slaves by comparison. If one is paying slave labour rates most of the others must have slaves in terms of pay, in terms of conditions, in terms of annual leave and in terms of anything else we may care to mention but as far as we are concerned we accept that there is a well-organised union in Gibraltar to which I belong and who would not tolerate people being paid slave labour rates. Therefore, I cannot accept that he should cast that slur on the ability of my colleagues in the trade union movement who are responsible for negotiating these rates. They



tolerate people being paid slave labour rates. Therefore, I cannot accept that he should cast that slur on the ability of my colleagues in the trade union movement who are responsible for negotiating these rates. They might be better if I was still there but it cannot be slaves. The ability of the union to get wage improvements for its members cannot have been reduced to such an extent since I left the job in 1988 that it has now been reduced to slave labour. Of course even if we are able to demonstrate that it is not slave labour, even if we are able to demonstrate that there is no crisis of unemployment, even if we are able to demonstrate that unemployment is coming down but not as fast as we would like. We made that quite clear. We set ourselves an objective in 1992. The reality of it is that it is true to say that if one does what used to be done before we were elected in 1988 and in fact we made that very clear in 1988 when we went to the election campaign and we got into office, we said we know that by being specific we are effectively creating a situation where other people can criticise us if we do not achieve the target we set ourselves. Therefore if one does what used to be done by the AACR and, indeed by every other party before us, which was to say, "If we get elected we will do more houses". Provided they do one house they have done more houses and nobody can criticise them. If one goes to an election and says, "We will do 1,000 houses" there will be always somebody who says, "Failure, you did 999". Therefore we have not said we will reduce unemployment. We said we will reduce unemployment from 600 to 300 and we have not achieved it. We know that. It is obvious we have not achieved it. We want to achieve it and we try to achieve it and we have not succeeded but we have not succeeded because, as everybody knows, when we did that assessment we built in all the things that we could possibly imagine could go wrong but one of the things that we did not image could go wrong was that PSA would disappear 11 months later. There was no indication at all that the PSA was being closed in the United Kingdom. How were we supposed to build that into the equation? Surely, the hon Member can have no doubt that if we had not lost 500 jobs in PSA we would not have 600 unemployed and it is not racist to say we are committed to reducing unemployment amongst Gibraltarians and it is scandalous that we should be accused of racism when we have got half a dozen people parked outside my office because they have been unemployed for a number of years because they were made redundant by the MOD. The reason why those people are there unemployed is because the British Government washed their hands of the workers they imported into Gibraltar and to say that we are racist because we are not prepared to accept that it is the responsibility of the people of Gibraltar to have to find jobs for all the Moroccans the MOD sacked, that does

not make us racist. The Government of Gibraltar have been consistently pressing the United Kingdom to do something for these workers like we did for the ones that we employed in the Government of Gibraltar where we paid £3 million as an inducement for their repatriation and where we are paying them every year £0.75 million in Morocco. That is the commitment that shows that we are not racist. But what the Opposition Member cannot expect is that we also do it for all and sundry at the expense of the Gibraltar taxpayer. If we have got people who are unemployed who are Gibraltarians we feel we have got a responsibility to make those people find jobs first and certainly if we are able to have an economy that can absorb the Gibraltarians and absorb the Moroccans all the better but we cannot give undertakings that those people who have been here, however deserving, however long they have been, however many taxes they paid, at the end of the day the problem of the Moroccan community would be resolved if the British Government that brought them here in 1969 accepted their responsibilities and they have taken the totally indefensible position in our judgement and it was, Mr Speaker, when you were in office that it happened. We have checked the records and we know that at the time the IWPB Government was not happy to see the recruitment of labour in Morocco and we know that the advice that was given by Her Majesty's Attorney-General at the time was that this was not a defined domestic matter and if the Opposition Member looks in the Constitution it says that the Minister for Labour is responsible for labour from within Gibraltar and it was on that ground that the Government of the United Kingdom overruled the Government of Gibraltar and through the Embassy in Rabat negotiated for the Moroccan workforce to be recruited. Then when we said to them, "You did everything. You ignored the advice of the elected Government of the time. You insisted that they had to be brought over because they were needed to maintain the military establishment after the withdrawal of Spanish labour, how can you say that it is our responsibility?" They said, "Yes, because the definition is that before they arrived in Gibraltar this is foreign affairs but once they are within Gibraltar it is domestic affairs so the problem of feeding them is now yours". I suppose since I am so aggressive, unreasonable and such a street-fighter I get riled by these arguments. I dare say if the Opposition Member was there he would say, "Yes, Sir, three bags full, Sir. Thank you very much, Sir. Can I have more Moroccans, Sir?" I know that in the heat of the moment one says things that perhaps one does not really mean but I think it is very unfair to say that we are racist because it is not true, because that kind of thing said in the House tends to get quoted by people who do not want to do us any good. I give way.



HON P R CARUANA:

I said that when one is presenting employment statistics one cannot carry on saying 600 because the figure 600 is only relevant if all we are talking about is Gibraltarians and I did not have the Moroccans in mind. There are people in Gibraltar in unemployment who are neither Gibraltarians nor Moroccans. For the Government to handle the figure of 600 is to exclude everybody except Gibraltarians and I say that that is racist. They think it is legitimate for political purposes to talk of unemployment figures only meaning the figures of Gibraltarians.

HON CHIEF MINISTER:

No, Mr Speaker, I am afraid he does not know what he is talking about. Again, the unemployment statistics show that 90 per cent of the category that is not Gibraltarian and the Gibraltarian category means the Gibraltarians, the spouses of Gibraltarians and the UK citizens that have been here for a very long time, that is the Gibraltarian category. I suppose if nobody explained it to him when he arrived in the House, we have always assumed that the statistics that we publish which are the same as they were published in 1972 throughout, it is whether people are of the local labour market or whether there are people from outside the market and therefore we have got two sets of figures. In our manifesto we did not say, "We are going to bring down the unemployment of everybody that wants to register in Gibraltar" because there are 10,000 in La Linea who under Community law can cross the border and register. So what does that mean? The hon Member can then say to me, "No, no, if you want full employment you must bring it down from 10,600 to 300". I cannot commit myself to doing that. That does not make me racist. What I am saying is it is the residents of Gibraltar who are here, who have been born here or have their home here who are the labour pool of Gibraltar and that is what is loosely defined as Gibraltarians. It does not mean we check whether they are under the Gibraltarian Status Ordinance and then there is the non-Gibraltarian element where it is 90 per cent or 95 per cent Moroccans and there may be the odd German or the odd Frenchman or a couple of Portuguese. There is a figure that we do not include which brings the unemployment even higher. It brings it into the echelon of 1,500 or 1,600 which is the fact that there are people who are frontier workers who appear in the unemployment statistics of Spain but who still go to the ETB and they are entitled to do that under Community law and say, "I am looking for work in Gibraltar" and that is a real pressure on the labour market in Gibraltar but they are not included in the

unemployment statistics of Gibraltar because under Community law they are entitled to claim unemployment benefit in the state of residence and not in the state in which they are seeking employment and therefore they are counted in La Linea's unemployment figures. They are perfectly entitled under Community law to look for work there and look for work here but what they cannot appear is in both sets of statistics because obviously if that happened in every place where there is a frontier we would finish up on paper with more people out of work than there were citizens in the place because it would be counted twice. The fact that the statistics are done this way does not make us racist but of course since we are here in this House defending our performance and since what we put in our manifesto was that there were 600 local people out of work and that the target was to bring it down to 300 we keep on saying 600 down to 300 because as far as we are concerned if tomorrow the 500 others all got jobs and the 600 locals did not get jobs, we would still not be fulfilling the objective we set ourselves and we would still be criticised by the hon Member not for being racist but for not reaching the target that we set ourselves. What I am saying to him is that to use in that context the word racism is not a question of how we define statistics. It is a question of discriminating against people because of the colour of their skin. That is what racism means. It does not mean anything else and I think that is, frankly, a repugnant thing to say and I think it is a very bad thing to say because we have already been accused in a number of quarters of that and it is totally untrue and I reject it totally and nothing would make me happier than that there should be sufficient jobs for all the Gibraltarians and sufficient jobs for all the Moroccans, many of whom have been my close friends for the 15 years of my life that I have given in the union defending their rights. The fact that I cannot deliver that to them and the fact that I cannot afford to use the money from Government sources to give them a gold handshake and send them home and that I do not think morally we have got the obligation to do it, does not mean that I am against them because they happen to be Muslims or because they happen to be darker than I am. It does not make any difference at all to me whether they have got blue eyes and blonde hair or no hair at all. I think that needs to be put on the record so that we have no possible doubt about the integrity of the Government of Gibraltar when it comes to any question of racism

Mr Speaker, I am glad that the Opposition Member says he has no difficulty in supporting point five of my hon Friend's amendment because in fact, as he explained, we have a problem in doing more than persuading employers in Gibraltar and when we have tried to do more

than persuade them he must know that they go running to certain legal practices that sue us and that we are then told we are on a very sticky wicket. I am sure he must know that. So the fact that he supports the moral persuasion may help us in some instances. We believe that in looking at this the involvement of the Chamber of Commerce is something that could help and certainly if there is a situation where 70 per cent of the employers that answered the survey saying they have got a problem of finding qualified staff, I can tell him that that is not reflected in the employment vacancies that are open in the ETB. There is in terms of the non-local labour that gets imported, there is a situation where I think we have had about 20 Portuguese who have come in in the last six months. Virtually all of them have come in to do specialist work in the shipyard and they have come in on very short-term contracts and although local people sometimes resent outsiders coming in to do that, the reality of it is that that is an important element of the ability of the shipyard to be competitive. There are certain ingrained ideas that we have to change because, of course, people with the tradition of the naval dockyard where the workload was programmed, have still got to adjust to the idea that if a ship comes in and they want something done the reality of it is that the job of 10 Gibraltarians may depend on five Portuguese coming in and putting in a propeller because if we do not have the five Portuguese putting in the propeller the propeller does not get painted and we have the 10 guys that can paint it but we may not have the 10 guys who can put it in. There is a problem of getting people to understand that and that we cannot train locals to do that if that is something that happens once for three weeks in 52 because even if we spend lots of money training somebody to do that job the fact that we have got him trained and we pay him for three weeks is no use to him because he is not going to get paid for the other 49. We have got a fundamental problem as a small economy which appears to have no easy solution and that is perhaps one of the most difficult areas that we have got in tackling unemployment in Gibraltar and that is that there is an increasing tendency in many industries. In the construction industry, for example, there is an increasing tendency that the degree of specialisation means that instead of people being broadly skilled in all the range of masonry jobs we have got people who put foundations and they can put foundations blindfold and they can do it with the speed of light and they can make a lot of money in a very short time but they come in and if there is a building site they spend a month in the building site, they put the foundations and they disappear. In a nation they do not disappear on to the dole, they disappear on to the next building site and we have had people here working in constructions projects who worked here, who worked in Seville and who

worked in the Barcelona Olympics. We had it when we had the building of Safeways originally we had a certain amount of resentment from local guys saying, "Why cannot we build Safeways?" and Safeways said, "Because we have got specialists who only do this wherever we have a Safeways". There are still local labour who come in to supplement it. We may need local drivers, guys who push a wheelbarrow or whatever but the specialist people who put the structure up will come in and they actually came in for five weeks and they were here for five weeks and they disappeared. We cannot do that because we have not got an economy that is big enough to do it and because the people who are here want the jobs 52 weeks a year. They do not want to have one week here, one week in Barcelona and one week in Sebastopol. That is not the way they want to live. We need, therefore, to do something which makes more demands on our training facilities and more demands on our workforce than is the norm. We need to have people who are multi-skilled. We need to have people who are plasterers and then when they finish plastering the walls they go on to paint it because otherwise we have to sack the plasterers and employ painters. At this stage we are still fortunately with 35 per cent of the construction industry in Gibraltarian hands in an area where the work trades are still under represented and the programme that the ETB has got is concentrated on not producing more electricians or more carpenters, because we have already got unemployed carpenters and unemployed electricians, but we have not got unemployed masons and the number of masons in Gibraltar are very few. There are more now than there were in 1988 but it is not something that people particularly want to go into. It goes back to the days which I am sure some hon Members in the Opposition may remember, when the old system that was there which people still hanker for, was not racist but certainly something akin to racist in the sense that there were the major trades and the minor trades and the major trades were what the Gibraltarians did and they got paid more. Not for being Gibraltarian but for doing the major trades and the minor trades were for the Spaniards which they did not get paid less for being Spanish, they got paid less for being minor traders. When the Spaniards were removed the Moroccans moved in to do the minor trades and in the old dockyard days there was some justification because the major trades were the trades that had a higher technical content which required a command of the English language, where people had to work from drawings, where people had to do work based on written instructions, on wiring, work as armament fitters and therefore there was a certain elite of craft skills which is no longer possible to deliver because there is no market for the skill anymore. The reality is that since the days of the closure of the naval dockyard the re-

skilling of the workforce has not been upward, it has been downwards. The skills required in the commercial shipyard today and since 1984, which was one of the big problems we faced in 1984, was that the commercial yard wanted people to be less technical because they were so technical that they lost a fortune on every ship they did and this is not how the commercial world works. This is the truth of grappling with Gibraltar's unemployment problem and grappling with Gibraltar's training programme. This is not people in ivory towers. In any case ivory is now banned and there are conservation ordinances. So it will have to be plastic towers nowadays. But I am demonstrating to the hon Member that we do not depend on hearsay, we do not depend on surveys of Main Street traders, we depend on 25 years of personal knowledge of what it means and therefore when we look at statistics and when we look at figures we do it with the benefit of having been on the shop floor ourselves and of knowing the nature of the problem and of trying to come up with practical solutions. It does not mean we always get it right and it does not mean we have got a magic wand to cure all Gibraltar's problems but we have got, as my hon Colleague said earlier, nothing to be ashamed about in either the drives, the commitment or the success rate that we have had in extremely difficult circumstances which no previous Government have had before us.

HON P CUMMING:

Mr Speaker, there are many parts of this amendment with which I agree but there is one part which I disagree and it is number two, which says, "Welcomes the fact that there is so far no material evidence that this is happening". In the forecast that the Chief Minister gave in 1992 for this term in office he made clear that 14,000 jobs in the economy, maintaining them, was the objective of his whole economic drive. The fact that today we have 13,000 jobs indicates material evidence of a failing away from the plan that we needed in order to stay in the same place. Obviously then we cannot be in the same place employment-wise today as we were in 1992. So I believe there is material evidence that the employment situation is not as it was. It may be that some of those employees come and go but nonetheless it was the objective of the Chief Minister to maintain 14,000 jobs as a constant to the economy to stay in the same place therefore that seems to me that there is material evidence. Some of the others even though one by one agrees with it that so many businesses have opened and this year the number of unemployed so far; all this is good and right and welcome. Nonetheless there seems to be just a hint of an element of a mere of disguise to the anxiety that we must have about the economic situation. I believe that

this House needs to express anxiety about the economic and employment situation. I do not agree that we should be profoundly anxious about a crisis because that is three or four years down the road. We have still time to do something about it. Therefore, I do not like the Government's amendment and I do not like the original motion either and therefore I shall abstain on both.

MR SPEAKER:

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

HON J L BALDACHINO:

Mr Speaker, I am not going to say much because I think that the Chief Minister has replied to the Leader of the Opposition. I am only going to say to the hon Member that I have read the Chamber of Commerce report and I think I have understood it and it appears that after the intervention of the Chief Minister the one who has not understood the report is him.

MR SPEAKER:

Now I call on the mover of the original motion to reply.

HON LT-COL E M BRITTO:

Mr Speaker, I will concentrate on picking up a number of points made by Government speakers and try to be as brief as possible because of the time of day. With reference to the Hon Mr Baldachino and his points about the ETB and the preference of non-Gibraltarians among businesses in town, we have already given the indication that we support the last paragraph of the amendment in principle but I would like to repeat what I put in as interjection earlier on that we would also support, and have in fact indicated support for this in the past, any practical ways of giving priority of employment to Gibraltarians. That is something that obviously we all agree with but something that so far with the greatest of respect to Ministers they have failed to find in any great way. I think with the indications given by employers in the survey report of the Chamber of Commerce and their dissatisfaction with the ETB I think, quite honestly, that Government should give consideration to revising the way in which the ETB works in terms of employment and sending out people for interviews and their contacts with employers. It

seems to me that there is a distinct lack of communication between the ETB and the employers. For so many of them to be unhappy about the way the Employment and Training Board is working clearly shows that there is something wrong. If a body that has been set up by Government to protect jobs for Gibraltarians and to presumably help the employers as well as so many critics amongst the employers and I venture to say as well so many critics amongst the people who are seeking employment, then obviously there is something gravely wrong and I think it needs to be drastically revised. I think there is something basically wrong in the way that the ETB, not just under this present Minister but under the previous Minister as well seem to have a method of wanting to decide who the employees are by the method of pre-selection and by the small number of candidates that they send to a prospective employer. I know from personal experience and from representations made by employers that the employer wants as big a selection process as possible and if it is restricted to two or three people we create a situation where employers tend to go in another direction and find someone themselves that they prefer and that is one of the reasons why this is not working. I will give way to the Minister.

HON J L BALDACHINO:

Just on a point of clarification, which the hon Member has mentioned and I think it is a good idea. Let me tell him that I am in constant dialogue with the Chamber of Commerce president to see the areas that he is saying how we can best improve things. The other thing that he has mentioned which is not totally correct is that we select people to be sent for interviews with employers. We have a problem sometimes which the employer who says to only send him five or 10 and that is when we have the problem. We would be very happy to send 20 or 30 but sometimes the employer says, "I do not want to see any more than 10" and once we have sent six or seven they will probably come back and say, "Do not send me any more because I have already got one" or "I have found somebody else from somewhere else". I would say it is not totally correct that the ETB selects a precise number, sometimes the employer tells us that they only want to see so many.

HON LT-COL E M BRITTO:

I welcome the Minister's comment because in fact it reflects a greater change than probably he himself realises because when I am talking about sending a small number I was not meaning sending only five, I was meaning representations that have been made to me in the past

about the Employment and Training Board sending one person and pre-selecting and say, "This is the one we want you to employ". If that has changed then I welcome it.

If I can now go on to the comments made by the Minister for Trade and Industry he made a great song and dance about Westside reclamation and Westside housing, almost a party political broadcast in some ways and almost a rewriting of history because it seems to me that if we were to accept things the way he put it, it is almost as if there had been no housing put up in Gibraltar before 1988 and, of course, that is not correct. I suppose what he was saying is then that the Humphries building, the Laguna Estate and all those buildings..... *[Interruption]* The number of years is immaterial. It is a question that the buildings have gone up in the past and those buildings have been put up by previous Governments. I will give way.

HON J C PEREZ:

Mr Speaker, he is trying to distort the picture of what has been said here today. In 1988 the GSLP came into government with a very serious housing problem which we started to tackle and we have solved not in eight years, we solved it in four years. It took a lot of effort and a lot of investment and a lot of energy from the time that we came into government to sort out that very grave thing as housing problem that was allowing people to leave for the United Kingdom and to live in La Linea. The purchasing power of the people was being lost in the economy and the people were overcrowded and in unhygienic conditions in the houses. That was due to the very bad handling of the housing situation and the lack of building houses in the previous administrations for at least the last 10 or 12 years before we came into government and it was precisely because housing building was dependent purely on handouts from the United Kingdom and when they stopped, because they stopped long before we came into government, when they stopped there was no housing at all. We had to put our thinking caps and be able to generate sufficient funds to be able to not only start tackling it but to eliminating the housing problem completely from Gibraltar and for the Hon and gallant Col Britto to try and belittle that achievement and try and hide it is totally wrong. He would be doing a disservice to this House and to the community as a whole if he tries to do that.



HON LT-COL E M BRITTO:

Mr Speaker, the point that I was making which I will remake is that the Minister was concentrating on the expansion of buildings and the expansion of houses and what was done on the reclamation. The point that I am making is that that type of building had happened in the past and was not something that was completely new for this Government. In fact, the theme of what the Minister was saying reflects what is common to other Government contributors and that is speaking of past achievements and not looking forward to the future. It is always the reflection of being out of touch with the present in some of the contributions made. I will just finish on that point by saying to the Minister that he said that he will accept the judgement of the people of Gibraltar from what was on the reclamation and what they could see there. He will also have to accept the judgement of the people of Gibraltar for what they do not see like, for example, the occupation of the Europort building, the Hyatt Hotel that never was and the components factory that is now no longer a components factory. On his point on the 51 directives about defending finance centre interests, all I would say to the Minister is that what we have said already as an Opposition in a motion that if they are so keen to demonstrate that they are defending other people's interests then all they have to do is to publish what those directives are and then everybody can make a judgement for themselves. What has really put the cookie from the Minister's contribution is asking us not to preach to the Government on the rights of workers because they came from the working classes and they had always defended the interests of workers and the principles of workers. That comes from a Government who have been in the last two weeks the subject of a motion of condemnation in the..... *[Interruption]* They may laugh at it, Mr Speaker, but whether they like it or not and presumably they laugh because it was proposed by people from Gibraltar but whether they like it or not the union of which they are members, the leader of that union today has taken a motion to a congress in UK and that UK congress, that is the point, has supported that motion of condemnation of this Government for not being the defenders of the working class. That is the point so for them to tell us not to preach to them, I think that the fact that they have been the subject of that motion speaks for itself.

Coming to the Hon Mr Pilcher and his answers to the main thrust of my contribution on the subject of tourism, the Minister once more talks about the time worn arguments and points that he has made on numerous occasions in the past few years in this House. The points of

when recession came up, the point of the Gulf War came up, the changing conditions, it was all there. The usual series of excuses for the Government's policy not succeeding. The proof of the pudding of the failure of the Government's policy on tourism is in the eating. The proof of the pudding is that the Costa del Sol down the road is moving. The hotels are full. The proof of the pudding is in the hotel industry in Gibraltar. The Hotel Association in Gibraltar said in January of this year that the hotel industry was at the lowest ebb it had been for the last 15 years. The proof of the pudding is that three hotels have closed down. The proof of the pudding is that the statistics that I gave earlier on that there are fewer people coming to Gibraltar, those that are coming are filling up less space in our hotels and they are spending less money once they come here. That is the proof of the pudding of what is going wrong with our tourism. Some of the arguments that the Minister put which was described as unbelievable by my hon Friend Mr Vasquez and that was the word that I had written myself. Another Minister today has proved to be out of touch with reality in some of the things he has said. To accuse Members of the Opposition - which is now the catch phrase because obviously they are running out of things to say in defence - of making political capital out of their failure on tourism is quite honestly ludicrous and almost hypocritical. It is hypocritical from a Minister who in 1987 proposed a motion of censure on the then Minister for Tourism in the previous Government and that motion of censure was based on four points. The first one was based on the commitment given by the previous Government had not been met. Well, the commitments given by this Government have not been met either. The second point in that motion was that the figure for tourist expenditure in one year had fallen. Well, I have proved this morning that the figures since the GSLP Government came into power for tourist expenditure have fallen and are continuing to fall and are part of a downward trend. The third point in that motion was that the hotel occupancy survey report showed a decline of guest nights in one year, 1985 to 1986. Again I showed earlier on today that the hotel occupancy figures have fallen consistently or are part of a downward trend since this Government came into power. The final point is concerning the withdrawal of major tourist operators, which withdrew just before this Government came into power or shortly afterwards but once again they have not been able to replace to the degree that we had them before. They accuse us of making political capital on their failures on tourism then we are pulling the leaves out of the Minister's book. All I said this morning was almost exactly the same as he was saying in 1987. The bad thing about it is that having drawn the lessons in 1987 he has not been able, or that Government because I do not want to accuse the Minister personally, but the Government have



not been able to bring those lessons which they said they had learnt in Opposition, they have not been able to put into practice as Government. He admitted a difference with the UK Tourist Association in the amount of money spent on tourism. Of course there is a difference because the amount of money that this Government are spending on tourism is ludicrous. In the last year of the last AACR Government the figures in the budget showed that they were spending in the order of £1.5 million on tourism. If those figures were brought up-to-date it would be in the order of £2 million now. I will give way.

HON J E PILCHER:

Mr Speaker, I will not interrupt the hon Member but I will not let him get away with something which I believe is something that I answered in this House which the Leader of the Opposition may not remember, because obviously he was not in the House in 1988/89 but which the Hon and gallant Col Britto will, and that is that he made that very point or I believe the member of the AACR Opposition who dealt with tourism which could have been in the previous administration Mr George Mascarenhas raised that point and the position is not the same because we were then talking about like with like. The £1.5 million that the hon Member is talking about is a global figure that was used by the AACR Government under the guise of marketing and it covered everything and anything under the sun including the sponsorship of a motor vehicle that used to race in Spain which was the vehicles of the son of one of the members of the Government of the AACR. I remember making that point substantially clear that when we came back to the situation but we checked like for like, the Government of the day, when we took the motion which was the GSLP Government and still is and will continue to be, were spending more on marketing and advertising than the AACR ever had in the whole history of the AACR Government.

HON LT-COL E M BRITTO:

Mr Speaker, no, the Minister is incorrect on two counts. Firstly, it was not a contribution made by me. It must have been by one of my earlier colleagues, possibly but I have only been dealing with this portfolio for the last year of term. The figure of £1.5 million is not on marketing. The figure of £1.5 million is taken from Head 23 of the Estimates of Expenditure for 1988/89 and are the figures for the forecast outturn for 1987/88. They are made up as follows: Cost of the Gibraltar Tourist Office in Gibraltar £795,000 approximately; the cost of the London Office £423,000 giving a total of £1.2 million in round figure plus capital

expenditure of the order of £200,000. In that figure is included obviously the marketing figure in the overall figure but that is not the figure for marketing. What I am equating is the overall figure that I have given of £1.5 million in 1988 which in today's terms would probably be of the order of £2 million to the only item in the current Estimates of Expenditure of the Government which is of the order of £0.5 million which is for tourist and other promotions. Maybe the Minister can rectify that now. Despite questions in this House we have never had a breakdown of that figure from the Government of how much of the £500,000 is actually on tourist promotion and how much is on other promotions.

HON J E PILCHER:

If the hon Member will give way. Again, Mr Speaker, he should go back to Hansard. I believe in 1990 I explained clearly that the old tourist office had been moved out of the Government umbrella and the Gibraltar Tourism Agency Limited was created. He cannot compare the £1.5 million which was the overall cost of the London Office, of the Gibraltar Office and the marketing and everything. I have already explained to the hon Member in my intervention a couple of minutes ago that even the marketing which is a small proportion of that was not used for marketing purposes. I explained how we were dealing with the Gibraltar Tourism Agency and again it is not true to say that this House has not been given an explanation of the £500,000 because if the hon Member cares to look I believe at last year and the year before, he will clearly have seen that the Chief Minister mentioned, I believe two years ago, the figure of £250,000 and mentioned, I believe last year, £300,000 which is the marketing and public relations budget which includes advertising purely dedicated, by this Government to public relations, to marketing and to advertising. Nothing to do with the running of the office. Nothing to do with the running of the London Office which I have already explained, if the hon Member cares to look as well he will see that two or three years ago when we changed to the element of the infrastructure there is a figure of £800,000 in the Minister of the Environment's vote which is purely for the infrastructure side of the tourism vote in Gibraltar. So he has had all the information and as I explained this morning and I do not want to detract from his closing statements, we have taken him through 1988 to date explaining everything that we have done, showing him exactly what it is, proving where the figures are and proving that we are spending more. Of course like in other areas it does not really matter what we say to the Hon and gallant Col Britto or to any of the members of the GSD because I said to

him this morning that I agreed that the overnight market which is 15 per cent to 20 per cent of the overnight tourist industry has got problems which we are trying to address. He has spoken now and the Hon Mr Vasquez equally spoke about the hotel industry and the difficulties there. I admitted that this morning. The problem with the Opposition is that they spend too much time listening to their own thoughts and too little time listening to what we say and we are the ones who govern and, unfortunately, for them very, very well may I add.

HON LT-COL E M BRITTO:

That, Mr Speaker, is very much a matter of opinion which no doubt a lot of people will..... *[Interruption]* The fact remains that it is not accepted by us that Government Members are spending more on tourism than the other Governments have in the past. On the question of the hotel industry, I am glad he reminded me because I had skipped over that one, the Minister accepted the decrease in the overnight stays but claims there to be an increase in the day excursionists. I am afraid that once again the figures do not bear out what the Minister is saying. Arrivals by land, which the Government statistics are qualified because they say that the figure includes the number of people entering Gibraltar by the frontier. The figure includes non-Gibraltarian frontier workers, so therefore the figures immediately become suspect and are not accurate on the admission of the statisticians themselves. Those figures peak the highest point by land of entry within 1990 when the figure was 4.155 million people coming in by land. The last year for which we have statistics, 1993, is lower, it is 4.117 million. That is not increasing as the Minister said this morning. It is not increasing is the point. Not only is it not increasing but it was lower in 1991 and it was lower in 1992 and in 1993, although slightly higher than last year it is still lower than 1990 so it is utterly wrong for the Minister to tell us that the day excursionist market is growing because it is not and even on the figures provided by the Government statistics and those figures in any case are subject, as I said, to query because they include frontier workers. I welcomed earlier on this week and the Minister's reiteration of it today, the formation of the advisory board in conjunction with the Chamber of Commerce. I do not welcome the fact that the Government is not going to have direct representation the way I understand it on that board because it seems to me that what the Minister has done is the favourite trick of creating a committee so that nothing is done. He has conveniently created a committee, passed the problem on to the committee and kept himself out of it. I wait with interest to see what results come out of it but what I will say to the Minister is that that commitment is the one that he gave

us in 1988 before they came into power. In 1988 they promised to work with the experts in the field, they promised to listen to the people who knew and in fact it has taken them seven years to get round to doing it. All I can say is welcome but it is long overdue and let us wait and see what the result is. In one of his closing statements he said that the Government had achieved 85 per cent of the target of 1988. The target of 1988 is here in front of me and I think the greatest one they achieved is making the tourism sector more compact because it is certainly smaller in terms of figures. The rest of it, and I am not going to go into it, I just find the Minister's statement that it is 85 per cent achieved as unacceptable.

Finally, Mr Speaker, to come to the contribution of the Chief Minister, I think the most salient and interesting aspect of his contribution that I found was the fact that he did not seek to deny the comment made by my hon Colleague, the Leader of the Opposition, that he has said to the president of the Chamber of Commerce as reported on radio at lunch time today that the Government had given too low a priority to tourism. It is an admission of the thrust of what I was saying. It is an admission of the three causes that I gave earlier on this morning about the reasons for failure of the Government, two of them were paying lip service to tourism and the second one being inadequate finance and marketing and I think it is virtually tantamount to what the Chamber of Commerce president said today that the Chief Minister was admitting that that was true. My final point is that once again I have heard the Chief Minister today - I concentrate on the tourism aspect - but in other aspects of his contribution as well but in respect particularly of tourism once again he gave us his usual angle of blaming the British Government for non-achievements or for failures of the Gibraltar Government. He once again gave us his line of representations made to the British Government and the British Government not meeting its obligations to the Gibraltar Government. Well, all I say to the Chief Minister is that the more I hear him say that, the clearer it comes to me that something is wrong in the line of communications between the British Government and the Gibraltar Government because either the Chief Minister is not explaining himself properly or the British Government are not listening and if they are listening they are unwilling to act. The Chief Minister has shown in the past that he has the ability of explaining himself properly so I have no doubt that he is doing that. So if he is doing that and he is explaining himself properly then either the British Government are not listening or they are not prepared to act. I find it equally difficult to believe that the British Government are not listening so therefore we come to the third possibility which I find increasingly convincing, as far

as I am concerned, on a personal basis is that they are unwilling to act. I then ask myself that if they are unwilling to act whether they are unwilling to act in the present circumstances or whether they are unwilling to act at all and it seems to me that if they are unwilling to act because they are unwilling to act with this Government then maybe the lesson that we are all getting is that there is a time for a change of Government and for a Government that the British Government will listen to and be willing to act to help Gibraltar. That is all, Mr Speaker.

MR SPEAKER:

I am afraid that the last statement has made your motion a motion of no confidence and we have to take it as a motion of no confidence. You are really telling the Government to clear out and therefore I shall have to make it a motion of no confidence. I shall read the motion moved by the Hon and gallant Col Britto first and then I will read the amendment from the Minister and when I have done that we shall put the amendment to the vote.....

HON P R CARUANA:

Would Mr Speaker just explain what the remark was that he believes.....

MR SPEAKER:

He said that it is time for the change of the Government, that the British Government are not acting in support of Gibraltar because of the Government and therefore it is time for change. To me that is a motion of on confidence. I am the arbitrator of that and I am not prepared to carry on.

HON P R CARUANA:

But, Mr Speaker, I have no confidence in the Government and I have no difficulty in Mr Speaker wanting to convert this into a motion of no confidence but surely it is the wording of the motion, not on what one speaker might say in relation to it.

MR SPEAKER:

The decision as to whether a motion is of no confidence is that of the Speaker as it has to do a lot with the actual discussion that goes on, apart from the wording. I have been almost ignoring all the hints of

"there must be a change of Government"; "they are not governing properly"; "they are making a mess of things". That, to me, is a motion of no confidence.

HON P R CARUANA:

I accept your definition that a no confidence motion is one which reflects that the Opposition have no confidence in the Government.

MR SPEAKER:

Not only that, you have made a definite motion which leads to that particularly, as I said, because of the last statement made by the mover and it could not be clearer than that to me, anyway. That means, of course, that the only difference is that only the elected members can vote in this motion and I will go ahead again saying what I was trying to say before, I will read the motion.

HON P R CARUANA:

Mr Speaker, I wonder if before we go down this exercise we might have a three minute recess.

MR SPEAKER:

If you wish to.

HON P R CARUANA:

If Mr Speaker is not proposing to take a vote on our motion once the amendment is defeated then I do not need the recess, but if we are going to vote and if Mr Speaker thinks that this is a motion of no confidence and he is going to call for a vote on it, in addition to the vote on the amendment, then I want a three minute recess.

MR SPEAKER:

The decision is clear, I said it before. We shall take a vote on the amendment first and if the amendment is passed then the motion automatically is defeated. Do you follow? I think I have made myself clear that I am going to read the motion of the Hon and gallant Col Britto first: "This House declares its profound anxiety at the deepening economic and employment crisis".

Now I will read the amendment which reads: Delete all the words after "This House" and substitute them by the following:

- "1. Notes that there is concern that the pace of economic activity could slow down and produce higher unemployment;
2. Welcomes the fact that there is so far no material evidence that this is happening;
3. Welcomes the fact that this year so far the number of unemployed Gibraltarians has declined and supports the Government objective for further reduction;
4. Welcomes the initiative taken to start new businesses of which 136 have been registered in the first six months of 1995;
5. Notes that a far greater impact on unemployment could be obtained if all employers gave priority of job offers to Gibraltarians and recommends that this should be encouraged."

Question put on the amendment.

For the Ayes:

The Hon J L Baldachino  
The Hon J Bossano  
The Hon M A Feetham  
The Hon R Mor  
The Hon J C Perez  
The Hon J E Pilcher  
The Hon Miss K M Dawson  
The Hon B Traynor

For the Noes:

The Hon Lt-Col E M Britto  
The Hon P R Caruana  
The Hon H Corby  
The Hon P Cumming  
The Hon M Ramagge

The Hon Miss M I Montegriffo and the Hon F Vasquez were absent from the Chamber.

The motion, as amended, was accordingly carried. The original motion was defeated.

HON P R CARUANA:

Mr Speaker, I have the honour to propose the following motion:

"This House:

- (1) Condemns the civil disorder and violence that occurred in Gibraltar during the 7th and 8th July 1995;
- (2) Commends and thanks the Police, Fire Brigade and other emergency services for the professional and dedicated way in which they performed their difficult duties;
- (3) Notes and supports the massive public demonstration on the 12th July 1995 under the slogan "Stop all Launches Now";

and calls on the Government to take immediate steps to stop all fast launch activity, whether related to drugs or tobacco and also to take measures to ensure that adequate training and dignified job opportunities are available to the young persons currently involved in that activity."

Mr Speaker, Gibraltar has experienced over the last two to three weeks an enormous variety of different sentiments and emotions. We have moved from the very disturbing events on the 7th and 8th July to the enormous manifestation of collective will on the 12th July and we have moved through that day to a sense of community as reflected in the VE/VJ celebrations and also in the way the Island Games have been conducted, participated in and enjoyed by this community. It would have been extraordinary if, given the events of the 7th and 8th July and of the 12th July, given the seriousness of those events, this House had not deliberated on what occurred, deliberated on the consequences, deliberated on what Gibraltar must do from here and indeed send a signal out of this House of what the views of this House collectively is on the issues involved. Not because I am making political capital which I regard as the most naively infantile phraseology to have hit the local political vocabulary to be found increasingly on the lips of Government Members but they know that my party has - not since the demonstration of Wednesday the 12th but indeed during the last general election campaign and since - been warning them about the consequences to this community of an activity which we had always described as



undesirable and which they, at different times, had failed to deal with and indeed on occasions encouraged and condoned the fast launch activity in relation to tobacco. I give way.

HON CHIEF MINISTER:

I want to make sure that I have understood what he has said. Has he said that we have encouraged this?

HON P R CARUANA:

Well, Mr Speaker, yes, it is fair that he should ask me to clarify that in the sense that if the Chief Minister of Gibraltar states that there is nothing wrong with it, because it is legal in Gibraltar because no criminal offences are being committed in Gibraltar, he does not have to use the words "I encourage" for somebody in an opinion forming position, like the Chief Minister who is an opinion creator, to see that statements of that kind have the effect of giving encouragement in the sense that if the Chief Minister says it is legal and there is nothing wrong with it, then it is OK. That is the sense in which I used the word encouraged and the Government Members know also that therefore we consider from the Opposition benches that they do bear political responsibility, not since last Wednesday, not since the 7th or 8th, not to the events of the 7th or the 8th but since we have been making these political observations for many years. This motion does not on its words seek to attribute blame or fault. I have said where I think at a political level the blame and the fault lies for not having heeded the warnings that have been delivered at a political level in the past. This motion seeks to express the view of the House not about who is to blame, because obviously I would not expect the Government Members to agree on that, it seeks to express the views of the House on the three issues that it sets out in the three numbered paragraphs; and further to constitute the resolute declaration of the whole of this House as to what should happen in the future and how we should go about achieving it. First, a numbered paragraph, calls on the House to condemn the civil disorder and violence that occurred in Gibraltar during the 7th and 8th of July 1995, and I expect that nobody in this House will have any difficulty in subscribing to that resolution. Second, commends and thanks the Police, Fire Brigade and other emergency services for the professional and dedicated way in which they had performed their difficult duties. I think that no one can be in any doubt about the Police. Policing in a small community is not easy, policing in a small community in circumstances of that kind is even more difficult and that policing the

streets of a small community in the light of the events of that weekend is something for which this community should express its commendation and its gratitude to the emergency services involved. They already know after the events of the 12th of July that they enjoy the overwhelming support of this community and I think it is proper that they should know that in the discharge of their duties, in maintaining law and order, they enjoy the support of all members of this House. I do not, for one moment, doubt that they will subscribe to that motion. Paragraph three calls on the House to note and support the massive public demonstration on the 12th of July 1995 under the slogan "Stop all launches now". What the memorandum meant was clear, between seven and 10, I think nearer 10 but the arithmetic of the crowd is neither here nor there, have expressed the view that the wider interests of this community, the long-term interests of the whole community, require this community to take a different direction. The people of Gibraltar have clearly expressed their wish in this regard. It must be clear to every member of this House, what the people were saying at that meeting and I think as far as we are concerned, it has been the view that we have always expressed, that certainly I think that this House should note and support that public demonstration of collective will to see this grave problem addressed and addressed urgently so that this community can direct itself in relation to those issues. It also calls on the Government Members to take immediate steps. The Chief Minister, in a recent television interview, indicated in circumstances which I would invite him to take this opportunity to make more unambiguous that with the Government, this whole House has the political resolution to deal with this problem. Certainly it must be dealt with in a responsible manner. It must be dealt with in a way that addresses not just the problems that the fast launch itself creates but, of course, the problems that might arise in the resolution of those problems. Certainly we accept that the persons with executive responsibility at this point in time to do that are the Government Members but that they must express a commitment to doing so they will have to choose what steps should be taken. We believe that there is much more scope in the existing laws than has presently been taken advantage of but they must decide what steps they wish to take at this stage to address the will of the people and of course the effectiveness of those measures is a matter upon which they will have to be judged and for which they will have to answer in due course. We will support partial measures conditionally. We realise that this is not necessarily something that can be stopped by just one measure and therefore we are not going to be churlish about this. We are not going to say we will support the Government in any measures until they have announced all the measures which together we think will

be effective but we must see on the Government side a genuine resolution and commitment to address the consequences of this problem as urgently as possible. We are not disingenuous in recognising that there is a difference between the origins of the problem and dealing with the problem. This is a problem that this whole community has. The people with political responsibility to extricate this community from it at this point in time are the Government Members but it is not only their problem. It is the problem of the whole community but we as an Opposition reserve the right to express views about the effectiveness of the measure that they take. I do not expect any of the Government Members to express the view that in doing that which is no more than the discharge of what oppositions exist for, is making political capital or scoring political points. We might say that it is open to one or either of those but we have and we reserve and we will exercise that right to give them the opportunity to alight on measures that will be effective and then to express our views as to whether they have chosen the right measures or whether there are other measures that they should have chosen. The Government know that we in the Opposition take a pretty broad view about the sort of things that will be necessary in order to put into place the full range of measures which will fully protect this community from the economic and social consequences of a successful eradication of the fast launch activity. We regard this motion to be step one. The Government know now because it has received publicity before this date that we expect the United Kingdom and Spain and the European Union, all three of them, to recognise. This is not any belief on my part that the problems that we have with any of those three are the result of the fast launches and that if we did not have the fast launches we would not have a problem with Spain. I shall be expressing my views about the linkage between the fast launches and the border restrictions in the next motion. The fact of the matter is that both the United Kingdom Government and the Spanish Government have responsibilities in this matter. The United Kingdom Government have a responsibility to ensure the economic stability of this community and let us face it, if the United Kingdom Government give financial aid to over 80 countries around the world (independent sovereign states) what is wrong with us recognising that in common with hundreds of other sovereign states which we are not one, recognise the need for aid and accept aid, why should we feel shy about saying that we who have a small economy in transition, we who have a United Kingdom Government that have contributed to some of the problems of that small economy should contribute to the resolution of the problem. I do not say to the United Kingdom Government pay us for stopping the fast launches, no. Give us financial aid to which we are entitled to and that

might include budgetary and structural aid and Spain has got to be made to understand by the United Kingdom Government that she has got to operate a frontier at the border which is not a noose around the neck of our economy because when we have stopped doing the things that others can legitimately accuse us of having been doing wrong, we will then be in a better position to say, "Now we have stopped doing what the international community regarded as objectionable. Now you stop doing what the United Kingdom Government have already described as objectionable". We will then be in a stronger position to say to the United Kingdom Government, "You go off and tell the European Union Commission to start pushing its weight around in Brussels to get the Spaniards to operate the border in that way". We have heard already about our views on training, employment and business start up opportunities. This community has got to offer the people involved in the fast launch activity, conventional employment and business opportunities. We have got to do that of course not just for them. We have got to do that for the people that have similar problems and are not in the fast launch activity. It is not a question of giving preference to the people in the fast launch activity but the political class, the Government and we as an alternative government in waiting, accept that political obligation as well. We have got to provide conventional alternatives in the form of jobs, or business creating opportunities and at this stage the responsibility is theirs. After the next election I expect it to be ours. As far as I am concerned I accept that responsibility here and now and the Government must accept it.

Mr Speaker, it is not necessary for me to say anything further because we are on record in Hansard on numerous occasions spelling out the reasons why we believe and have believed for several years, that this activity was not in Gibraltar's interest. We have on numerous occasions spelt out not just the social and economic consequences but also the political consequences of the image and reputation that this community was developing as a result. It may well be that Government Members may have a different set of proposals as to how they would wish to deal with the problem. That is secondary, the question of the motion because clearly that is their prerogative as a government at this stage but I would sincerely hope that all hon Members in this House will be able to unite around a motion in these terms or at the very least in terms of paragraphs numbers one, two and three and in words that commit the whole House to the eradication of this activity. I commend the motion to the House.

Question proposed.

HON CHIEF MINISTER:

Mr Speaker, I am answering on behalf of the Government on the understanding that there are no other contributors. The Government will be supporting part of the motion but I am moving an amendment to it which deals with the final element of it. The Government do not vote for motions calling on the Government to do things. That does not happen. If the Government want to do something, we do it, we do not call on ourselves to do it.

HON P R CARUANA:

If the Chief Minister will give way. I know that in this House the distinction is sometimes difficult to maintain but, of course, I draw the distinction between the Parliament of which, of course, members of the Government are a part and the government of the Executive and I think it is important to draw that distinction, and that is why it is drafted in these terms.

HON CHIEF MINISTER:

I do not know whether in fact the hon Member in drafting that particular paragraph held the same views as he has expressed today but to say that the Opposition recognise the sensitivity of this particular problem and the fact that there are measures that need to be taken which will genuinely resolve it as urgently as possible, is not quite the same as to say to take immediate steps to stop all launches, because the Opposition Member may say that the motion that was addressed to me was clear but in fact when I asked the representatives that had brought the motion to come and see me it was precisely so that I could understand what they thought it meant, because I was not very sure whether they were saying to me, "We want the Government to send the riot squad and pick every launch in sight out of the water and make off with it" as a way of restoring peaceful and harmonious relations in our community. I can tell the Opposition Member that that seemed to be the view of quite a number of them and I was quite categorical in saying, "We will not do that". There is absolutely no way and I have explained to them that the action we had already taken on the RIBS was that we decided after months of interception where everything intercepted was released because at the end of the day the most we could say was, "You have petrol in a plastic can and it should be in a metal can and we will take you to the Magistrates' Court and you get fined £5". It was

decided that given the fact that the surveillance and the interception were indicative that if it was presumed that people that crossed the straits were crossing the straits for a particular purpose and that they left Gibraltar not with duty paid anything, they left Gibraltar with nothing and they returned to Gibraltar with nothing. So let us be absolutely clear that the boats against which we moved were patently not breaking any law in terms of taking anything or bringing anything or exporting without a licence or anything else. Since the evidence was that these were the boats allegedly involved and given the fact that I had agreed with the United Kingdom that it was important to be able to deny without fear of contradiction - which were the words used by Douglas Hurd in that article in The Times before he went to see Senor Solana - that the hundred odd boats which were allegedly leaving Gibraltar for Morocco were not in fact transporting drugs from Morocco to Spain, we came to the conclusion that the only way to get to grips with the problem and deal with the situation on the basis of being able to deny, was to first of all ensure that no new addition could be made to the boat, that our report - which was the same report that Douglas Hurd had - said were already here and that the registration of those boats should be brought under the Royal Gibraltar Police as a deterrent to certain individuals who might want to use those boats for that particular activity being made to think twice about how they would explain what they were using the boats for if they had to go to the Police station to do it. The move that was made on the 6th of July was the move which said, "As from midnight tonight no new RIBS shall be imported into Gibraltar" and it was done on the basis that what was here already was on the 7th of July illegal if it was not able to demonstrate its legal presence. That meant its legal importation, its having paid duty, its having registered with the Port Department initially, its having the registration number, its being berthed in the place where it was required that it should be berthed, because one of the conditions of importation is the requirement for a berth. In fact, out of the supposed 106 we found that there were 60 and out of the 60 that were taken into police custody there are some 27 which apparently have no owners because nobody comes forward to say, "The boat is mine". We do not know whether that means that the owner is beyond our shores or that the owner is somebody that maybe was in the demonstration saying take the boats away and does not want to come and say he is the one that owns it. Our law officers have taken the step, of looking at the engine number or trying to find out as best they can, tracking it back, if necessary, to the manufacturer, how it arrived here initially and to whom it was initially consigned or sold or imported by or whatever. Twenty-eight days notice have been given to these people to say, "Come and claim your property or else you will lose

it" and then we will see what happens. I think from the point of view of the operation certainly what we are left with now is that instead of a supposed 106 boats leaving Gibraltar and going to Morocco we are now left with something like 30 boats that are still in the process of having to find a berth which is permitted. If they do not find a berth which is permitted then they lose it or they remove it and obviously any one of those boats is not capable of being replaced so I think the step that was taken - which was in fact by the measure of what is permitted in most countries is that people are allowed to own property - was a measure that went well beyond anything anybody had done anywhere else to tackle the problem but at the end of the day we felt that we could not do anything other than get rid of them from Gibraltar because whatever measures we put in place, whatever regulations we put in place, whatever forces we put in there, whatever help we get at the end of the day it was very difficult to see what it was that they could be stopped for and how it could be proved one way or the other. Clearly the action that was taken by the Royal Gibraltar Police in furtherance of that law took everybody by surprise and the reaction which originally may have involved people who were boat owners and subsequently may have been joined by other people, we do not know who they were. Certainly some of those who were involved and were arrested were not people who owned the RIBS. I am not sure why they were involved in public disorder except that it seems clear that it is possible that other people were being told, "You are next in line" and that that was the reason for their reaction. No excuse can be made for the action that took place that day or the public disorder for the destruction of private property and as I said in my statement the day after, having called in the owners and told them to their faces first, which is the way I tend to do things, I then went on television and said that such conduct could not and would not be tolerated. Just like I had said at an earlier stage that the Government were determined to act decisively against any question of any connection between Gibraltar and drug running between Morocco and Spain and we would take whatever measures were required to bring that about. I think the motion fails to recognise that before the 7th of July the Government were already acting against drugs and to suggest as it does in the last paragraph that the Government are being called to do something about drugs, whether related to drugs or tobacco, seems to suggest that we have not yet acted against those alleged. We have not got any evidence. If we had the evidence we would not need to do anything other than take them to court, convict them and confiscate the property. We have had the powers to do that since 1989 under the Drug Trafficking Ordinance which says that if somebody is convicted of drug trafficking then the property can be forfeited. The reason why this

property cannot be forfeited is because they are not being acted upon on the basis that they are drug traffickers. They are being acted upon on the basis that either they are illegal imports which were not declared and did not pay import duty or they are illegally berthed because they have not got permission to berth where they are. So my amendment seeks to correct that, Mr Speaker. The amendment also seeks to demonstrate that we have taken immediate steps and that we are being quite categorical in the reply that I gave the people who came to see me. I said to them we would immediately initiate action to deal with the other activities which was worrying people from a public order problem and from the possible consequences on the conduct of younger generations, not because there may be queues or there may not be queues. As I have said to those involved whether there is a queue from here to Irun is not going to make me respond but if there are people in Gibraltar that are worried about our society and they think that the activity that fast launches are involved in whether they are involved in carrying tobacco or in carrying perfume - it is not the content that worries them, it is the activity then we need to address that problem. The Government cannot ignore public opinion on this issue and we are responding to that public opinion and I told them quite categorically that we would take immediate steps to deal with it but that it was our responsibility to deal with it on the basis of minimising any possibility of any further disorder which is what none of us want. The answer is not to say, "Well, let us take a step and then we will wait and see what happens and then we will make sure that we provide whatever reasons are required to crush the rebellion". That is not the way to approach it and it is not the responsible thing to do and I made that quite clear to the people who came to see me. If the result that I have made quite clear to them that I am not prepared to conduct the decision and the implementation of that decision by the Government in this manner dismays them, well that is too bad. As far as I am concerned this is a matter which the Government have been asked to act. I have been personally asked to take some action and it is my responsibility to exercise my judgement in the best way to go about it to produce the desired result. The Opposition Member is quite entitled to then criticise whether the measures that I have taken are effective or are not effective. What people are not entitled to do is to criticise the effectiveness of the measures before I have taken them. I found that the people who had come to see me at one o'clock issued a press release two hours later saying the measures were not going to be effective. Well, how could they say the measures were not going to be effective when they had been out of my office for two hours? I propose to move an amendment that will reflect that in the motion; that in fact I saw the representative body; listened to them and explained that we



would take immediate action in a meeting that finished at one o'clock and I called people to my office at four o'clock to start the ball rolling. I do not think I could have been more immediate than that but if by immediate action what they meant was that I should go hot foot to Waterport or wherever and start fishing boats out of the water, then the answer is they were disappointed. What I did was and what I am asking this Government to support is an approach, which I hope will produce the desired result but if we can succeed in doing this in that way it is in all our interests that it should be done that way. If it is not an approach that succeeds then I think we have got a very difficult problem facing all of us.

Before I move the amendment to the motion which reflects the points that I have said I would just like to deal with the alternatives which have been referred to only slightly by the Leader of the Opposition but which according to Europa Sur are Mr Montegriffo's proposed alternatives. Let me say that the Leader of the Opposition is wrong in thinking that it is my shyness for which I am renowned that prevents me from approaching the British Government for help. I know that I am a very shy person but I am not that shy. He is wrong in thinking that the question of budgetary aid is something that constitutionally is straightforward because I can tell him that the House, whoever has been in Government, have always opposed the concept of budgetary aid because there are very clear rules about budgetary aid. In the one or two colonies that get grant-aided budgets effectively the control of public expenditure is removed from the legislature, that is a Treasury condition. It happens in St Helena, it happens in Montserrat. I can tell the House that when we were facing the dockyard closure following the White Paper in 1982 the position of the AACR in Government was that they would resign rather than go down the route of being grant-aided and I think Sir Joshua was even shier than me. But I think that is something which is capable of being argued and which I think would meet perhaps what the Leader of the Opposition is suggesting in terms of budgetary aid and which I think is an entirely defensible argument. That is, under the Constitution of Gibraltar foreign affairs is the responsibility of the British Government and they pay for it. Defence is the responsibility of the British Government and they pay for it. And the police and internal security is the responsibility of the British Government and we pay for it. So why should not the British Government pay for the cost of policing Gibraltar if they are the ones who determine the policy of the policing? I doubt whether they would accept the argument but that argument, I think, has got a logical consistency in that if they say, "We have to pay for the policing of

Gibraltar even though we are not constitutionally responsible for it," then presumably tomorrow they could ask us to pay for defence or ask us to pay for foreign affairs. I have to tell the House that I have not asked them to pay for the police but I did write to the Foreign Secretary in June and I pointed out that grateful as we were for the assistance that they had given us in providing equipment, the equipment in question had put demands on the police budget which, incidentally, is £6 million now and used to be £3 million in 1988, so it is not that they are starved of resources but it is true that the cost goes up every year and that it is very difficult to live with it. The time was when we had taken the action of greater surveillance and so on and I was responding to the article in The Times when it talked about there being 100 boats making frequent trips allegedly transporting drugs from Morocco to Spain which is what the article said. And I responded to that article by telling him, "I agree that we need to be able to rebut without fear or contradictions, suggestions that such boats are involved in the drug trade." At the time I had only had a report from the Commissioner, which I informed the Foreign Secretary about, telling me that the action of surveillance and so forth had reduced the activity of the cross straits movement by 95 per cent. That was the report that I had and I communicated this. But I said, "This may be a temporary phenomenon and maybe if you relax the surveillance it will go up again so we need to do something more permanent". And I went on to say that the Government were determined that there should be no boats based in Gibraltar taking drugs from Morocco to Spain and that, if necessary, I would prohibit the import of any boats of this type. This was done well before the whole fracas developed. I went on to say that given the importance that Her Majesty's Government attached to this, they might consider sympathetically request for financial assistance on the running cost of the marine section. I was not talking about £12 million for three years, as was suggested in a recent letter to the Chronicle, or £9 million for three years as I think was being suggested by Mr Montegriffo, I was talking of something like £100,000. I am afraid that they have not said no but they have not acknowledged this at all in the reply. It is as if I had not said it. So I think we need to know that this, in an area which is so important to them, where I am told we have got to take action, where I am saying, "We are grateful that you have given us these boats but if I did not have money for the boats and the boat is £100,000, how do you expect me to have the money to spend £100,000 on petrol every three months? So would you help me with paying for the petrol? Not budgetary aid, not a massive programme", just so that we know what we are talking about. As I have said, they have not said no so I cannot tell the House that it has been rejected, I can tell the House it has been ignored. But given

the fact that the hon Member thinks that we must not be shy about going to the European Union, he might wish to know that I have overcome my shyness in that quarter as well and that we have submitted to DG16, with the support of the United Kingdom, a bid for technical assistance under the Inter-Reg Programme which is a programme available for things which are connected between a member State and the Maghreb countries. And we said that what we wanted to do was to bring in technical support and equipment and cost and things like that related to acting against the illicit trafficking between Morocco and Spain and to ensure that Gibraltar was not used as a base for such trafficking. The proposal was turned down by the European Union. Again we were not asking for £27 million over three years, we were asking for a one-off grant of £250,000 of which the Foreign Office would contribute £125,000 and the European community, out of its billions, would contribute £125,000. Although it had the full support of the United Kingdom and although it was re-submitted to the Commission with the full backing of the United Kingdom, it was turned down the second time. I think I need to say that to show the hon Member. It may well be that if there is at some remote future date a change of Government the Commission will celebrate the occasion by pouring millions into here and so will the Foreign Office. Their hopes and expectations of the Hon Col Britto in that respect may one day be realised, sometime in the next century I imagine but we never know. Obviously the fact that Mr Montegriffo has ceased to be a member of the House so long ago means he must be out of touch with these things now that he is no longer with us. There were other things that he put in his proposals which, in fact, are not things that we have considered but the idea of the package is something that I have to say to the House there is no harm in sounding anybody out but there is absolutely no indication. We have made very, very modest demands and I cannot imagine that because we have had some civil unrest they may be more willing to provide assistance now than they were before. It may be that that will change their minds. We will certainly find out if they are more receptive. As I said, as far as the United Kingdom themselves are concerned, the fact that they have not acknowledged it does not mean they have turned it down and we are not taking that as a rejection. But something that I have been asking for a number of years and which I mentioned in relation to my previous intervention on the motion of employment, is something which I think is their clear moral and possibly legal obligation which is providing a package for the unemployed Moroccans. I can tell the House that in my recent meeting with Malcolm Rifkind I made the point that in terms of reducing social pressures in Gibraltar, creating job opportunities overnight and getting a return for a

particular level of investment, probably the quickest way to do it would be to say if there are 150 people in the Ministry of Defence who can be attracted to the idea of voluntarily returning to Morocco and it will cost the British Government X pounds that immediately creates 150 jobs in the Ministry of Defence or 150 jobs in contractors, because the work is contracted out, or even 100 and they save 50. That will probably be the quickest return for the money of anything we can think of and it will do two things. It will I think show the concern that we have as a community to help the people by getting the UK to honour its moral obligations and it will help us immediately. I have been arguing this now for several years and I have recently raised it again in London and there is no indication that they are willing to do this. I can tell the House that if we go to the United Kingdom for an investment package they will say, "Tell me what it is you want to invest in" and I cannot say, "We want money to build houses" because we have not got a waiting list like we used to have, I cannot say, "We want money to build a generating station" like they did before because we have now got spare capacity in the generating station. I cannot say, "We want money to produce a desalination plant" because we have got spare desalinating capacity and the British Government will not give money to set up businesses. As far as social funding what we could get, I suppose, is more out of the social fund than we have got so far but they think we have had a great deal actually although we believe that, frankly, as my hon Colleague said between 1973 and 1988 we did not get a penny out of the EEC because the Government of Gibraltar were told by London that we were not entitled and because they were told by London that we were not entitled and London know better we never applied. The only reason why we got the money was because my hon Colleague Robert Mor went on his own digging and discovered that in fact we were entitled to the social fund and that Ceuta and Melilla had been getting lots of money out of the social fund since they had joined in 1986 even though they did not pay VAT and we had been fobbed off for 15 years by being told that unless we paid VAT we could not claim money from the social fund. We are grateful for the amount of money that we have had because that has enabled us to do twice as much. If we are giving somebody a wage subsidy of £80 and we have got, say, £800,000 and we get £800,000 matched by EEC funding then we can cover twice as many job vacancies. It is not a question of shyness preventing us from exploring the avenues that might be open to us and certainly if there is any indication that there are areas which we can tap which we have not thought of we are willing to explore it but I have to tell the House that what I have been floated until now we have attempted to tap very, very modestly and with very powerful arguments. There has been, at best, a

lukewarm response from London and a total rejection from Brussels. We have not got an answer to the alternatives that are required in order to meet the part of the memorandum that talks about putting in place a package which would give alternatives to the people involved and their families. We have not got that in place. As I said the other night at the European Movement, clearly it is not a question of a special package, it is a question of using the packages that we have got but providing additional funding. One of the things that I told the representatives who came to see me was that the first thing we had to do was to identify how many families we were talking about, how many individuals we were talking about, what sort of age structure they had and what sort of skills they had because we cannot talk about a package if we do not know what we are talking about. How many of the people who are supposedly involved in such activities have got full-time jobs already and do not need a package? Half? Ninety per cent? Ten per cent? Why is it? Since the action that I have taken as is being reflected in my proposed amendment has been to go directly to those that have got a relationship either by being owners or by being suppliers of goods to owners who I think have clearly also benefited from the trade for many years, and therefore must also take part in participating in finding a solution. It is, on the basis of their involvement that we are approaching this so that we move forward with all the parties agreeing what we are going to do. Let me say that the situation has been spelt out by me face to face absolutely clearly to those concerned that this cannot be fobbed off and it cannot be fudged and that it has to be tackled but we want to tackle it with sensitivity and taking them with us and that we do not want any excuse for anybody to do something stupid on the grounds that they are being pushed into it or provoked into it or making threats which others may take seriously. We have heard lots of stories. I am sure the Opposition Members have heard them as well. We cannot, as a Government, act on those stories. I have sent a very clear message to those concerned that they should not even think that that will be tolerated because it will not be tolerated. I do not want to go into repeating the stories and the rumours because that in itself simply adds credence to them and I do not think they serve any useful purpose. I think the hon Member will know quite clearly what I am getting at. Therefore, Mr Speaker, I move that the motion be amended one by the deletion in clause 2 of the words "Police, Fire Brigade" and the substitution by "Royal Gibraltar Police, the Gibraltar Services Police, the City Fire Brigade" and then of course it continues "and other emergency services". Two, the deletion of the final paragraph of the motion and the substitution of the following which reflects the points that I have been making in my contribution -

"(4) Notes that the Government had already taken action to prevent the importation of rigid inflatable boats prior to the 7th July and that such types of vessels were the ones allegedly engaged in the transport of drugs from Morocco to Spain;"

I have already explained to the House that I had written to the Foreign Secretary saying we would do this if we felt it was required well before the stage that it was done. Add

"(5) Notes that on the 18th July, the Chief Minister informed the Representative Bodies that immediate steps would be taken to deal with other fast launch activity and to bring about the objectives set out in the memorandum;"

I am saying that so that there should be no doubt that we gave a very clear response that we would act immediately but we also made clear that acting immediately did not mean that before they had left the buildings we would have confiscated everybody's boat just like that and there were people who seemed to think that that is what was required and that was what we should be doing. Add

"(6) Notes that on the same day meetings were held with tobacco importers and owners of fast launches when the position was fully explained to them;

(7) Supports the Government's approach to involve all the parties concerned in co-operating to achieve the cessation of the launch activity and development of alternatives for those concerned."

which is what the memorandum has asked us to do. I commend the amendment to the House.

The House recessed at 6.30 pm.

The House resumed at 6.55 pm.

HON P R CARUANA:

Mr Speaker, the Opposition can support the amendments proposed by the Chief Minister subject to the following amendments which have been the subject matter of discussion during the extended recess that we have just had. The amendments that I would propose to the Chief

Minister's amendments are the following: In the proposed paragraph (4) after the words "Notes that" we add the words "on the 6th July 1995". In line two of that same paragraph the word "prevent" is replaced with "prohibit". In the third line the reference to "prior to the 7th July 1995" are removed. In proposed paragraph (5) after the word "Notes" we insert the words "the Chief Minister's report to the House". Further along that line the references to the Chief Minister are placed by the word "he". In line four of that paragraph before the word "other" we add the word "all". In paragraph (6) after the word "Notes" we insert the words "the Chief Minister's report to the House". That paragraph (7) be deleted and substituted with the following, "(7) Supports the Government's approach to seek the co-operation of all parties concerned in Government's task of bringing about the cessation of the launch activity and development of alternatives for those concerned."

Mr Speaker, as I said in moving my own motion, I had already indicated that it was proper that whilst acknowledging the fact that of course the executive responsibility of governing falls on the Government that nevertheless given the dimensions of this problem and the complicated nature of it and, indeed, the dire consequences that it has for this community, that as many parties as possible should cooperate in its resolution and I think that those amendments to the amendments and indeed the Chief Minister's amendment recognise those principles to which both sides of this House are willing to subscribe.

MR SPEAKER:

To make the position clear, the way that we are going to vote will be, the first vote will be taken on the amendment to the amendment of the Chief Minister. If that is passed then automatically that becomes, having amended the amendment, the final motion and we shall take them if the amendment to the amendment is passed we shall take the final motion. There is no need to take the final motion, as amended. There will be no need to take the original motion or the amendment from the Chief Minister.

HON CHIEF MINISTER:

As the Leader of the Opposition has said he has made us aware of the proposed amendments which the Government accept. I think there is no question as to whose task it is. It is not the task of the House, it is the task of the Government. The memorandum was presented to the Government and not to the House and what we are saying to the House

is in approaching this task that we have been asked to undertake by the people in the memorandum that was presented to me, we are adopting an approach which seeks to minimise any potential risks that there might be in the changes that need to be brought about. I do not think anybody would want that that should not be the approach since it is the objective and the final result that people want to see and if that can be achieved by an approach that gets those involved to accept the inevitability of the direction in which it has to go rather than a confrontational approach I think it is in the interests of everybody including those involved. Therefore I am glad to have been able to express that support and to see that the approach is one that has support although I am not trying to say that it is something that we are doing jointly because the actual action has to be undertaken by the Government side.

HON P R CARUANA:

Mr Speaker, I think that I have said all that I need to say on this. Just to say that, of course, the Chief Minister is entirely right in saying that it is the effectiveness of the result which is what has to be achieved, the people have indicated that they want this achieved quickly and therefore the Government's initiatives ought to bear in mind the time-scale as well as the ultimate result.

Question put on the amendment to the amendment to the motion. Agreed to unanimously. The motion, as passed, read as follows -

"This House:

- (1) Condemns the civil disorder and violence that occurred in Gibraltar during the 7th and 8th July 1995;
- (2) Commends and thanks the Royal Gibraltar Police, the Gibraltar Services Police, the City Fire Brigade and other emergency services for the professional and dedicated way in which they performed their difficult duties;
- (3) Notes and supports the massive public demonstration on the 12th July 1995 under the slogan "Stop all Launches Now";
- (4) Notes that on the 6th July 1995 the Government had already taken action to prohibit the importation of rigid inflatable boats



and that such types of vessels were the ones allegedly engaged in the transport of drugs from Morocco to Spain;

- (5) Notes the Chief Minister's report to the House that on the 18th July, he informed the Representative Bodies that immediate steps would be taken to deal with all other fast launch activity and to bring about the objectives set out in the Memorandum;
- (6) Notes the Chief Minister's report to the House that on the same day meetings were held with tobacco importers and owners of fast launches when the position was fully explained to them;
- (7) Supports the Government's approach to seek the co-operation of all parties concerned in Government's task of bringing about the cessation of the launch activity and development of alternatives for those concerned."

HON P R CARUANA:

Mr Speaker, I have the honour to move the following motion standing in my name:

"This House:

1. Notes the increasing queues and delays at the frontier following upon Spain's introduction of new measures purportedly in implementation of the Schengen Agreement;
2. Notes that, following the introduction of these new measures, Spain continues to operate the immigration control on a single file basis with only one police officer and that Spain has not deployed additional resources to minimise delays;
3. Notes that Spain continues to operate the Customs post at the frontier without a red and green channel and without the random only checks customary at other international frontiers;
4. Considers that the Schengen Agreement is a pretext used by Spain to introduce new measures which are in reality calculated to maximise queues and delays at the frontier for political purposes in order to isolate and damage Gibraltar economically;

5. Notes and welcomes the fact that Her Majesty's Government view the situation with concern and consider the delays at the frontier to be unacceptable;
6. Notes with no surprise that Her Majesty's Government has been unable to obtain a satisfactory explanation from Spain for the new measures and the resulting further delays;
7. Considers that no such satisfactory explanation exists.

AND given the serious effects of the new measures upon Gibraltar and therefore the importance of this issue for Gibraltar CALLS UPON Her Majesty's Government to urgently take all necessary steps and measures to ensure that Spain operates its border with Gibraltar in accordance with normal practice between two EU member territories and in accordance with normal international practices and conventions."

Mr Speaker, I had toyed with the idea of taking the view that recent events had rendered this motion redundant but I quickly concluded that they had not because of course there are several long-term and broad principles recognised in the motion which are not addressed by the fact of a relaxation of the strictness of the measures that have been imposed following the 26th March commencement of the complementary convention to the Schengen Agreement. The reason why this motion is not out-of-date are these: first of all I think this House ought to take this opportunity to express the view that it is not acceptable to us and ought not to be acceptable to the United Kingdom Government that Spain uses or should use the border as a sort of political whip against this community, whether it be on the fast launches, whether it be on any other political posture that Gibraltar might adopt or on any other issue. It is not acceptable that Spain should seek to use the border and thereby in effect to strangle our economy or to attempt to adversely affect our economy as a means of bringing us round to her way of thinking on whatever the issue might be. Secondly, the motion is not drafted in terms of an elimination of the restrictions. The motion is not drafted in terms of reversing the 26th March measures. The motion is drafted in terms of a normalisation of the border and, of course, a normalisation of the border does not mean putting it back to where it was on the 25th March. I think that this is now a convenient moment for this House to put formally on the political agenda our demand that that border should function as a normal border. I realise that this point has not been made now for the first time but what we should use this

opportunity to emphasise the fact that when we talk about normalisation we do not mean a slight relaxation of the strictness of the last screw that was turned. We mean that it operate as the border would between two EU member territories and if we are not in the Customs Union and that has a difference that the border should be operated no more strictly than another European community member State would operate its border with a non-member State which is also not in the Customs Union. That in relation to Customs, in relation to immigration, their obligation is to extend to Gibraltar the facilities and rules and regulations of the European Union in respect of free movement of persons. The third reason why I think this motion is not redundant is that the United Kingdom Government have recognised, as I will mention in a moment from quoting the Minister of State in Hansard, the importance of the border to the economic buoyancy in Gibraltar and given that the United Kingdom Government have joined with the Spanish Government in expressing a desire to see in Gibraltar established a sustainable economy, it would be of course entirely inconsistent with that statement for either Spain to operate or for the United Kingdom to tolerate the operation by Spain of a border which has the effect of obstructing the establishment of that sustainable economy which they claim they desire for us. As I said, just for the matter of record, the measures that were recently relaxed had been introduced on the 26th March 1995 under what I said the very same day was a pretext for implementation, not of the Schengen Agreement itself, but of the complementary convention of the 19th June 1990 which came into effect on the 26th March 1995. Those were clearly ritualistic measures to waste time. I remember one incident when I crossed the border in my car with all my family in it and I was made to tender all seven passports and the frontier guard ritualistically examined each passport, looked at the photograph but made no attempt to compare the photograph with anybody in the car. In other words, there was no attempt to match the travel document with the actual persons who had tendered those travel documents. It is incidents of that kind, and there are of course many comparable incidents, which have persuaded all of us at a very early stage that these were just time-wasting rituals and proved that there was no serious intention of operating a Schengen border but rather that it was a pretext. Another example of that is the fact that they suddenly started getting tough with people leaving Spain. There is no justification for being equally strict with people wanting to leave the Schengen area as there is with people entering the Schengen area so there is no real justification for the sudden appearance of queues getting into Gibraltar. That was another symptom. A third one was, of course, that similar delays were not experienced at other borders between Schengen and

non-Schengen territories including other Spanish borders with non-Schengen territories but of course we no longer need to rely on sort of forensic examination of instances of that kind because the figures proved that it always was a pretext. It has come from the fact that the measures have ostensibly as a gesture of goodwill in recognition at the manifestation by the people of Gibraltar of their desire to see the fast launch activity eradicated. The Schengen Agreement is not about fast launches, nor about tobacco smuggling and therefore the expression of the desire to see that activity eliminated of course does not relieve Spain of whatever obligations she might have had to implement the Schengen Agreement for the benefit of all seven Schengen members and therefore that was the ultimate proof that our own suspicions were entirely correct. The Schengen Agreement itself required member States to deploy adequate resources to avoid unnecessary delays and Spain clearly failed to comply with that. The third paragraph alludes to the fact that Spain, of course, has always failed to operate a customs post with a red and green channel and with random only checks. I know of no border in Europe in which there is a systematic examination of every vehicle. That is simply not the way in which civilised frontier crossings operate. That is an abnormality amongst many others. The Schengen Agreement clearly provides, as has been stated in the House of Commons by Mr Davis, that rather the European Union rules should prevail over the Schengen Agreement. I am quoting now from Hansard of the House of Commons in the debate on the 17th May 1995 on the motion brought by Mr Andrew McKinley MP in relation to this issue generally. I quote him, "But for European Union nationals those controls should not amount to more than a light passport or identity card check to confirm that they are indeed European Union nationals. There is no need whatsoever for that to generate delays. The controls at the Gibraltar frontier go well beyond such checks, they are as unacceptable because of the extreme delays that they cause". Mr Speaker, he also told the House of Commons, and I quote him, "It cannot..." that is to say Schengen "cannot supersede the rights of UK citizens, including Gibraltarians under EC law".

Mr Speaker, on many occasions it has been highlighted in this House that this community will not succumb now or ever to an attempt by Spain to subject us to economic attrition and the sooner that the Spanish Government realise the fact and start adopting a philosophy towards Gibraltar which takes on board the fact that we are never going to be brought to our knees economically it seems to us the better. The motion is drafted at a time when all that the British Government have said on the matter was that the frontier delays were unacceptable to the

British Government. Of course, subsequent to that initial statement Mr Davis went on to express the unacceptability of the practice of the British Government in much firmer terms. He said, and I quote him, "The delays at the Gibraltar/Spain frontier are intolerable and unjustifiable". Further on he said, "Spain has attempted to justify the delays on the grounds of the Schengen Convention but I will show that that justification is wholly fallacious". Later on he said, and I quote him again, "The recent delays for cross border traffic is sadly not the first time that the Spaniards have tried to impede traffic at the Gibraltar frontier", a clear recognition that this was just a naked attempt by the Spaniards to impede traffic. A little later on he refers to Spanish tactics and expressed Her Majesty's Government fervent desire that such tactics would not be allowed to succeed. He said, and I quote him, "It appears, however, that the Spaniards have returned to their previous tactics of squeezing Gibraltar", a recognition there of squeezing, Mr Speaker, "now using Schengen rather than customs checks as an excuse. That tactic will not succeed, it did not succeed in December and it will not be allowed to succeed now". Here is the recognition, in the next few lines and I quote, by Her Majesty's Government of the importance of not allowing Spain to get away with that squeezing at the border to our economy. Mr Davis said to the House of Commons, and I quote him, "The House will realise how damaging those delays can be for Gibraltar, the economy of which depends to a considerable extent on tourists and day trippers". That is a clear and unequivocal statement by Her Majesty's Government of the link that exists between Spain's abuse of the frontier for political purposes and the obstructive effect that it has on our ability to have the sustainable economy that both the British Government and the Spanish Government say that they desire for us. Therefore, it is a recognition by Her Majesty's Government that that frontier needs to be operated in a way that does not cause those delays and I think it is timely for this House to remind the British Government that she must establish with the Spanish Government a clear understanding that it is not a question of Spain introducing measures as she pleases, Britain protesting and three or four months later the measures being relaxed. We are entitled to ask Her Majesty's Government to establish it once and for all with the Spanish Government that Britain does not and will not accept and will not tolerate this being done on a stop/go basis. Because every time there is a stop/go basis we suffer economic damage.

In conclusion, the motion in what it calls upon Her Majesty's Government to do, calls upon Her Majesty's Government to "take all necessary steps and measures to ensure that Spain operates its border

with Gibraltar in accordance with normal practice between EU Member territories and in accordance with normal international practices and conventions". That goes much further than simply asking Britain to protest at the 26th March tightening of the screws. What we would be asking Her Majesty's Government to do, if we adopt this motion, is to say once and for all take on board the task of ensuring that that border operates normally by which we mean not less tough than it used to operate a month ago but as it has never operated since the day it opened. What we now ask Her Majesty's Government to do is to take seriously on board the diplomatic task of securing that that border operates, for example, on a random check basis only with a red and green channel and in whatever manner is consistent with both the fact that we are not in the Customs Union and the fact that it is a European or that it is a border between two EU member territories and I think because the motion was drafted that broadly it did not become redundant simply because the Governor of Seville has taken the decision, the permanence of which remains to be seen in relation to relaxing the latest tightening of the screws. I commend the motion to the House.

Question proposed.

HON CHIEF MINISTER:

Mr Speaker, if I can just comment on the closing remarks of the Leader of the Opposition, I think it is the Governor of Cadiz. It might have been the Barber of Seville, he may have started off as the Barber of Seville but I think he has finished up as the Governor of Cadiz.

I agree with the hon Member that the motion is not out of date. We will support the motion on the basis of an amendment which extends its ambit, not just to what has been happening now but to everything that has happened before. I am glad the hon Member has in fact himself said that the border has never operated as it should since the day that it opened. But, of course, when it opened it did not open as a border between two member countries of the European Union because we were in the European Union and they were not. Therefore in February 1985 we could not say to Spain, "You must treat us as a fellow member of the European Union" but Spain did not open the border because they had joined the European Union, Spain opened the border in 1985, 11 months before they joined the European Union because we gave in to something which we had been saying no to for 15 years and one month and because that happened Spain has always maintained that their

restoration of communication by land in 1985 was not a consequence of joining the Union because it pre-dated their joining the Union. It was a consequence of a bilateral agreement, the infamous Brussels Agreement, and they put it on record with the United Nations, with NATO and with the European Commission in July 1985 and having put it on record what the United Kingdom did was to acknowledge that it had been put on record. They did not put anything back on record then and those are facts that we cannot escape from. We have got a difficult task in redressing the situation because although the United Kingdom today may say it is intolerable, it is unacceptable, it should not be permitted, the reality of it is that it was brought about by a decision which the United Kingdom did not impose on this House but a decision which 11 years later we are still suffering the consequences of and which was carried by the Government majority over the Opposition following an election in 1984, eight months before that decision was taken when it was not put to the test of whether the people would support it or not. They might have supported it. My argument always was if we had campaigned against it in the 1984 election and the AACR had won the election with that in their manifesto that would have been the end of the matter, although we would still be saying to people we were right and they were wrong but in fact at the time the party that won the election won the election with less than 50 per cent of the votes and the party in Opposition, which was the GSLP, and the party that did not get any seats which was the Integration with Britain Party (or the Democratic Party of British Gibraltar as it was called then) between us had over 50 per cent of the votes, rejected the Brussels process so it was carried in this House by a party representing a minority of the people of Gibraltar. I do not want to say that what they did they did not do thinking they were doing the best for Gibraltar at the time. It was their responsibility and they took the decision but what I can say is that with every passing day it becomes clearer and clearer what a tragic mistake that was. I can understand that the Government of Gibraltar then might well have been under considerable pressure but the £34 million that the hon Member keeps on praising them for getting from the United Kingdom might not have been because of their shyness but because of their willingness to support the Brussels Agreement in this House because it so happens that both the £34 million and the Brussels Agreement arrived in the same month. It may be coincidence! There are people who were then there who claim that it was not coincidence but it is not for me to say. What I can say is that the sustainable economy that Spain says it wants clearly is one which they consider to be brought about by the integration of our economic structure with those of the hinterland because they think that is what makes economic sense and it might make economic

sense that there should be very close co-operation economically, if there was not a threat of a take-over. But with the threat of a take-over it does not make sense to make our economy dependent on theirs. It makes sense to make it as independent as possible and if the United Kingdom wants us to have a sustainable economy, then the United Kingdom should not have accepted the blackmail of Spain since 1992 blocking the development of our banking system as European Union banks which to date I honestly believe is illegal. I have to tell this House what I have told the British Government on countless occasions, that their failure to get licences for banks in Gibraltar recognised as licences of the European Union is contrary to Community law because if a bank in Gibraltar is not properly licensed under Community law it should not be permitted to operate in Gibraltar or else Gibraltar is not part of the European Union. That does not require the absence of queues at the frontier. We have not got in our banking system assets of £6 billion where we have had assets of £400 million as I have already demonstrated to the Opposition Members in 1987 because it was open in 1987 and it is open in 1995. We might argue that if it was closed in 1984 and it was open in 1985 and the flow of money in the banks was because of the open frontier then we would have seen the jump the moment it opened. Jersey has got £6 billion increase every three months. The whole of our system is their increase of three months. It has nothing to do with frontiers or queues. I am not saying that there is not a trickle of money but Spain argues that the banking system of Gibraltar is fed exclusively by tax evasion and money laundering from Spain across the frontier because that is the argument as I mentioned in the recent meeting of the European Movement that Senor Brana has used for stopping people entering Gibraltar when it has suited him, that he was to see whether they were trying to launder money in Gibraltar that he was stopping it. He can invent that argument any time he wants. In July 1985, Spain made clear that the relationship with Gibraltar was not going to be altered by its accession to the Community, that its accession to the Community was without prejudice to the negotiating process that had already started in Geneva in February 1985. In Geneva in February 1985 for the first time in our history there was a meeting between Her Majesty's Government representative and the representative of the Kingdom of Spain with the participation of the elected leader of Gibraltar where the issues of sovereignty in the plural were on the table. For the first time we permitted, not just discussion on sovereignty, but discussion of sovereignty of the city and fortress of Gibraltar as having been ceded legally and of the isthmus as having been occupied illegally. How can we say to the United Kingdom, "You must insist that Spain respects the border with Spain" when Spain



argues that it is not the border with Spain. Spain argues that there is a fence there illegally put up by the British on Spanish land, dividing the bit that they stole from the bit they did not steal which is La Linea. If we want to get to the root of this then we have no choice but to call on Her Majesty's Government to take a consistent line on all the things that Spain should have done on entry in 1986 and did not do. Let us be clear that what Spain has succeeded in doing is what they set out to do in 1980 under the Lisbon Agreement. When the Lisbon Agreement was due to be implemented and it never got off the ground the first time round in 1980 the dispute arose over a difference of interpretation and at that time I was the only member of this House that voted against the Lisbon Agreement. That particular Agreement was approved 14 votes to one but it was not implemented because Spain said, "We want to see progress and therefore our position is that restoration of normality must be accompanied by progress". Nobody was talking then about launch activity, about drug smuggling, about anything other than the real issues. Therefore, the Agreement never got off the ground because the Gibraltar Government and the main Opposition party had supported it on the understanding of the British interpretation - which was different from the Spanish interpretation - and the British interpretation was that they took off the restrictions first and then we would start talking and see if we could make progress. The Spaniards were saying, "No, no, what we are saying is we take off one restriction and you start talking and then when we agree something we take off another restriction and when we agree something else we take off another restriction and therefore there is a parallel process taking place". That is what they actually have been doing since 1985, what they wanted to do in 1980. In 1980 one of the conditions that they wanted, which was rejected by the people who had supported the agreement who produced a paper answering the House of Commons Foreign Affairs Committee, saying the truth about Gibraltar was, Spain was making it a condition of the opening of the frontier, the advance implementation of EEC rights. We had a resolution of this House carried unanimously, moved not by me, because I was against the agreement. Moved by those who had supported the agreement saying, "There is no question of advancing EEC rights before Spain joins the EEC" and that is precisely what we did in 1985. We treated them in February 1985 and we changed all our laws in January 1985 and the only place in Europe where the Spaniards were considered to be Community nationals without being in the Community was in Gibraltar. Did we do that simply to get 11 months of an open frontier which they can switch on and off whenever it suits them or Brana gets out of the wrong side of the bed, like a tap? Is that what gave them the advantage of enjoying Community rights in Gibraltar for

11 months which subsequently has allowed them for ever more to claim that the rights that they had in Gibraltar did not flow from the EEC because they preceded them? We cannot escape the dilemma that we have that the defence of Spain if we wish to pursue our claims against them in Community institutions and we cannot pursue them unless the UK decides to. The UK could have chosen, rather than keep on saying we needed to do changes to our banking laws the first time that Spain started objecting to our licences in 1992/93, because they want us to have a sustainable economy and they want us to be able to develop in a way which does not expose us to Spanish pressure, so they tell us. They could have said, "No, you will comply with Community law in Gibraltar's case or else we will go to the European Court and start infraction proceedings against you" which presumably they would do if a bank from the United Kingdom wanted to open a bank in Spain and which we are entitled to require them to do for us because if they do not do it and we try and do it we get told we do not have locus standi, like we found in the case of the airport. As I mentioned when I spoke at the European Movement we see the opportunity for the United Kingdom Government to do something on which both UK and Spain agree because we keep on quoting the things that they agree to and what they agree is that we want to see action and not words. We all agree we want to see action and not words but what we expect to see is action on the recognition of the Gibraltar identity card as a valid Community travel document. The Gibraltar identity card on which we spent many, many years working in order to replace the cards that we used to have here which we accepted from the United Kingdom was so easily forged that nobody in the European Union could accept that as a genuine travel document because it was a piece of cardboard going back to pre-war days. We had to produce, spending quite a lot of money on sophisticated equipment, forgery-proof machine-readable cards, which were cleared with the Home Office for size, for text, for colour, for everything one could think of. We spent two years negotiating with the Home Office so that we did everything that they said needed to be done so that it could be accepted by the Community and now we have done it. Spain has already made publicly that they will not accept what they choose to call "Bossano's identity cards". I seem to have much more power than I thought I had because I am the guy who is responsible for the identity cards, according to Senor Brana and I am the guy who expelled the resident battalion from Gibraltar according to the Hon Mr Vasquez, so my powers grow by the minute. The action on getting that accepted by other member States is the sensible way to approach it, obviously, because it is far better to test it elsewhere than to test it first with Spain but if we are in a position, as I hope we will be, to announce in the not

too distant future that Gibraltarians will now be able to travel freely within the territory of the European Union on a Gibraltar identity card except in Spain we would then expect the United Kingdom to act on it. I must say that there is one encouraging thing which, to my knowledge, since we have been in Government since 1988, and as far as I am aware in the preceding three years, is the first time that the European Commission has actually forced Spain to do something which it was not doing in relation to Gibraltar because their position was contrary to Community law. This is that at one stage there was a complaint made to the Commission by Spanish nationals not being allowed to enter Gibraltar with a Spanish identity card. The Commission, on the assumption that we were the guilty party, I suppose because we are bound to be the guilty party, complained to the British Government about it. The British Government came to us and said, "Look, under Community law you cannot refuse Spanish identity cards" and we said, "We are not refusing it, you agreed it in 1984 in the Brussels Agreement. It is nothing to do with us but we accept that in 1984 Spain was not in the European Union and that therefore that agreement has been obviously superseded by Community law". This is very important because, having made that statement and had it accepted by the United Kingdom, we have at least one instance of something that was agreed in Brussels before Spain was in the Union which no longer requires renegotiation. Until that point the position of Spain was, since it is a bilateral agreement between the United Kingdom and Spain, it can only be altered by a new agreement to replace the old one and our argument was Community law, if in conflict with the bilateral agreement, supersedes and annuls the bilateral agreement. The British Government accepted our view and then went back to the Commission and said, "Look, we are now able to confirm that the Immigration Authorities in Gibraltar will accept Spanish nationals but we have to inform you that the information available to us is that they have a problem in that the Spaniards will keep their own nationals out". The Commission then went to Spain and told them, "You have to do something about this because this is contrary to Community law" and because they went to the Ministry of the Interior which is the department responsible for identity cards, the Ministry of the Interior gave instructions at the frontier at 12 o'clock on a Thursday that the cards could be accepted and the Foreign Ministry discovered this at three o'clock on the same Thursday and gave counter instructions that they should not be accepted. Therefore Community law applied for three hours on one Thursday and we then reported this to the Foreign Office who reported it to the UK Representative in Brussels who complained to the Commission and told them, "This is scandalous, here are these people, they have

implemented the instructions of the Commission for three hours and then they have gone back to their bad old ways". The Commission took this very badly and then made it very clear to Spain that if they did not do it they were risking infraction proceedings and it had to be put and put permanently and that and not any gesture of goodwill is what produced the change a few weeks ago. It is important that this should be known and be a matter of public record because in fact they were made to capitulate and an important argument of Spain in relation to Brussels has been destroyed in the process. Therefore although, as I have attempted to demonstrate, the argument of Spain for doing what they like is that that is what they are entitled to do in relation to Gibraltar because the bilateral agreement preceded entry we have had one instance where that theory has been bridged and therefore we should seek that the United Kingdom should make an attempt to bridge it in all other areas. In order to ask the United Kingdom to do that I am proposing that paragraph (7) should be deleted and that in paragraph (6) we add the words "Considers that no such satisfactory explanation exists." after the word "delays". This moves the first sentence of paragraph (7) to paragraph (6) and we have a new paragraph (7) reading -

"(7) Considers that this latest move by the Spanish Government is a continuation of the policy that Spain has embarked upon since the partial reopening of the land frontier in 1982

(a) in failing to remove all the restrictions imposed by the previous regime against Gibraltar which cut off communications between Gibraltar and Spain by land, sea and air, as they should have done on joining the European Union on 1 January 1986;"

because we think that when they joined the Union they should have got back to being normal Europeans without anything else changed.

"(b) in failing to observe the legislation introduced in Spain enabling ferry services to be restored;"

their own law published in February 1985.

"(c) in failing to permit the resumption of flights between Gibraltar, Madrid and London;"

which were going on even after the closure of the frontier with British Airways.

"(d) in failing to operate the frontier for commercial traffic on an unrestricted seven day basis;"

we do not seem to be conscious of the fact that if something arrives at the frontier on Friday afternoon it is stacked there till Monday morning because they all go home at lunch time to have their siesta and they do not come back until after the weekend. That is not the way Europeans behave. If they want to have the siesta they get a replacement.

"(e) in failing to comply with Community obligations and accept Gibraltar's right to enjoy the freedom to provide services in the Spanish market;"

and that applies to the fundamental freedom of services which we accept in the opposite direction and which we have accepted 11 months before they joined. We gave Spanish businesses the right of access to the Gibraltar market in February 1985 and they are still denying it to us in July 1995, 10 1/2 years later.

"Therefore calls on Her Majesty's Government to take all the necessary steps and measures to ensure that Spain fully accepts Gibraltar's rights of membership within the European Union in all these areas".

The United Kingdom may not do any of it but they might not have done what the Leader of the Opposition was asking them to do anyway and if we are going to ask them to do something we might as well ask them to do the whole lot. I commend the amendment to the House.

HON P R CARUANA:

Mr Speaker, I have no difficulty whatsoever with any of those amendments and indeed will be happy to support it except that I do not know whether intentionally or by oversight it has the effect of excluding requesting the normal practice of the border because having eliminated all my call the Chief Minister's reference to the border appears to be limited in paragraph (d) to commercial traffic, whereas my motion calls for them to operate the border in accordance with normal practice between two EU member territories in accordance with normal international practice and conventions and the references to in accordance with normal international practices and conventions is

intended as a reference to the fact that even though we are outside the Customs Union the border is still not being operated. Not commercial traffic, the ordinary border for pedestrians and ordinary vehicles is still not being operated in accordance with normal European frontier practices even accepting the fact that we are not in the Customs Union. I do not know whether there is any reason why the Chief Minister has wanted to exclude that. In other words the motion should say that even if we are outside the Customs Union, the British Government ought to insist that the Spanish Government operates the border with a green and red channel with adequate resources so that it operates, for example, in customs terms as the border between Germany and Austria. I will give way.

HON CHIEF MINISTER:

Since I am the mover of the amendment if I leave it until I answer he will not be able to respond to anything that I say. Let me say that in removing the last paragraph certainly there was something that I wanted deliberately to remove and that is the question of the importance of this issue for Gibraltar and I noted that the quote that the hon Member made from the Hansard of the House of Commons when Mr David Davis was referring to the unacceptability of the delays at the frontier taking into account how damaging they are to the economy of Gibraltar. If we believe that what they want to do is damage the economy of Gibraltar it is not a very bright thing to tell them that we want them to stop because they are damaging us because that is what they want to do, not a very clever thing to do. In any case, since what we are talking about is the rights that we have, I believe the correct approach is to say irrespective of whether there is damage or no damage. If we have a situation where we say, "The queues at the frontier are creating a situation where we are benefiting because people are not going over there to spend money", it is still something that is unacceptable because it is treating us as if we were not part of the European Union. It is not a matter which has to do with the economic effect and in any case I think the whole policy of the Government and of the people of Gibraltar has to be that we welcome normal relations with Spain. We welcome the opportunity to trade with them. We think it is good for them and for us but at the end of the day there are many other things that we are being deprived of in the European Union which make the economic damage of the border, frankly speaking, in our judgement, pale into insignificance. We have been at pains to demonstrate just what a potential we have with banking licences which we cannot develop until the banking licences are recognised, or flights to Madrid or ferry services or all those things. The

fact is that the border is damaging because the border is intended to be the lifeblood, because the policy has been to stop everything else except the border because what they cannot do is say, "We recognise Gibraltar banking licences in 1994 and we are going to stop recognising them for one month in 1995 because of Schengen and then for two months....." They cannot do that. The only thing that they can switch on and off is that gate and therefore they want us to have an economy that is dependent on that gate and we must say we repudiate their fascist tactics, not because of the effect on the economy but because it is a nasty thing to have to live next to fascists. So I have deliberately wanted to make the call to the United Kingdom, cover the request that our Community rights should be in respect of the points that I have included in paragraph (7) on the assumption that the request for normality at the frontier was already covered by the six points of the hon Member which reject Schengen. I think it is implicit in the fact that he says he notes and welcomes the fact that the continuation of the situation is unacceptable, that the delays are unacceptable, that this is just a pretext, that they continue to operate a post without a red and green channel. I think implicit in all that is that our rights of membership are being injured by all these things as much as by the points that I have mentioned in paragraph (7). So it is not an attempt to eliminate that. It is an attempt to put it in context and not to make a special case for the land frontier as if the land frontier was the thing that mattered.

HON P R CARUANA:

Our rights to have, from a customs point of view, the frontier operated on a more normal basis is not a Community right because the community rights in relations to customs control are based on membership of the Customs Union. Insofar as the customs post as opposed to the immigration point is concerned, they will always whilst we are out of the Customs Union, be entitled to operate a customs post between Gibraltar and Spain even though they are not entitled to operate one between Spain and Portugal because we are outside the Customs Union. What I say is that notwithstanding the fact that they are entitled to operate a customs post, we are entitled to ask the British Government to ensure that they should operate that customs post in a normal and civilised fashion and that call is not derived from any Community rights. It is derived from an entitlement which we assert that there is no reason why Spain should seek to protect the European Union from breach of customs regulations from Gibraltar than, for example, Germany felt it necessary to do at the Austrian border before Austria joined the European Union. In other words, from a European

Community point of view, the Gibraltar/Spanish customs post does not require to be operated any more abnormally than, for example, the customs post between Germany and Poland and that is the point which is not covered by the motion. It is implicit in the criticisms of paragraphs (1) to (5) as the Chief Minister has indicated but there is no call for action on that point. I give way.

HON CHIEF MINISTER:

Mr Speaker, the hon Member has to remember that the guy that looked at all his seven passports and did not look at his face to see if he was an illegal Moroccan immigrant or one of the people in the passport was not the customs officer. The delays have invariably had nothing to do with customs and that the people who were leaving Spain were not having to go through customs because they were leaving the customs area. They were being stopped by the Policia Nacional and having their identity documents checked. I think it is stronger for us to say to the United Kingdom we are not asking favours. We are not asking Spain to be civilised. We are asking Spain to abide by international law. If we get them to operate the frontier normally except for customs, I think we will have won a major battle. I think it would be a mistake to say it is not the way civilised countries behave with each other because we cannot say to them, "You should be civilised". They can be civilised if they want and if they do not want to they do not have to be but we can say to them, "If you are not entitled under Community law to keep me an hour sitting in my car while you look at every page in my passport, then you will either stop doing it or the United Kingdom, who is responsible for my Community rights, will take you to court" and that is what we have to do. Just like other people say to us, "If you do not implement directives we will take you to court". Just like they say that to us when they go and complain about the environment to Europe or anywhere else. Let us start asking the United Kingdom to use Community law to defend Gibraltar not just to make life difficult for us and, frankly, I believe that it is much stronger a thing to do than to weaken the strength of that position by saying and on top of that they are civilised. If they are breaking every law in the land being uncivilised is a petty offence.

HON P R CARUANA:

I take the distinction that the Chief Minister seeks to make between demanding things that we think we are entitled to as a matter of right under Community law and therefore excluding things which do not fall into that category but, of course, the delays at the border in the last 12



months have primarily been at the customs post. On nine out of 10 occasions, the delays have been caused not on passports but at the customs post. It does not of course alter my willingness to support the amended motion simply because it does not go on to ask for a twelfth thing having asked for 11 but I will continue to support the motion, as amended, even if the Chief Minister does not acceded to the arguments that I am now putting. I believe that in addition to asking for compliance with our EU rights we are entitled to ask, as indeed the political bodies in Gibraltar have asked frequently in the past, for normality at the customs post otherwise if my argument on that is wrong what justification does he have for his sub-paragraph (d)? Sub-paragraph (d) is "in failing to operate the frontier for commercial traffic on an unrestricted seven day basis". That is a customs point, not an immigration point.

That is all. I do not seek to dilute or compromise the Chief Minister's desire to be specific on the items that are a matter of right under EU law.

HON CHIEF MINISTER:

I wish to add a further sentence to the last paragraph of my amendment replacing the full stop by a comma to say, "and to operate customs control in accordance with normal international practices and conventions".

HON P R CARUANA:

That is entirely acceptable.

HON CHIEF MINISTER:

I do not think we should limit it to the land frontier since we are asking them to restore air traffic and sea traffic.

Question put on the motion, as amended. Agreed unanimously. The motion, as passed, read as follows -

"This House:

1. Notes the increasing queues and delays at the frontier following upon Spain's introduction of new measures purportedly in implementation of the Schengen Agreement;

2. Notes that, following the introduction of these new measures, Spain continues to operate the immigration control on a single file basis with only one police officer and that Spain has not deployed additional resources to minimise delays;
3. Notes that Spain continues to operate the Customs post at the frontier without a red and green channel and without the random only checks customary at other international frontiers;
4. Considers that the Schengen Agreement is a pretext used by Spain to introduce new measures which are in reality calculated to maximise queues and delays at the frontier for political purposes in order to isolate and damage Gibraltar economically;
5. Notes and welcomes the fact that Her Majesty's Government views the situation with concern and considers the delays at the frontier to be unacceptable;
6. Notes with no surprise that Her Majesty's Government has been unable to obtain a satisfactory explanation from Spain for the new measures and the resulting further delays. Considers that no such satisfactory explanation exists;
7. Considers that this latest move by the Spanish Government is a continuation of the policy that Spain has embarked upon since the partial reopening of the land frontier in 1982
  - (a) in failing to remove all the restrictions imposed by the previous regime against Gibraltar which cut off communications between Gibraltar and Spain by land, sea and air, as they should have done on joining the European Union on 1 January 1986;
  - (b) in failing to observe the legislation introduced in Spain enabling ferry services to be restored;
  - (c) in failing to permit the resumption of flights between Gibraltar, Madrid and London;
  - (d) in failing to operate the frontier for commercial traffic on an unrestricted seven day basis;

- (e) in failing to comply with Community obligations and accept Gibraltar's right to enjoy the freedom to provide services in the Spanish market;

Therefore calls on Her Majesty's Government to take all the necessary steps and measures to ensure that Spain fully accepts Gibraltar's rights of membership within the European Union in all these areas and to operate customs control in accordance with normal international practices and conventions".

#### ADJOURNMENT

HON CHIEF MINISTER:

I have the honour to move that this House do now adjourn sine die.

Question put. Agreed to.

The adjournment of the House sine die was taken at 11.20 pm on Friday 21st July 1995.