

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

29TH APRIL, 1997

**(adj to 28 May, 29 May and
30 May 1997 - BUDGET)**

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Sixth Meeting of the First Session of the Eighth House of Assembly held in the House of Assembly Chamber on Tuesday the 29th April, 1997, at 2.30 pm.

PRESENT:

Mr Speaker (In the Chair)
(The Hon Judge J E Alcantara OBE)

GOVERNMENT:

The Hon P R Caruana - Chief Minister
The Hon P C Montegriffo - Minister for Trade and Industry
The Hon Dr B A Linares - Minister for Education, the Disabled, Youth
and Consumer Affairs
The Hon Lt-Col E M Britto OBE, ED - Minister for Government Services
and Sport
The Hon J J Holliday - Minister for Tourism, Commercial Affairs and the
Port
The Hon H A Corby - Minister for Social Affairs
The Hon J J Netto - Minister for Employment & Training and Buildings
and Works
The Hon K Azopardi - Minister for the Environment and Health
The Hon T J Bristow - Financial and Development Secretary

OPPOSITION:

The Hon J J Bossano - Leader of the Opposition
The Hon J L Baldachino
The Hon Miss M I Montegriffo
The Hon A Isola
The Hon J Gabay
The Hon R Mor
The Hon J C Perez

ABSENT:

The Hon Miss K Dawson - Attorney-General

IN ATTENDANCE:

D J Reyes, Esq, ED - Clerk of the House of Assembly

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 13th February 1997, having been circulated to all hon Members were taken as read, approved and signed by Mr Speaker.

DOCUMENTS LAID

The Hon the Financial and Development Secretary laid on the table the Draft Estimates of Revenue and Expenditure for 1997/98.

ANSWERS TO QUESTIONS

The House recessed at 4.50 pm.

The House resumed at 5.15 pm.

Answers to Questions continued.

The House recessed at 7.30 pm.

The House resumed at 7.45 pm.

Answers to Questions continued.

ADJOURNMENT

The Hon the Chief Minister moved the adjournment of the House to Wednesday 28th May, 1997, at 10.00 am.

Question put. Agreed to.

The adjournment of the House was taken at 9.30 pm on Tuesday 29th April, 1997.

WEDNESDAY 28TH MAY, 1997

The House resumed at 10.00 am.

PRESENT:

Mr Speaker(In the Chair)
(The Hon Judge J E Alcantara OBE)

GOVERNMENT:

The Hon P R Caruana - Chief Minister
The Hon P C Montegriffo - Minister for Trade and Industry
The Hon Dr B A Linares - Minister for Education, the Disabled, Youth
and Consumer Affairs
The Hon Lt-Col E M Britto OBE, ED - Minister for Government Services
and Sport
The Hon J J Holliday - Minister for Tourism, Commercial Affairs and the
Port
The Hon H A Corby - Minister for Social Affairs
The Hon J J Netto - Minister for Employment & Training and Buildings
and Works
The Hon K Azopardi - Minister for the Environment and Health
The Hon R R Rhoda - Attorney-General
The Hon T J Bristow - Financial and Development Secretary

OPPOSITION:

The Hon J J Bossano - Leader of the Opposition
The Hon J L Baldachino
The Hon Miss M I Montegriffo
The Hon A Isola
The Hon J Gabay
The Hon R Mor
The Hon J C Perez

IN ATTENDANCE:

D J Reyes, Esq, ED - Clerk of the House of Assembly

The House recessed at 10.05 am.

The House resumed at 2.30 pm.

OATH OF ALLEGIANCE OF NEW MEMBERS

The Hon Reginald Robert Rhoda took the Oath of Allegiance.

MR SPEAKER:

Could I on behalf, I am sure, of all the Members of the House welcome you Mr Rhoda to this new club. I have read your curriculum vitae and we have got something in common which is having been Stipendiary Magistrate. A Stipendiary knows very little about politics but quite a lot about human nature and I think that is what counts. Welcome.

DOCUMENTS LAID

The Hon the Financial and Development Secretary moved under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the laying of various documents on the table.

Question put. Agreed to.

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

Statements of Consolidated Fund Reallocations approved by the Financial and Development Secretary (Nos. 10 to 12 of 1996/97).

Ordered to lie.

BILLS

FIRST AND SECOND READINGS

THE PORT (AMENDMENT) ORDINANCE 1997

HON J J HOLLIDAY:

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

Question put. Agreed to.

SECOND READING

HON J J HOLLIDAY:

I have the honour to move that the Bill be now read a second time. A number of small boats are lying within the Port area, the majority of which have been detained for a number of reasons, eg berthing without permission; non-payment of fees, etc. These boats, most of which are in a dilapidated state, have not been claimed and although the Port Ordinance allows for their removal to another part of the Port, they cannot be disposed of other than by sale. The majority of these boats are unsightly wrecks and the object of the Bill is to enable the Captain of the Port to dispose of such wrecks and other things under Section 12 of the Port Ordinance other than by sale. I commend the Bill to the House.

Mr Speaker invited discussion on the general principles and merits of the Bill.

Question put. Agreed to.

The Bill was read a second time.

HON J J HOLLIDAY:

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

THE ENVIRONMENTAL PROTECTION (CONTROLS ON SUBSTANCES THAT DEplete THE OZONE LAYER) ORDINANCE 1997

HON K AZOPARDI:

I have the honour to move that a Bill for an Ordinance to give effect in the law of Gibraltar to Council Regulation (EC) No. 3093/94 on substances that deplete the ozone layer be read a first time.

Question put. Agreed to.

SECOND READING

HON K AZOPARDI:

I have the honour to move that the Bill be now read a second time. This Bill comes from Council Regulation No. 3093/94 that sought to place global controls on controlled substances that deplete the ozone layer. That then was adopted into an EC Council Regulation and while that has immediate effect, in Gibraltar this Bill has become necessary to give teeth to some of the items that were listed in that Regulation. I thought, because this is a relatively technical Bill, that I should give for the assistance of the Members of the House who might, like me, not be technical, some information on the ozone layer and the purpose and aims of this Bill. Ozone, Mr Speaker, is a form of oxygen that occurs throughout the atmosphere but is most highly concentrated in the stratosphere, some 20 to 30 kilometres above the earth's surface. It acts as an umbrella and shields the earth from the sun's powerful ultraviolet rays to prevent lethal rays, levels of radiation from reaching life below. Usually the ozone layer is in a state of delicate balance and the ozone layer has been seriously disturbed by this century's use of chlorofluorocarbon gases, commonly known as CFC. Ultra violet light causes the chlorine to break away from the CFC and a single chlorine molecule has the potential to destroy 100,000 ozone molecules. That sounds very scientific but if I can translate it into day-to-day effect, it is thought that for each 1 per cent drop in ozone, cases of melanoma and other skin cancers will increase by 1 per cent to 3 per cent and that in the next 30 years to 50 years it may be that skin cancer deaths could increase by as much as 25 per cent. CFCs are gases widely used in consumer and industrial products; aerosols, freezers, mobile air

conditioning units and so on. The ozone layer also has a role in keeping a fine balance on the greenhouse effect and it is thought that if atmospheric pollution carries on at the same rate, it may lead to global warming of 1 per cent to 5 per cent which may not sound a lot but I understand has even been linked to the formation of one million acres of desert over the last couple of years.

The background to this Regulation, Mr Speaker, is that in 1980 the United Nations Environmental Programme became extremely concerned with these issues. After several years of negotiation in 1985, a Convention was signed at Vienna, and in 1987 some EEC countries agreed to support the freeze on the production of CFCs with an eventual reduction of 20 per cent. In September 1987 the Montreal Protocol on Substances that Deplete the Ozone Layer was signed and that really is the legislative source of this Bill. The Ordinance has been brought into effect as a consequence of that Council Regulation which came about as a result of the Montreal Protocol. It is intended to control the circulation of certain products which deplete the ozone layer. The Ordinance gives powers to the Government of Gibraltar to prohibit and restrict the importation, landing and unloading of ozone depleting products. The Minister for the Environment is the competent authority and he will be responsible for overseeing that the Ordinance is properly enforced. Customs Officers have the power to detain ozone depleting products or equipment. Persons authorised by me, as Minister for the Environment, will have the power to require persons who have imported such products, contrary to their licence requirements, included in the Ordinance and in the Regulation, to have their products destroyed or removed from Gibraltar.

The specific clauses of the Bill, Mr Speaker; Clause 3 of the Bill makes provision for the appointment of a competent authority for the purposes of the Regulation. It designates the Minister for the Environment as the authority. Clause 7 additionally confers powers on the Minister that enable him to require controlled substances or products that have been unlawfully imported, landed or unloaded to be disposed of harmlessly or removed from Gibraltar. Clause 8 of the Bill requires persons having control of the substances mentioned in Articles 14 and 15 of the Regulation to comply with those provisions. Clause 6 of the Bill empowers customs officers to detain controlled substances and products which are imported, landed or unloaded in contravention of the prohibitions listed in Clause 4. These powers also cover any equipment

which may be imported in contravention of Article 5 of the Regulation. The Bill also contains enforcement powers and sets out in Clauses 9 and 10 the offences which may be committed by persons or corporations. Clause 11 goes on to prescribe the penalties for non-compliance. The legislative steps that we are taking, Mr Speaker, follows closely the steps that the UK has enacted. I am going to move amendments at the Committee Stage of this Bill to clarify certain doubts and concerns that have been placed before me by the Environmental Agency and traders and indeed Customs, but the intention of the Bill is to give teeth to the Regulation and I stress to the House that while a technical matter, it has a very practical effect on the day-to-day basis that will, I think, enable us to control issues such as the risk of skin cancer. I commend the Bill to the House.

Mr Speaker invited discussion on the general principles and merits of the Bill.

HON J J BOSSANO:

Can I just say that the last comment of the Minister that he had had representation from traders suggests that, in fact, we are importing also depleting substances at the moment which will be stopped or controlled as a result of this Bill. Is this something that will have to go through the motions of doing in order to comply with the letter of the law or is it something that actually affects some products that are currently being sold in Gibraltar? And if it does affect products that are being sold in Gibraltar, is it not the case that when we are talking about limiting the importation into Gibraltar of a controlled substance, unless the Commission has allowed that substance to be in free circulation in the Community, we are talking about a situation where our products are not in free circulation in the Community because we are not part of the Community Customs Union. So provided a product is, in fact, complying with the standards required, even if it is not a product in free circulation in the Community, since we trade with the external world presumably we should be able to do it.

HON K AZOPARDI:

Let me clarify that the representations made, I have not spoken directly to traders, the Environmental Agency has. The amendments that I am going to move at the Committee Stage are as a result of those

representations but I understand that they are not as a result of concerns that they might not be able to import particular products but rather that on reading the Bill in the Gazette some traders were concerned that the section, the purpose of which was to prohibit the free circulation or the importation into Gibraltar of goods from third countries, was not specific enough by not mentioning the concept of importation from third countries and the logistic difficulty could have been that the traders who were importing from the Community might have been, if the section was not precisely drafted enough, prohibitive of importing that particular good even though it came from the Community because there was lack of clarity in the section. So what I intend to do is create that clarity by saying the prohibition of importation is from third countries as indeed is laid down in the EEC Regulation which takes immediate effect in Gibraltar as law and create a presumption that if evidence is shown to the Customs that the good comes from the Community, then there is a presumption that that good has been imported under licence in the Community and therefore there is no restriction in that being imported into Gibraltar. Those are the concerns that have been placed before me. I do not understand that representations are in place before me that this would have a severe effect on the trading community or an effect at all. I have not been led to understand that.

HON J J BOSSANO:

I am not suggesting that it does. As far as I am concerned, Mr Speaker, when we looked at the Bill we assumed that like other pieces of legislation on the statute book that control our rivers and control our chemical plants and control our oysters, this will be one more, controlling something that does not exist. But if in fact it does control something that exists then clearly we need to be sure we are not doing something, and my concern is that when we are talking about free circulation in the Community, one assumes that in the rest of the Community, other than in Gibraltar, goods are in free circulation because there are no internal barriers. My recollection is in fact that the normal procedure that we have got in trading with the Community, one which regrettably we were not able to get changed, was that once goods leave the Community, even if they have been originating in the Community, they are no longer treated as being in free circulation. When one re-exports from Gibraltar back into the European Union it is treated as a product originating from a third country even if it was originally manufactured inside the Union. What I am saying is, if what

we are looking at this is not from the point of view of the good being sold inside the European Union but the good being of a standard equivalent to that in terms of meeting environmental requirements, one could have goods which are of the correct standard but sold, for example, in the United States or Japan or whatever, which might not be in free circulation in the Community, would the wording of this have an effect on that? That is the point I was making.

HON CHIEF MINISTER:

This is a piece of environmental legislation not a free movement of goods. This is not a directive under the free movement of goods directive. My understanding of the phrase "free circulation in the Community" is that free circulation in the Community includes Gibraltar because the word "Community" cannot be interpreted to mean customs territory. If I am correctly understanding what the Leader of the Opposition is saying, he is suggesting that for these purposes "free circulation in the Community" may not include Gibraltar because we are not in the customs union. I think that that is a purely narrow reading of the word "Community". On the other hand and by the same token, Mr Speaker, the Government do not take the view of complying with our EU obligations that the Leader of the Opposition appears to be insinuating. Whether this piece of legislation has consequences to local traders or not is not the issue, when it might have consequences; but the fact that it has consequences is not a reason for not doing it. The policy of the Government is that if we are pushing strongly for recognition of our EU rights, that the flip side of that coin is that we must be seen to be complying with our EU obligations and that the criteria is, is this a piece of legislation that our EU obligations require us to transpose? If the answer to that is yes then we transpose it, and it is not transposed in a technical sense, it becomes the law of Gibraltar enforceable in the ordinary way. My understanding of this is that it does impact attention, this is not in the category of fresh water rivers and oysters and nuclear reactors that the Leader of the Opposition referred to. This is a piece of legislation which would have a bearing either on present or future goods which we are used to handling in Gibraltar. So it is in that sense a real piece of legislation.

Question put. Agreed to.

HON K AZOPARDI:

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

THE SOCIAL SECURITY (EMPLOYMENT INJURIES INSURANCE) ORDINANCE (AMENDMENT) ORDINANCE 1997

HON H CORBY:

I have the honour to move that a Bill for an Ordinance to amend the Social Security (Employment Injuries Insurance) Ordinance be read a first time.

Question put. Agreed to.

SECOND READING

HON H CORBY:

I have the honour to move that the Bill be now read a second time. Under the provisions of the Social Security (Employment Injuries Insurance) Ordinance, except for persons employed on ships, vessels and aircraft registered in Gibraltar, benefits are not payable in respect of accidents which occur outside Gibraltar. Provisions do exist under EU Regulations for the payment of this benefit if the accidents occur while travelling in the territory of the Member State, other than the competent state provided that the accident has arisen out of and in the course of the persons' employment. Earlier this year the Chief of the City Fire Brigade expressed his concern that members of the City Fire Brigade on fire fighting operations at sea may not be covered for benefits under the above mentioned Ordinance. Gibraltar is defined in section 2 of the Interpretation and General Clauses Ordinance as the City of Gibraltar. The seashore, port and harbour thereof and so much of the sea adjacent thereto as is subject to the dominion of Her Majesty. Consequently if a member of the Fire Service or any other essential services were to suffer in an accident in international waters he would not be adequately covered under the existing legislation. There may be other instances where a member of the essential services may have to perform some of his duties outside Gibraltar and in the event of an accident would similarly not be eligible to employment injuries or

disability benefits. This legislation will thus ensure that persons employed in the essential services are covered for accidents occurring abroad in the course of their duties. I commend the Bill to the House.

Mr Speaker invited discussion on the general principles and merits of the Bill.

HON R MOR:

Opposition Members have really no problem with the Bill at all. It is rather perplexing, since under Community law a person would be insured, say, in any country to perform in other places whilst wherever he is contributing insurance would be the competent state for this purpose. Is it really necessary to go to the extent that we are going in the Bill? Why particular reference to essential services?

HON H CORBY:

The hon Member says why the essential services, well I have consulted with the experts in UK through my Department and they say that provisions are made only whilst they are travelling and every Member State has its own insurance insofar as the duties of the essential services are concerned. So they are insured within their own laws and not out of these.

HON J J BOSSANO:

Is it not the case that, in fact, any worker in any Member State that is temporarily deployed to another Member State for up to a year is covered by Home State Insurance? We have it on the way in and if people come and work here and do not have to become insured under our legislation and in fact as I recollect it, it is only when they go over the 12 months that it needs to be done by agreement because I remember we have had contract officers in the private sector who were here over 12 months and did not want to switch their insurance cover from their Home State to Gibraltar because they were going to go back and the request for an extension of the period over 12 months came from the social insurance administration of the Home State to the social insurance administration in Gibraltar. Invariably it is on the way in but presumably it would work with any worker where somebody in Gibraltar

got a contract and sent his workers to do a job in another Member State. Why should the essential services be any different from that?

HON CHIEF MINISTER:

I think that the Opposition Members in focusing on the EU angle to this, which I will deal with in a moment, are missing an essential point of this legislation. The essential services in Gibraltar are often called upon to carry out their duties outside the constitutional definition of the territory of Gibraltar without being in another EU country. For example, if the Fire Brigade attend a ship ablaze in the straits or if the Royal Gibraltar Police or the Gibraltar Services Police is engaged in a chase on fast launches in international waters, that has got nothing to do with what reciprocal rights in the European Union may be and it is primarily to cover that eventuality that this legislation is formulated. But having said that, the answer to the point that the Opposition Members make which I think is this, well is this legislation necessary to cover a Gibraltar fireman who is called to assist in a fire in La Linea, which I think that is the somewhat limited scenario that the Opposition Members had considered. The advice that we have been given is that European Union regime would cover such people as they are travelling to the incident but curiously not whilst engaged in the fire fighting or the policing or whatever. Of course the parallel that the Leader of the Opposition draws with contract officers is not strictly accurate because it would apply mainly with the Fire Brigade I suppose, if the Gibraltar Fire Brigade is despatched to assist on Spanish territory as they have in the past done, they cannot be said to be working in the Member State of Spain, there is no employer/employee relationship; they are not in any sense employed in Spain and therefore all those EU Directives and Regulations that govern the reciprocal rights of workers from one Member State when employed in another Member State would not apply to somebody who is despatched there to attend an incident. Mr Speaker, I cannot say with 100 per cent certainty that the last point I make is true although I can say that the advice that we have had is that EU Regulations would not cover Gibraltar firemen in those circumstances but that in any case the legislation was not motivated or driven by that scenario as much as by the scenario of our policemen and our firemen having to attend outside our territorial waters if, for example, in international waters which has nothing to do with the EU.

Question put. Agreed to.

HON H CORBY:

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

THE APPROPRIATION (1997/98) ORDINANCE 1997

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to move that a Bill for an Ordinance to appropriate sums of money to the service of the year ending with the 31st day of March 1998 be read a first time.

Question put. Agreed to.

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to move that the Bill be now read a second time. In support of the Draft Estimates of Revenue and Expenditure for the financial year 1997/98 which I tabled previously, I will be confining myself to the customary practice of making a short introductory speech before giving way to the Chief Minister to comment on the Government's public expenditure plans and specific aspects of the Estimates.

Mr Speaker, this year the Appropriation Bill is in three parts. Under Part 1 of the Bill the House is being asked to appropriate an amount not exceeding £90,101,000 to departmental and other office expenditure as set out in Part 1 of the Schedule to the Bill. A further £19,479,000 of Consolidated Fund charges not requiring the vote by the House brings the total recurrent expenditure to £110,080,000. The details of this proposed expenditure is set out in the Estimates which also show that the estimated recurrent revenue is £117,171,000. Part 2 of the Bill, Mr Speaker, concerns the appropriation of £20 million of non-recurrent Consolidated Fund expenditure: £19 million going to the Improvement and Development Fund and £1 million contingency to be held in the Consolidated Fund. These funds arise from transferring to the Consolidated Fund the balances of a number of Special Funds that

have been recently wound up and by a proposal to utilise some of the surplus of the Gibraltar Savings Bank. Part 3 of the Bill seeks the appropriation of an amount not exceeding £36,976,000 for the Improvement and Development Fund, for the capital and economic projects set out in Part 3 of the Schedule to the Bill and in more detail in the Estimates. The main sources of finance for this expenditure are the £19 million which I referred to earlier which is the contribution from the Consolidated Fund; £10 million of commercial borrowing, £4 million of capital receipts from the sale of Government leases and property, and just over £2 million of European Union grants. The extent of the restructuring of public finances under which the monies to be voted by the House now incorporate more revenue and expenditure than was previously accounted for by special terms and Government companies means that the Draft Estimates 1997/98 are not directly comparable with those for the previous year 1996/97. This is why, Mr Speaker, the Government this year have presented a separate book containing the forecast financial outturn for the financial year 1996/97. I will leave it to the Chief Minister to explain the Government's financial restructuring and the main changes to the content format and presentation of the Estimates.

Finally, Mr Speaker, at the Committee Stage of the Bill I would like to inform the House of some minor amendments to the Draft Estimates. These concern adjustments to the civil service posts in some departments resulting in a very small increase in the overall establishment together with a few editorial amendments. I commend the Bill to the House.

Mr Speaker invited discussion on the general principles and merits of the Bill.

HON CHIEF MINISTER:

I acknowledge the Financial and Development Secretary's adherence to recent practice in the conduct of these debates on the Appropriation Bill.

Mr Speaker, in our manifesto we promised to increase personal allowances to restore and maintain their real values to 1988 rates. One-third of the necessary increase to close the gap was introduced, that is to say, increases to personal allowances in July 1996 and it is our intention during the forthcoming tax year, that is to say, commencing on

1 July 1997, to close another one-third of the gap by increasing personal allowances as follows: the personal allowances for a single man is increased by a further £200 to £1,850; the personal allowances for a married couple are increased by a further £400 to £3,600; the personal allowances for an old age single person is increased by a further £40 to £400; and the old age married couple's allowance is increased by a further £60 to £570. With these increases, between this year and last, personal allowances will have increased by a total of £400 for a single person, £800 for a married couple, £80 for a single old age pensioner, and £120 for an old age married couple and that will be two-thirds of the increases necessary to close the gap. The cost of this year's increase in personal allowance as announced is estimated at around £1.9 million.

Mr Speaker, in our manifesto we also promised to abolish estate duty between spouses and we also undertook to lower the rates between people who were in a relationship of kinship. that is to say, between next of kin. Having considered the matter further and taking into account the residual collection left after abolishing between spouses and after lowering the rates of the duty for next of kin and bearing in mind the cost of collection of that tax, the Government have decided to abolish estate duty altogether and for everybody. Legislation will be introduced into this House to abolish estate duty in respect of the estate of any person who has died since the commencement of this financial year, that is to say, the 1 April 1997.

In our manifesto, which is now one year old, we also promised that public finances would be organised in a way that ensures full and up-to-date public accountability and restores to this House its legitimate function as a watchdog of public money. It is therefore with a great measure of satisfaction that the Government present to this House the Estimates of Revenue and Expenditure for the current financial year which, in our view, represent a complete revolution and transformation of the estimates. The principal changes which I will go into in some detail include the fact that 100 per cent of revenue and expenditure is now reflected in them. They reflect, as a document, the fact that many Special Funds have been closed down and their activity, that is to say, their revenue and their expenditure have been diverted to the Consolidated Fund. Mr Speaker, it is important to bear in mind that the immediate consequence of diverting revenue and expenditure away from a Special Fund into the Consolidated Fund is that they are then affected by the constitutional requirement that monies cannot be spent

from the Consolidated Fund without the appropriation mechanism of this House. In other words, by the Government coming, through a debate such as this, to seek the permission of the House to spend it. Whilst revenue was being diverted into Special Funds, it could be spent by the Government without appropriation mechanism, without the sanction of this House of Assembly, as a simple executive administrative act. We have also closed down, although not yet in a legalistic sense but in a functional sense, Gibraltar Information Bureau Limited which was a company through which Government revenue and expenditure was also being channelled and to the extent that revenue was being channelled, expenditure was being incurred, again without the scrutinising function of this House. Thirdly, the Estimates disclose all Government contracts with private entities which are a charge on public funds, and they disclose not just their existence by naming the company with which they are entered into, and specifying the amount of the cost of that contract to public funds, but indeed by describing the function which the contracts relate to. In addition to those, there are a number of presentational improvements. Mr Speaker, in the Government's judgement and we are confident in the judgement of other objective observers, the result is complete transparency in public finances. That is an objective which we indicated from the Opposition benches would be a priority for us in Government; it was a matter for which we consistently criticised the Opposition Members when they were in Government and we in Opposition and it was an important part of our manifesto which we now comply with.

Mr Speaker, I would like to acknowledge and thank a number of people without whose dedication, hard work, willingness to work hours beyond the call of duty, it would not have been possible to so massively restructure public finances in such a short period of time. I acknowledge in particular the assistance and input of the Accountant General, Mr Dilip Dayaram; Mr Tito Gomez of the Financial and Development Secretary's Office; two ex-civil servants whose assistance in a consultancy and advisory capacity the Government recruited, namely, Mr Walter Crisp and Mr Joe Capurro; and since the very date of his arrival in Gibraltar, the current Financial and Development Secretary, Mr Tim Bristow.

Mr Speaker, the Estimates, as I have said, disclose a number of very important changes. The first thing that they reflect is a number of ministerial changes, that is to say, changes in ministerial responsibilities

and I would like to just inform the House of what those are, as follows: The Engineering and Design Section presently located in the Department of Trade and Industry is transferred to the Support Services Section of the Ministry for Government Services; a new transport portfolio is created to include political responsibility for the port, the airport, roads and sewers and traffic, the transport portfolio is linked to the tourism portfolio and that Ministry will henceforth be called the Ministry of Tourism and Transport, and the transport portfolio is taken by my hon Colleague, Joe Holliday. One of his functions, namely, roads and sewers comes from the Support Services division and traffic comes from the Government Services generally and they go to the new Ministry of Transport. The Statistics Section goes to the Department of Trade and Industry not just in order that in that Ministry there should be a radical development of the whole function of producing up-to-date modern and usable statistics, but also so that the staff of the Statistics Department should provide a body of support staff to the Department of Trade and Industry and its Minister, my hon Colleague, Peter Montegriffo, in what will become a focused Ministry, focused on business, trade and industry, charged with the development and the rejuvenation of the private sector of the economy of Gibraltar. Mr Speaker, there are a number also of administrative changes. The Licensing Department is transferred and subsumed into the Treasury Department and the Licensing Department will henceforth to the extent that it is engaged in revenue collection, will answer to the Accountant General. The Government, and the Estimates are drawn up on that basis, will establish a central arrears unit within the Treasury Department and that will be charged with responsibility for the collection of all arrears due to Government and where the collection of arrears is the subject matter of a contract with which the Government are either satisfied or from which the Government cannot easily extricate ourselves, if we were not satisfied, then that central arrears unit within Treasury answering to the Accountant General will be responsible for the direction, monitoring and supervision of the private contractor so charged by contract with the collection of any such arrears. But the arrears that the central arrears unit will collect directly, centrally, that is to say, out of the departments from which the revenue originally is initiated, will be PAYE which was previously collected by Gibraltar Information Bureau Limited, and income tax; social insurance contributions; electricity; Government housing rents; parking tickets and fines; penalty offences in the Magistrates' Court; ground rents; Mr Speaker, there is an unacceptable trend of growth in arrears of

Government revenue. As at April 1997 the arrears of PAYE stood at £3.47 million; the arrears of income tax stood at £28.3 million although that is a figure which needs to be taken with a substantial pinch of salt because, of course, it includes assessments raised on taxpayers which are not accepted and which are challenged and they are simply dead because they are the subject matter of an assessment. £12 million is due in arrears of social insurance contributions. £4.14 million is due in arrears of electricity charges. £1.2 million is due in arrears of Government housing rent. £4.26 million is due in arrears of rates and £1.53 million is due in arrears of ground rent. Mr Speaker, this position is not acceptable to the Government and accordingly the Government are determined to dedicate not just the political support but indeed the resources necessary to enable an aggressive, proper approach to the collection of arrears due to the Government. Let us make no mistake about this, Mr Speaker, most citizens in this community pay their dues to the Government in a timely fashion and it is accordingly neither fair nor acceptable that a small minority should not do so thereby adversely affecting the ability of the Government to reduce the tax burden as much as we might otherwise be able to to all taxpayers in Gibraltar which would be the case if arrears of revenue were collected and people paid in a timely fashion.

The third administrative change reflected in the way the Estimates are drawn up, is that the Government will establish a central purchasing and monitoring unit and that will be part of the Government Secretariat located at No. 6 Convent Place. The purpose of the central purchasing unit will be to co-ordinate and effect all Government purchasing in accordance with one standard tendering procedure and practice. The central purchasing unit will effect the purchasing on behalf not just of all Government departments, but of all Government companies and statutory bodies, for example, Gibraltar Community Projects Limited, GJBS Construction Limited, the Gibraltar Development Corporation Limited. All these companies will be subject to a central procurement discipline by the central purchasing unit that will act as purchasing agent for all purchases which are ultimately effected with public monies. And they will further supervise, monitor and control performance of Government contracts generally. Eventually, Mr Speaker, although this may not happen during this current financial year, it is the Government's desire to develop the Central Procurement Purchasing and Monitoring Unit as an internal audit facility. That is to say, that in addition to the Principal Auditor whose job it is to audit the Government's accounts

once prepared, that the Government should have available a task force that we can despatch to particular Government departments to seek out information and to establish that Government policy and Government regulations and Government procedures are being adhered to to the letter.

Mr Speaker, the fourth administrative change is that the Government will establish a Legislation Support Unit. This Legislation Support Unit will be responsible for all aspects of the creation and management of the laws of Gibraltar. It will draft domestic legislation; it will draft into Gibraltar legislation EU directives, a function presently carried out by the European Legislation Unit which will be subsumed into the Legislation Support Unit. It will be responsible for conducting, on behalf of the Government, research into European Union related matters. It will maintain, up-date and computerise the laws of Gibraltar and will be responsible for their publication in loose-leaf form to ensure that the laws of Gibraltar do not again fall into the state of unusability in which they are presently to be found. They will be responsible for the production of the Gibraltar Gazette and they will monitor, on behalf of the Government, international conventions and treaties of relevance to Gibraltar.

Mr Speaker, the fifth administrative new function is the establishment of a civil status and registration office. This is a Home Office type of department which will bring together under one Gibraltar Government department all existing functions which relate to the personal status of individuals, for example, there is in No. 6 Convent Place at the moment the Passport and Nationality Office whereas the administrative side of immigration is done by the Police at the New Mole House. So if one wants a passport or if one wants to apply for nationality one has got to go to No. 6 Convent Place. If one wants an identity card or a civilian registration card one has got to go up to the Police in New Mole House. If one wants to register a birth, death or a marriage or if one wants to register oneself as a Gibraltarian one has got to go to the Supreme Court. All of these functions will be brought together under a new department to be called the Civil Status and Registration Office which will be located on the ground floor of the old Secretariat building presently, whatever others might think, under magnificent refurbishment in Secretary's Lane. And because it is also the registration office and because it does not have a natural home otherwise, the Land Titles Registry will be included in that Registration Office as well. That

department being a Secretariat function will answer to my Office, that is to say, to the Chief Minister.

A word, Mr Speaker, of the proposed location of all these functions. I have already said that the Civil Status and Registration Office will be in the old Secretariat building. The Legislation Support Unit will move into one of the Government buildings in Town Range that house that used to be occupied by Mr Chris White, until recently on secondment to the Income Tax Office, a building that looks very much like the present Attorney-General's Chambers and are 100 yards further to the north of it. The Ministry of Government Services which until now has been located, because he has not really had a very big staff of his own, in No. 6 Convent Place. The Minister for Government Services will move into the first floor, the southern end of the first floor of the refurbished Secretariat building where he will take functions such as the design section from DTI, the computer section which has been put back together, and the northern end of the first floor of the Secretariat building will be the new offices for the Attorney-General's Chambers. The Social Affairs Department including social security pensions and benefits payments and social welfare, probation officers, etc will all move to the old Sergeants' Mess and the annex to it in Governor's Parade and all these functions together with the Housing Department soon to be reconstituted will all be on one site, all social affairs functions will be housed within the complex which is the Sergeants' Mess, the annex to it and the two buildings down Library Hill presently occupied by the Small Business Bureau.

Mr Speaker, I have indicated that there are a number of presentational changes other than, of course, the amount of information contained in the Estimates generally. The first and perhaps most important of the presentational changes is that all in-house industrial wages and some materials are now clearly shown and accounted for as part of departmental expenditure in the Consolidated Fund. In the past this expenditure could not easily be identified because it was accounted for in the Improvement and Development fund. For example, the Buildings and Works Department had a vote for wages for its industrial staff under the Consolidated Fund and then there might have been, in the Improvement and Development Fund, Buildings and Works Projects which simply said "Refurbishment of Housing Estates - £2 million". Well, much of the recurrent overtime bill of the established workforce of the Buildings and Works Department - and I use them only as an

example without wishing to suggest that they are the only instance of it - was charged not to the Consolidated Fund head of emoluments but to the Improvement and Development Fund Head "Refurbishment of Housing Estates". Of course, the departments do not have sufficiently sophisticated internal accountancy procedures to properly allocate their wage bill to recurrent Consolidated Fund because it relates to maintenance or to the Improvement and Development Fund because it genuinely relates to a capital works project. The result was that in practice, although not intended to be so in the theory of it, this was just another big fund available to the management then of the Buildings and Works Department to use as a pot to pay out in earnings in a perfectly recurrent fashion to the workforce in Buildings and Works. Because this is in effect recurrent expenditure, the Government have taken the view that it more properly belongs in the Consolidated Fund. Of course, if there was a specific project, building of a building, it would be perfectly legitimate and in theory it is perfectly legitimate to include as part of the cost, of a capital project in the Improvement and Development Fund, direct labour element just as it would be legitimate, if it went out on contract to a private contractor. But it was not working like that in practice and this is not a one-off item. It is not that one year there was £x million and then the next year there was not; this was labour cost which was happening year in, year out and therefore, for all intents and purposes, it was recurrent wage cost spent on established in-house labour and could not in any sense be said to be capital expenditure driven. And how much of that has been transferred? The answer, Mr Speaker, is that £5.9 million worth of expenditure that previously was accounted for in this way in the Improvement and Development Fund is now included in the Consolidated Fund as recurrent departmental expenditure of which £5.9 million; £2.2 million is Buildings and Works, £400,000 is the Electricity Department, £2.7 million relates to Community projects, and £600,000 refers to resurfacing of roads.

Mr Speaker, the second presentational change is that heads of revenue and expenditure have been reorganised to coincide with Ministries and Ministers' political responsibilities. I am sure hon Members will have noticed that all the items of departmental expenditure have been reorganised so that the heading at the top of each section is the name of the Ministry under which they come. So, for example, there is now one section of Tourism and Transport; Social Affairs; Environment and Heritage; and each Head of Expenditure follows the portfolio of each member of the Government except in respect of those portfolios which

are not in a department which are basically administration and finance for which the Chief Minister has traditionally been politically responsible, the judiciary for which the Government are not constitutionally responsible in a political sense, and the Police for the same reason and the Principal Auditor for the same reason and the House of Assembly for the same reason. In other words, those Heads of Expenditure for which there is not direct constitutional political responsibility have been left as they were outside the new presentational style.

The third presentational difference, Mr Speaker, is that because that part of the Gibraltar Health Authority's funding which does not come from social insurance contributions, that is to say, the Government subvention, so to speak, in the last three or four years used to come from the Social Assistance Fund, it never featured in the Estimates; well it did not feature in the Estimates since it was taken out by the previous Government and put into the Social Assistance Fund. That is now restored because the Social Assistance Fund is being limited to a very limited number of items to which I will refer later. There is now not only a reference to the amount of the subvention from the Consolidated Fund going into the Gibraltar Health Authority but as in all cases where there is a Consolidated Fund contribution to a statutory body, there is annexed to the back of the Estimates in effect the Draft Estimates of Revenue and Expenditure of the Gibraltar Health Authority as they would have been in the body of the Estimates had the Health Authority been a Government Department. In other words, Opposition Members when assessing whether they should support the proposed contribution from the Consolidated Fund to the Gibraltar Health Authority will have Draft Estimates of the Gibraltar Health Authority before them as to what their sources of revenue and extent of revenue are and how they intend to spend it. Mr Speaker, the only health warning that I would give in that respect is that that is there for information purposes only, it is not strictly part of the Appropriation mechanism, that is to say, the Health Authority is not strictly banned as Government departments would be banned by the information given in that appendix. The same applies to the Consolidated Fund contribution to the Social Assistance Fund, it is small this year, it will be much larger next year as I will explain later but there is a contribution of £100,000 from the Consolidated Fund to the Social Assistance Fund and for that reason at appendix D, the Opposition Members will find an informative draft Estimates of Revenue and Expenditure of the Social Assistance Fund.

Mr Speaker, I would like to spend a moment or two now explaining the use that is made generally and in these Estimates of the Gibraltar Development Corporation. I have already said that the Government have discontinued Gibraltar Information Bureau Limited and its activities. Gibraltar Information Bureau Limited is a Government-owned private company of which the managing director used to be the then Minister for the Environment, Mr Pilcher. It had 70-odd employees, not all of them working in tourism, some of them were deployed elsewhere. It had revenue and expenditure of £2.4 million and this was completely without the scope of public accountability of any sort. The Government have discontinued that but, of course, there are 70 people there who cannot just be sacked nor are the Government willing to absorb them into the civil service because they have not gone through the required selection procedures for entry into the civil service. So therefore what the Government have decided is to engage these people and the activities in which they are engaged through the Gibraltar Development Corporation. The Government believe that the Gibraltar Development Corporation is, I would not say as transparent as the Consolidated Fund, but the Government have made it as nearly transparent as the Consolidated Fund as is physically possible. It is, first of all, a statutory corporation established by the Gibraltar Development Corporation Ordinance with statutory rights and obligations unlike the Gibraltar Information Bureau which is just a private company with no obligations to anybody. Hon Members will remember that at the last meeting of the House of Assembly the Government amended the Gibraltar Development Corporation Ordinance to impose on the Gibraltar Development Corporation an obligation to have its accounts audited by the Principal Auditor and laid in this House to the same standard as the Principal Auditor is required to do with the Consolidated Fund and the Improvement and Development Fund. Therefore the Government are satisfied, Mr Speaker, that in channelling those items of revenue and expenditure that used to be in the Gibraltar Information Bureau and one or two new ones, through the Gibraltar Development Corporation it is entirely consistent with the Government's commitment to total transparency because the Gibraltar Development Corporation must account to this House. First of all, the Principal Auditor is required to audit the accounts; the accounting regulations that apply to the Gibraltar Development Corporation are the same ones that apply to Government departments; and its accounts have to be laid before this House and can be debated. And what is more, the revenue of the Gibraltar Development Corporation other than the employment levy, is all

channelled through the Consolidated Fund. So hon Members will see throughout these Estimates wherever there is, for example, in tourism, if the Gibraltar Development Corporation needs £300,000 to pay its staff engaged in tourism functions, that amount of money is in the Tourism Department's vote in these Estimates and it appears as an entry subvention or grant to the Gibraltar Development Corporation reference Tourism activity. So that hon Members will not only be able to scrutinise the accounts after they have been audited by the Principal Auditor, but indeed they will be able to scrutinise and question the Government on the injection of funds in the first place into the Gibraltar Development Corporation. The basic activities of the Gibraltar Development Corporation will be the following: - Hon Members will notice that it is mainly the activities that used to be in the Gibraltar Information Bureau - The Consumer Advisory Service; the Employment and Training Board, well that has always been part of the Gibraltar Development Corporation even though the Employment and Training Board has always been a division of the Gibraltar Development Corporation, the staff, that is to say, the 30-odd people that work in Duke of Kent House, have actually been employees of the Gibraltar Information Bureau Limited and they are so registered in the Employment Training Board and they are paid for by Gibraltar Information Bureau; the Gibraltar Tourism Board which will basically be the people presently engaged in tourism who are employees of the Gibraltar Information Bureau; the Small Business Board, details of the revamped version of which will be given by my hon Colleague, the Minister for Trade and Industry during his address; and Gibraltar Security Services which is a euphemism now for the clamping, the traffic wardens because they were all employed and still are by the Gibraltar Information Bureau. All these people will now get new contracts of a civil service type, that is to say, they will be subjected to the essential parts of civil service discipline, financial regulations and things of that kind and they will all be given standard contracts by the Gibraltar Development Corporation. Again, in consonance with the points that I have made before, as throughout these Estimates, in almost all departments related to the activities I have just listed, there are contributions to the Gibraltar Development Corporation, at page 99, appendix E, Estimates of the whole Revenue and Expenditure of the Gibraltar Development Corporation.

Mr Speaker, the principal change, however, is not the ones that I have just mentioned but the ones that I will mention now. That is, the complete transformation in the completeness and the volume of

financial information disclosed in this document that the House has before it today. I have already explained how it worked in previous years and I can tell the House that with the Special Funds that we have now cancelled and the Gibraltar Information Bureau Limited which is the company that we have so far cancelled, there is a total revenue used to go through them of £38.6 million. That is roughly one-third of Government revenue used to go through these Special Funds and these companies. The effect of those £38.6 million going to these Special Funds were twofold. First of all, because the money was no longer in the Consolidated Fund the Government did not need the permission of the House of Assembly to spend it and therefore there were no details of it in the Estimates. Then taking the logic one step further, perfect logic although built on an unacceptable foundation, well if one does not need the permission of the House to spend the money why should we estimate the amount of the revenue? So the House used to get neither estimates of the revenue of these sums of money nor indeed of the expenditure; still less was the permission of the House sought for that expenditure. If I could just give an example of how this system resulted in practices which at least in accordance with the views of this Government are simply unacceptable. Once money goes into a fund or a company from which the Government can spend it for whatever they like without having to come for the permission of the House it results in things like this. This is just, of course, the tip of the iceberg, this is just by way of example. Hon Members will remember that in the excitement of the run-up to the last general election the Opposition Members then in Government had to lay a budget before this House, I think it was by some date in February 1996, I do not remember the exact date, and I suppose for that reason it was hastily drawn up and not very carefully thought in terms of what the Government's requirements would be. Mr Speaker, between the months of February and May 1996, that is to say, in respect of the end of the last financial year, full financial year that the Opposition Members were in Government, and six weeks of the first financial year during which subsequently we came into office, a Government-owned company called Gibraltar Land Holdings Ltd spent £575,747, that is to say, in the three months running up to polling day, on..... [Interruption] Well, the hon Member may describe it as he likes. The nature of the projects were certainly projects that would have done no harm to the Opposition Members in the election prospects. SOS 24 Ltd received alone of those £500,000, received £451,000 in those three months: refurbishing of this club, refurbishment of that association's premises, transferring the Boat Association to Coaling Island; all sorts of

projects which were simply paid for by this company, Gibraltar Land Holdings which is a Government-owned company. The other £60,000 went to a company called Rock Developments Ltd for projects of a similar nature and I have here all the invoices relating to all these projects. Mr Speaker, I mention this as no more than an example of how the existence of these companies and special funds outside of the appropriation mechanism of the Consolidated Fund and this House of Assembly, simply create a pot of money that makes a mockery of this House's function as the guardian of the public purse. I remember that when I was in Opposition and I used to plead with the Leader of the Opposition, then Chief Minister, to restore to this House its function as guardian watchdog of the public purse he used to answer in his inimitable style, "The Opposition Member" - then referring to me - "is not fit to be the watchdog of a kennel club" or something like that and therefore why did I want to be watchdog of the public purse. Happily for him I will not get the same opportunity to comment on his powers in a similar vein because he is not in the same position as I then was. He now has all the information at his disposal, all the information that will enable him to keep track of Government finances, Government expenditure and I hope that he will by this means be able to discharge the functions of the office of Leader of the Opposition with less handicap than affected me when I was occupying that position. Mr Speaker, I have said that there were £38 million going through these means; £36.2 million were in Special Funds, and it may interest hon Members to have details of where these £36 million came from. In other words, which were the items of revenue that were being channelled, not into the Consolidated Fund from which it could only be spent with the permission of this House but into Special Funds and companies from which it was spent by the Government without explanation. The items not in the amounts that operated last year but in the amounts that would apply this year, but they are more or less the same, are interest on Government balances of £500,000; company tax of £10 million; ground and sundry rents of £1.6 million; exempt company tax of £2 million; stamp duty of £700,000; proceeds of sale of coins £300,000; workers' hostel receipts of £100,000; import duty in the sum of £17.2 million; dividends from Government stakes in Gibtel and Nynex of £1.4 million; and electricity charges in the net sum of £2.4 million. The £2.4 million of revenue that used to be channelled into the Gibraltar Information Bureau Ltd is £100,000 receipts from public market rents; £100,000 receipts from public health and environmental fees; £1.1 million receipts from tourist sites; £600,000 receipts from airport departure tax; and

£500,000 in airport fees and concessions, amounting during the current financial year to £2.4 million. Another item, Mr Speaker, and of course needless to say it follows from everything that I have just said that all those items of revenue have now been re-diverted back into the Consolidated Fund so that not only must we now give estimates of those items of revenue but we cannot spend that money without it being included in the Appropriation Bill and in the estimates that support them with the permission of this House. But there was another device deployed which had the effect not of concealing money but of concealing information. In other words, it did not give the full picture and this was the practice of netting which has now been discontinued by this Government. That was the practice whereby, for example, if Terminal Management Ltd - and I use them only as an example and perhaps I should not - if a contractor had a contract to perform a function for the Government and that function gave rise to revenue for the Government, against that revenue the Government had expenditure to meet: the fees payable to that company under the contract. All that we would see in the House is the net amount; in other words, if the revenue to the Government was £600,000 and the cost of that contract to the Government was £500,000 all we saw was £100,000 revenue. The fact that the revenue was £600,000 and not £100,000 and in order to earn that £100,000 we had had to pay £500,000 in expenses to the contractor all that was in some dark tunnel but certainly not in this House. That is what is meant by netting. That system has been discontinued and hon Members will see that even when there is a private company contract in place, when that private company is collecting what is in effect public revenue on behalf of the Government, the whole gross amount of revenue is disclosed under the revenue heads and the whole expense of that contract, in other words, what the company is entitled to keep, even in labour cost or in commission or whatever, different contracts have different remuneration bases, the whole cost of that contract is separately disclosed under the expenditure. So the House can now look at any of these contracts and say, "Revenue - £10 million; expenditure - £8 million", not only does it have those two bits of information but by putting them together it can judge whether that contract is really in the taxpayers' interest or not.

The main items of netting were these: £2.3 million in favour of Lyonnaise des Eaux, Lyonnaise des Eaux was entitled to fees and commissions and moneys but it also runs the brackish water system for the Government and this was simply netted off. So the fact that the

water brackish system was costing £2.3 million is a system nowhere to be found. LPS with fees of £300,000; netting, in other words, moneys netting balances of Land Property Services of £300,000; Residential Services Ltd, this house rent collection and Housing Department administration company, £100,000; a bulk mailing operation being done in the Post Office, £300,000; and Companies House, £500,000. So there were £3.5 million of revenue and expenditure which was just not visible for analysis and inspection because it was the subject matter of netting; £3.5 million of revenue, £3.5 million expenditure, they cancelled each other out and neither was included in the picture. That practice, Mr Speaker, as I have said, has been discontinued.

Mr Speaker, £11.8 million of expenditure at this year's level but at £17.4 million at last year's level of expenditure which used to be put through Special Funds are now through the Consolidated Fund. £4.5 million of that is the contribution to the Gibraltar Health Authority which actually last year was £7.3 million; the purchase of electricity which costs £4.5 million from the private generator OESCO is now fully disclosed here in these Estimates; the Government's subvention to the John Mackintosh Homes of £900,000 that is also now through the Appropriation Bill and other smaller items totalling £1.8 million; in all totalling £11.8 million. On the expenditure side the moneys payable to Government contractor companies which are now shown as departmental expenditure in whichever department the activity belongs are the following: Sights Management Ltd who receive a total of £1.2 million; Terminal Management Ltd which receive a total of £800,000; Security and Immigration Ltd which receive a total of £600,000; the Yacht Registry which receives a total of £100,000; Parkside Investments Ltd receive £100,000, and the Environmental Health Agency receive £100,000.

Mr Speaker, the third major source of information in these Estimates after the complete picture of revenue and expenditure is the question of the companies with which the Government have got contracts and the quality of the information is twofold, not just the netting that I have just been explaining so that the whole of the revenue collected on behalf of Government by that company and the whole cost of that contract to the Government is disclosed, but there are two further qualitative aspects of information which are now in the Estimates. The first is the existence of each contract. So far I have only mentioned the ones where there is netting but there are many contracts, all the ones with companies that do not collect public revenue, in which there is no netting. All of those,

every single contract that is a charge on public funds is identified by name of contractor, by activity to which the contract relates and by amount. For example, the Government have a contract and this is the list of them: with Knightsfield Holdings Ltd for the running of the John Mackintosh Hall at a cost of £136,900; a contract with Gibralflores for the maintenance of the cemetery at a cost of £31,200; another contract with Knightsfield Holdings Ltd to run the Museum at a cost of £200,800; a contract with the Environmental Agency Ltd to run the old Environmental and Health Department at a cost of £815,100; a contract with Wildlife Ltd to run the Alameda Gardens at a cost of £232,500; a contract with Greenarc Ltd for the upkeep of the planted areas, and a very good job they do of it too, for the cost of £311,500; a contract with Rent-a-skip Ltd for the provision of rotational skips, those are the skips in which people dump their stuff on the highway, for £47,900, that skip is outside the Cleansing Depot in Line Wall Road, Orange Bastion; a contract with In-town Developments for the disposal of refuse, the cost varies depending on the volume of refuse but this year £1,674,000; a contract with Parkside Investments Ltd for their fees for running the market of £27,000; a contract with Sights Trading Ltd for the cleansing of certain streets in Gibraltar at a cost of £252,000; a contract with Emmi Ltd which cleans other streets in Gibraltar for £148,300; with Parkside Investments Ltd for the cleaning of other streets in Gibraltar or that might be the emptying of waste bin baskets but from memory I cannot tell the House, £101,400; a contract with Ramall Ltd for cleaning streets in the sum of £196,000; and a contract with Truli Clean Ltd for cleaning other streets in the sum of £109,900; a contract with OESCO for the supply of electricity to the Government which costs annually about £4,586,000; a contract with a company called Residential Services Ltd dealing with housing matters which costs £115,000; a contract with Sights Management Ltd for the running of tourist sites which costs £1.2 million; a contract with Terminal Management Ltd - some of these I have mentioned before in the netting context - which costs £780,000 and Security and Immigration Ltd which costs £590,000; there are three contracts with KIJJ Parkings Ltd totalling £97,500 relating to the provision of security at No. 6 Convent Place, the traffic compound in Queensway next to the car park and the coach park; there are contracts with Land Property Services Ltd totalling £886,000 and they relate £300,00 to the collection of rates, evaluations on property services; £61,000 in respect of the collection of electricity arrears; £280,000 in respect of the collection and management of ground and sundry rents; £215,000 in relation to stamp duty collection and related

services; and £30,000 in respect of commission on Government land sales. We have a contract with Lyonnaise des Eaux in the sum of £155,000 under which they collect electricity charges on behalf of the Government and we have a contract with Companies House which costs £500,000 for the running of the companies registry. There are a total of 12 contracts for the cleaning of Government offices in various places with a company called ABC Cleaners Ltd to a total value of £297,000.

Mr Speaker, the Special Funds that have been wound up and whose revenue and expenditure has been transferred to the Consolidated Fund, as I have already explained, are the following: the Drug Offences and Prevention and Enforcement Fund; the Gibraltar Electricity Fund; the Workers' Hostel Fund; the Gibraltar Coinage Fund; the Gibraltar Investment Fund; the Gibraltar Telecommunications Fund; the Gibraltar Government Scholarship Fund; the Gibraltar Government Insurance Fund; the General Sinking Fund; the Gibraltar Handicapped Fund, and the Audit and Supervision Fund. All those revenues and expenditures are now in the Consolidated Fund. We have also wound up, really for housekeeping reasons, a number of small funds which had a very small amount of money in it: The International Year of the Disabled Fund; the King George V Fund; the St Bernard's Hospital Humphries Challenge Cup Fund - whatever that might have been; the Public Trustee Fund; and the School for Handicapped Children (Public Donation) Fund. All those amounts of money are now in one new fund called the Gibraltar Government Trust Fund. The characteristic that all those last mentioned five funds had in common is that they were all funds in which the Government held moneys that did not belong to the Government, moneys held on trust so instead of five funds all of which have to be accounted for separately, there is now one fund called the Government Trust Fund and each of those items will be presented separately within that fund.

Mr Speaker, after 12 months at the helm of public finances, what are the changes that we have introduced because we have not yet done everything that we hoped to? So far we have published the historical accounts and we have undertaken to publish in a timely fashion the future accounts of all Government-owned companies. We have eliminated netting as a practice from Government finances and we have channelled all revenue and expenditure through the Appropriation Bill and therefore this House. We have abolished all the Special Funds that

I have just listed and the Gibraltar Information Bureau and we have now, in the Estimates and myself now already disclosed all contracts with their value. But there are things left to be done and the things that the Government expect to do during the forthcoming months is to further restructure the Government property-owning companies of which there are still several in existence. We are studying the legal implications and where there are legal implications we are seeking to eliminate them, to enable the government not just to disclose these contracts that I have now disclosed the existence of and their value, but actually to put in the public domain, to publish the contracts themselves so that anybody who wants to see the arrangements that the Government have entered into with one of these companies will be free to do so just as they can do with the Government companies. One of the obstacles in our path is that many of these contracts had confidentiality clauses which the Government have to find a way of getting around one way or the other, but we will do that. The third control of public finance and expenditure item is, as I said before, the setting up of the Central Procurement Unit. Mr Speaker, I think that hon Members will agree that these changes, which I have described at some length but in passing and in outline only and the detail of which is reflected in those documents itself, represents possibly the biggest transformation in the presentation of public finances since Gibraltar has had its modern Constitution or perhaps at least since the Opposition Members altered the original system when they came into office in 1988 but certainly I think it is true to say that there are improvements here not just that reverse practices that we do not approve of and that the previous Government used to put into effect but indeed improvements over and above the practices of Governments before the previous Government, in other words, the original practices since 1969.

I would like to turn now, Mr Speaker, to the consideration of the current state of public finances. The public debt of Gibraltar as at 31 March 1996 was £65,700,000, just before we came into office. As at the 31 March 1997, at the end of the financial year just ended a month or so ago, the public debt of Gibraltar was £61,500,000. That is to say, a reduction during this current financial year of £4.2 million and the reduction would actually have been greater because during the financial year we actually paid down £9.2 million and I would have been in a position to report now that the public debt is £56.5 million, in other words, almost a £10 million reduction. At the end of the last financial year we unnecessarily borrowed £5 million in order to avail ourselves of

a commercial revolving facility which the previous Government had negotiated, I think it was with Barclays Bank which was expiring on reasonable terms and had we not drawn on it the facility would have expired. That money, of course, is held in reserve so although the public debt has fallen by £5 million less than it might otherwise have fallen, that £5 million is in the reserves which have therefore increased by £5 million.

HON J J BOSSANO:

The £5 million that he says are in reserves is reflected in these accounts, where in the Improvement and Development Fund?

HON CHIEF MINISTER:

No, it is reflected in the accounts in the statement of the Government's Summary of Estimated Financial Position. The hon Member will see at the bottom of page 3 now gives greater detail of the public debt.

HON J J BOSSANO:

No, I am asking where the £5 million reserves are to be found?

HON CHIEF MINISTER:

I will explain that to him in a moment. That is in the Consolidated Fund summary item 2 on the same page, Consolidated Fund Reserve. I will explain to him the composition of the reserve in just a moment. Mr Speaker, the Government would not have envisaged the need to borrow any money during this current financial year and indeed, technically speaking, need not do so but it may rise, it will depend on the extent of revenues and on the extent of expenditure but the Government may borrow £10 million to cover the cost of a start on the cost of repairs of Harbour Views should the Government need to fund that. The Government have decided not to use reserves to make that expenditure but to isolate it in volume. But the extent to which it will be necessary, Mr Speaker, is subject to the extent of the budget surplus that we generate during this year and this of course will depend on the extent of revenue which has been very prudently estimated. Revenue has been very prudently estimated, expenditure has been estimated on a worse case basis and therefore the estimated recurrent surplus of £7 million

that we estimate for this current year is a prudent statement of the position. There is another point to be made in relation to the public debt which I have said stands at £61.5 million and that is that of that £61.5 million about £46 million is owed to Gibraltar Community Care Ltd who hold that amount of Gibraltar Government loan stock. So of the £61.5 million of public debt, about £46 million of it is actually due to Gibraltar Community Care Ltd. The hon Member will recognise that that reflects the position as it once was during part of his period of office when Gibraltar Community Care Ltd owned, it is just over £46 million worth of the Gibraltar Government loan stock which is quoted in the Stock Exchange. What is the position of the Government reserves? Well, as at 31 March 1996, that is to say, a month or two before we took office, the reserves of the Government part as they were in all sorts of little back pockets stood at £41.3 million and those reserves were to be found in the following places: £2.4 million was in the Consolidated Fund as a surplus carried forward; £1.2 million was in the Improvement and Development Fund as a surplus carried forward; £10 million was in the Gibraltar Savings Bank reserve surplus; £11.5 million were sitting as cash balances in other Special Funds; and about £16 million were sitting in Government-owned companies and the total of that is just over £41 million. As at 31 March 1997, that is a few weeks ago, the reserves of the Government stood at £46.1 million, that is to say, an increase of a couple of hundred thousand pounds under £5 million higher than they were on the 31 March 1996, and the explanation for that is the £5 million that I explained before we had borrowed on the drawback. That Government reserve of £46 million is no longer in all the places where it used to be parked. The Government have in effect restructured the reserve so that it now appears here in the Estimates and if hon Members will turn to page 3, the summary of estimated financial position, they will see that the second main heading is Consolidated Fund Reserve. What we have done, Mr Speaker, is that we have transferred out of the Special Funds and into a Consolidated Fund Reserve Account these reserves so that if there is surplus in the Savings Bank we have taken it out and put it in the Consolidated Fund; if there was surplus in the Improvement and Development Fund we put it into this reserve section and similarly for all the other Special Funds. There is still a sum of £11 million which is, in effect, Government reserve and which has not been transferred into the Consolidated Fund yet and that is the £11 million that still remain in Government property owning companies and the reason for that is that the Government are about to use that money to fund the 50/50 schemes in relation to

Westview Park and Montagu Crescent. Of course, it is not envisaged that we will need the whole £11 million for those two projects, the balance is kept available because as Opposition Members know there is continuous expenditure in relation to the situation at Harbour Views and if that can be brought under control and any surplus will be then transferred into the Consolidated Fund Reserve.

Accordingly, during the last financial year, during 11 months of which this Government have been in office, the public debt has been reduced and the reserves have been increased. All this talk, never to be found on the lips of objective people and mainly to be found in the pages of the publication sponsored by the party of Opposition Members that this Government are spending the reserves carefully gathered together by the previous Government because of their economic wizardry and prudence and that we are spending that money like confetti is absolute rubbish, like so much else that is to be found printed in that publication. As also is rubbish talk of the fact that Opposition Members left reserves of £130 million. The reserves left to the Government by the previous Government for us to spend and we have not spent them yet although we fully intend to spend quite a lot of it this year on things which will be explained during the remainder of this debate, is £41.3 million.

This brings me, Mr Speaker, to this year's budget itself. The Financial and Development Secretary has already indicated and hon Members have been able to see for themselves from the Estimates that they have before them, that we are estimating a revenue during this financial year of £117 million and expenditure of £110 million to produce an estimated surplus in the Consolidated Fund of £7 million. There are three points to highlight. The first is that the revenue has been, when I say prudently estimated I mean that we have not taken what perhaps are extraordinary amounts of revenue collected perhaps in the last three months of the last financial year for extraordinary reasons and used them to create a figure for the whole year. The revenue is on the basis of an amount comparable to the amount actually collected during the previous year. If there is a major source of additional revenue it will be whether we are successful or to the extent that we are successful in improving the arrears collection situation. We are actually confident that revenues will be enhanced substantially during this financial year by a blitz which we intend in relation to the collection of arrears. But time will tell whether we are able to enjoy success in that respect and importantly, the estimated surplus in the Consolidated Fund would be £5

million higher than £7 million, in other words, it would be £13 million if we had not transferred to the Consolidated Fund expenditure from the Improvement and Development Fund the £5.9 million that I explained earlier. In other words, there are £5.9 million of expenditure that used to be accounted for in the Improvement and Development and therefore expenditure, there are £5.9 million worth of items of expenditure in this year's Consolidated Fund which would not have been there last year, and therefore, if our expenditure had been that £5.9 million lower, the surplus, the gap between expenditure and revenue would also have been £5.9 million larger than the £7 million that we are prognosticating. Of course, Mr Speaker, at this point it is worth mentioning one point; because this expenditure of £5.9 million used to be in the Improvement and Development Fund, it was financed not from recurrent revenue but from the items that normally funded the Improvement and Development Fund expenditure, that were invariably capital sources; sale of Government properties; borrowings; EU grants; things of that nature were funding these £5.9 million of expenditure which are now in the Consolidated Fund and can therefore now only be funded by Government recurring revenue. I do however need to sound a note of caution in relation to the size of the Government's surplus and that is that for reasons of which Opposition Members are aware, there are certain items of expenditure which ought, for potential legal reasons, to be funded from the Social Assistance Fund and not generally from the Consolidated Fund and for that reason we have not closed down the Social Assistance Fund. The Social Assistance Fund continues to have about £6 million in it. So quite apart from everything that I have said so far, the Social Assistance Fund still has £6 million in it and those are the £6 million that will be used to fund the non-Gibraltar Health Authority items of expenditure in the Social Assistance Fund. Next year the Social Assistance Fund will have to be funded from the Consolidated Fund because its capital pot, so to speak, will have run out. Therefore the £6 million of expenditure which are presently being paid for in effect out of the income that has been accumulated there during previous years and during this last year, these last 12 months, will not be replenished and the expenditure which will continue to be done through the Social Assistance Fund will nevertheless have to be funded from the Consolidated Fund. Next year there will be that additional item of expenditure to be funded from recurrent revenue which will severely impact on what will be the size of the revenue surplus over expenditure to that disclosed this year, and therefore, unless revenue increases substantially or unless some of the items of expenditure which are in

there that would probably not be incurred for reasons that I will explain later when I come to the size of the establishment, unless expenditure moves down or revenue moves up it is unlikely that next year we will be able to generate a surplus of £7 million, that is in the financial year 1998/99.

Mr Speaker, the most noteworthy points in respect of revenue are the following: Import duty - during the last financial year just ended, that is to say, end of March 1997, has fallen by £4 million as compared to what we are estimating for the previous year. In other words, in this financial year just ended, 1996/97, we collected £20 million in import duty. The previous year there had been £24 million and therefore the effect, I suspect it must be, there are other factors, of the eradication of fast launch activity seems to have stabilised now at around £3 million lost revenue from those reduced volumes of tobacco that are now being exported from Gibraltar. Income tax collected last year, that is to say 1996/97, is £46 million, hon Members will have seen this from the booklet which contains the forecast outturn, we are estimating for this year the marginally low figure of £45 million. That is because, for example, we have got the Kvaerner situation where there is a loss of revenue to the Government, we expect increases in other areas of revenue, arrears collection but of course we have lost £1.9 million in revenue as a result of the allowance increases that I announced at the beginning of this speech. So we estimate that during the current financial year we will collect £45 million in personal income tax. Mr Speaker, the Government are reviewing the structure of import duties and hope shortly to be in a position to make a detailed announcement of that but that would be broadly neutral in terms of revenue. In other words, we would not expect the restructure to result in a reduction in revenue because of the restructure, in other words, things that are reduced in duty will be compensated by increases in duty, indeed it may be cash positive to the extent that the articles on which we increase duty are more valuable in terms of import duty collected than those upon which we lower it. The other element is rates; the Government are going to very shortly make an announcement as part of our business assistance package of a reduction in rates for commercial premises and that may result in a reduction in revenue. And I say, "may result in a reduction in revenue" because the assistance will actually be delivered in a way which will reduce arrears and will increase, not just the collections but the speed with which the money is collected and therefore the interest income that the Government can earn from those

items of revenue. So import duty will be broadly neutral by the time we have restructured it; the rates restructure may have a marginal reduction in levels of revenue that it produces; and the rents restructure that we are doing for Government tenants at first sight has an income revenue reducing effect in the sense that we are reducing the rents that we collect from our existing tenants, but one of the effects of reducing the rents is that we generate demands for those properties owned by the Government which are empty and therefore, although we collect less from our tenants we collect it from more tenants and the overall effect may therefore be that even though we are reducing rates our overall collection from rents of Government properties may actually increase because we will find tenants for properties which are presently empty, quite apart from the principal reason why we did this, which is to put pressure on the private sector to reduce its rents.

Mr Speaker, as a comparative exercise, if the forecast outturn, which is much more scientific than the estimates, in respect of the last financial year had been presented on the same reconstructed basis as we have now done with ours, in other words, with the special funds out of the way, with companies out of the way, in other words, if what we have done this year had been done at the beginning of the last financial year, revenue which we disclosed at £170 million estimated, for the forthcoming financial year would only have been £1.1 million higher. The revenue of the last financial year would have been higher than what we are estimating on a reconstructive comparable basis by £1.1 million. As far as expenditure is concerned, on the same reconstructive basis, in other words, forgetting all that we have done in respect of restructuring which does not really amount in new expenditure, it is not new things that we found money to spend on, it is simply accounting for existing activities in a different way. Excluding that, on a reconstructed basis the increased Consolidated Fund revenue is higher than it would have been on a comparable basis by £7.8 million. But of those £7.8 million, Mr Speaker, and in a sense I am contradicting what I said just 45 seconds ago, not all of that £7.8 million is new spending decisions that we have made. We made much more than £7.8 million of new spending decisions in the Improvement and Development Fund but in the Consolidated Fund we have not made £7.8 million worth of new recurrent expenditure decisions. So where does the figure of £7.8 million come from? Mr Speaker, £1.6 million of the £7.8 million is a provision for the higher cost of servicing the public debt if we borrow the £10 million that I have indicated we might borrow if we needed to fund

Harbour Views repairs, but that might or might not be spent, but if we do spend it, it will reflect the need to borrow money to service that debt in order to spend it on Harbour Views which is not a new spending decision of ours. A sum of around £420,000 is the wage cost of 14 civil servants, who have always been there in the Employment and Training Board which, apart from having people who were not civil servants, also has seconded to it about 14 people who are civil servants, not just in the Employment and Training Board, throughout the functions carried out by the Gibraltar Information Bureau. There is a total of 14 people who are actually enlisted civil servants some of whom are in the Employment and Training Board but not all of them and who are seconded to activities which are conducted outside. Well the salaries of these 14 bodies was not last year included in the Estimates so we have now included them in the Estimates and of course it raises the wage bill by £400,000 but that is not new expenditure, that is simply bringing it back into the Consolidated Fund, the salaries of 14 civil servants who have always been there and whose salaries were previously funded through companies whose revenue and expenditure is now all in the Consolidated Fund anyway. Mr Speaker, £600,000 of those £7.8 million, so we started with a top figure of £7.8 million, I have explained that £1.6 million of that is possible cost of increased public debt servicing; £400,000 of it are these 14 civil servants whose salaries were not in the Estimates last year; £600,000 of it is a sum of money that the Government have paid to Lyonnaise des Eaux, Opposition Members will immediately recognise the reason for it, in compensation for not increasing the water tariff to the consumer. The Opposition Members know that before the last election they signed a letter undertaking to review, if not increase, the tariff, indeed the letter that they signed I think committed the Government to an increase of the water tariff by the amount that Lyonnaise's privatisation contract entitled them to; given that the hon Members had put in their manifesto an unambiguous commitment not to increase water tariffs at the same time they were promising Lyonnaise des Eaux that they would increase the water tariff. One can only come to the conclusion that the hon Members intended to absorb the increase themselves out of public revenue although the language used in the manifesto and in the letter to Lyonnaise would not be entirely consistent one with the other. I suppose there is an innocent explanation for it and that is they, in effect, intended to subsidise the water and that is what this figure of £600,000 represents. The Government do not undertake to maintain water tariffs at their present rate and therefore at some point in the future this item

may reduce, as part of the tariff increase to which Lyonnaise is entitled, if the Government allow them to pass it on to the consumer. To the extent that the Government allow them to pass it on to the consumer, the sum of this subsidy is reduced. There are other items of DTI promotional work; Tourism promotional work, amounting to £450,000 and that is new expenditure that the Government have decided, as is the sum of £160,000 for the two offices that the Government intend to open a Gibraltar Information Bureau in Brussels with which the Government intend to proceed and a proper Gibraltar Tourism Board Office in Madrid. The Government are aware that there is an office of sorts in Madrid already, that is neither in a location nor of a standard which we think is suitable to represent the touristic interest of Gibraltar in Madrid and therefore there is expenditure of £160,000 included in the Estimates for those two new offices. There is about £500,000 on other items; one of them may be of interest to some Opposition Members, is a sum of £55,000 which is the annual cost of a new contract that the Government are about to enter into for disposing of the fly ash produced by the incinerator plant. There is several years worth of accumulation in tunnels and caves; the Government have entered into a contract for the elimination of all that accumulation and it is going to be shipped to a reprocessing plant in England. The contract to remove in one lot the arrears of fly ash accumulation is about £120,000 and then the cost of annually removing, on a quarterly basis, the fly ash of current production of the incinerator is about £55,000 a year. It is not acceptable environmentally to this Government to accumulate bagfuls of toxic waste in our caves and in our tunnels. Mr Speaker, there is included in that £7.8 million a figure of £500,000 of legal fees but that is not to say that we are going to spend £500,000 on legal fees when previously less was spent, it is that previously there was a token provision for legal fees and expenditure always exceeded that in practice, and similarly for supplementary funding the previous year the supplementary funding provision was £1 million, we increased it to £1.5 million this year and therefore that is not expenditure, it is a provision for potential expenditure. In summary, Mr Speaker, of the £7.8 million I calculate as an estimate, that of that £7.8 million, probably no more than £2 million is actually discretionary spending decisions, well perhaps £2.5 million when I have included this item, and that is the question of the number of new posts that have been created in the Government and their cost. Mr Speaker, a simple comparison between the establishment details attached to last year's Estimates and this year's Estimates would give the impression - but it will be no more than that - that the

Government have created 103 additional civil service posts. Before Opposition Members leap to their feet to condemn this act of rashness on the part of the Government, let me put them at their ease that that is not what has been done. Actually, Opposition Members may be interested that the number of civil servants, excluding the Gibraltar Health Authority, on the Government's payroll now in May 1996, and I know that this will appeal immediately to the Leader of the Opposition's proclivity to cut the size of the public service that the number of civil servants, excluding the Gibraltar Health Authority, on the Government's payroll and we have not privatised anything in the last 12 months, is five less than there were in April 1996 when the Leader of the Opposition handed the reins of power to this Government. In April 1996 there were 1,469 non-industrial civil servants on the Government's payroll; in May 1997, that is to say, this current month's payroll, there are only 1,466, that is five less and of course this is a net amount; many people have retired, some people have been recruited but the net effect is that the civil service has decreased in size in terms of payroll by five, is that not impressive! No doubt hon Members will wish to congratulate us for that example of prudent public expenditure management when it comes to their turn to speak. For reasons that I have not yet had an opportunity to cross examine him about, the story in the Gibraltar Health Authority is not quite so impressive. There has been there an increase of 18 between payrolls, between the position in April 1996 and May 1997 but I am sure Opposition Members will wish this Government to deliver the best possible health care to our citizens. Mr Speaker, so what is the reason for the fact that at a time when a comparison of the establishment suggests that we have created 103 new posts that the actual body of civil servants, judging by the payroll, actually being paid, is actually less than it was at the beginning of the year. The reasons are these, we already have identified 14 from the Gibraltar Information Bureau but are now included in these Estimates in the establishment and which were not there last year because they were seconded and as they were seconded the previous Government did not include them. There is provision in the Estimates this year for 11 people for the Legislation Support Unit but of those definitely three and probably four are already on the public payroll, people like the previous Chief Minister Mr Canepa; one of the lawyers Mr Raphael Benzaquen; the ex-librarian Mr Ronnie Miel; Miss Annie Thornton who used to be in the Attorney-General's Chambers; all those were previously elsewhere and the provision of 11 includes them who are already being paid for and therefore they are new in the establishment, they have vacated three

posts which were not in the establishment so therefore they are like the first 14; Mr Canepa and Mr Benzaquen were not on the establishment; Mr Miel and Miss Thornton were on the establishment; but they came from places where they will not be replaced. So if Miss Thornton who used to do the Gazette mainly in the Attorney-General's Chambers is now moving to the Legislation Support Unit because that is where the Gazette is now going to be provided, the post that she vacates in the Attorney-General's Chambers is not being filled.

HON J J BOSSANO

Mr Speaker, if the Chief Minister will give way. Surely that explanation does not explain the argument he is putting because if Miss Thornton has disappeared then compared in the two establishments it will show her disappearing one year and appearing the other and would not be included in the 103 difference between the two totals, surely.

HON CHIEF MINISTER:

That will apply to Miss Thornton but not to Mr Benzaquen who is a newcomer to the establishment. Mr Speaker, there are two people there down for GCID, if hon Members look at the establishment under Administration, those two people are not established members and they should not be there and that is one of the amendments that may be introduced. Of course, there is an assumption by those that have put the Estimates of the establishment together, that all existing vacancies and new vacancies thrown up by the transfers resulting from the restructure of Government activities will be filled so that, for example, if people have been moved from one existing department to another there is, in many cases, an assumption which will not be realised, that those posts will be filled. It will actually be necessary to do a staff resources audit and the Government are committed to doing this. Once the functions have been transferred to different Ministries, to different buildings, there will then be a section by section staff audit of each department and each section within each department and the Government will then publish, even if we are in the middle of the financial year, an accurate statement of the establishment. But it has to be said that the salaries of all 103 phantom additional posts have been included in the Estimates of Expenditure so expenditure on emoluments is overstated by the number of new posts that we do not create of those 103. So what are the posts; which are the new bodies that we have recruited? People who are now

working in the Government that were not working in the Government when we took office. We have recruited 18 new administrative assistants, mainly to replace the 15 or 16 existing administrative assistants who were promoted to administrative officers and moved to administrative officer duties, so there are 18 additional administrative assistants already at work. There are two new teachers; there is one nursery teacher; there are two classroom aides; there are six typists; and there are 15 policemen, we actually recruited 25 but of those 25, 10 were filling vacancies in the establishment, so additions to the establishment were 15 policemen. We have recruited two environmental monitors and we have recruited two PTO building inspectors; that is a total of 49 additional bodies recruited. But of course those have to be netted against people that have retired from the service for one reason or another and of those 49, if one takes out the 15 policemen, it is actually 34 non-policemen. In other words, if one strips out the figure of 49 which includes the 15 policemen, there are 34 civil servants, in the widest sense of the word, non-industrial civil servants but excluding policemen that although they are on the public payroll, I do not regard them as civil servants as such. So there are 34 people which netted against the retirees and other people who have left service for one reason or another, results in a net reduction in the size of the payroll. There are a number of posts presently under advertisement and which have not yet been filled and just for the completeness of the information, there is one social worker; one SEO in customs, which eventually may create a vacancy at the very bottom as people move up to fill the SEO post of Deputy Collector of Customs which I announced publicly some time ago; there is a Maritime Administrator the interviews for whom in fact have been conducted in London this week by the Administrative Secretary and the Personnel Manager; Opposition Members will remember that as part of the agreement that they signed with the British Government at the time that they agreed the re-establishment of the Category 1 register, an agreement known as the Survey Agreement; hon Members agreed to recruit a Maritime Administrator and to give the Department of Transport in England a role in that recruitment process; that commitment has been translated in practice to a selection board that comprises three representatives of the Government of Gibraltar and one representative of the Department of Transport and that will, hopefully, be filled during the course of next month. There is a Finance Centre Director to be recruited which my hon Colleague, the Minister for Trade and Industry will explain later and three Tourism Management

posts to which my hon Colleague, the Minister for Tourism, may himself refer at a later stage.

Mr Speaker, moving to the Improvement and Development Fund there are presentational changes there as well. The revenue heads have been adjusted by creating separate heads for contributions and loans on the one hand and reimbursements on the other, I am sure hon Members will have noticed that already. I have already explained that expenditure heads have been restructured and that in-house labour wages and related materials have been stripped out and included in the Consolidated Fund and I have also explained the reasons for that. And subheads, Mr Speaker, have also been brought together in generic terms where practical, followed by a list of the major projects to which they relate. Mr Speaker, the Government are reviewing, but have not yet made a decision on the future of the Improvement and Development Fund itself. Such a separate fund for capital projects does not exist, for example, in the United Kingdom where all capital works expenditure and revenue; revenue in the UK is mainly EU grants; all goes into that Consolidated Fund and all expenditure and revenue is met from that. There are clearly arguments on both sides of that debate; it will improve transparency and accounting and will destroy what has become substantially artificial distinctions if they are combined, but in order for that combination not to hide the difference between capital projects and non-capital projects the capital projects would have to be very clearly highlighted in any new Consolidated Fund presentation. Mr Speaker, the expenditure of the Consolidated Fund for this year, as the Financial and Development Secretary has announced is £36 million in the Improvement and Development Fund, a very substantial increase on previous years expenditure in that Fund, for example, last year it was £11 million; the Financial and Development Secretary has already explained the sources of the funding for that, and just to remind hon Members, £10 million will come from loans; £2.3 million will come from EU grants; £4.1 million will come from sale of Government properties; £19 million will come from what are, in effect, Government reserves. The Consolidated Fund, which now contains the reserve, in effect comprises of what is already there, which is the £46 million that I mentioned earlier, plus whatever surplus there is of revenue over expenditure during the current year now in progress. The main projects to be funded from the Improvement and Development Fund, and I will leave the details of these projects to my hon Colleagues to deal with on a departmental basis, but the main projects are: housing £12 million, but

that includes the £10 million provision for making a start on Harbour Views; there is a token provision only for a project which the Government intend to undertake which is the creation of housing units for the elderly but it is unlikely that there will be substantial capital expenditure on that project during this year and I think what will probably happen this year is expenditure on pre-contract design services. There is £1.2 million on schools and cultural facilities; £3.8 million on enhancement and beautification. The Government attach a considerable amount of importance to enhancement and beautification projects as part of our policy to develop and promote tourism in Gibraltar. There is £0.75 million on port development; £1 million on the refurbishment of Government buildings; £400,000 on police equipment; and a sum of about £6 million on schemes to support existing private sector businesses to grow and to establish new business start-ups in the private sector. We regard this expenditure, just as the previous Government expended large amounts of borrowed money on infrastructural projects, for example, New Harbours, that it is a proper investment in the future of our to be private sector led economy for the Government to make investments, not with borrowed money but with existing Government monies to stimulate, develop and promote the private sector which is what everybody agrees has got to be the motor of the economy for the future. There is funding within that for increasing access to Gibraltar by airlines and by cruises; there are beautification projects and product development schemes; there is assistance to the hotel industry for infrastructure enhancement and in relation to the Finance Centre, the Government will continue with our policy of putting into place the necessary legislation, the necessary regulatory framework properly resourced so that the Finance Centre continues its preparation for what we think is substantial growth in the immediate years ahead, based not just on those items but on the work that the Government have already done to transform the image that others consume of Gibraltar which is so vital to the Finance Centre. My hon Colleague, the Minister for Trade and Industry, will give details of the full package of measures in the business assistance scheme most of which reflect part of the £24 million that we are spending, other than on housing in terms of rents, rates, import duty, capital funds and the creation of funds for EU fundable projects. The Minister for Trade and Industry will also give details of the inward investment projects which, together with the measures that the Government are taking, together with the investment that the Government are making in the private sector, and together with the promotional work that the Government are doing, will be the pillars

on which the private sector will be able to grow, as it must, to generate many more places of work than it is presently doing. It would be pointless, Mr Speaker, to conceal that the closure of Kvaerner has not come as a very substantial blow to the Government. The Government are, of course, committed to preserving shiprepairing in Gibraltar and we are confident that an appropriate operator will be found, and the Government are investing time and financial resources in seeking out internationally, all potential operators so that we may choose the one most ideally suited to Gibraltar. But I have to take this opportunity to repeat that under no circumstances will the Government reopen that yard as a Government facility. We will not go back to the days of GSL, where the taxpayer stood ready with an open cheque book, funded by his hard earned taxes, to back up the commercial losses of a commercial shiprepair yard worked in by a workforce who may take a different view about working for Government than they may take about working for a private sector commercial entity. I am certain that notwithstanding the recent remarks that have been made to the contrary, the Leader of the Opposition when he reflects, will commend me for that sensible view given that it is the one that presumably caused him to close down Kvaerner, not Kvaerner, I am sorry, a Freudian slip of the tongue, to close down GSL after it had lost tens of millions of pounds of taxpayers' money and at considerable expense to the taxpayer in redundancy payments to the then employees of GSL. The reasons that caused him to close GSL at that stage are the same reasons that cause me to come to the conclusion that the Government will not put ourselves in that position again and certainly nothing sufficient has happened in the intervening period to encourage the Government to re-engage workers whom they have already paid substantial redundancy payments to and there are some workers still working at the yard that have collected redundancy payments. Mr Speaker, the Government will not be persuaded to risk having to underwrite commercial losses using taxpayers money and find ourselves, in effect, running a Government Department, finding ourselves with the problems that we now have in the Buildings and Works Department, magnified in an environment in which the potential losses are not just the labour cost of a labour force that is not producing but indeed commercial losses incurred in having to undertake shiprepair works for real clients in the real world, not for a captive client in the form of the Government. The Government's priority in everything that we will do, the Government's focus in our economic policy will remain the creation of jobs through the generation of sustainable economic activity, and we will do that by basing our

measures and our actions on developing demand for Gibraltar's products. Just as the Opposition Members felt that the time was right between 1992 and 1996 to concentrate on the creation of infrastructure, we have no doubt that the focus now must change and has changed to the generation of demand for that infrastructure and the generation of demand means finding customers for Gibraltar, finding customers for our Finance Centre, finding operators for our Finance Centre, bringing tourism to our streets and to our hotels, bringing ships, creating an environment in which our shiprepair can operate, bringing ships to our port, bringing telecommunications projects to Gibraltar and other inward investment projects. There is no point in building an economy on a constant hyperactivity of infrastructural work which cannot be constant because eventually those that are generating that infrastructure will want the demand for their infrastructure to meet, or the gap between the demand for their infrastructure and the supply of their infrastructure to be closed and that has not been happening. Therefore everything that the Government are doing, Mr Speaker, promotion work; image and reputation work, I know it is a phrase that brings a smile to the faces of Opposition Members, it is vital to the success of our Finance Centre that we are seen in a different light to which we have been seen at some point in time in our recent history and it is vital that we concentrate on bringing the consumer, bringing the people who will constitute the demand, the customers of our products. Therefore the concentration is in promotion work, in making sure we have products to deliver, in making sure that Gibraltar is an attractive place to visit hence the investment in beautification enhancement work. Of course, the Government back up our policy with investment and that policy of backing up our policy with investment is reflected in the very substantial amounts of taxpayers' money that we are investing through the Improvement and Development Fund into the private sector so that it will have a boost in demand generating activities. Only such economic growth is capable of being sustainable and as that is the only growth that is capable of being sustainable, it is the only growth that is capable of delivering durable quality jobs for the people of Gibraltar. The Government are acutely aware that that will require also an investment in training for skills and that also will be reflected in the Government's expenditure, not only will we encourage it and fund it within the private sector itself but such vehicles as Gibraltar Community Projects is not so much a subsidised employment enterprise, it is a training enterprise. The people who are presently working in Community Projects who used to be in Calpe Cleaners and used to be in SOS getting minimal, if any,

training are now working in a structured, disciplined, well-managed environment in which it will be possible to deliver training to them and the differences in output is already visible. The nature of the work that they are doing, the value that the taxpayer is getting from them for the money is already greatly enhanced as is the ability of the workforce themselves to enhance their personal skills and training so that as their contracts require them to do when they are ready they can be placed in the private sector. Mr Speaker, the Government are also committed, as part of our contribution to skills training, to open apprenticeship schemes, it is true there will not be any guarantee of employment in the public service at the end of those employment schemes but the Government will allow, in effect, our workshops and our garages to act as a place of learning for people who want to develop their skills. Government will open apprenticeships in its work force, in workshops and garages, as I have said, and if at the end of that period there is a need for those skills in the Government, of course such people will be able to apply for those jobs but it will not be apprenticeships of the old style where there was an apprenticeship followed by a guaranteed job. It is the Government's contribution to training, not a Government contribution to job creating. Mr Speaker, the Government have also a project which will soon see fruition and details of which will be given by the Minister for Education to establish, as part of our training commitment, a college of adult education which will specialise in finance centre training, in business training and in tourism training which are the skills which will be required for the jobs that the Government are investing and generating. There is no point in the Government investing in generating activity in the Finance Centre, investing in generating activity and jobs in tourism, if the people that need jobs in Gibraltar do not have the skills to do the jobs that the Government are concentrating on generating and therefore the Government accept responsibility, as part of our economic policy, not just to help the private sector financially with advice and financially, but indeed to create the training infrastructure to enable the unemployed and the future generations of school leavers in Gibraltar and university leavers to aspire to those jobs. In addition, the focus of this budget to all these things that I have just been explaining, is equipping and resourcing the public service so that it can modernise its practice; so that it can deliver the necessary expertise; so that it can improve productivity and the quality of the service that it delivers to the taxpayer. We think that there is a place for a well resourced public sector in a private sector dominated economy and the Government need a well resourced public sector in order to

administer and deliver our policies but we will not do that, we will enlarge the civil service by quality not by quantity, we will target the expertise that is required and we will recruit that expertise. In other words, we will do it in a way which is not a disproportionate increase in costs and which delivers to the Government the skills and the qualities that we need. That will include an increased element of simple administrative capability but it will also include a lot of specialised activity which may not be providable, in many cases will not be providable from within the existing ranks of the civil service. Mr Speaker, this is a convenient moment in which to recess.

The House recessed at 5.25 pm.

The House resumed at 5.46 pm.

HON CHIEF MINISTER:

Mr Speaker, basic statistics in relation to the indicators of the economy, I can inform the House as follows: the inflation rate in Gibraltar in 1995 was 2.3 per cent compared to 2.9 per cent in the UK, and in 1996 it was 2.1 per cent in Gibraltar compared to 2.5 per cent in UK. Our estimate for the inflation rate during 1997 is of a 2 per cent to 3 per cent range. Mr Speaker, it has to be said that, and I think this is a point that we once made from the Opposition benches that the final report of the Family Expenditure Survey for 1995/96 which should be published later this year, in about October, is still done on the basis of the index of retail prices weights based on the Family Expenditure Survey of 1979/80. I think that there is a growing body of opinion, I think I expressed a view in Opposition that those weightings are out-of-date and need revising. The 1995/96 Survey should cast light on the changing patterns in household expenditure and the Government will then consider whether there is a fair case to be made for reviewing the weightings and the factors taken into account in the weightings, for example, by making a provision for mortgages and service charges which is now a significant part of many more household expenditure than it used to be and which are not reflected. That would, of course, impact on the general level of inflation in Gibraltar and that itself has consequences in many other directions. Government would have to take carefully into consideration whether the domestic advantages in doing that, not just in terms of pay rises but indeed pension levels and things like that given that many of that is exported and a careful balance has to be made and the

Government will consider that. Mr Speaker, the employment situation is that there is a gradually rising trend. The best estimate available so far is that whereas employment in April 1995 was 12,702, employment in October 1995 had crept up marginally to 12,713 and that by April 1996, and the figure for that is still provisional extraordinarily enough given that it is almost 15 months ago, is that it went up further marginally to 12,980. Our best estimate is that it now is a figure of around 13,000. But the facilities, that has to be said, Mr Speaker, available to the Government and the techniques for computing employment statistics are at best shocking. The April 1996 statistics are not yet definitively available. Employment figures on the basis of the census, in other words, on the basis of surveys are supposed to be on the basis of employment and training returns which is the basis upon which the unemployment and employment figures are given, the employment figures which are, of course, much more scientific and much more relevant to economic planning, are never available on a current basis and are never available in a relevant form at a useful time. There are no detailed breakdowns of by trade or by occupation, all we have is this broad category of occupations and this is something that the Government are determined to review and to acquire a capability and to acquire techniques, by one means or another, to produce relevant statistics. For the same reason, the Government will make no predictions for this year on GDP, not only can we not make a prediction for the current year's GDP projection but indeed I am not even in a position to tell the House what we think GDP was last year, and not only are we not in a position to do that because the employment information is not yet available to the Government's Statistician, but indeed we are not satisfied that the methodology used historically in the past to calculate national income and gross domestic product is actually an accurate and meaningful measure of those values and the Government will also seek to review the way in which national income is measured. The best estimate available to the Government is that GDP in 1994/95 was about £326 million and that in 1995/96 it was probably in the range of £320 million to £340 million. But, Mr Speaker, I would not skin a cat on the basis of those statistics. There are some indicators in the tourism sector which give cautious grounds for optimism. We have read in this morning's local press a piece that suggests Gibraltar has, during these last 12 months, acquired increasing popularity as a resort destination. There are other statistics which I would say suggest no more than that we are on the right road, we may have reversed the trend and that there may be success ahead for tourism in Gibraltar. Visitor arrivals in 1996

were very substantially higher than in 1995. The figure for 1995 is 5.5 million; the equivalent figure for 1996 is 6.5 million. Tourist expenditure is calculated by the Government's Statistics Office as being for 1995 £136 million and for 1996 £181 million, reflecting mainly the much higher number of visitors, basically an extra 1 million visitor arrivals; most of those, of course, are arrivals over the frontier. Mr Speaker, the hotel..... [HON J J BOSSANO: Mr Speaker, what was the figure for 1996?] £181 million according to the Government Statistician. The hotel occupancy figure is completely flat; it was 39 per cent in 1995, it was 38 per cent in 1996 and we do not know obviously what the figure is going to be for 1997 although information provided to us by Gibraltar's leading hotels suggest that they are having a much better year in terms of hotel occupancy than in the past so let us hope that that augurs well for a possible upward trend in hotel occupancy but that has not yet reflected in any statistics that I have available to me. The arrivals by sea reflecting mainly cruise visitors is up from 103,000 in 1995 to 122,000 in 1996. Yacht arrivals are marginally up just by 200, from 16,100 to 16,300. The number of cruise liners is marginally up from 138 to 141, these are always comparisons between 1995 and 1996. Arrivals of coaches are up from 858 to 966 per month. Therefore there is steady and encouraging if unspectacular improvements in the tourism sector indicators. The news in the port, I think, is very much more encouraging, Mr Speaker. The number of vessels arriving in Gibraltar increased by 20 per cent in 1996 from 3,528 in 1995 to 4,222 in 1996. The total tonnage increased by 37 per cent. The number of ships calling in Gibraltar for bunkers increased by a staggering 54 per cent in 1996, from 1,631 in 1995 to 2,510 in 1996; all these figures according to the information provided by the Government Statistician. In relation to the finance centre, there is really a static situation as we await passporting initially in insurance products and other promotional work that will now begin to unfold. There is steady minute growth, really no growth, a plateau in overall deposits; loans and advances have increased by 11 per cent in 1996 following two years of decline by 10 per cent in each of 1995 and 1994 suggesting that the banks are beginning to recover their confidence in financing local business propositions but that is no more than a suggestion. Imports, Mr Speaker, are up by 25 per cent, from £380 million in 1995 to £475 million in 1996; and exports are up 26 per cent at £217 million, from £173 million. So in summary, there is encouraging growth in some indicators in tourism; a flat picture in the finance centre; really very encouraging growth in port activity. In general terms and on the basis of statistics available, it would appear

that the economy is stable and showing tentative signs of picking up, I would put it no more strongly than that. The closure of Kvaerner and some of the, albeit reduced number of MOD redundancies starting impacting, that may affect adversely whatever tentative revival may be in place as will, of course, and as it is being affected at the moment, especially in tourism and the retail sector, by the strength of the pound against the peseta. Therefore, in conclusion, I would describe this budget as a prudent balance between running budgetary surpluses of a prudent amount; maintaining reserves and public debt at prudent levels; but coupled with bold but necessary measures to stimulate the support of the private sector through expenditure in support measures and indeed by sacrificing income in a package of measures calculated to stimulate the private sector. It also includes the balance, the need to improve public services; Opposition Members know, it is something that we used to say when we were on that side of the House, and the fifth item that is carefully but prudently balanced in this budget is not just the question of budgetary surpluses, public debt and revenue and expenditure to stimulate the private sector, but indeed our medium and long-term objective of reducing what is an unnecessarily draconian tax burden on the people of Gibraltar. Mr Speaker, this budget seeks to put in careful and prudent equilibrium all those, in some respects, conflicting objectives for those that have to manage the public finances and the economy and I therefore have no hesitation in commending the Bill to the House.

HON J J BOSSANO:

Mr Speaker, the Government would have no problem in getting us to agree with his recommendation in his last sentence if we could see it as a careful and prudent equilibrium as he has tried to convince us that it is. Let me say that occasionally one hears of an analysis that politics in Gibraltar are conducted on an unnecessary adversarial basis and that seems to have been anticipated by the Chronicle which started off predicting that we were about to clash. As far as we are concerned, we are not looking for a clash with anybody but I have to say that the explanations that have been given in presenting the Estimates do not appear to reflect what is in the Estimates and that is a problem because grateful as I am to the Government that we have had them for 28 days instead of the 14 that we are required to have them, if when we get here we get told that the revenue is underestimated and the expenditure overestimated, then for the last 28 days we have been working on a

premise that there was a gap which presumably may not be there at all but we do not know whether there will be a gap or there will not be a gap or whether it will be in the reverse direction. It remains to be seen, I suppose, during the course of the year how close, and we will have an opportunity at intervals to ask how revenue is doing and how expenditure is doing, to see whether in fact the figures that are here actually predict what is going to happen. But, of course, it is what we are being asked to vote on and there are a number of things which the Chief Minister has said, which as far as we are concerned are so self-evident that I do not think anybody could disagree with the analysis that what we need is fundamentally a sustainable economy and that that sustainable economy has to be private sector led because there is no MOD to lead it anymore. Indeed, that that is not just necessary for the sake of being able to produce a revenue stream to maintain public services but indeed fundamental to our whole fight for recognition of our right to self determination and I remember the Chief Minister used to say to me that I had abandoned that when he was in the Opposition. I do not think that it is true, that we had abandoned it, in fact, I am glad to see that today he has in fact said that the emphasis that we put in creating infrastructure and creating a capacity, he said he hoped we would agree with him that now what we need is to bring customers. That is true. But, of course, without the place for the customers to go to we could be wasting our time in bringing the customers. If the position today was as it was in 1988 when we could not dispose of our refuse; when we could not produce water; when we did not have electricity capacity; and when we did not have telephones; he would not be marketing Gibraltar, there would be nothing to market. So those things were necessary and whoever was there had to do them before anything else could be done and we would not have been able to do it entirely from the Government resources because the resources were not there. That is why in many areas we went into partnership with people from outside who invested in creating the capacity, something which we never gave a title to but which the United Kingdom in recent years have started to copy and calls the private finance initiative where an infrastructure project is built by a private contractor on the basis of doing the investment, building the project and operating it and then charging the Government for the service. Of course, some of those contracts indeed, the bulk of the contracts, the big contracts, that have been listed as now being shown in the Estimates are the result of that strategy, like Lyonnaise and the refuse disposal, to mention two. And the supply of electricity which would never have been possible if we had had to expand Waterport

Power Station which was estimated , in 1988, to require something like £15 million and at the time all the reserves of the Government were £16 million. So what happened was that OESCO provided the capacity and sell the electricity to the Government who in turn sells it to the public. In fact, the bulk of the statement from the Government, other than the final part dealing with an assessment of the state of the economy, has been dealing with a change in the presentation of the accounts. We do not attach the importance to the change in the presentation of the accounts that the Government do. If they want to present it like that they can and if they do not want to they do not need to, it is a matter for them. But as far as we are concerned, irrespective of how one presents the accounts, what matters is what is really happening, otherwise if we are just interested in presentation we are talking about optical illusions and we stopped talking about that in 1992, no longer is it even in their vocabulary, it never was in mine.

In looking at the Estimates let me just say, Mr Speaker, that perhaps in the figures that the Chief Minister was quoting he may have got confused between one figure and another. When I interrupted him to ask about the £5 million of the borrowing of the last financial year it was because in looking at the Estimates of Revenue and Expenditure 1996/97 that have been tabled, it shows £10 million of loan going into the Improvement and Development Fund and it shows it being spent so that in fact although originally it was intended to borrow £5 million and in any case it would have made sense to borrow £10 million if there was a facility there which would have otherwise been lost, since I remember it was a facility for which we used to bear I think a quarter of one per cent to have available and certainly the advice that we had was that the rate above liable at which we were borrowing was as good as a prime borrower could get in the London money market so that it was worth retaining for that reason. So we would have agreed with the decision of taking up the £10 million even if they had not been needed but it appears, from the figures presented, that they actually were needed and they actually were used.

HON CHIEF MINISTER:

If the hon Member will give way. Yes, Mr Speaker, there was an element of mistaken information given. That forecast outturn is in fact not going to be met, the real expenditure is less in the Improvement and Development Fund than that forecast outturn but the hon Member is still

partially right. It seems as if of the £5 million which was actually put in the Improvement and Development Fund, the £5 million that I was referring to as having been drawn on the Barclays facility; it seems that anything between £1 million and £1.5 million will turn out to have been spent when we do the accounts for the Improvement and Development Fund, the balance is left in the Improvement and Development Fund as a balance carried forward. So of the £5 million we will probably have spent between £1 million and £1.5 million and the reason why it appears to the hon Member to have been the whole £5 million is that it seems that that forecast outturn will turn out to be ambitious, an overstatement to the reality when the account is drawn up which is presently being done. That is the information that has been given to me during the tea adjournment.

HON J J BOSSANO:

Mr Speaker, I am grateful for that information. I assume therefore that on the basis of that clarification we still have to consider the money as not being available because, in fact, it is committed in the sense that what will happen will be that instead of having been spent in March it may be spent in April or May but it is for an on-going project which was assumed to have been completed by the end of March. I think the Chief Minister used that same analysis when I asked him, during the course of the year, about questions on the money that was available in the Improvement and Development Fund for certain projects on workshops and he told me that it was not available because it was committed, even if it was not done before the end of the year. So I am just repeating the argument that he used in answer to my question.

When I look at page 3, in trying to assess what is the position today and the position that we are facing in terms of the estimated finances of the Government of Gibraltar in order to judge just how prudent the Government are being, I think I have a problem which I would be happy to give way if somebody can clarify for me, and that is, that we start off with a position of a forecast consolidated balance on the 31 March of £593,000. In order to find out how we get there we need to look at the forecast outturn for the previous year that has been circulated and there on page 2 we see that there is a figure for the consolidated fund balance on the 1 April 1996 of £2,443,401, at the top of the page and an estimated deficit for the year just ended of £1.8 million leaving the £593,000 which then appears in the other book. Unfortunately,

notwithstanding their desire to put in all sorts of extra information, they have left out information that was available last year and in every previous estimates presented to this House and that is the assets and the liabilities of the Government as at the end of the preceding financial year, that has been left out of this year's Estimates. That is what would enable us to explain the figure at the top of the page. In the absence of that information, what I have done is look at the figures showing the actual revenue in 1995/96 which is on page 3, I am still on the 1996/97 book, and looked at the actual expenditure 1995/96, and I have for revenue £71,971,000 and for expenditure £71,483,000 which produces a surplus of £488,000, if we take the actual revenue and the actual expenditure. The audited accounts for 1994/95 left a Consolidated Fund balance of £1,073,956 and therefore we would need to have a surplus of £1,369,445 to get to the figure on page 2 and that is not the surplus that is shown in this book. The surplus that is shown in this book is £488,000 so I would like to know where the other £900,000 are because, of course, that figure is the one that produces the first figure in the first line on page 3, and I cannot understand how that could possibly be wrong since that is supposed to reflect the final audited figure. In the case of the April 1995 figure, the audit was done in December 1995, one would expect, it may not be available to the Government it is certainly not available to the House, I know the Chief Minister used to complain that the audited accounts for the preceding year were not available at this point but, in fact, the summary that was provided in the Estimates was a one page summary which gave the net effect of all the special funds and the net effect of the Consolidated Fund and the Improvement and Development Fund of the preceding year. In the absence of that, as I have said, I have done the calculation based on an assumption of accuracy in what is here and that produces a figure which, unless somebody can correct it for me, would mean that the actual starting position of the Consolidated Fund balance in March 1997 would not be plus £593,000 but minus £289,000 and it would mean that the Consolidated Fund balance, not that it is any big tragedy, but it would be the first time that the Consolidated Fund balance has actually been in the red at the end of any financial year. Of course, every single figure on page 3 after that would be wrong if that was the case. I cannot explain it because it is something that should not be happening given that of all the figures the only one that is supposed to be 100 per cent accurate is the March 1996 outturn and the March 1996 outturn is being shown as being £2.4 million.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the hon Member will give way. Could I just say to the Leader of the Opposition that I have full confidence in the figures that are in these Estimates but I do not have available to me all the prior year accounts but I will be happy to look into it once we have adjourned for this evening and we will come back to him if there is something in it.

HON J J BOSSANO:

Mr Speaker, I am afraid I am not sure. The point I am making has nothing to do with all the prior year accounts. I am talking about the figures that he has produced in this House and the figure that he has produced in this House is that in the year ending March 1996 there was a surplus of £488,000. That surplus is not shown but it is obtainable by taking from that same book the total revenue and the total expenditure which is the fourth column on every page. If we go to page 3 and we look at the actual revenue 1995/96, it says at the bottom of that column that the actual revenue was £71,971,000. I am assuming that that is correct, I am not assuming that that is wrong. And I am assuming that the expenditure summary which is on page 8 which shows £53.133 million from the appropriation and £18.349 million Consolidated Fund charges producing a total of £71.482 million is also correct. Having taken it for granted that those figures are correct, I have subtracted one from the other and that leaves me with £488,000. But £488,000 will not produce what page 2 says is the Consolidated Fund balance of 1 April 1996, it cannot because in the audited accounts that have already been tabled in this House, the figure for the preceding year is £1,073,956 and if I add £488,000 to that I do not get £2,443,000. It is not a question of going back many years, I am talking about one figure for one year and what I am saying is in fact that that would have been possible for me to establish beyond any doubt if in fact this year we had had included, as in every previous year we have had included, the summary of the Government assets and liabilities at the end of the preceding year which is, to some extent, reflected in that fourth column that I have been quoting but it is not complete because it does not give us the balances at the end of the financial year in all the other Special Funds. The year that has just ended therefore has either in the Consolidated Fund a small balance of under £600,000 or is actually in the red and in the course of the next 12 months the Estimates show a surplus of £7 million. The Chief Minister has already acknowledged that in fact that is

due to the decision to retain the Social Assistance Fund, which we welcome, but of course if it were treated with the same methodological approach to recurrent spending then really the recurrent spending this year is £6 million higher and really it is £1 million surplus and the reserves at the bottom line would be £6 million higher. So the effect would be that the dissolution of the Special Funds would be £17 million instead of £11 million. The bottom line does not change but of course we are looking at recurrent expenditure and in assessing the recurrent expenditure the only saving grace really, as far as.....

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the hon Member would give way. Just on this question of whether the balance being carried forward is correct. Of course, the confusion between us may be that in fact what the hon Member is not doing is adding it to the balance for the Consolidated Fund at the start of that financial year. So one has got to take the balance at the start of the year, the income added to that year, the expenditure in that year and then that produces the balance. I think if the hon Member was to do that he would see that it is £1.9 million, it started a balance at the front of the end of the year to which one adds £0.5 million which produces the £2.4 million. But I do apologise if that was not clear from the forecast outturn that we have presented.

HON J J BOSSANO:

Mr Speaker, where does the Financial and Development Secretary get the £1.9 million from?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am just looking at a set of the draft accounts to be published for the 1996/97 financial year that have not yet been published because they are still awaiting completion of the audit and that shows just in rounded figures a balance at the start of the year of £1.955 million to which one adds the figure that the hon Member said of the difference between £71.9 million and £71.48 million. If one adds those two together one gets the balance carried forward of £2.4 million. So I have absolute confidence in that figure.

HON J J BOSSANO:

Mr Speaker, I do not know what the Financial and Development Secretary is quoting as the £1.9 million but I am referring to the audited accounts 1994/95 and therefore the 1995/96 addition I am adding to the figure that is available. What he is saying is that in fact at the beginning of 1995 there was £1.9 million, is that correct? It is not information that is available in anything that is here? *[Interruption]* Yes, it has always been, this is the point I am making. There was always a statement.....

HON CHIEF MINISTER:

I beg your pardon. I think the starting point on page 3 has always been the opening balance as carried forward at the end or at the beginning of the financial year in question. This idea that we go back, how many years, I have not seen that. I have got the previous year's Estimates here and it does not appear there.

HON J J BOSSANO:

Mr Speaker, we are not going back 100 years, I am going back 12 months. The Estimates for 1996/97 presented in this House contain a statement of assets and liabilities which explains what was the result of the Consolidated Fund at the end of the preceding year based on audited accounts. That, which were the first two pages of the estimates....

HON CHIEF MINISTER:

What have assets and liabilities got to do with the opening balance of the Consolidated Fund?

HON J J BOSSANO:

If the Chief Minister were to look at page 3 of the Estimates tabled last year by him but prepared by us. *[HON CHIEF MINISTER: Tabled by the hon Member.]* Well, tabled by me originally and then re-tabled by him after the election. This is the book that was tabled by this Government here and it contained on page 3 what it used to contain every year; Statement of Liabilities at 31 March 1995 and there it says, Consolidated Fund balance in April 1994, £2.1 million. It then shows

deficit for 1995, £1 million and it says Consolidated Fund balance in March 1995, £1.073 million. Therefore if that was the position in 1995 the surplus achieved in 1995/96 must be added to that. How else does one do it? If we look at page 5 last year, which is the equivalent of page 3 this year, he will see at the top of the page £1,073,956 which is the equivalent of £593,000 this year but the £593,000 is not explained but the £1,073,956 last year is explained. It is explained by going to the bottom of page 3 and there we find where it comes from. In the absence of page 3, in looking at the £593,000 I then go back to the balance in 1996. Therefore if the balance in 1995 shown here is £1 million and the balance that we are being asked to look at in this House today is £2.4 million then I want to know how the £1.4 million got there. I am not going back 100-odd years, I am asking a question about a document that has been tabled today for debate in this House.

MR SPEAKER:

I do not think this is a question and answer session.

HON J J BOSSANO:

No, it is not a question and answer session but, Mr Speaker, this is the first figure on page 3.

MR SPEAKER:

That is the point you are making.

HON J J BOSSANO:

Yes, the point that I am making is that if the first figure on page 3 is wrong and I cannot for the life of me understand how it could be, but it appears to be, then it seems to me, I am not going back hundreds of years, it seems to me a perfectly legitimate function which ought to please people who want to be scrutinised, that is what I am doing, doing the job I get paid to do, scrutinising it. They do not seem to be able to understand that. It is no good saying that we are going back 100 years because I am not. If in fact we look at the projected position at the end of the current financial year, then of course we have got a balance after this year's operation which based on the methodology of putting all the recurrent costs against all the recurrent revenue and not having any

money going into any Special Fund really shows that the Government are saying to the House that of the money they expect to be collecting this year, they need approval to spend a sum of money which taking into account what is being spent in the SAF effectively means a balance of £1 million and that £1 million is either going to produce £1.593 million if the £593,000 is right or if the £593,000 is wrong and we have a minus to start off with, it is going to produce a figure of £802,000. When we move further down then we have this decision to dissolve all the Special Funds and to transfer the money into the reserves and to make use of them. The effect of that, and I will come back to the wisdom or otherwise of dissolving all those Special Funds, but going down that route the figure would then be either £13.9 million or £13.1 million, depending on which of the two at the beginning is correct. What are the implications of that position? Well, the implications of that position are that given that now there are no rainy day funds or anything else, the total transparent reserves of the Government which we are being asked to consider prudent, is a Consolidated Fund balance of between £13 million and £14 million, assuming the accuracy of everything else, it could turn out to be much more rosy because expenditure has been over-estimated and revenue has been under-estimated but I am working on the basis that this is correct. If we compare that, not with the situation that was inherited in 1996, which the Chief Minister has asked us to compare it with, but to the position that was inherited in 1988. Here we are looking ahead to March 1998 and how does March 1998 compare to March 1988; 10 years earlier and with what we inherited to see just how better off or worse off the finances are today? Well, the position is that the prediction for March 1998 is that the general revenue reserves of the Government collectively will be £1 million less than in 1988, that is what these figures show. In 1988 the Government had total reserves of £16.44 million. This produces total reserves of just over £15 million, £1 million less. If £1 million less than in 1988 is a prudent target all I can say is that we did not think those reserves were good enough in 1988 and in 1988 the personal emoluments of the Government were £20 million and the pensions charge on the Consolidated Fund were just over £3 million and today the pensions are £9 million and the personal emoluments £33 million. Those are things that cannot be avoided. If one decides to spend £1 million on advertising, well at the end of the day during the course of the year if the money is not coming in one just advertises less but of course if we are appropriating £33 million on personal emoluments, other than the explanation that we have been given that if now we are voting money for people who do not exist and

who are not going to exist which seems an odd thing to want to do but that, as I understand it, is what we are doing but of course, however transparent the Estimates may be they are not so transparent that we can actually see whether the body is there or not. So when we have looked at the complement and we have looked at the money what we have seen is that the money coincides with the bodies, it did not always happen in the past. When Estimates were brought to the House before if there were posts on the complement that were unlikely to be filled the appropriation in the budget was cut. If there was a job that was going to be filled in December we did not ask for money for 12 months, we asked for money for three months. Quite apart from anything else, assuming the Government are interested in controlling public spending which they say they are, is that it is much easier to control public spending if one has got the money there for three months than if one actually produces money for people who do not exist at the beginning of the financial year because then that money is there and as the Chief Minister pointed out last year, there is no problem in viring money from one subhead to another subhead and making use of it to finance unexpected overtime or whatever. So when we analysed the Estimates, of course what we saw was that the personal emoluments were going up from a forecast outturn of £30 million to just over £33 million, part of which may not be additional spending because in fact it was coming from a saving elsewhere but even the figures, the 11 people who were previously paid by the ETB or Mr Canepa who was previously paid by the GIB, I do not think that brings us very near to the £33 million. We are talking about, I think, the biggest appropriation change in personal emoluments from one year to the next, certainly in all the 25 years that I have been here. The position in the budget provided in 1996 was £29,387,000. The outturn of £30.4 million I think is accounted by the normal movement in the course of the year both in movement up the salary scales and of course in the pay review plus the addition of some jobs which have not been listed in the list we have been given today of who is going to be employed like of course the media representative who came in during the course of last year, the media expert that the Government have got. But that is part of the £1 million increase but a £1 million increase between the estimate at the beginning of the year and the outturn at the end is not an unusual change, that is why we put £1 million in supplementary funding for pay reviews. In fact, if we look at the personal emoluments actual for 1996 it was £29,017,000. Therefore the provision in last year's budget over the preceding year was £380,000 and that is the way the budget has tended to normally

move. That is to say, that within the estimating for personal emoluments from one year to the next since, for example, the pay reviews come in during the year but then at the beginning of the financial year one is financing a full 12 months of the increased pay, it is normally based on the actual result of the preceding year plus a few hundred thousand pounds. Well, the increase we are providing this year is 10 times the normal and 10 times the normal is not consistent with the explanation that we have been given of the approach of the Government to provide a limited additional manpower input in terms of the size of the public service. When we have looked at the Estimates to try and understand what is actually taking place, what we have seen is that in fact the old and the new complements show 18 AAs which is the bottom layer of the system but it shows an increase in top management. It seems peculiar to us to introduce improvements into a system where one has more chiefs and less indians and.... *[Interruption]* No, we did not get rid of the indians, we got rid of the chiefs, but the Government are putting more than there were there before, Mr Speaker, that is the problem. The problem is that when the Government list all the contracts which are now being done he does not seem to understand that if there are people in Lyonnaise they are the chiefs who used to be in the service before and are now in Lyonnaise still being chiefs; and that if there are public services being contracted out the monitoring of the delivery of that service is one thing but the actual management role has gone. So we have now got a ratio of grades at the top to grades at the bottom which is higher than it has ever been before assuming, of course, as we have assumed, that all the posts in the establishment are intended to be filled. If they are not intended to be filled then until we know which are filled and which are not filled we cannot be sure whether the Appropriation Bill that is before the House is in fact a reflection of what is actually happening in the Government.

Mr Speaker, the position therefore as we move forward is that unless we have got a level of spending which is not going to materialise and therefore levels of reserves which are going to be higher than shown in a non-changing situation just to keep an unchanged position on public spending at this level relying on a Consolidated Fund reserve as the only reserve now left, would mean that in two years the requirements of the Social Assistance Fund would be enough to leave us high and dry, with nothing left. That is an extraordinary situation to be in after the efforts of eight years to build up a stronger fallback situation than the one that existed in 1988 because we thought in 1988 that that position,

which historically reflected a Gibraltar economy with a very strong MOD presence where one could in fact in looking at one's income for the next year one could actually say down to the last penny how much money one was going to get because it was MOD-led. When we are talking about a private sector-led economy, as we both are, Mr Speaker, if the figures that I am quoting are not there then all I can say is that that is what has been distributed and what we have been looking at for 28 days and what we have been looking at for 28 days is a position where at the end of March 1998 there will be £1 million less than there was at the end of March 1988.

HON CHIEF MINISTER:

If the hon Member will give way. What does the hon Member mean when he says relying on the Consolidated Fund reserve being the only reserve now left when he has already heard me say, whatever reserves are now left are £5 million higher than the reserves that he left me? So what does he mean by reserve now left as if some reserve has disappeared into a black hole? The reserves have increased; it is true that they are now in the Consolidated Fund whereas before he used to hide them in Special Funds and in the Savings Bank reserve but the reserve is still there; the reserve has not been depleted; the reserve has increased. So what does he mean when he says the only reserve now left, giving to understand that before there were more reserves which do not exist now? Another thing is whether he likes the idea that this coming financial year I am going to spend some of those reserves but this is looking into the future. The reserves that he left are intact and have grown.

HON J J BOSSANO:

I will give way to him if he feels he needs to interrupt, Mr Speaker, but in fact he does not listen, he gets worked up and he does not listen. I said in March 1998, and we are not in March 1998, we are in 1997; I said in March 1998 on the basis of the Estimates that are being put to this House by him, in March 1998 he will already have put Gibraltar with £1 million less than there was in 1988 in its reserves, that is all I am saying.

HON CHIEF MINISTER:

Yes because I may be spending £20 million of it, absolutely right, so what?

HON J J BOSSANO:

Well, OK, so what? Mr Speaker, he is entitled to say so what and I am entitled to question the wisdom of doing it.

MR SPEAKER:

You cannot interrupt unless you ask for permission.

HON J J BOSSANO:

Mr Speaker, he has put forward a case in which he finishes saying that this is the right balance of what is prudent. All I am doing is exercising the right that I have got to question the judgement of how prudent he is being and I cannot understand why he wants to be so transparent, to give us more information and then he gets so hot under the collar when anybody questions that he may not be infallible and that he may have got it wrong. I am not accusing him of hiding it, taking it away; all I am saying to him is if these figures prove to be right and they may be, in fact, as he indicated which of course changes the analysis, they may be cautious in both directions. They may be cautious in assuming no improvements in revenue, although he qualified that afterwards. He qualified that afterwards when he said that he was being cautious in revenue estimating what he meant was that the revenue would probably be higher than estimated as a result of the Arrears Unit. Well, if in fact the revenue is higher as a result of the Arrears Unit then that improvement will reflect in these figures in the future but that does not still explain how it is that there is no anticipated improvement generated by any of the economic activity that the spending of the Government is supposed to be bringing about.

We have heard very little from the Chief Minister about what is going to be done in relation to the MOD cuts. I expect the Hon Mr Montegriffo intends to tell us more about that. But one thing is obvious, they certainly do not believe in the methodology of Deloitte Touche, that is obvious from these Estimates because Deloitte Touche produced all

their calculations on the premise that if the MOD reduced their spending by £28,000 the economy lost one job; and if one used £20 million of reserves and spent them that has the same impact in terms of induced and indirect employment as if the MOD spent £20 million and if one divides £28 million by £28,000 that is an awful lot of jobs and that is not reflected here. So what we have here is no assumption of growth in the economy. I know that sometimes hon Members used to say that we were judging the growth of the economy by the effect of Government revenue. Well, that is a perfectly legitimate way to judge it and a lot of people do it and given the fact that at least now he knows that I was not keeping from him employment statistics because he is getting them at the same time as I used to get them which is at the same time as he used to get them and presumably it will be the same time as I will get them as well, but I can tell the Chief Minister that if there is a way of improving the accuracy or the production of those statistics that is good news. But what was done by the Tax Office was an improvement on what was there before because at the very least one thing that is clear now is that the figure we get of people employed is based on the figure of people who have actually paid tax and there is no question about that figure being wrong. Whereas before it was based on employers' filling in a questionnaire and those employers had to be chased lots of times and in any case it did not always mean that what every employer put down on the questionnaire was always accurate whereas what the employer actually sends on the P8 to the Tax Office, which is the basis of the new Employment Surveys, there can be no doubt about the accuracy of that. But I accept that it does mean that has got to wait until the P8s are in. So we thought that gain in accuracy was worth it given the fact that before there really was absolutely no way of cross checking that information against any other source whether it was the ETB, the Social Insurance or the Tax Office or anything else because we were getting a source from surveys which actually disagreed with every single other estimate made from every other single source. Certainly, if the figures that had been quoted showed a slight increase in the totals, then we can be sure that that is happening because those people are paying tax. But the point I am making, of course, is that there is no indication here that the spending that is taking place will have an impact on employment levels and on economic activity and on revenue yields and on import duty which would be consistent with putting that extra money in the economy.

I will return to the question of the dissolution of the Special Funds and the fact that the Chief Minister got so upset because I said it is the only reserve they have got. Well, it is the only reserve they have got because, of course, one of the things that they have done with which we totally disagree has been to eliminate the Sinking Fund. The Sinking Fund, and indeed some of the other funds which have been dissolved, were not introduced post-1988, they had been there for a considerable time and there is a reason for those funds being there. The reason is quite obvious, if we look at the audited accounts every year we find against every loan a provision which is in fact amortising that debt as one gets nearer to the maturity date so that when the maturity date arrives one does not have a loan of £50 million that one has to pay back which in the absence of the Sinking Fund one has to pay back out of the Consolidated Fund. There is not £50 million in the Consolidated Fund and it is not expected to have £50 million in the Consolidated Fund but if there is a Sinking Fund for the £50 million then one says, "If I have got 10 years left to pay that loan I put £5 million in every year and then, of course, the interest of that £5 million gets put back". That is how it has always been done, we did not invent it. What we did differently, which the Government do not agree with, and we did not do it in order to deprive them of information or to deprive this House of appropriation, we decided that since the money that had been borrowed had been used for capital investment to generate activity which was commercial activity, we would try and match the repayment of those loans from the income streams generated from business activity like corporation tax. So we said, we will put the corporation tax into the Sinking Fund so that if we are investing in capital projects we try, conceptually, to have the equivalent of a commercial relationship between where the money from the loans are being put and where the money to repay the loans is coming from. The fact that the Government want to show it in the Consolidated Fund need not have stopped them from leaving the system on the basis that the company tax came into the Consolidated Fund and then the Consolidated Fund put money into a Sinking Fund which is in fact something that was happening previously in relation to debts which were repaid before. It is no good saying, why am I saying the only reserve is in the Consolidated Fund? Well, because in 1988 and since 1988, in our time and before our time, the general reserves of the Government were considered to consist of the Consolidated Fund and the Sinking Funds and if the Sinking Funds do not exist then one cannot compare the Consolidated Fund in March 1988 and 1998 without looking at the Sinking Fund in 1988 which was then described as part of

the general reserves of the Government in the audited accounts of that year and the same is true of the Improvement and Development Fund. So the calculation that I have done in fact is to look at the general revenue reserves March 1988 and March 1998 on a like for like basis and on a like for like basis we are £1 million down at least. If we look at other areas of the dissolutions and the transfers of the Special Funds, well the Government said the Coinage Fund has been done away with because we created a Coinage Fund, well the House was not being deprived of appropriating money from the Coinage Fund, no money was ever used. All the money that was generated by the decision to issue Gibraltar coinage has all been there since the day it started. There was a total in March 1997, which is shown in these Estimates, of I think it was £2.8 million and that is all the money that came into the Coinage Fund after meeting the operating costs without the money being used for anything else. So it is not that that money was not there as a reserve, of course it was there as a reserve and it could be made use of but this is not being made use of in a case of particular need. I can tell the House that when we first issued circulating coins in Gibraltar the advice that we got was that there was no requirement in the law to match the number of coins in circulation with an equal reserve of money as there is in the case of notes but that most jurisdictions thought it was prudent to have some reserves. In the case of currency notes we are required to have 110 per cent of the notes in circulation, 10 per cent more in reserve than there is in circulation. So that if we have got £10 million in circulation we have a reserve account of £11 million. In the coins there is no legal requirement but we were advised that it was prudent to have some reserve. Theoretically people who are using Gibraltar coins as opposed to using Gibraltar notes have got the same right to turn up tomorrow and say, "I want my money in sterling" and one has to replace the coins with sterling the same as one has to replace the notes with sterling; whether it should be 50 per cent of the coin issue or more or less is a matter of judgement but it is certainly not prudent to have no coinage fund backing the coin issue, that is not prudent, it is permissible and it is legal but it is not prudent. The Government are not only using the profits from this year's issue of coins but the profits from every year's issue of coins since coins started to be issued because we never touched one penny of those profits. So if the Government choose to highlight the revolutionary character of the changes let us be clear that not all those revolutions are revolutions that we think are particularly wise but we do not reject for one moment that they have got absolutely every right to do it if that is what they want to do. If that is

what they want to do then we have to say that we think it is part of our job to point out that there was logic to some of these things and that therefore wiping them all out on the basis that if they were done by the GSLP by definition they must be bad and therefore they must be eliminated, it does not necessarily follow. Certainly the level of information that is being shown is one that was not there not just recently but ever and it may well be that the way that we do our accounts here does not follow the way they do their accounts in the United Kingdom, it probably follows the way they do their accounts in every other colony, I would imagine and that is where it came from. Certainly when we came in we did not invent the telecommunication fund, the telecommunication fund was there. The difference is that we could not have dissolved the telecommunication fund in 1988 because it was £1.5 million in the red so it would not have done us much good dissolving it. The difference is that we put the money not just from the investment that had been made by the previous Government, which was producing a return to that fund, but from the investment that we subsequently made with Nynex into that fund on the basis that it was a fund that was available if we ever wanted to make use of it and, in fact, the provisions of the Ordinance say that if there was money over and above what was required for that fund, that fund might have given us the possibility of investing in telecommunications if that was something that we wanted to do. But the money that was in that fund was money that is not going to be there in the future because it has been transferred into the Consolidated Fund and it is intended to be used in the Improvement and Development Fund. So each of those moves leads to the conclusion that having everything in the Consolidated Fund reserve is not necessarily such a good thing from the point of view of the prudent management of the public finances. It may well be that the Chief Minister feels so strongly that it is something that we should have to vote in this House every time we spend a penny that irrespective of any other consideration that is how it should be. The position therefore in terms of the public debt and, Mr Speaker, after the 1995 budget we were accused of creating a debt which would be a millstone around the necks of future generations of Gibraltarians and shortly afterwards, given that we were not able to persuade them by reference to the accounts that it was not such a millstone, we decided to use the £30 million in the Sinking Fund to repay the debt to show that in fact we had been conscious of the need to make provision for the future so that it would not be left to fall on the resources of one particular year to have to meet debt repayments. Well, that is where we are going now and I

really feel the Government should think seriously about the wisdom of not having any Sinking Fund whatsoever of any description for the debt that was there from before and for the debt that they have already taken on and for the debt they propose to take on and, certainly if we look at the Improvement and Development Fund it is quite obvious that this level of expenditure would not be repeatable after 1998 without substantial borrowing, unless the millions of tourists pouring across the frontier which the Statistics Office calculate are spending hundreds of millions of pounds which means that they can no longer just be buying cheese, as the Chief Minister said during the election campaign, unless we are importing hundreds of tons of cheese; unless that is reflected in huge increases in revenue for the Government then any capital investment will require more debt and to go into more debt without a provision for setting aside money for the repayment of the debt is not a wise thing. In terms of the recurrent expenditure, the problem that we have with the presentation that has been given is, in fact, that whether those £3 million extra on personal emoluments are there or not there, makes a very significant difference to the result and not only this year. If we are talking about the cost of the public service being 10 per cent higher one year, this is only the beginning, we all know people are on salary scales, the salary scales have got annual increments, it then leads to pensions and the pension bill already is £9 million. The Government will find that when we look at this we will look at these Estimates or any other Estimates on the basis of asking ourselves which is the way we would tackle this and if we feel that what they are doing is, in fact, taking a risk that we do not think is wise, then we will give the benefit of our advice which they can take or disregard.

Therefore I want to respond to what the Chief Minister said about having been in Government when the decision was taken to close GSL as an operation. If I think about it I would not want to reopen it because of the risk that people working for a Government company would somehow not be as market orientated as they would be if it was a totally privately owned enterprise. I think that there is an element of that but it is a matter of degree. It does not always hold true and it does not always hold to the same degree. I do not think, for example, anybody can question that the performance of JBS compares with that of any private construction company in Gibraltar and many of the people in JBS are ex-GSL who opted not to take redundancy. Everybody at the time of the yard closure, everybody had a commitment given to them that they could either take what were very generous redundancy terms by

comparison with any other employer; two years pay for eight years service was paid to every worker, or he had to accept alternative employment in what was available because we were talking about a situation where we had 600 people working in that yard and it was not possible to keep 600 people working. The nature of the business meant that it is not like the yard was in 1996, Mr Speaker, when we had 100 industrial workers and a back-up of 300 or 400 when the three dry docks were full. We had a situation where when the three dry docks were full, the 600 were employees and when two dry docks were full one-third of the workforce had different work to do. I do not think the yard could ever operate with a direct labour force anywhere near the size it was up to 1992. I think the nature of the market does not permit that kind of operation. But I have to say that even when it was closed in 1992, frankly it was not that the people were not responding. I do not think one can say that even the position that Kvaerner tried to impose on people was a reflection of people's lack of commitment to work. The fundamental thing was what does one do when there is no work? Really what Kvaerner was saying was, "when there is no work I send you home and I pay you but then you have got to come and do those hours free when there is work". The nature of the shiprepairing business may be one that provides fluctuation but nobody else in Gibraltar is required to work on that basis irrespective of changes in supply and demand for their labour and that is a very serious route to go down on to take a position like that. Certainly with 600 people there is absolutely no mileage but we sincerely believe that the Government will have the greatest of difficulty in getting somebody in to take over the yard with no Government involvement and we believe that the longer the yard is closed and out of the market the more difficult their job will be. That is what we believe, having been through this scenario twice ourselves involved directly with the Naval Dockyard closure, the A & P Appledore closure and then the need to close GSL and bring in Kvaerner in 1992. So the answer is that we believe that the only way forward really is to try and come to an understanding with Kvaerner that they depart now and not in April next year, try and do a commercial arrangement on whatever it is that needs to be done on the basis that they are complying with the notice but not complying in a way that is satisfactory; and for GSL to come in in partnership because they will need a partner to bring in work from outside, but we are actually losing opportunities of limited shiprepair work which was being done prior to Appledore coming in. The Blands Shiprepair Yard at the Rotunda, without dry docks and without wharfage, sending workers out to ships tied in the bay was able

to generate enough routine maintenance work to keep 80 people employed. They went out of business because Appledore came in with a Government subsidy from the United Kingdom and took the 80 jobs away from them and their clients away from them and those were the ships that were done not in dry dock but alongside. So that, Mr Speaker, as far as we are concerned, the reason why having been involved in closing the yard when it had 600, we are now proposing that that is the route and we, of course, will see whether in fact when we come to the Improvement and Development Fund whether there is a token figure there, the Government will be in a position to tell us something more about what they think is likely to happen with the possibilities of restoring shiprepairing over the next 12 months. We are going to be voting £100,000 for that purpose, I take it. Equally in the Improvement and Development Fund we have a number of references to Konver Projects which presumably we will be able to get some extra information on because we have had no indication that there is a strategy for the next 12 months to deal with the MOD or indeed an evaluation of the impact on the Government finances which obviously is not going to be the disaster painted by Deloitte Touche but which nevertheless every single person who loses their job in the MOD is one person that will look to the Government for a way forward and which will be one less contributor in helping Government finances in dealing with other commitments in the provision of public services. So if the Government already have some notion, which is certainly not anything that has been said until now, we would expect that it will be either said by the Minister responsible for economic development or when we come to the Improvement and Development Fund and we look at the specific provision that the House is being asked to vote on for those particular Konver Projects or re-training projects, if any of them are intended for potential redundant MOD workers.

Mr Speaker, the bulk of the contribution of the Chief Minister in asking the House to support these Estimates has been dedicated to explaining to us the changes in the presentation. As I have said at the beginning, as far as we are concerned, having looked at the presentation we do not think that the requirements that Gibraltar has in terms of a sustainable economy can be simply put right by presenting the information in a different way from the way it was presented before and that is really the most important issue that we are here today to vote on. We do not agree with some of the things; we do not think it matters with some of the others but at the end of the day what we have been presented with

is a summary of the finances of Gibraltar which grew substantially in terms of reserves between 1988 and 1996, which continued to grow after the election and which are destined to decline from now on. That is what these figures show and they are destined to decline because the Government, in the appropriation that they are seeking, are using everything from dividends from Nynex which has never paid dividends before, it is the first time they are paying, so it is a dividend based on their performance since they arrived; to the profits from the sale of coins, to all the accumulated profits of the coins, to all the money in the Gibtel fund, and after all that, what we have is an assessment that the economy hopefully will start performing better in the future on the basis that at least there is common ground in one thing, that we all agree that the sustainable economy that is required has to be an economy led by the private sector and cannot be led by the public sector. If the public sector is in the market for labour as well then that is a factor that cannot be ignored. So we believe that our political survival requires that there should be a sustainable economy and that one cannot talk about a sustainable economy without talking inherently in that sustainable economy about sustainable Government spending. So Government spending for us is not something that we can look at simply on what is going to be spent in 1997/98 and can the Government afford it? They can barely afford it this year on the basis of everything that they call recurrent revenue and everything that they call recurrent expenditure. If realistically we are talking about collecting £117 million and spending £116 million, that is a wafer thin margin between the income and the expenditure. We are all agreed that although the £6 million that have to come from the SAF is not shown there, next year it would have to be put in. Next year there will have to be a vote. If we look at these figures and we said to ourselves, "Suppose we are now in 1998 and we have got in front of us what is going to happen in 1998/99 and it is a repetition of this year" there is no doubt, the Chief Minister himself has said that in those circumstances, he said, "I have to sound a word of warning, a caveat, there would have to be an extra £6 million there". That is the real position, it does not alter the bottom line but of course I am not talking about the bottom line, I am talking about recurrent revenue and recurrent spending. If we say to ourselves, "Can this be done next year and the year after that?", the answer is, "No, it cannot be done next year and the year after that. Either expenditure will have to come down or income will have to go up". That is what we are saying. Therefore that is not sustainable Government spending and in an economy that has to rely on the performance of the private sector to finance the expenditure

of the Government, and where the private sector, irrespective of everything that the Government may do in advertising, globe trotting, in images, or whatever, if they have not got a product that happens to be able to hold its share of the market in a market that is competitive and the position is that the private sector is not able to grow at the pace that is required or is prevented from growing at that pace because the Government have said that the financial services industry is simply coasting along and that we will have to wait and see with the passporting; when that is achieved whether that produces a take-off of the industry. Well, in May last year passporting was not important in the debates we had in May last year, we were being told that Jersey did not need passporting, the other did not need passporting and they are all flocking there so it is not a question of passporting, it is a question of image. So presumably if the image is now all right then the passporting now is not all that important. We think it is important and we think that passporting is a commodity that has got a value that cannot be marketed and sold and a value that other people cannot compete on with us. But if that does not happen then that is where the reserves of the Government have to be available and it may well be that we have to take into account not just that a small economy with a private sector dependence of necessity has to have big reserves, they do in all the other small jurisdictions but that in our case if on top of that we are all in agreement that in spite of everybody's efforts our neighbour can put a spanner in the works, again there is another reason for wanting and looking to a strong position of reserves as the effective safeguards to maintain employment, to maintain public services and to maintain economic development. Therefore all I can say, Mr Speaker, is that in the period that we were in we saw the surpluses generated by the Government's economic activity and the investment in the private sector generating new revenue sources and we thought the best thing was to not use that revenue to meet recurrent expenditure partly because the continuity of that revenue could not be guaranteed. If we look at the figure that there was in 1988 and what happened over the years, that is what enabled us to build up within different Government funds cash balances which permitted the Government to give £15 million every year to Community Care and which allowed Community Care to finish up with £63 million in cash which could have been kept within the Government Special Funds as Government reserves which enabled us, prior to the election, to use £30 million in the Sinking Fund to repay the debt which we could have chosen not to repay and left £30 million. Of course, as far as we are concerned, if we had left that £90

million the Chief Minister would now have dissolved all those funds and have another £90 million on top of the £40 million that he said he inherited to give him the £130 million he wants to have to spend. So therefore.... *[Interruption]* No, Mr Speaker, the comparable children's fable is not the squirrel, it is the ant and the cricket and I am the ant, building a nest for future generations, and he is the cricket fiddling away and spending all the money; he is planning to spend it, he has not spent it all but he is saying he sees nothing wrong with doing it and we are trying to persuade him that there is and therefore, frankly, I wish I had been more ingenious in ring fencing more so that he would have had more obstacles in spending this money and then when the real crunch comes and when we find that we have serious, serious problems which fortunately until now frankly has not happened; we have got problems which, taking into account our size, taking into account the limitation, the practical non-existence of our resources other than our geography and our climate, we compare favourably with the problems facing other peoples in other parts of the world irrespective of who is in Government. Therefore, we approach this on the basis of being constructive and critical which is in fact something that should make them very happy because that is what they keep on saying they are being so transparent about. In some cases they are so transparent that they become invisible, like all those jobs in the complement that are not going to be filled. But if there were no doubt about the accuracy then we can only describe the effect on the future of our economy and the policy which is going to be implemented over the next 12 months in one sentence, Mr Speaker, never in the history of Gibraltar have so few spent so much in such a little time and on top of it expect to have so little to show for it. We will nevertheless support the bulk of the Appropriation Bill.

HON K AZOPARDI:

Mr Speaker, there are obviously some points that the Leader of the Opposition requires a reply to and indeed deserves a reply to. I do not intend to reply to those particular points, I will leave that to the Chief Minister.

After the overall exposition that we have heard on the budget from the Chief Minister and the general reply from the Leader of the Opposition, I think mine is the first of what will be now the departmental explanations of the use to which we will put the money voted in the Estimates. I have to make a general observation before I commence with the description

of what we intend to do, certainly within my Ministry of the Environment and Health. We were voted in with an ambitious programme, certainly an ambitious programme insofar as what we wanted to deliver to the people of Gibraltar, a difference in the quality of care that they were receiving in health, a better administration and environment, but the delivery of what we want to achieve certainly personally, I feel is tempered with the realisation that for the first 12 months at least we have had to dedicate some substantial amount of time to a degree of restructuring which has been necessary to lay the foundations for the implementation of what we said we would do in the manifesto. Certainly that degree of restructuring has been done with the co-operation and commitment of the loyal staff that we have in the civil service and it is a true tribute to the professionalism of that staff that we have been able to achieve that degree of fundamental discussion on restructuring that we intend now to progress.

I say our programme is ambitious, it is certainly ambitious in a health sense. The approximate expenditure that I outlined in the health field in the last meeting of the House in the Question and Answer session, was about £22.1 million for 1996/97; we expect to spend just over £22.8 million by the Gibraltar Health Authority this year. That is a relatively modest increase. I know that the Leader of the Opposition has been talking in global terms but insofar as health is concerned, this is a relatively modest increase compared to the budgetary increases that we have seen over the last eight years or so. We think that that budget properly administered will allow us now to implement the Review Team's Report and indeed provide the basis for the plans we want to put in place.

We were elected on the basis that we would conduct a health review. The fundamental question that was facing us last year was, was the Gibraltar Health Authority working, it was created by the Gibraltar Health Authority Ordinance back in 1987 as a result of reviews in 1987 into the administration that led to the creation of the Health Authority and into nursing in the Hill Report in 1986. The fundamental question we faced was, because of all the criticisms that had been laid at the foot of health care in Gibraltar was the Authority and the structure envisaged by the 1987 Report working? That was the fundamental question that we tasked the Review Team to examine. We certainly did not want the Health Authority to become merely an empty statutory vehicle which was not fulfilling its functions. When the Bill creating the 1987

Ordinance was put before this House it was introduced by the mover of the Bill then as a Bill that would free the Health Authority from the shackles of the civil service, his words not mine, and the conclusion really that we were trying to address was, had indeed the intentions behind the Health Authority Ordinance been fulfilled, and indeed had the statutory duties that the Health Authority are tasked with performing been effected? Certain things were indeed obvious from a simple reading of that particular Ordinance. The Ordinance creates a structure and creates a Management Board, for example, and a particular section, I think it is section 5 or section 6 of the Ordinance, says, "that it shall be the duty of the Authority to employ a Finance Officer, a Personnel Officer, a Primary Care Manager, a Hospital Manager" and so on. When I say certain things were obvious, they were primarily that. While that was the duty of the Authority and indeed the reason behind that duty was so that it would create an efficient structure which could then administer the policy and manage the Health Authority efficiently, for many years the Government were in breach of that statutory duty by not employing a Primary Care Manager or a Personnel Officer and so on. The view the Government take, certainly when approaching this matter, is that if there is a statutory duty it certainly is not acceptable for the Government, and I say the Government because the Minister is the Chairman of the Health Authority and indeed politically accountable in this House and indeed to the electorate, to be in breach of a statutory duty created by that Ordinance or indeed any Ordinance. So that is the frame of mind that we approached the review situation with, we tasked the Review Team to have a look at fundamental questions as to the structure and efficiency of the health care system. The Review Team was commissioned in July, and I said this in my last intervention in the House in the budget in July 1996, it reported back in November and after substantial consideration of the Review Report and its recommendations, the Review Team's Report was made public by me in January this year with indeed a note which I called the implementation strategy of the Government for the first 15 months which describes precisely what we intend to do, at least till the end of the financial year 1997/98, in other words, this financial year. We welcome the Report, indeed it includes a lot of recommendations, 98 recommendations. They are broad-ranging, they are from a fundamental structural nature which criticises the administration and suggests alternatives right through to relatively minor net issues which have nothing to do with the structural recommendations such as, for example, reviewing the mental health legislation or perhaps refurbishing

the mortuary area, there are very net issues that can be tackled in isolation with the degree of change that is required to make the structure more efficient. Certainly we approached it, having welcomed the recommendations, having seen that we would implement generally a majority of those recommendations, we thought there was a need to produce an implementation plan and we did so saying exactly what we intended to do. I do not think it is possible to go through the 98 recommendations or indeed appropriate at this stage to do so, but I think it is pertinent to outline a couple of paragraphs that the Review Team highlighted in their preface to at least mark, for the purposes of this debate, the degree of change that was envisaged by the Review Team's Report and the issues that we were confronted with that had to be implemented. I will read a couple of paragraphs, Mr Speaker, if you will allow me, from the Review Team's Report.

MR SPEAKER:

I will allow you so long as the others allow you.

HON K AZOPARDI:

Yes, I am sure hon Members will not have difficulty with me doing this. The Review Team concluded, in its summary of a conclusion, and I read from the Report, "Expenditure on health services in Gibraltar is now about £22 million per annum. It has grown so at a considerable rate over the past few years and threatens to continue doing so. Whether or not Gibraltar receives value for money for this relatively high proportion of GDP is not at all clear since the facilities for assessing performance in the Health Authority are poor or non-existent. It seems likely, however, that there are significant areas of inefficiency within the health services and that the way ahead should not consist of continuing to provide more money without establishing a structure that can deal effectively with the inherent and long-standing problems. The policy-making and executive structure that was set up after the 1987 Review has not functioned satisfactorily and many of the weaknesses identified then still exist. There is still diffusion of accountability and responsibility, a lack of clarity and evasion in the decision-making process and a practically complete lack of forward planning, problems tend to be shelved and not solved. We recommend in this Review, as did the previous one, the urgent establishment of an efficient and cost effective management structure. This is not a criticism of the individuals now in

management but rather of a system within which they have had to work and this latter aspect is clearly a political responsibility. The essence of the recommendations lies in improving the performance of the GHA through a revised management structure; the devolution of decision-making to four defined levels and most importantly the active involvement of professional staff in managing the provision of health care. There must be vastly improved delegation; better performance assessment; more flexibility, and responsiveness to the health needs of the community. The Health Authority should not continue to be an Authority in name only, but should function in a businesslike and publicly accountable way. We recommend many staffing improvements which could probably be made within the present GHA budget if other money saving recommendations are implemented". That is the position, in summary, of how the Review Team perceived the conclusions that they reached which are included in the Review Team's Report and indeed the basis upon which we then considered the Report and published an implementation plan. The changes that we see, again, I enter the caveat that it is not possible to outline all the changes that we intend to make in the next financial year, they are included in the note that was published on 27 January with the Review Report but certainly I think it would be helpful if I outline at least a synopsis of the major issues that we intend to implement within the next financial year which are based on the recommendations of the Review. As the Review Team identified that the main difficulty facing proper administration and strategising within the health service was that degree of lack of efficient management and accountability within the structure and indeed the fact that the duties of the Authority were being breached in that the structure envisaged and indeed put into place by the 1987 Ordinance were not actually put into place, much of what we are doing within the next few months is of a structural nature. I say structural because we are creating posts; we are engaging a Chief Executive, an advert has indeed gone out and recruitment will take place hopefully in the next couple of months; the management system within the Health Authority and the managers are to be assisted further by recruiting a Primary Care Manager; by recruiting a Personnel Officer; by creating an Assistant Hospital Manager and by formalising an acting post in finance, an EO in finance. That will create, we see, a management structure of five or six individuals who we think will assist a great deal in strategising and indeed planning for the future. My fear in my experience in the last 12 months has been that the managers, however loyal and committed they are, find that there are only 24 hours in a day and there is only so much

they can do and to that end, no matter how much money we pay them it is just simply not possible for them to act or work harder than they are already working and it is simply, I think, naive to a certain extent to expect that two or three posts can be top management within the Health Authority and can administer a budget of £22 million; solve all the day-to-day problems; negotiate on EU Directives, if necessary, with London; strategise for the future, and indeed plan on any necessary aspect of health care. It is just simply not possible to do so and I do not want to run a day-to-day service, I want to run a day-to-day service and a service that plans for the 21st Century and it is not possible to do so with the current structure in management and that is what we intend fundamentally to change so that that then can perform adequately and certainly can perform in the view that the Review Team took of what needs to be done within health care. So we are going to provide the support, we are going to allow the managers to find more support on the day-to-day implementation, to free the top managers to be able to discuss and tackle the more important major issues of planning that at the moment are abandoned because a glass pane has broken at St Bernard's or a potato peeler has broken down and they need to chase that up instead of addressing the more important issues that need to be addressed.

Other structural issues that are being tackled and indeed have been tackled in the last few months are that the GHA, which I Chair, now meets monthly instead of annually with the previous administration. The Management Board also now meets monthly instead of quarterly under the previous administration. That, I think, increases that degree of fluidity between the Health Authority and the Management Board and that degree of decision-making and provides a forum for discussion of the most important aspects of health care that can then trickle down and be implemented by the Management Board. We think it is important to do that and indeed we started having the first monthly meeting in August and the Management Board had its first monthly meeting in September and we have gone on from there to discuss the important issues. We are engaging other posts apart from the ones that I have indicated already. We have engaged, in the last couple of months, an additional pharmacist. The reason for that I will describe later to do with controls that we want to put into place with the GPMS part of the budget. We have engaged a Health Educational Officer to assist in the formulation and promotion of a health education campaign that we launched in February. We are in the process of engaging two more

general practitioners for the Health Centre. Apart from those changes more recruitment of staff is envisaged in other areas and we are discussing those particular areas at the moment and there may be progress during the course of this financial year towards that end. We also intend to assist the clerical side of the Health Authority, not only in creating posts which will create a more efficient support staff and structure to implement the policy of the Health Authority. We also intend, not only to provide them with promotion prospects which we are already doing so by creating a right hierarchy and prospects by creating those posts; we also will during the course of this financial year, be putting in place training packages in health care management so that anyone within the Health Authority can avail themselves of the opportunity to undergo these courses of training and more provision has been included in the Health Authority budget, in the courses of training head, to provide for that degree of training that we intend to set up and the packages that we intend to fund. There are other miscellaneous changes that may be of interest to hon Members that I should just indicate we intend to undertake in the next few months. We are looking at setting up separate management groups in primary and secondary care. The point about this is that the issues of primary care are so different to the issues of secondary care that once we have a Primary Care Manager I think it might be more interesting for an efficient system to be put in place for the primary care system also to have its management team. That will not involve recruitment of further staff, it can be done once the Primary Care Manager is put in place, he or she can be at the head of a management team with a part-time Medical Director from among one of the GPs, we can explore that idea and we are in fact doing so and I intend to explore it further once we put in place the Primary Care Manager and that, hopefully, will be in place within the next few months. We intend to commission a review of the dental services for the reasons highlighted in the Review Team's Report. We have already taken steps to redecorate the entrance of the mortuary area and want to do that at the Hospital. We will re-designate the Specialist in Community Medicines as Public Health Director so that description is more commensurate with the duties that he must undertake. We have already set up a sub-committee of the Gibraltar Health Authority to review mental health legislation and I intend to task the Personnel Officer, once one is appointed, with producing a plan to ensure continuity in key specialist posts and to maximise the localisation of such posts. We need to plan for the future; if vacancies arise during the next five years there is not a degree of planning that I

would like to see within the Health Authority and I would like to task the Personnel officer with producing that plan so that there is a smooth taking-up of those posts and we maximise the Gibraltarian applicants who may potentially want to seek to apply to those posts. We intend to review the annual report that the GHA makes in accordance with the Ordinance and is laid before the House and to re-instate the Annual Public Health Report that will either form part of the GHA Annual Report or will be a separate report in itself and I anticipate that by the end of this financial year, basing ourselves on work done during this financial year rather, 1997/98, we could produce the first Public Health Report some time during the next financial year, based on the figures and statistics which will be collated during this financial year. We also, as has been indicated in the House before, intend to take a decision on the relocation of the Health Centre during the next couple of months. We have now progressed towards weighing up all the different options and while a decision has not been taken as yet we intend to do that quite soon. Apart from the structural nature of some changes that will be put into place, we are reviewing and have indeed been doing so for the last few months, we are reviewing the Medical and Health Ordinance with a view to consolidating and presenting a new Bill before this House which consolidates changes that have been put in place over the last few years and indeed to transpose EC Directives on mutual recognition of qualifications insofar as doctors, nurses, dentists and pharmacists are concerned. It will also change the registration system. It will add certain parts to the registration system with that in mind, and it will also change the composition of the nurses and midwives registration board and alter slightly, on the advice of nursing management, the conditions under which nurses are asked to register to provide a system of re-registration which both nursing management and the unions favour. As a result of changes made after the presentation of the Medical and Health Bill we will also amend Regulations made under that Ordinance to amend the Register of Nurses and Midwives to enact parts more along the lines of the UKCC parts to create a more parallel system which is easier to utilise. One of the difficulties that I put a finger on when I last spoke in this House back in July last year on the issues I thought we had to tackle in the next 12 months was the possibility that there was not enough communication and certainly not enough consultation in the past in the Health Authority. That was identified by me as a potential problem and I think to a large extent we have taken firm action to provide more communication and more consultation to all the relevant bodies. Indeed I have made a Ministerial statement in this House on an

important issue, it is something that has not been done for many years. I have been keeping the staff up-to-date with circulars on the more fundamental issues that the MOD, the launching of the review, the announcement of the changes; I think it is important to keep the staff involved. I am a member of staff as well, I may be the Minister but I think the staff also deserve to keep tabs on what is going on which will importantly affect the Health Authority and I am continually very keen to do that. I meet regularly with anyone in the Health Authority who wishes to discuss any burning issue. The unions have regular access to me. The Gibraltar Health Authority now meets monthly as does the Management Board and I think that has provided that forum, as I said before, of discussion of important issues that was not there before and key personnel are now far more involved in decision taking than they were previously. I anticipate, Mr Speaker, that by the end of this financial year we will have been able to implement about 35 per cent of the Review Team's recommendations. The balance and the remainder of the recommendations that Government have accepted and intend to implement, it certainly would be premature for me to describe the manner in which we intend to implement them during successive financial years. The purpose of restructuring, to a large extent, has been to create the right management team with a Chief Executive at its head that can now strategise for the future and decide how to implement the remainder of the changes that we now think need to be implemented beyond the 35 per cent that will have been achieved by the end of this financial year. It certainly is not a process that can take a few months beyond that, it certainly is a process that will take perhaps another couple of financial years but we would expect that by the end of our first term in office we will have implemented a majority, if not all, of the things that we set out to do when tackling the recommendations of the Review Report. I do place a minor observation on the agenda, I flag the minor observation that I personally have in contemplating all these structural changes that we intend to implement and that is that they are perhaps not tangible. When we try to describe to patients and to the community at large what we are trying to do in the health care system, what we have set out to achieve is quite radical and yet it is difficult to explain because much of what we are doing is of a structural nature; it is intended that much of what we are doing will lay the base for a difference in quality of health care that people will receive but I appreciate that at the moment it is not tangible to see results because the changes are of a structural nature. But I do say that I expect and I am confident that the structural changes that we are going to make in

the next few months and the changes that we are making in the next 12 months as a result of the Review Team's Report will allow us to found the basis to make sure that that health care that the patient ultimately receives at the end of the production line will be far better in a few year's time than it is with the limited management resources that the management currently operates under. There are other fundamental issues some of which are tackled in the Review Team, some of which were tackled in our manifesto, some of which are not related to the Review Team's Report but I think need to be highlighted so that hon Members are aware of the fundamental issues that we intend to tackle over the next 12 months. We said in our manifesto that we would set up and establish a patients charter of right. In the last 12 months I tasked a sub-committee of the Health Authority to draw up a patients charter; a first draft has indeed been drawn up and now it is going through the consultation process, the first draft has been seen by the unions, by management and at present the Health Authority is collating all the different comments and I would expect substantial progress to be made during the next 12 months to finalising the patients charter and indeed to up-date the complaints procedure in line with the aspirations that are to be included in the patients charter to achieve all of that. On private practice, Mr Speaker, I did highlight last year that it was an area that had to be investigated, indeed it is an area where I receive many comments from the public, many people who come and see me talk about issues of private practice and their concerns in relation to private practice. The Government policy is that we are committed to regulate private practice and I am currently in discussion with consultants to achieve a framework which would enable us to achieve this and I expect progress to be made during the next financial year towards this end. I mentioned earlier that we had engaged an additional pharmacist and that was related to a degree to the controls that we want to set up on the GPMS side of the budget. I think that Opposition Members identified the fact that there were concerns that needed to be investigated in relation to the GPMS side of the budget some time ago, indeed in 1995 on instructions of the previous administration Price Waterhouse undertook a review into the Scheme Pharmacists' Contract and the workings of the prescription system and recommendations were made and indeed the Principal Auditor, in the last accounts that I laid before the House of Assembly some months ago, made particular comments in relation to the Price Waterhouse Report and its recommendations and urged that action be taken to at least examine the workings of that system and the changes that could be brought

about to better administer it. The role of the additional pharmacist, to a certain extent, is precisely to do that. We are presently discussing the possibility of linking up as highlighted in the Price Waterhouse Report with the Price Prescription Authority in Newcastle to establish a system of pricing prescriptions and we are looking at generic prescribing and establishing a formulary for Gibraltar which will better administer the system and with the assistance of the doctors will certainly produce substantial savings; substantial savings according to the Price Waterhouse Report and certainly substantial savings would be expected to be made as a result of the changes that we wish to bring about in the system of the administration of the pricing of prescriptions. I would expect to have the systems in place within the next six months, it may have an effect this financial year but they may come partly too late for this financial year but I would hope, certainly, that they will be in place and it will start to have an effect on this financial year towards the tail end of it but I do expect, I say to this House, to make savings in that regard and indeed I think Opposition Members will agree that savings need to be made as highlighted by the Price Waterhouse Report commissioned by their administration.

Mr Speaker, I said during the last budget meeting that one of my concerns also was that we needed to set up a vigorous health education campaign. I said that at its root, it was an issue that was being discarded and disregarded and could provide a strong indication basis for the community and towards tackling many health care issues that need not go to the doctor or indeed if people took care of themselves a bit better certainly we could find that it would eventually save cost. Indeed the rationale in modern western health care systems is that if one runs a vigorous health education campaign it eventually trickles down and saves costs in that one has a fitter population, a better looked after population because they are more aware of the issues that need to be taken into account, and that indeed eventually tends to save costs. I agree that it is a long-term issue, it is not an issue that can be tackled on a short-term basis nor indeed is it an issue that can expect us to make savings during the next or any financial year during our first term of office but it is important as a tool towards providing a better system of health education for the future. The Health Education Campaign Group that we set up under the Health Authority has been working very hard on the campaign and a Health Education Officer has been engaged for that task. In December 1996 we launched the order of the health education campaign, the drink/driving advert, and said that in February we would

launch the campaign. We did so, it targets preventive medicine which is the link towards eventually having a better looked after population; it tackles self-induced conditions such as alcohol, drugs, etc and it also intends to provide more public awareness on target diseases which are the most common target diseases in Gibraltar: cancer, heart disease, stroke, etc. That campaign will continue and that campaign will be conducted on a vigorous basis and while we may learn a lot during this first year because it is the first year of the campaign, it will be continued throughout our term of office because we think it is a valuable addition to the awareness that needs to be created in relation to the topic of health issues that face all of us as we reach the 21st century. That will be coupled, as part of the public health strategy, with the publication of the Annual Public Health Report that I highlighted earlier that we intend to undertake after the completion of this financial year.

Mr Speaker, during the last financial year I had discussed with the MOD the various issues in relation to secondary care that concerns the MOD. Indeed we have been discussing, as I said in my Ministerial statement on 1 April 1997, that the assimilation of secondary care by the Health Authority for the MOD. The MOD have a health population of about 2,200 people. They wish to scale down their health care needs and they are discussing with us the possibility of the Health Authority providing the health care needs on a long-term basis. We have entered into a trial period agreement for a period of nine months, from 1 May to 31 January 1998, for a degree of monthly remuneration. I expect to achieve revenue of £750,000 by the end of January 1998 by way of the monthly contribution of the MOD and discussions will continue throughout this financial year towards exploring the basis and the possibility of the Gibraltar Health Authority achieving a final agreement with the MOD to take over the health care needs that the MOD have obviously on a basis that is acceptable to the Gibraltar Health Authority.

Mr Speaker, during the previous administration it was, I think, the practice of the previous Minister to at length discuss a programme of refurbishment and purchase of equipment that had been undertaken by the Government. I do not intend to go through a long shopping list of issues that have been purchased and works that have been undertaken. Suffice it to say that it is worthy of mention that those two items are items of major expenditure and we have spent during the financial year 1996/97 about £850,000 on refurbishment and on equipment taken together. It is worthy of mention on that basis because it proves a

continuing commitment of the Government to a high quality service and for the provision of high quality resources and we intend to continue with that strategy but I do not think it is appropriate or indeed helpful for me to go through a long list of issues and equipment that has been bought or refurbishment undertaken. The substantial issue on refurbishment that has been undertaken in the last 12 months has been partly accidental due to the major rains occurring in the last few months; Children's Ward now has been substantially refurbished and will re-open in the next month or so. I should mention a couple of matters that have been undertaken that are of a budgetary nature in the sense that they have increased slightly the financial expenditure in the health budget. They are, firstly, that as a joint project with the Society for Cancer Relief a hospice at home service has been launched to assist in the care of the very seriously ill and I am sure that both sides of the House agree that that is necessary and indeed an important expenditure, to care for patients that are terminally ill in most cases. The other aspect that I wanted to highlight is in relation to the Sponsored Patients Scheme. The Government spend nearly £2 million on the sponsored patients aspect of the budget in referring 200-odd patients a year to the United Kingdom on about 600-odd referrals, that is because some patients tend to go more than once. But the maintenance that patients and escorts had been receiving for the last few years has not been updated or indeed increased since 1989. I announced last week and I reiterate that Government are increasing the sponsored patient maintenance allowances by 10 per cent as from 1 July; the reason for the reference to 1 July partly is because the Health Authority will need to formally approve that matter at our next meeting. The next meeting will be held on 17 June and we intend, from 1 July, to increase sponsored patient maintenance allowances by 10 per cent. We do not intend to change the system under which sponsored patients maintenance allowances are assessed, we still will keep the assessments on a means testing basis but certainly I think that this raise in the maintenance levels by 10 per cent will go a long way towards alleviating the concerns of many sponsored patients that have come to see me who feel that because the sponsored patient maintenance has not been raised for eight years, there has been an erosion in real terms of the value of maintenance. As I said, those were the major health issues. Obviously major work needs to be done in other areas but I do not intend to give an exposition of precisely all the areas that we are working on in the Health Authority because that would take, I think, a substantially longer time than allotted to us this evening.

Environment, I said last year, is the natural ally of health to the extent that there is a degree of overlap. I say there is a degree of overlap because there are various areas of environment. In my view there are five principal areas: public health, the environmental EC dimension, local environment, planning and heritage. When considering areas of public health, of course, that is where this degree of overlap exists and indeed the Specialist in Community Medicine had a large responsibility, historically, for environmental health issues and so there has been a recognised overlap with environments that dates back some years.

Mr Speaker, work will continue during this financial year, 1997/98, to try to control the monster that threatens to devour us all, the EC Directive Regulations spitting monster in Brussels. It really does put an enormous burden on the resources of Gibraltar. If I give an indication to hon Members of the Directives and Regulations that the Environment Ministry has been working on in the last few months, I think it will be appreciated the burden that EC work puts on the department. Of course, the list of measures that I am going to outline now do not take account of EC Directives that my hon Colleagues have been working on. I say so because I think environment, to a large extent, is the whipping boy of the Brussels lobby to the extent that we seem to have more environmental directives and regulations to deal with than other departments. But certainly we have been working on a whole string of EC related issues; I will list them for the purposes of this House. We have been working on the Air Quality Directive; the Biotechnological Directive; the Dangerous preparations Directive; the Drinking Water Directive; the Dumping of Waste Convention; the Volatile Organic Compounds Directive; the EC Water Policy Paper; the Environmental Impact Assessment Directive; the Euratom Directive; the Hazardous Waste Directive; the Health and Safety Directive; the Large Combustion Plants Directive; the Ozone Layer Regulation; the Strategic Assessment Directive; and of course the Seveso Directive. Some of those have caused and will cause legislation in the next few months, either by Regulation or by a Bill in the House. But I do say, and it concerns me, that it continues to put a burden on Gibraltar's limited resources both financial, legislative and indeed in manpower, manning resources. I certainly can understand the global concerns and the need for controls in environment and the need for the controls that have caused this EC environmental legislation and the need for us to assist in this attempt to globally control environmental issues but sometimes I think that while

we appreciate the global concerns, the globe does not appreciate our concerns in that probably the whole implementation machinery, the whole Ministry for the Environment and the whole Environmental Agency could probably fit into a double-decker bus and one would not probably get the tea ladies of the Director General on Environment fitting into a double-decker bus. That environmental legislation threatens to divert attention and resources from very fundamental important local environment issues that need to be tackled if we are really going to have a chance at tackling important issues that affect the community on a day-to-day basis. I say issues such as, for example, the perennial problem of litter and here, to an extent, I make a demand on the community at large. I do not think that issues of litter and cleanliness can be tackled and enforced by Government producing an enforcement machinery only. Of course, Government have to produce an enforcement machinery but we need the co-operation of the community at large and I have to say I am not sure whether we are getting that co-operation, at least from certain sectors. I issue a demand and encouragement to all sectors to become house proud because it has got a direct effect on our effort and the Minister for Tourism's effort on creating revenue, on encouraging tourism to come back to Gibraltar. It is one of the concerns that tourists have and we really must address those issues and while Government can set up all the public awareness programmes, and while Government can set up all the enforcement machinery we want, it cannot be achieved without the assistance and co-operation of the public at large and we must have it.

Mr Speaker, one of the issues that I highlighted last year when discussing matters of environment was this concern that highlighted in the Q2 Survey Report back some years ago and indeed voiced by many tourists and members of the community as well, that Gibraltar has become a very noisy place. To a large extent I think it is because 30,000 people living on a very small piece of land, it does tend to create an over-accumulation and a strain on the tolerance of people but it is also true that Gibraltar has descended into being somewhat noisy and legislation perhaps needs to be introduced to curb those issues. Indeed, noise pollution legislation is in preparation and I would hope that substantial progress will be made during the course of 1997 towards the presentation of noise pollution legislation in this House.

Hon Members will have seen an item included in one of the heads of my budget which tends to tackle oil pollution and that is because while

my hon Colleague has responsibility as Minister for Port, issues of oil pollution also have an environmental aspect to it. We saw only last year how a minor oil slick could turn into a major issue in Gibraltar because of the dimensions and the lack of extents of the Port. The funds that have been allocated in my Head will go a long way towards providing training of the relevant staff; of updating of the GIBMOP plan, the plan that intends to tackle oil pollution if indeed it does happen, and it will also provide for funds towards consultancy fees that we may need to expend for those who came and did the old report based on the oil slick to now update the GIBMOP as recommended by that particular committee as well. But we think it is money well spent. I think if we are going to expand the role of the Port because as a money-raising fundamental pillar of the economy we also think we need to set up the correct infrastructure to tackle issues that may arise. If bunkering increases by a massive percentage as has been the case over the last year, there only needs to be one accident for us to have a serious problem and a turn-away of massive revenue and investment in Gibraltar that would otherwise come to be deposited in Gibraltar. So we think we need to provide that degree of infrastructure and forward planning to be able to tackle those issues should they arise.

Mr Speaker, as the Chief Minister has mentioned, Government have an ambitious beautification programme and while much of it will be described by my hon Colleague, the Minister for Transport and indeed my hon Colleague, the Minister for Trade and Industry, I should highlight one issue of beautification which is being driven, at least partly by me and my department. I have been for the last 12 months a trustee of the Main Street Beautification Trust. Government intend to extend the beautification scheme to Irish Town and its side streets. The streets that we intend to tackle during the next financial year are: Irish Town, Cooperage Lane, Parliament Lane, Tuckey's Lane, Market Lane, Cannon Lane and Bishop Rapallo Ramp, Horse Barrack Lane and Irish Place. All of that, and when I say we want to extend it, I mean that all of that will happen back-to-back with the completion of the Main Street scheme. My hon Colleague will discuss issues on Main Street and describe the progress of that scheme and how that is being tackled. But my role really is to announce the extension of the Main Street scheme to Irish Town and its side streets but it will be a scheme on a more global nature than has been the case in Main Street. Main Street, to a large extent, has been repaving with general beautification. We want to add to that a degree of more global planning to it and this is why my

department is leading on it. A planning scheme under the Town Planning Ordinance is in preparation and when I say more global I mean that it will not only deal with paving and furniture, it will also deal with shop fronts, facades, and colour schemes of buildings and we intend to, in the planning scheme, introduce a colour scheme that will be able to guide residents of Irish Town. We also intend to extend the tax concessions that have been given to people in Main Street as a result of the Main Street beautification. We intend to extend that to Irish Town and its side streets, to assist in the beautification of all those areas so that we have, at the end of the beautification programme, a good quality scheme which has not only involved street beautification but has also tackled the more global issues of beautification that will enhance the city centre. I should mention that in Main Street, in the application and workings of the tax relief scheme, the tax relief scheme operates by giving 200 per cent tax relief for the works to applicants after they have gone through the procedure which is outlined in the regulations. The regulations give power to the Minister for the Environment to extend the incentives to other areas. We intend to do so, as I said, to Irish Town and its side streets. At the moment we have had 12 applicants on the Main Street beautification scheme for tax concessions. We hope to have more because we would like to encourage and the purpose of these measures is precisely to do that, to encourage people to work on their facades; to repair, enhance and beautify their facades so that it compliments the expense to which Government are going to make the city centre and, indeed, the rest of Gibraltar beautiful to create that degree of revenue and assist in the creation of revenue by encouraging people to come to Gibraltar, not once but to come back time and time again. We expect to spend over £1 million on this extension of the beautification scheme, the precise sums are as yet unclear because much work needs to be done in the next few weeks to identify precisely what we are talking about, but certainly I hope in the next couple of months to be in a position to give precise details to the House, if required, on the scheme and the financial expenditure that we expect to go to to tackle those particular matters.

I should mention, on passing, and I say on passing because I know it is an issue of concern to people and while not strictly budgetary it is perhaps interesting for people to note that the Ministry of the Environment are working on it. Much controversy has arisen in relation to seagulls and the expense or the booming population of seagulls and

Government are currently considering what controls can be put in place to at least try to address the booming population of those birds. I have to say, as an aside, that with all the seagulls, cats, dogs, other wildlife, goats and even a cow, that I understand lives in Gibraltar, I sometimes wonder why we were excluded from the Common Agricultural Policy.

Mr Speaker, I pass on to my final comments on planning and heritage, I left that for last because I think that is indeed an important aspect of environment that needs to be tackled within the next 12 months. We said in our manifesto that we would create a Heritage Commission; we have done so. We said that we would give it a statutory footing, that has been missing but it is intended to give it a statutory footing in due course. We have formed a Heritage Commission, we have also formed an Environment Commission because we think that the advisory nature of those Commissions are quite different; one looks at planning and heritage and the other looks at very different issues of wildlife, nature and marine life, etc and one can physically separate those Commissions. It also assists me, because if I had to put on one single Commission everyone that is on both Commissions then I would have a very cumbersome volume of about 25 people and it would simply not work. At the moment the Heritage Commission and indeed the Environment Commission are looking at the formulation of strategies and plans that Government intend to adopt as a strategy for heritage. Within all of that, of course there is a greater role for the Heritage Trust in the discussions that are taking place. I think someone in the Heritage Trust the other day mentioned to me that as Minister for Heritage I was like the father of heritage and they were the children of heritage and to a large extent I think that may be true and while a father may not always agree with his children, and this perhaps has been evident in more controversial aspects than hit the press from time to time, I think we have a good workable relationship, we have far more consultation than used to be the case and certainly I think there is a greater role for the Trust in future and that is being discussed. Legislation in planning and in heritage, will hit the House some time during this financial year. We are at the moment preparing two Bills that will be brought before the House; one is an amendment to the Town Planning Bill, in other words, the Heritage Bill. The purpose of the amendments is to inject that degree of public participation into the planning process which is not there at the moment. The purpose of the Heritage Bill as well is, in conjunction with the Town Planning Bill, to change the role of the Development and Planning Commission, to create new structures, to monitor list of

buildings and to render advice and to give the Heritage Trust more power than they have at the moment and more involvement in direct consultation and discussion on issues as to conservation areas and list of buildings and also, indeed, to list far more buildings than are listed at the moment but at the same time provide an appellate framework so that if by notice in the Gazette intention is given that the Government want to list a particular building, people can by that appeal mechanism proceed to contest that decision so that a fair hearing is given to that particular applicant in relation to those issues. We will also, against the background of the amendments of the Town Planning Bill and the Heritage Bill, be examining the enforcement resources that the Ministry has to provide, the degree of people on the ground that will investigate illegal works and will investigate whether people are conducting work in accordance with planning permission and that will enforce the Heritage legislation once it is in place. To that end we have already engaged two environmental monitors who have different roles. Being in the Ministry for the Environment and Health they have a role in helping enforce such heritage legislation which may, from time to time, exist in Gibraltar; they also have a health education role and a role in enforcement and monitoring of the cleanliness structures that perhaps need to be slightly tightened so that with the co-operation of the public we can address those concerns.

I am, for the first time, the Minister for Heritage. I think the previous Minister for the Environment, to a large extent, dealt with the Heritage Trust but he never styled himself nor indeed the previous administration never really had a specific responsibility for matters of heritage and to that extent I am happy that this year, for the first year, there is a specific reference to heritage in the Estimates. It is a recognition of the commitment that Government have towards giving heritage its proper place. I do not pretend to say that it is the end of what we want to achieve; it is only the beginning of what we want to achieve because what we want to achieve has to be seen against the background of the planning of the heritage strategy and it is difficult to expend specific amounts on heritage matters when the strategy has as yet not been formulated because it is still being discussed by the Heritage Commission. The strategy is at an advanced stage and I hope to be able to produce, by the end of this financial year, a document that includes the short, medium and long-term targets of the Government with a view to that providing the basis of a heritage strategy and tackling all the issues that concern us. There are specific budgetary matters that

can be isolated from the heritage plan for which expenditure has already been budgeted and identified. I should say, on passing, that the reason that there is a £1,000 reference to the heritage plan in the Estimates is precisely because as the plan has as yet not been published, it is difficult to foresee the specific expenditure that will be envisaged by that plan but once it is indeed agreed, formulated and published, we may have to allot supplementary funds for doing projects under that plan. But there are specific matters: Heritage Conferences, in August this year Gibraltar is hosting a history conference, we hope to make that an annual event, indeed, and I will go into it in greater detail next year, but next year is the 150th Anniversary of the finding of the Neanderthal skull in Gibraltar and we intend to have that as a central issue in the 1998 Conference; there are specific heritage projects that I want to undertake; the publication of specific brochures and leaflets and so on, on heritage buildings in conjunction with the Ministry for Tourism so that when we have walking tours of the City of Gibraltar, members of the public and tourists can take leaflets on the history and the beauty of Gibraltar which at the moment is difficult for them to do as none or very little of them exist. The archives is now within my budgetary head; it used to be in the Secretariat head. It is a recognition of the fact that we want to, as part of the heritage plan, transform the archives, update them and indeed move towards trying to have a form of public record office for Gibraltar and I think it is appropriate for archives to be placed within my particular budgetary head. There is also some, hon Members will have seen, for archaeological matters. To an extent that is because of the continuing extremely important excavations at Gorams Cave that is now internationally renowned and indeed has led to the National Geographic producing a documentary which I understand has been screened in the United States; I think it is important because it gives Gibraltar a good profile and we are assisting in that. But it also is a budget to which we can rely when we uncover archaeological remains to enlist the support of experts in particular fields because we have found, over the last 12 months, that with the beautification programmes that we are undertaking in Main Street and in other places, that Gibraltar being a very rich place in heritage will lead us to uncover specific findings and it is important to preserve dates and record them for posterity and indeed to maximise the matters that have been uncovered. In short, Mr Speaker, I expect that all the changes that are being undertaken in matters of heritage will certainly provide a basis. I do not, I emphasise, for one minute pretend that they are the be-all and end-all of the changes that need to be undertaken if we are going to be serious about

heritage but certainly they will give us the direction, together with the work that is being conducted on the heritage plan, which together with the new structures that are being set up will allow us to maximise the heritage assets that Gibraltar has for the benefit of the entire community. Mr Speaker, I have nothing further to add.

MR SPEAKER:

We will now recess for 10 minutes.

The House recessed at 8.45 pm.

The House resumed at 8.55 pm.

HON MISS M I MONTEGRIFFO:

Mr Speaker, the GSLP was in the Opposition benches from 1984 to 1988, then in office from 1988 to 1996, now for over a year we are again the Opposition party. During all of this time we have always shown consistency in policies we have adhered to. As far as the Health Services are concerned, today in 1997, we still maintain the same position. For the benefit of this House, I will refer to a short extract of my first budget speech as Minister when referring to the Report of the Review Team of 1987. This review was commissioned by the AACR. I then said; "With the Health Authority the first problem we were confronted with was the new management structure. Here we found the incredible situation where the previous Minister for Health, in the first meeting of the Health Authority, gave the green light to a structure to be implemented in four phases. Government clearance was only given for the first phase and instructions were issued by the then Chief Minister to take account of financial considerations. The GSLP immediately froze even the first phase because we wanted to be absolutely sure that the money would be spent adequately when compared to other more important areas within the Medical Services, but in so doing, we gave a commitment to the Health Authority that essential posts could be filled straightaway". Then I went on to give details of the posts we had given the green light to. I continued by saying, "Soon after, Council of Ministers closely studied the first phase of the management structure and we have allowed it to proceed with gradings comparable to the Civil Service and GSL. If in the future we find there is a real need for more managerial or clerical posts, these will be authorised. The proposed

management structure means an additional funding of £0.25 million and this Government is concerned with how best to use the money available primarily for the benefit of the patients". That position, Mr Speaker, is consistent with the one we maintain today, and we were commended for our efforts by a member of the 1987 Review Team, Professor Jarman, when we invited him to visit Gibraltar in 1992. The Minister has said that there is a statutory requirement for certain posts to be filled. We do not think that we broke the law because the Government have just announced new posts that are not filled and, of course, it is also a matter of judgement whether more posts will produce a better service. We have complete confidence in the people running the service and it never fell, as predicted by the GSD Government when they were in Opposition, to Third World standards, on the contrary, we tried it and it worked without the new posts the Minister.....

HON K AZOPARDI:

Will the hon Member give way? I seem to think that the reference to Third World standards was a press release issued by the BMA in 1991, they had that fear. That fear may have been taken on board by the GSD in Opposition but I think that if the hon Member looks at that press release she will find that it was a reference in a BMA press release.

HON MISS M I MONTEGRIFFO:

Mr Speaker, the GSD did echo the concerns of the BMA and our contention is that it never occurred. When the GSD Government decided to set up another review of the Health Authority we were invited by the three man team composed of Dr Benady, Dr Nemey and Mr Stokoe from the UK to give them our views. We told them, in the strongest possible terms, that we were opposed to the Health Service being taken out of the civil service. It had been tried by us but we had found that it had created a lot of problems. There had been comments made through the media that there was a great demand to divorce it from the civil service. The pressure certainly did not come from us and we went to great lengths in giving this new Review Team a detailed account of all the problems we had had to face. We believe that the Health Authority already enjoys a high level of independence. The management prepares its own budget and administers it without any interference from the civil service. A more independent Health Authority might work in an area far bigger than Gibraltar but in a small place such

as ours the Health Authority we believe is best served by being part of the pool and the extra resources the civil service can provide. For all the problems we encountered and the reasons I have given, when we were in office, we then soon after brought everyone back to being employees of the Crown and they were seconded to the Health Authority. This policy, as I have said, we continue to maintain today. What we find is most regrettable is that no mention is made of our representations in the report of the Review Team of 1996 and that the Minister in public has mentioned that he is aspiring to a self-standing Health Authority but, if my memory serves me right, he has not made a contribution about the issue when he spoke on the Health Authority. If the decision is going to be reversed by the GSD, they are not taking into account what happened 10 years ago. We believe that if it did not work then it will not work now. As I mentioned in the last meeting of the House, we are also against the post of Chief Executive for the Health Authority. There was a Chief Executive post before in 1987. The AACR administration appointed Mr Ralph Murray when the Health Authority was being launched. The post of Chief Executive and, for example, the post of Personnel Manager were there on the assumption that the Health Authority would recruit direct from the labour market and not from the civil service. We also believe that for the purposes of implementing the new review, the present General Manager, or for that matter other officers within the Government, are totally capable of carrying out this task without training in the UK as the Minister has mentioned, but only by virtue of their skills which we believe are exemplary, simply because of the performance they have shown in the past. We also informed the Review Team, as I have also mentioned in this House, our programme of continued improvements within the Health Service, for example, the employment of extra GPs; a radiologist; a second theatre; and other works within St Bernard's Hospital that would have provided it with new areas. On the question of a new hospital, when we came into office, it was envisaged that it would be funded by the release of the sites occupied by both St Bernard's Hospital and the KGV Psychiatric Unit for the purposes of private development, when the Government would be in a position to fund it. However, developers were not forthcoming and in view that a new hospital would amount to something like an extra expenditure of £30 million to £40 million, we took the decision to upgrade significantly the existing facilities. So much so, Mr Speaker, that in the first financial year of the Health Authority we provided over £339,000 for works and equipment and during the following seven years, the figure went up to

£812,000. I did not at all interfere, as the Minister has said, with this item of expenditure. What he has provided in the present Estimates is a figure of £814,000 but in the explanations for the items there is an extra sentence to it which says, "for equipment and related expenses". Perhaps when we come to the Committee Stage the Minister will be able to explain what the related expenses refer to. The Government have said publicly that the new hospital is being shelved because of the Harbour Views bill. We believe that to be a complete smoke screen. Their views were published in the Gibraltar Chronicle issue of the 19 May which attributed the remarks made by the Chief Minister in an interview on GBC. However, I agree with the statement made by the Minister for Health in an interview published by the Gibraltar Chronicle, soon after the Report of the Review Team was made public, that the concept of a new hospital was long-term. Surely, then the Government already knew of the Harbour Views bill when the Minister made this statement, so I agree with his view and not with that made public by the Chief Minister. I would therefore expect the Minister for Health to continue with the refurbishment works as we started them in 1988. The Minister has gone a long way to say that they are starting a health education campaign, this we started in 1988. And as far as the GPMS budget is concerned, we contracted the services of the UK Pricing Authority, something which he has mentioned today but he has not said that we initiated that contact, not them. If we now look at the budget for the Health Authority for the forthcoming financial year and compare it to the level of spending of other Government departments, it is quite astonishing that the Government are increasing expenditure in so many areas and, on the other hand, cutting down on the Health Authority budget. We were doing precisely the opposite, keeping a control on public spending, but we never sought to cut down on the funding for the Health Authority.

HON K AZOPARDI:

If the hon Member would give way. The position is that we spent £22.1 million last year and we tend to spend £22.8 million this year, we are not cutting down, it is an increase of about 3 per cent or 4 per cent.

HON MISS M I MONTEGRIFFO:

If the Minister will allow me to continue with the figures that I will give him perhaps I will be able to convince him. The Health Authority

received on an annual basis what the management requested, whether for equipment; whether for works; sponsored patients; wage increases; or for whatever. Ever since the Health Authority started we increased its budget by between £1 million to £2 million a year. In the overall budget of the Health Authority we started by providing them with £8 million in 1988 and by the end of the financial year 1995/96, we provided them with £20.5 million. For 1996/97, we left an estimated budget prepared on the same basis as we had always done and indeed the Minister for Health in answer to Question No. 35 of 1996 confirmed our figure was £23 million. However, in answer to Question No. 72 of 1997, he states that their estimated expenditure is £22 million. Already nearly £1 million less in their first term in office than what we had provided for. We never under spent but we overspent from what we estimated. For this forthcoming financial year they are providing, as the Minister has said, £22.8 million. When one takes into account that in these new Estimates before us they have included for the first time an expenditure of £345,000 for pay settlements and the figure for personal emoluments includes new posts, plus they are receiving a contribution on the revenue side from the MOD of £745,000, when one compares like with like, there is less money being provided for the Health Authority. In the scenario, as I said before, when the rest of the Government budget is being increased. Moreover, now that MOD personnel will be accessing our health services, surely more resources will be required. This is, Mr Speaker, the first year in the history of the Health Authority that its budget is not going up at the same level it has gone up in previous years. We never placed any financial restrictions on our health services and the Minister in his contribution has said that he intends to make savings within the Health Authority budget, something we never sought. This Government have decided to include the Authority's estimates for 1997/98 in the Government of Gibraltar's Estimates. However, when we were in office we continued with the system that was already there but I nonetheless continued to provide the House with a detailed account of the Health Authority's budget in this House. Indeed, I even provided more information than what the Government have chosen to publish. They have changed the traditional format that has existed for years, well before we were in office, to the extent that we are unable to identify items that have gone up and items that have gone down. This is the reason why I wrote to the Minister for Health on the 14 May requesting that he provides me with a breakdown of the operational expenses of the Health Authority on the same basis as previous outturns. The Minister, this morning, confirmed to me that he had replied to my letter

but only yesterday, and I still do not have it in my possession. The Minister for Health has announced a 10 per cent increase on the allowances that is provided for patients requiring specialist treatment outside Gibraltar. What I cannot understand is that he should not have reflected this in the budget when I think he had ample time to do it. The maximum rate of the allowance is £189 a week, so 10 per cent means that on the maximum allowance patients will be receiving £18.90 a week extra. However, it depends how many people will be getting the maximum rate. Again, the Minister is intending to spend less in sponsored patients than what was the expenditure in 1996. In this budget the Minister has provided £1.8 million. We provided £1.9 million for 1995/96 and £2.2 million for 1996/97. Their outturn for 1996/97 was again £1.8 million, less than in 1995/96. So in fact, we provided more money for sponsored patients with the same rate of allowances all the time and the Minister has not only spent less for 1996/97 but is planning to even spend less for the forthcoming financial year as shown in the budget before us. However, we will monitor the situation and see what the final outturn will be for 1997/98 because if it does not increase, it can only mean either of two things: that less people will be getting the maximum rate, or less people will be sent for specialist treatment. Finally, Mr Speaker, on health, I would like to touch upon the enrolled nurse grades. We believe that this grade should continue. The recommendation in the UK is that it should be phased out, but it does not mean that we should follow everything that is done in the UK. We believe that there should be a balance between the staff nurse and the nursing assistant. In fact, when in office, we asked the Heads of Sheffield University and the UKCC to visit us. Both commended us verbally and in writing for our continued commitment on nurse education and the structure that we had implemented. They also agreed with our policy to continue with enrolment training, which we started in 1994. In fact, I was pleased to see recently the Health Authority's efforts in the recruitment of this grade, a policy we would have continued with. However, what we do not agree with is the new policy that there should be a requirement for applicants to be in possession of GCSEs. In the past, this has never been a necessity, and nobody has ever questioned the quality or the dedication of those already in the service, most of whom entered without these qualifications. Mr Speaker, the GSD Government's first year in office has produced two reviews, the medical and the nursing one, and the level of funding, as I have said previously, that they have provided in one year falls short of the trend that used to

happen in the past. Savings in the Health Authority can only be detrimental to the patients themselves.

As regards Sport, I am concerned at the slow process in which matters are dealt with by the Government, notwithstanding the number of questions I have put to the Minister for Sport in this House, most of which have indeed been related to matters which we had already put in motion before they took up office. If the House will recall in last year's budget, I told the Minister that we would evaluate the results of his performance over a one year period. We are now at that stage and if we look, for example, at the question of premises we provided to the Gibraltar Football Association, it is regrettable that it has taken this Government such a long time to honour our commitment. In fact, it was also regrettable to have heard the Minister for Sport in an interview on GBC when he finally announced that the GFA would be handed over the premises in question in the South Barracks area saying that if the GFA were to have approached him now out of the blue requesting those premises he would not have handed the building over to them. So, in effect, he was saying that he had reluctantly handed the building over to them, small wonder it took him nearly a year to take the decision. Still on the question of premises, Mr Speaker, we have been monitoring the progress made with regard to the 76 sites we provided to sporting, cultural and charitable entities. Again, during questions and answers sessions in this House I have been disappointed at some of the answers given to me by the Minister for Sport. As recently as the last House of Assembly meeting, he was unable to confirm how the Government would be honouring those commitments given by the GSLP administration in relation to the support some of these entities would be receiving. After a year in office, in the Estimates before us in this meeting of the House, there is an amount of money in the I&D Fund for the provision and refurbishment of vacant premises for clubs and associations and shooting ranges. Some of these clubs and associations, I believe, have been informed that the works will be carried out by the Government. However, the Minister was unable to tell me in the last House of Assembly meeting in April as to whether they would be using Government employees for these works or contracting them out to private companies. He asked me to write to him when he was unable to confirm who would be constructing the indoor shooting range at Europa. In the meeting of the House of Assembly of last February, he stated that the works would be carried out from within Government resources, at a saving when comparing the initial costings

that had been presented to us when we were in office. I did write to him, Mr Speaker, on the 14 May so that he would clarify the position because what he said in the meeting of February in this House was not what he said in April. However, only this morning I did receive a reply from him stating that Community Projects would be undertaking the works. I would therefore like him to confirm whether the same criteria will be used for other associations and clubs as that which will be used for the Gibraltar Rifle Association.

HON LT-COL E M BRITTO:

Would the hon Member give way? Can she explain what she means by what she has just said? What does she mean will the same criteria be used for other clubs and associations as for the Gibraltar Rifle Association? Is that an implication that the Gibraltar Rifle Association have been treated differently?

HON MISS M I MONTEGRIFFO:

Not at all, Mr Speaker. What I am asking the Minister is to clarify whether Community Projects will be undertaking other works for other sporting associations and clubs as he confirmed to me in the letter that I received this morning, that is what I meant.

HON LT-COL E M BRITTO:

If she gives way I can answer it right now. The Government decide who to allocate the work to as a contractor to the Government. The larger part of the work that has been done on premises for sporting associations has been done, in the first instance, by SOS and subsequently by Community Projects and the Rifle Association are no exception to that rule. The indications are that I will continue to use Community Projects if they are available but if for some reason they are not available then I will use whatever contractor is available to me, either in the private sector or from within Government services. That is my first point. The second point on this question of having given different answers, I think if the hon Member looks at Hansard she will find, contrary to what she has been saying both publicly recently to the press and now at this moment, that what I said was that the funding would not be coming from the fund allocated to sports associations travelling away from Gibraltar and that is, in fact, still the case. The

funding that I have been providing comes from Government funds but not from that particular fund.

HON MISS M I MONTEGRIFFO:

I am grateful for the clarification that the Minister has just given on the first point which is something that I wanted him to answer and which he has now answered. But on the second point I never, in fact, informed the press about any funds coming out from any other budget because I am here specifically referring to the construction of works for the shooting ranges at Europa and not for any other purpose.

Mr Speaker, the Minister for Sport when in Opposition had always challenged the manner in which the GSLP administration had constituted the Sports Advisory Body. He announced on several occasions that if elected he would create a totally democratically elected Gibraltar Sports Advisory Council. I recall that in last year's budget he brought up the subject again in his contribution. I informed him that I had not elected any of the representatives of our Gibraltar Sports Advisory Body, but that indeed the associations themselves had elected their representatives. His reply was to say that it went too far back for his memory but that his Council would nonetheless be democratically elected by the associations choosing their own representatives. But it is an inescapable fact that during my term in office he was making a totally irresponsible and false accusation about the manner in which I had gone about constituting our Sports Advisory Body. I wish to bring up this point, Mr Speaker, because in constituting his Sports Advisory Council, the Minister then proceeds to do something which he wrongly criticised me of doing; he personally nominated four members for his Council. I have no doubt that all members of his Council, including the four he personally elected, are well-known and respected in the field of sport and can contribute effectively to its development but the Minister has acted contrary to his preachings.

HON LT-COL E M BRITTO:

Mr Speaker, on a point of order. A point of order is clarification of a statement that has just been made.....

HON MISS M I MONTEGRIFFO:

That is not a point of order, Mr Speaker.

HON LT-COL E M BRITTO:

Yes, clarification of what has just been said, Mr Speaker, it is Standing Order 45. Mr Speaker, I cannot accept what has just been said as correct. Firstly, the statement that the Sports Advisory Body is not democratically elected is incorrect. The majority of the members were elected at a public meeting and therefore it is a democratically elected body and not the statement that has just been made. The additional appointees by me does not affect the fact that the majority of them are democratically elected.

HON MISS M I MONTEGRIFFO:

That does not alter the point that I am making, Mr Speaker, that he personally appointed four when he was accusing me that I did not have a democratically elected Sports Advisory Body, that does not alter the point that I was making.

Mr Speaker, in this Estimates before us there is one new item under "Other Charges, item 5, Sports Development - General Department £50,000 and Sports Development Unit - £10,000". In answer to Question No. 131 of 1997, the Minister stated that an official offer of employment had been made to Mr Paul Holden for a new post of Sports Development Officer within the Sports Department but that until Mr Holden communicated his intention to accept the offer, he considered it inappropriate to make public details of the conditions of his employment. We do not have anything against Mr Holden but we disagree with the Government in the manner they have gone about recruiting such an officer. To give the House a brief background on the subject of coaches, when we acceded to the request of the Gibraltar Football Association for a School of Excellence, they then asked us to provide them with funds so that they could acquire the services of a well-known professional football coach from the UK so as to improve the standard of this sport. Consequently, in a meeting I then chaired of our Sports Advisory Body, I gave a commitment that if and when we saw tangible results emanating from their School of Excellence with such a coach we would provide the same assistance to other sports.

This was a totally different approach from the one taken by the Government. They have decided to create a new unit with an officer who has a certain amount of knowledge in several sports. Our contention therefore is that now that this unit has been created, surely there are people in Gibraltar who can take on this task as it is not a highly specialised job and hence we strongly believe that the post should have been advertised. If the persons applying would have required further training, surely they could have been sent to the UK for this purpose but persons within our community should have been given the opportunity to take on a job we are sure they could have undertaken. Sport, Mr Speaker, is a way of life for a great number of Gibraltarians. Our sports people represent us as a nation, they put us on the map and against so many obstacles from Spain, they continue to prove to the world that we are a separate people with our own identity. For all these reasons, I urge the Government to continue placing the same importance and level of support the GSLP gave to our sports people, and once again I urge the Minister to act more expeditiously than what he has done hitherto.

The House recessed at 9.30 pm.

THURSDAY 29TH MAY, 1997

The House resumed at 10.00 am.

PRESENT:

Mr Speaker(In the Chair)
(The Hon Judge J E Alcantara OBE)

GOVERNMENT:

The Hon P R Caruana - Chief Minister
The Hon P C Montegriffo - Minister for Trade and Industry
The Hon Dr B A Linares - Minister for Education, the Disabled, Youth
and Consumer Affairs
The Hon Lt-Col E M Britto OBE, ED - Minister for Government Services
and Sport
The Hon J J Holliday - Minister for Tourism, Commercial Affairs and the
Port

The Hon H A Corby - Minister for Social Affairs
The Hon J J Netto - Minister for Employment & Training and Buildings
and Works
The Hon K Azopardi - Minister for the Environment and Health
The Hon R R Rhoda - Attorney-General
The Hon T J Bristow - Financial and Development Secretary

OPPOSITION:

The Hon J J Bossano - Leader of the Opposition
The Hon J L Baldachino
The Hon Miss M I Montegriffo
The Hon A Isola
The Hon J Gabay
The Hon R Mor
The Hon J C Perez

IN ATTENDANCE:

D J Reyes, Esq, ED - Clerk of the House of Assembly

THE APPROPRIATION (1997/98) ORDINANCE 1997 (Continued)

HON J J HOLLIDAY:

Mr Speaker, Head 6 in the Estimates of Expenditure covers a new grouping, that of Tourism and Transport. My newly acquired responsibility for Transport is logical as there is a direct link between tourism and the means of communication to Gibraltar by sea, land and air. Internal matters of traffic circulation and the condition of the road network form part of this responsibility. I will cover these items in detail during the course of my submission.

The other area of my responsibility is the Port Department, because the Port has a dual role: as a commercial centre and as a tourist resource, given the importance of the cruise liner industry and yachting. I will touch on these matters in due course.

Immense importance is attached to the development of tourism as part of Government's economic policy. It is a sector that was not supported

to any great degree in recent years until this Government came into office. We inherited a tourism product which needs a great deal of work to bring it up to adequate standards; a hotel industry in severe decline; and a general lack of direction and absence of a coherent tourism development strategy.

The funding for the Tourism Ministry for 1996/97 was essentially that which the former administration had allocated for this purpose, albeit the marketing budget for 1996/97 was doubled from £300,000 to £600,000. The budget bid which I am presenting today represents the new emphasis that the Government wish to give tourism. This is not to say that success has not been achieved in the field of tourism during the last year. I have personally led tourism promotions in various fields, from that of the cruise liner industry, through trade fairs such as the World Travel Market in London and FITUR in Madrid. I would like to highlight in particular the success of the Gibraltar stand at the London Boat Show, when much sterling work was done to reverse the damage caused to the yachting industry in Gibraltar by the fast launch activity of a few years ago. In addition, the hotel industry has been given an injection of morale which is being followed by a Government Assistance Scheme. One must not lose sight of the fact that almost one in seven persons in employment in Gibraltar works either directly or indirectly in the tourism industry. I believe this figure is capable of growing considerably and Government will be working to achieve this end. The catch-phrase of the day must be "Tourism Means Jobs". The private sector is being called upon to contribute to the development of Gibraltar as a tourist destination. For our part, the Government are making available considerable funding for the enhancement of the tourist product and for marketing it. Already the first signs of the effort that has been dedicated to developing the Gibraltar tourism industry are being seen. It takes time for results to be noticed, because of the long-lead in times. Monarch Airlines commenced scheduled operations to Gibraltar on 2 May 1997. This was an important day for the tourism industry in Gibraltar. The hotels are reporting higher occupancy figures for 1997, and the prognosis for the rest of the year is reasonably good. The Conference Bureau is succeeding in attracting some business for Gibraltar. There is now an air service between Gibraltar and Tangier, which is provided by Rock Air. Good press is being enjoyed by Gibraltar as a tourist destination, and the list could continue. What is important to highlight is that Government inherited a tourism industry in decline, and this decline has not only successfully been arrested but we are in a

position where we are starting to detect increasing signs of growth. The Chief Minister yesterday, during his address, detailed statistics which clearly show these factors. Therefore I do not intend to repeat these figures again.

Mr Speaker, I shall now examine in detail the budget submissions of the Ministry of Tourism and Transport, commencing with Head 6-A, Tourism. A distinction has to be drawn between the staff of the Ministry for Tourism and Transport and the staff of the Gibraltar Tourist Board. The former are civil servants, numbering four posts and the latter are employees of the Gibraltar Development Corporation. A decision was taken by Government not to restore the Gibraltar Tourist Board to the structure of the civil service so as to allow some employees of the former Gibraltar Information Bureau, who had tourism functions, to continue to perform their jobs within a new framework. I greatly welcome the restitution of the Gibraltar Tourist Board as there will now be properly qualified, experienced and dedicated staff who will work within a clearly defined structure and will ultimately be accountable to me. When I took office as Minister for Tourism, I had no staff working directly to me, this has now been rectified. It has not been easy to arrive at a proper submission for the Gibraltar Tourist Board. On the one hand, the staff structure which I am implementing - headed by the Commercial Director of Tourism - has to be tried and tested. There may be need for an element of tuning of this structure in the light of experience. The £329,000 which has been bid for under subhead 11, Contribution to Gibraltar Development Corporation - Gibraltar Tourist Board of Head 6-A, Tourism, consists of the salaries for the following posts which will form the new structure of the Gibraltar Tourist Board:- the top managerial posts will consist of the Commercial Director, the Sales and Marketing Manager, the Product Manager, and the Administration and Finance Manager. Each of the three managers will have an assistant. There will also be a Coach and Cruise Terminal Supervisor. In addition there will be an information section, which will be led by a Senior Information Officer. Information Officers will provide tourist information at points of entry into Gibraltar; at the airport for incoming flights, something which has not been done for years; and at the coach park and the cruise liner terminal, something which has never been done. They will also visit hotels within a structured programme, to provide visitor information to hotel guests and will man Information Offices at the frontier, the Piazza and at Duke of Kent House. The running of the GTB information service currently under contract will

therefore cease. Within the administration section, the department will have an officer dedicated to gathering visitor statistics and conducting surveys and analysing their results, in order to monitor visitor perception and opinions on the Gibraltar tourist product. The total number of persons who will be employed in the Gibraltar Tourist Board offices will initially be 21. It is policy to employ some young Gibraltarian graduates in the field of tourism and to take on school leavers and train them as tourist guides. Mr Speaker, the House will be pleased to learn that the final interviews for the posts of Commercial Director of Tourism, Sales and Marketing Manager and Product Manager are scheduled for Friday of this week. There has been fierce competition for these posts and this augurs well for the future development of the Gibraltar tourism industry. The importance that Government give to training for the industry is not mere lip service. During the course of this financial year Government will be setting up a School of Tourism, which will be based at Bleak House. Discussions are at an advanced stage with a United Kingdom firm which provides training for the hotel industry. Trainees will receive an element of theoretical training and will then receive practical, on-the-job training and a recognised international qualification at the end of their course. The Hotel Association will play an important role in the training programme. Government sponsored training will also be given to staff presently employed in Gibraltar hotels, as part of the Hotel Assistance Scheme. This assistance scheme covers the provision of soft loans for hotel refurbishment and for the provision of new facilities by hotels; the introduction of special tariffs for electricity, water and Government rates; a waiver of import duty on materials imported into Gibraltar for the purpose of refurbishing hotels; and a small element of direct grants for specific projects. The assistance for hotels is within the parameters allowed by the European Union for Government assistance to industry. At Head 106, subhead 6, of the Improvement and Development Fund estimates, it will be seen that £2 million have been earmarked for hotel assistance for this financial year. A further £3 million will complete the value of the package. These funds are mainly for the purpose of soft loans which will be repaid to Government over a period of time. The implementation of the assistance to hotels will be closely monitored by Government and therefore a Hotel Assistance Scheme Administrator will shortly be appointed by Government on a two-year contract to ensure that the funds which Government are making available are used only for approved projects and that optimum use is made of the Government's assistance in this area.

I do not believe that it is necessary to run down each of the subheads at Head 6-A, Tourism, as most items are self-explanatory. I will nevertheless comment on some of these subheads. The £150,000 for general embellishment includes elements such as painting of names on historic bastions; clearing the historic city walls of vegetation and in particular trees that are growing out of certain walls; painting and refurbishing public benches; provision of new benches; maintenance works to keep beautified areas attractive; removal of certain eyesores; and so on. The main purpose of this subhead is to create maximum impact from small projects, both for the benefit of tourists and for Gibraltar residents. I believe that attention to detail will pay dividends. This brings me now to the largest single item of expenditure, the £750,000 which will be spent on tourism marketing, promotions and conferences. This represents an increase of 150 per cent over the budget proposed by the GSLP administration for 1996/97 and an increase of 25 per cent over the £600,000 which were eventually allocated by the Government when coming into office in May 1996. Essentially the programme which I intend to implement during the course of this financial year is designed to capitalise on the initiatives of the last 12 months, which have seen major product improvements and the launch of a new tourism image and identity. The strategy for the coming year combines an investment in promotional activity in addition to increased support for the component sectors of the travel and tourism industry, both in Gibraltar and in our source markets. In addition to continuation of successful 1996/97 activity, there will be some additional emphasis on the following:

1. The building up of awareness of the Gibraltar tourist product in our main source markets, which are principally the United Kingdom and Spain. However, there will be some marketing activities carried out in the Algarve in Portugal and in Morocco.
2. There will also be an increase in UK travel trade communications and a trade support scheme including advertising, trade journals, roadshows and familiarisation trips for travel agency staff and travel journalists.
3. There will be support for the promotion of special tourism products, such as yachting, heritage, military history, diving, etc.

4. We will also be supporting Gibraltar events, such as the First Gibraltar International Regatta which will be staged in July.
5. We will also be promoting Gibraltar as a conference and incentive travel destination.
6. We will be increasing the cost-effective targeted response advertising programme. People who clip coupons which appear in our advertisements are sent information on Gibraltar by the Gibraltar Information Bureau in London together with a copy of the UK/GTA brochure which contains priced programmes offered by the different tour operators who offer inclusive package tours to Gibraltar. This method of direct selling ensures that people who are interested in a Gibraltar holiday can book without any problems. It is impossible to have every travel agency up and down the United Kingdom knowledgeable about the Gibraltar tourist product and the companies which offer Gibraltar packages. Direct sale is a useful substitute. Nevertheless, a Tourism Development Executive has been newly recruited by the Gibraltar Tourist Board in London. His primary duty will be to contact travel agents direct, particularly independent travel agents who do not form part of large chains, and increase their product knowledge of Gibraltar tourism so that they are better able to sell holidays to Gibraltar to their clients.
7. We will be developing a programme of local marketing, to make every Gibraltarian aware of the needs of the tourism industry. We are a proud people. We have every reason to be proud of what Gibraltar has to offer visitors. What we need to be reminded of is how to best look after tourists who come to Gibraltar and whom we need to entice back for further visits. Repeat business is a crucial element of the travel market. Every person in Gibraltar, from our most senior citizens down to our youth, must help in the communal task of making our visitors welcome.
8. There will also be increased trade promotional activity in Spain. The Spanish market has been neglected in the past to a very great degree. As the Chief Minister has already announced, as a first step, we will be opening a proper Madrid Office in order to be able to project an appropriate image in Spain. The Madrid Office arrangements which we inherited from the previous

administration falls short of our aspirations for this market. Provision has been made for the Madrid Office under expenditure Head 8-A, Secretariat, subhead 13(d) in the sum of £80,000. We will be aiming to put in place packages for inbound visitors from Spain, and will promote Gibraltar not just in Andalucia but also in Madrid and other parts of Spain. A start of the programme will be an advertising campaign which is aimed at the consumer and will commence in early June. Billboards along the Costa del Sol and in neighbouring Spanish provinces will promote the Gibraltar shopping experience. Then, during the months of September and October, consequent on the Ryder Cup Competition, there will be a dedicated campaign aimed at the golfing fraternity. The billboard campaign will be complemented by a series of advertisements in specific journals, some of which will be in golfing magazines.

9. There will be a trade marketing programme relating to the promotion of Gibraltar's port as a leisure centre for yachts and in particular cruise liners.

The promotion of cruise liner visits to Gibraltar is essential to our tourism strategy. It is one of the kingpins. To this end the assistance of the various parties in the transportation sector has been sought so that an agreement can be put in place which will cover all aspects of transportation. Both the Chief Minister and I have dedicated many hours in order to bring all parties together for the good of Gibraltar. Our success in attracting more cruise liners to Gibraltar will mean prosperity for all. If an agreement is not in place very soon indeed Government will have no option but to impose a solution through legislation. I am confident that all parties will pull together. Government will ensure that all transportation matters are placed on a proper footing and that there is a level playing field with opportunities for all. In addition, there will be close Government policing to ensure that our solutions in this area are workable. The cruise liner industry is a sector of the tourism market which does not require Spanish goodwill. The Mediterranean is set to receive a greatly increased number of cruise ships over the next few years. In order to try and benefit from this projected increase Gibraltar has already joined the Association of Mediterranean Cruise Ports, known as MedCruise. The Tourist Board has even got a representative on the Board of Directors of the association. The new Cruise Liner Terminal will be officially opened on 28 July 1997, when the Royal

Yacht Britannia is in port. That will be a red letter day. A programme of beautification of the area of the North Mole from the Cruise Liner Terminal to the entrance of the city is under way. Funds for this project form part of the bid under Head 103 of the Improvement and Development Fund, subhead 2. We are planning ahead. Unfortunately, we have already missed out on opportunities to expand our cruise industry. The Mediterranean has seen a staggering 400 per cent increase in cruise liner visits over the last four years. This compares with only moderate increases and indeed decreases for Gibraltar this year. No one owes us a living, we have to fight for our market share against strong competitors. I believe that there are two major issues on the cruise liner front: Gibraltar is perceived as a problem Port, arising from the transportation issue; and cruise operators want a revamped cruise visitor experience for Gibraltar. Whether or not Gibraltar is a problem Port, the fact is that that perception exists today. This perception therefore needs to be changed. Cruise operators are a closely-knit circle. If one operator has a problem then all others immediately know about it. By the same token if something is going well for one operator, then all others will want to jump on the bandwagon. I believe that we have gone a long way towards resolving the transportation issue. Both the Taxi Association and the public service vehicle providers agree in the principle that there must be freedom of choice for Rock Tours. This is something which is crucial for the cruise liners. This freedom of choice will only be restricted by geographical limitations imposed by any of the tourist sites and by a cap or quota system which will be monitored by the Gibraltar Tourist Board, which means that both taxis and minibuses will derive benefit from cruise calls at Gibraltar. I have spent much time talking to cruise liner operators at Genoa and at Miami at the Seatrade exhibitions, and in London trying to convince them to look at Gibraltar through fresh eyes. I believe that I am making some headway and I am discussing with one operator, in particular, the possibility of commencing and finishing cruises at Gibraltar. This would have great importance for the whole of the tourism industry. Cruise passengers would fly into Gibraltar and board the vessel here. The cruise liners would need to buy all their provisions locally; take bunkers; some of the passengers would probably opt to stay at Gibraltar hotels before or after the cruise, and there are many potential spin-offs as a result. Promotional activity on this front therefore forms an important element of the marketing budget.

The demands being made on our promotional budget are legion: every effort is therefore being made to obtain the maximum value for our spend. One example of this is a 30 minute television programme on Gibraltar which will be screened nation-wide in the United States to an audience of 55 million viewers, and via satellite to many millions of viewers in Europe. The programme will be screened on a number of occasions at peak viewing times. The cost of producing such a programme and securing peak airtime viewing is \$750,000. However, sponsorship has been obtained which will cover the bulk of the cost; the actual cost to Gibraltar will be \$70,000. Included in this package is a full page colour advertisement for Gibraltar in the prestigious National Geographic Magazine, at no additional cost. In addition, American viewers of the programme will be able to request literature on Gibraltar tourism from the Gibraltar Information Bureau in Washington. This television programme will promote Gibraltar as a tourist destination for the USA market. In addition, advantage will be taken to promote Gibraltar as a cruise destination. Filming is expected to take place in Gibraltar in June. I will be giving a full detailed presentation on the tourism promotional budget for the benefit of those working in the travel trade in Gibraltar and also for anyone in the general public who cares to attend, at the John Mackintosh Hall theatre on Thursday 19 June 1997. At that presentation I shall detail the different options available for the marketing of Gibraltar and the way in which the Gibraltar Tourist Board will precisely be carving up its spending.

Reverting to the budget bids under Head 6-A, Tourism, I would like to place in context the cost of the contracted services which appear at subhead 10. The management contract for the tourist sites is in the hands of Sights Management Limited and will cost £1.2 million and will cover a wide range of responsibilities. Against this, it is necessary to offset tourism sites receipts which are estimated to be £1.22 million and appear as Revenue Head 6, subhead 40. An exercise will shortly commence which will assess the Sights Management contract to evaluate the objectives and responsibilities of this contract. I foresee some fine tuning. One matter is already clear, control of the coach park will revert to the Gibraltar Tourist Board.

The second of the contracted services is the coach park security service. This is provided by KIJY Parkings Limited. With the plans for a new coach terminal and centralisation of the control of Rock Tours at the coach park by the Gibraltar Tourist Board, I no longer foresee a

need for this service. The purpose of the security service was to ensure a fluid working of the pre-booking system for Rock Tours for visitors aboard incoming coaches. Provision for this service to continue for the short-term has nevertheless made it necessary to include this in the Estimates as at this stage we do not know when the new system of operation for the coach park will come into effect. In addition, the security services may be required at specific times in the future.

The third contracted service, in the sum of £6,000, relates to the maintenance of the sound equipment at the John Mackintosh Hall so that the hall can be used as a conference centre.

Before leaving the subject of tourism, I would now like to comment on the subheads of Head 103 - Tourism and Transport, of the Improvement and Development Fund, which relate to tourism. The first item is an annual expenditure item in the sum of £245,000. This covers, first of all, the annual spending on improvement to the beaches to ensure that all beaches are in an acceptable state of repair for the start of the bathing season and that on-going damage caused by the vandalism of a small minority is put right for the benefit of our many beachgoers. The changing rooms at all eastside beaches and Little Bay have been repainted and the shower facilities replaced. Temporary changing room and toilet facilities in portacabins for Camp Bay have arrived and they will shortly be installed in time for the 13 June start of the official bathing season. I believe that our beaches have been kept in a cleaner state during the winter months than was previously the case. In an effort to improve this even further, a new beach cleaning machine is on order and will shortly arrive. This machine will enable us to maintain high standards of cleanliness and hygiene throughout the year and particularly during the summer months. Beaches will be cleaned by this machine daily during the official bathing season. A new facility is being introduced this year at all beaches, the provision of open air salt water shower or foot bath facilities by the beach to allow beachgoers to shower away sand. They will complement the potable water showers in the changing rooms.

A further item covered by subhead 1 is improvements to planted areas. Already much work has been done to make Gibraltar a more attractive place. The planned programme of works to this end will continue.

The third item is improvements to tourist sites. This will include provision of improved toilet facilities at St Michael's Cave; introduction of a comprehensive system of tourism signage; and the production of suitable souvenir literature on our major tourist attractions. Finally, although the Museum is now the responsibility of the Ministry for Heritage, the annual spending on improvements to the Museum will continue to form part of this subhead.

Subhead 2 of this Head of Expenditure in the sum of £861,000 covers enhancement of tourist entry points at North Mole and the land frontier. Government set as a priority last year the improvement of tourist entry points. First impressions are important. Similarly the last view of a place is what will linger on in the visitor's mind. It is therefore essential that a positive impact be created on persons who come to Gibraltar. The Airport Terminal refurbishment programme has almost been completed and the Cruise Liner Terminal will be operating shortly. The focus is now on beautifying the road between the Cruise Liner Terminal and Waterport. Tenders have been adjudicated and the successful tenderer will shortly be commencing work with a view to having the road beautified in time for the opening of the Liner Terminal in two months' time. The road itself will be resurfaced and there will be a wide pavement with benches, trees and plants. Eyesores, such as buildings in a poor state of repair and portacabins in the area of the Port Office, will be removed. In addition, works will be put in place to fence off the Port security area. This is a requirement for cruise ships calling at Gibraltar and is advantageous within a working commercial port. The other item which will be covered by this subhead is the proposed works to embellish the land frontier and to make the frontier building more attractive and welcoming, particularly on the inside. Plans are still on the drawing board and will be put to Government shortly for approval. The concept is that the frontier hall should have the atmosphere of an airport lounge with visitor seating accommodation and proper public toilet facilities and an adequate tourist information facility. At this point I would like to publicly thank the members of the Tourism Advisory Council for their assistance and guidance. The final tourist project under this Head for which funds have been allocated is subhead 3, City Walls Lighting, in the sum of £50,000. It is rightly said that familiarity breeds contempt. We tend to forget that Gibraltar is a medieval walled city and that our city walls are in a remarkably good state of preservation. Floodlighting of sections of our walls will enhance their appeal and

impact. The first stage of the project is now nearing fruition; the floodlighting of the fountain at Waterport.

I should now like to comment on subhead 16 of Head 104 of the Improvement and Development Fund - Infrastructure and General Capital Works - which includes tourism projects which will produce significant improvements to the tourist product. The projects which have been identified for funding during the course of this financial year form only a part of the general overall short-term and medium-term strategies to revitalise the Gibraltar tourist product. This covers a bid in the sum of £2.928 million which will include the second phase of the beautification of the centre of the old city. My hon Colleague, the Minister for the Environment and Health, has already given details of the beautification programme for the inner city for this financial year. With regard to the city centre beautification scheme, I am pleased that the current project will be completed in June 1997. I believe that the section of Main Street that has been beautified has attracted a wealth of favourable comments, despite initial worries by some traders that the scheme would adversely affect business. It is a scheme that is worth continuing and will be extended. Several future phases are planned. The scheme is not only beautifying the city centre, it is environmentally friendly and brings new life into the shopping experience we offer visitors. Gibraltar has been seen to follow the lead of progressive European cities in revitalising the city centre, and keeping abreast of what is sound in such schemes. Inevitably, such beautification schemes mean change, and it takes time to adjust to this. As the first phase comes to fruition, I am aware of the public concern with regard to traffic issues in the area of Main Street: the question of traffic flow; vehicle exemptions; access to the beautified areas; access via the beautified areas to streets such as Crutchett's Ramp; and so on.

Government will be taking decisions shortly on these traffic matters and a public announcement will soon be made. The beautification scheme is not something which should be viewed in isolation but as part of a strategy. When the full Gibraltar Tourist Board team is in place I will direct that a complete strategy for the development of the whole tourist product be arrived at with short, medium and long-term objectives clearly mapped out. The present initiatives will be incorporated within a wider spectrum. The net effect is that every penny that is spent will go towards the creation of a total Gibraltar experience.

Finally, I wish to comment on the question of subsidies and assistance for airlines. At item 3 of Head 6-B, Transport - Airport - £152,000 is the bid for Departure Tax Rebate. This was a commitment entered into by the previous administration. The Minister for Tourism in the GSLP administration agreed to grant a £1 rebate in respect of the departure tax payable by each passenger flying out of Gibraltar airport in respect of any airline which operated two or more scheduled services per day, other than during the Christmas and Easter peak periods when no rebate was applicable. This was agreed on 17 January 1994, with retrospective effect to the 1992/93 financial year. When this Government took office in May 1996, there was outstanding to GB Airways the sum of £151,008. This will now be settled as the Government have agreed to honour the commitment of the previous GSLP administration on this front.

Head 106 - Industry and Development; subhead 5 - Airlines Assistance Scheme, makes provision for £365,000 to cover the cost of the package of measures which were put in place by Government to entice Monarch Airlines to commence operation on the Gibraltar route and also for a package of measures for GB Airways in order to provide a level playing field. Assistance in the form of departure tax rebates will also be provided for Rock Air, which has commenced an air service between Gibraltar and the north of Morocco. The same level of support will be made available to two other airlines which are proposing to commence Gibraltar-Morocco services, once their operations commence. The proposed Government spending on tourism is therefore intended to consolidate Gibraltar's position as a tourist destination by providing improvements to the tourist product as part of a strategy; by beautifying Gibraltar; by enhancing Gibraltar's tourism infrastructure through training and provision of assistance to hotels; by providing incentives to new operators, such as Monarch Airlines; and by developing those sectors of the tourism market, such as cruising and conferences, which can sustain considerable growth in the immediate short-term.

I shall now turn to the second area which falls under my Ministerial responsibility, Transport. I have already made reference to subhead 3 of Head 6-B, Transport - Airport. There is only one further item in this Head which is subhead 4(a), the cost of the management agreement with Terminal Management Limited for the managing of Gibraltar airport. The value of the contract is £780,000. The proceeds which will accrue under Revenue Head 6, Departmental Fees and Receipts,

subhead 43, Airport Departure Tax; and subhead 44, Fees and Concessions, need to be offset against the cost of this contract. It is estimated that £650,000 revenue will be generated through airport departure tax and £500,000 through airport advertising fees and concessions. In line with Government policy, an exercise will be undertaken during this financial year to evaluate the objectives and responsibilities under this contract.

Mr Speaker, with regard to Head 6-C, Transport - Roads, I wish to state that it is not Government's policy to privatise the Highways and Sewers Section. The men employed in this section do good work and it is intended that they should continue to do so. A human resource audit will be carried out to establish the appropriate manning levels for this section. One area I will be looking at is that of overtime. There are two bids for this: one is for £50,000 in respect of the 13 members of non-industrial staff; the other is for £120,000 for industrial staff. The overriding principle which I will apply is value for money. The sum of £57,700 for industrial bonuses is in respect of Job Price Contracts under subhead 2(d). JPCs provide that if a specific project is completed in less time than that stipulated in the contract for the job then a bonus, on a sliding scale, is payable to each member of the team working on the project. I support the concept of JPCs; they provide a financial incentive, through the bonus scheme, for the workers involved and at the same time encourage productivity.

The two major items of expenditure under Head 6-C are subheads 5(a), Maintenance of Highways, in the sum of £145,000 and subhead 5(b), Resurfacing Roads Programme, in the sum of £551,000. The figure under subhead 5(a) is made up of two bids as follows: £196,090 is for the purchase of materials and other costs for the maintenance of highways; and £38,910 for the maintenance of sewers. The "other costs" attributable to this subhead cover the hire of equipment such as cranes and heavy plant; the purchase of small tools and plant; and the safety maintenance of breathing apparatus. I am now in discussion with the Highways Engineer to produce a strategy or programme for the resurfacing of all Gibraltar roads over a period of time. The resurfacing cycle is likely to be 10 to 12 years, which I am advised is a reasonable life expectancy for an average road surface. I believe that resurfacing works need to be done in a concerted, planned manner. This will be the case for the future. The figure of £551,000 under subhead 5(b), the resurfacing roads programme, will be allocated to the resurfacing works

required for the following works which will be carried out during the course of this financial year. The roads that will be resurfaced using the department's labour force include the following: Naval Hospital Road; Prince Edward's Road; Flat Bastion Road; Red Sands Road; Europa Road, from Boyd Street to the junction with South Barrack Road; Fish Market Road; Market Place; Upper Witham's Road and St Joseph's Road; Glacis Estate; Moorish Castle Estate access road; Calpe Road; and Parson's Lane. In addition, works on building a pavement at Catalan Bay will be completed. Ramps for the disabled will be incorporated into pavements at Glacis Estate. A pavement will be constructed in the vicinity of the RSPCA kennels at Rosia Road and the pavement will be reconstructed along Rosia Road, from the junction of Scud Hill to New Mole Parade. Finally, this figure will also cover the cost of road marking for all the resurfaced roads. Further funds for roads in the sum of £285,000 will be made available from the Improvement and Development Fund. These projects, funding for which will be provided under subhead 5 of Head 103 of the Improvement and Development Fund, and using contract labour, are the following: the resurfacing of the roads on the Upper Rock; the completion of the Europort Road car park; and the construction of a centre reservation and embellishment of Europort Avenue. The construction of a centre reservation at Europort Avenue is a safety measure. The funds bid under this subhead cover the cost of materials for the three projects.

Under subhead 10 of Head 104 of the Improvement and Development Fund is the £525,000 earmarked for storm water drains and sewers replacement. The funds will cover the following four projects:

1. Replacement of the collapsed sewer from Convent Place to Referendum Gates. The whole of the collapsed sewer needs to be replaced and the sooner this is done the better; it is cheaper than patching up each time a hole appears in the road.
2. A new surface water drain needs to be laid from the junction of Main Street with Cooperage Lane to Landport in order to prevent flooding at the north end of Main Street.
3. Specialised contractors need to undertake desilting of the main sewer and storm water large diameter culverts.

4. Funds will also be devoted to emergency repairs and minor improvements to the sewer and storm water network.

Mr Speaker, I shall now comment on Head 6-D, Transport - Traffic. The sum of £96,900 at subhead 1(c), Allowances, requires explanation. There are many calls for driving examiners to test drivers outside normal working hours thereby securing an early date for a driving test instead of the usual wait of several months. Much of the demand comes from foreigners who have been prepared for their driving test by Gibraltar driving schools. There is a fee which accrues to Government from driving tests which are taken outside office hours. However, the driving examiners need to be remunerated for the extra hours they are called upon to work. This has been covered by overtime. For the future Government wish to put in place an allowance which will be payable to the driving examiners. I have given instructions that the introduction of this allowance must be expedited.

The other items on which I would comment come under subhead 4 of this Head, Traffic Security Services. The Miscellaneous Expenses of £34,500 under subhead 4(a) are in fact the running expenses of GSS. The figure of £300,000 under subhead 4(b), Parking Tickets and Tows - Gibraltar Security Service, covers the cost of salaries and allied payments due to employees of Gibraltar Security Services. There are 24 employees. The final item under this subhead, subhead 4(c), Traffic Compound - KIJY Parkings Limited, in the sum of £23,500 covers the fees incurred when GSS remove derelict vehicles at the request of the Police. They are placed in the KIJY compound until the Police gazette that vehicles will be disposed of. The fee for storage is £2.50 per day per vehicle and the monthly bill in this respect is about £2,000. There may be merit in scrutinising the benefit to Government of this contract and examining more cost effective substitutes. In fact, I would like to see GSS functioning much closer to the Royal Gibraltar Police and having its own compound. Other items of revenue which will accrue to Government in respect of the Transport - Traffic Section, are at subhead 46 to 48 of Revenue, Head 6. They are as follows: £55,000 in respect of vehicle testing; £55,000 in respect of vehicle registrations; and £60,000 in respect of traffic security services. Of greater concern to me is the fact that European Directive 91/328 of 21 June 1991 comes into force on 1 January 1998, and Gibraltar must comply with this Directive. Little progress was achieved by the previous administration to prepare Gibraltar for this. In essence, what Directive 328 of 1991

provides is that every motor vehicle with not more than eight seats excluding the driver's seat needs to be tested by a Motor Vehicle Examiner four years after the date on which it was first registered and thereafter every two years. In general terms, an MOT is required for all vehicles which are four or more years old. The Government have taken urgent measures to ensure that Gibraltar complies with this Directive. In the first instance, the old desalination plant is being prepared for use as a temporary MOT vehicle test centre. Provision is also being made under Head 103 of the Improvement and Development Fund; subhead 4, Refurbishment of Motor Vehicle Test Centre, to add an extension to the existing Motor Vehicle Test Centre which will be able to cater with the much larger volume of work which will result due to the EC Directive. The funds bid for under this subhead total £414,000. It would have been particularly helpful if there had been a phasing in of MOT tests on cars which are four or more years old. I believe it was irresponsible for the previous administration not to have taken appropriate steps to ensure that compliance with this EC Directive will not cause undue burden.

The final Head of Expenditure which comes under the Ministry of Tourism and Transport is Head 6-E, Transport - Port. I do not believe there is anything particularly contentious in the bid for expenditure in respect of subheads 1 to 4. They follow the pattern of previous years. The Chief Minister highlighted yesterday during his address statistics which clearly indicated growth in the Port. In fact, the Gibraltar Port is now the most important Port for bunkerers in the Mediterranean by a long way. Mr Speaker, the Government attach great importance to the re-establishment and development of Gibraltar Category 1 Shipping Registry both from the point of view of Port services development and the finance centre. The Government have now retrieved the Shipping Registry back into the public sector not being satisfied with the privatisation agreement for 20 years signed by the previous administration. This was not in the interest of either the taxpayer or finance centre professionals. The delay of re-establishing the Registry has been due to the process of cancellation of the privatisation agreement which has now been done, as announced earlier this year, at the time of the debate in the Supplementary Appropriation Bill. Opposition Members will be aware the Government agreed with the British Government to recruit a Maritime Administrator. Interviews for that recruitment took place earlier this week. Government expect the Registry will be fully operational within four to six weeks.

Turning now to the Improvement and Development Fund, Head 103, subhead 6, I am pleased to announce Government support for the Port Department in a very concrete way in the sum of £770,000. The Port Department has always considered itself to be the Cinderella of the disciplined, uniformed services. When this Government took office morale was low. This was partly attributable to a perception of Government under-funding of the Port Department which was translated into a sense of lack of interest in the issues of importance to the Port. I believe that the Port is a valuable, under-used asset. Already, during the course of the financial year ended 31 March 1997, some important works were commenced on the Port Lookout facility. These works will be completed shortly. A Port Study has been commissioned by Government so that appropriate strategies can be put in place for the development of the Port in the short, medium and long-term. The consultants chosen for this purpose were MDS Transmodal, who have considerable international experience in this field. The strengths of the Port will be built upon. Government will be pressing the MOD to release the portion of the detached mole which is still under MOD control and which is required for development of the facilities under the Port. The role of the Port Department staff will be changing in some respects. More emphasis is now being placed world-wide on pollution control mechanisms and strategies. The Port Department has a key role to play in this field. Members of the department are training as divers, adding a new capability to the department. Other changes will follow consequently on the opening of the Cruise Liner Terminal. There is a need for a proper security area in the Port. The infrastructure of the Port will be enhanced during the course of this financial year by the purchase of a new Port launch. The functions and roles for which the launch will be required will ultimately determine which vessel should be purchased. In addition, new fenders will be purchased and berthing catamarans. Works will also be carried out to build a security cabin in advance of the implementation of a Port security system. Security cameras will be installed at strategic points in the Port as part of the security system. With regard to revenue which will accrue from the Port Department, this appears under subheads 49 to 56 of Revenue Head 6 and totals £607,000. I would like to comment on one aspect of the revenue estimates. £180,000 is the forecast revenue from tonnage dues, as vessels calling for bunkers pay no tonnage dues. This helps to make Gibraltar competitive and provides healthy business for other areas of the Gibraltar economy. However, one of the items in the remit of the

Port consultants is to examine the structure of the fees presently in place and to make recommendations on what changes should be introduced. When the recommendations are studied and Government implement new strategies for the Port, there should be additional revenue which will accrue.

In summary, the Port Department is surging forward this financial year with added energy consequent on Government's commitment to bolster the role of the department. There is a considerable Government spend projected for Port infrastructure projects and the recommendations of the MDS Transmodal consultancy will ensure that the Port of Gibraltar is posed to enter the new millennium with plenty of commercial clout led by a properly resourced Port Department. Mr Speaker, this concludes my intervention.

HON H CORBY:

Mr Speaker, much has been said about the housing problem in Gibraltar and how the previous administration had claimed to have solved single-handedly the housing problem. However, after being elected into office and on assuming the responsibilities of Minister for Housing, I soon found out that this was far from the truth. Long-term contracts had been entered into with third parties who were now empowered with an essential aspect of housing, a role which was always entrusted to civil servants. As I said earlier, we still have a serious housing problem. There are still families living in Third World conditions.

There are a total of 286 applicants on the housing waiting list and a further 164 who have been categorised as either medical or social cases. In addition to this there are 226 applicants who are pending approved status in the housing waiting list. Some housing applicants have been waiting for over 17 years and it is time to give this matter the impetus and drive it so rightly deserves.

I am happy to announce that to ease this situation this Government will use Edinburgh House as part of the Government's rental stock. To this end Government have committed the sum of £1.5 million to refurbish this property. Negotiations with the Ministry of Defence for the hand-over of this Estate are now nearly completed.

HON J L BALDACHINO:

If the Minister will give way. How many people did he say were in the waiting list and how much money did he say he is going to spend in Edinburgh House?

HON H CORBY:

There are a total of 286 applicants on the housing waiting list; 164 who have been categorised either medical or social cases. In addition to that there are 226 applicants who are pending approved status. That means that they have to wait for two years to be on the housing waiting list. We will spend £1.5 million to refurbish Edinburgh House.

Another problem that has been encountered is the poor state of repair of Government flats. For the past few years little or no maintenance has been carried out to Government flats. This has resulted in the deterioration of the Government housing stock to such an extent that a great percentage of the housing stock has fallen into a poor state of repair. Unfortunately, the money that was allocated in the last few years for the refurbishment and repair of Government flats has not been used to this end by the Buildings and Works Department. A situation that we are determined to resolve. The Minister for Buildings and Works will expand on this in his intervention.

Another area of housing that needs to be tackled is the provision of housing specially tailored to meet the needs of the elderly. In order to rectify this shortfall, this Government will build a block of flats to meet the requirements of the elderly. These flats will be allocated solely to elderly people and no other persons will be allowed to live in these flats. As you can see from the Estimates of Expenditure there is a subhead within the Improvement and Development Fund to meet the cost of this project.

Another very critical housing problem we have inherited concerns the dilapidation of Westside II. As previously announced, Government will take the necessary steps to correct the situation and, as reported in the press, the total estimated bid may reach £32 million. Clearly this is a catastrophe. The list of defects in what is, to all intents and purposes, a new building are endless. Whilst the cause of these difficulties are yet to be fully determined, there is no doubt that this episode is Gibraltar's

major building catastrophe which we have inherited and we are now trying to rectify. Our concern now is to win back the confidence of those home buyers whose lives have been made miserable by their living conditions, the uncertainty of it all, and the very real cost of maintaining mortgage repayments throughout. We ask them to be patient and we offer them our determination and commitment to put the matter right once and for all.

Turning now to the Department of Social Services. When I assumed responsibility for this important department which I have the honour to represent, I found it to be hopelessly under-resourced. Morale was low; the department was equipped with outdated systems that are not cost effective and provoke over-stretching in staffing and man hours. All entries are recorded manually and logged in registers which belong more properly to the last century. To illustrate this if one asks for statistical information, as the Opposition Member recently requested, say, "How many persons will be eligible for pension receipts within the next two years?" The answer to any such question must be researched by reference to these registers; 15,000 entry searches later one has the answer. This state of affairs is not good enough, the time wasted in attending to these questions is considerable, and yet we know that the advances in computer technology can provide us with a cost effective alternative. My commitment is to modernise and adequately resource the DSS up into the new millennium.

At the moment we are looking at new technology which will enable Swipe Cards to be used. The Swipe Cards will include identification photographs and other information. This will avoid duplication or wrong payments and which, we are confident, will also stamp down on DSS fraud and errors that have cost the Gibraltar taxpayer many thousands of pounds. We are confident, however, that the Swipe Card system will result in a better and more efficient service to our customers. Computerisation will enable quicker access to statistical information and better use of human resources; a more reliable service and better cost effectiveness.

My portfolio also includes one of the most ancient buildings in our care; the Prison at Moorish Castle. This prison has been continuously underfunded and ignored since time immemorial. Surprisingly, or maybe not, just before the elections the previous administration thought fit to undertake remedial works. No tender was sought for these works, no

provisions were made for these works in the Estimates; the Superintendent of Prisons was not consulted and neither, for that matter, was the Heritage Trust. On my appointment I found the works in hand. These works were found to be inadequate and did not fulfil the needs they were designed for. Consequently, the works were stopped. Our administration is proud to announce, however, that we have not stopped resourcing the prison. This time, however, we approved the works in consultation with the Superintendent of Prisons. The works undertaken included modernised surveillance posts for the Prison Wardens and an upgraded electricity and water supply to the prison. There is also a provision in the Estimates for the upgrading of security cameras. I would also like to announce that the Heritage Trust has been consulted in connection with remedial works that need to be carried out to the old walls in order to make them safe.

Finally, Mr Speaker, and often closest to my heart, I turn to drugs rehabilitation. I am proud to announce that we have had very successful and supportive discussions with the MOD leading to an agreement for the use of Upper Bruce's Farm. This property, in excess of five acres, is located on the Upper Rock and will, I believe, prove an ideal location to deal with the growing problem of drug abuse and the repercussions it has both in the family and in our youth. I expect that the centre will be operational within three or four months and that, additionally, an affiliated branch of Narcotics Anonymous will be opened at the same time to provide after care and counselling as may be required. Thank you, Mr Speaker.

HON R MOR:

Mr Speaker, speaking on the general principles of the Bill, before I move on to make some comments and remarks on my shadow responsibilities. Yesterday the Chief Minister spent about over two hours talking about the presentation of the Accounts, talking about the clarity; the openness and after two hours he somewhat spoiled it when he suggested that the revenue might be too low and the expenditure might be too high. That is something, in my view, which is very much like a clock which one can see right through to the clockwork mechanism but the time could be anything between midnight and six o'clock. I think by saying that what the Chief Minister is showing is lack of confidence, lack of ability, uncertainty in being able to attract extra revenue to Gibraltar because the reality is that this last year and this coming year all the

money that they are spending and all the money they are talking about is not money which they have generated, it is not money they have made in revenue and in their policies; it is really money that has been there and which has been accumulated over between 1988 and 1996 by the GSLP administration. So it is indeed ironic that what is permitting the spending power and the generosity with which they are spending the money is precisely due to all the effort of the Opposition and not the Government. The irony in all this lies because we must not forget, Mr Speaker, that according to the GSD when they were in Opposition, we were supposed to have mismanaged the economy. There were claims, in some stages even that we were provoking economic ruin for Gibraltar. There were claims of optical illusions and that our economic plan had failed. Well, what sort of situation would we have today in Gibraltar if indeed we had mismanaged the economy? The Leader of the Opposition yesterday made reference to that, to what the position was in 1988 when we took office. If we were back in 1988 we would still have, not the problem that the Chief Minister has, he would have had a tremendous problem of housing in 1988 when there were, in fact, over 2,500 people waiting to be accommodated. The greatest social problem that we had in those days was in fact housing and we have tremendously improved the housing situation in Gibraltar and it is thanks to our economic ability that many Gibraltarians can now own their homes and in fact is something which the present Government, according to what the Chief Minister was saying yesterday, they intend to continue, in other words, the 50/50 scheme which permitted many Gibraltarians to now own their houses. What is perhaps most noteworthy that we achieved all this; we achieved improving the housing situation stock in Gibraltar not with overseas development paid from Britain which was the practice with the previous administration, but with our own economic ability and our own money. It was with our own money and our economic ability that we carried out an ambitious land reclamation which permitted three housing estates to be built; one superstore; two magnificent rowing clubs, and the greatest foreign investment in Gibraltar, an investment of £120 million. And this, Mr Speaker, created where only sea water existed before - the optical illusions which the GSD kept referring to. Had we mismanaged our economy and had our economic plan failed, there would have been no possibility at all of carrying out the enormous amount of infrastructure that we carried out throughout Gibraltar, not only to service the new buildings but also replacing old and outdated infrastructure. Had we failed, we would not have the excellent modern telecommunications that

we have today; we would not have the present incineration plant that we have today; we would not have the present extended air terminal facility; and the new planted green areas which the Minister made a reference to yesterday, he made a reference to Greenarc. Well, Greenarc was put there by us and the results, as can be seen, can be very much appreciated. Had we mismanaged our economy and had our economic plan failed, Mr Speaker, our students would still have to face the challenge of the pointage system. With this system it did not matter whether universities accepted our student's grades, so it is indeed thanks to the GSLP's economic ability that any student who is accepted by a university will now automatically receive a Government grant. Another area which has also been presented on a plate is funding from the European Union. When we came into power, Mr Speaker, obtaining funds from the European Union was considered an impossibility. Again, it is thanks to the GSLP that today we can have EU training funds and EU funded projects and obviously, had we mismanaged our economy we would not have been able to provide matching funds to attract this EU funding.

So coming back to the point I raised, Mr Speaker, as to what sort of situation should we have in Gibraltar today if, as the GSD used to say, we had mismanaged our economy and our economic plan had failed, well the answer is quite obvious that it would not have been possible to have done any of the things I have mentioned. The GSD Government would have therefore been faced with the housing problems in its enormity; old telecommunications which would not have attracted finance service business; sorting out the incineration problem; an inadequate air terminal facility; unkempt and dilapidated green areas; shabby tourist sites; only a few students going to university; no EU funding; no St Bernadette's; the list is endless, Mr Speaker. So of course they would neither have the cruise liner terminal or the Main Street pedestrianisation and no Community Care, obviously. So there was a great difference in the Gibraltar that we inherited and the Gibraltar that the GSD Government has inherited. Not only have we handed over a Gibraltar with the greatest transformation ever experienced in our political history and which will never be matched, as time will show, but after having successfully financed everything I have mentioned and many other things which would take too long to mention, we also accumulated, as my hon Colleague has mentioned, some £130 million in cash which were there when we left Government. Yet, Mr Speaker, as I have already mentioned, the GSD when in Opposition had

the cheek and the audacity to claim we were mismanaging the economy and bringing about economic ruin to Gibraltar. Well, they have had a year in which they have shown how they themselves manage our economy. So far all they seem to be doing is jumping on the bandwagon on any GSLP project that has been on stream and when this has finalised they have rushed over to have their photographs taken and obviously Francis Cantos frantically sending out press releases every day. I remember that on the eve of the last elections, during the Leader's Debate, the now Chief Minister said that if the GSD got into power tourists would flock overnight to Gibraltar. I remember that that is what he said at the time. I have not noticed, it is possible they may have come but I have not seen them, not flocking as the indications that he made. What I can say obviously is that the queues at the frontier continue the same as ever despite all the efforts of the Government to be reasonable, etc, etc - this is not the right debate to go into that at the moment. But in that same debate, Mr Speaker, we heard about the emphasis and priority the GSD was giving to tourism. Now and again we hear and we heard the Minister for Tourism speaking a short while ago, we hear about his travels to Trade Fairs and we hear of how important it is that we should attend and he keeps repeating the word "encouraging" about 10 times in the interview. I do not think it is something to be big-headed about because I can say that I have been hearing that same message over the last 30 years from everyone connected with tourism who have attended Trade Fairs and have had some connection with tourism. In that debate I think there was some indication of a Walt Disney character. Well we know that he crossed the Atlantic but he is still in Paris.

Mr Speaker, if I may just raise a point, during the contribution by the Minister for Social Affairs, he has not made any reference to the pensioners who have a gap in their contribution records which he undertook, about a year ago, that he was doing something about it. I hope if perhaps at the Committee Stage or at some stage we may get some clarification on that. There is something else I would like to raise and that is in connection with the Social Affairs budget. All the expenditure and all the revenue is supposed to be in the Accounts. I have looked and I cannot see any revenue arising from the administration costs of payments to Spanish pensioners. Is it that the United Kingdom is not going to be charged administration costs for the payment of Spanish pensions? I would like to know if the Government can provide some information on that. I would also like to give notice

that at the Committee Stage I will be raising some queries on the cost as to the income and the expenditure related to the Casemates and Devil's Tower Hostels.

Mr Speaker, to conclude, the bottom line of these Estimates is that come the end of the financial year in 1998, the projections are that Gibraltar will be even less economically self-sufficient than we were in 1988. One of the basis on which so much emphasis must be given to self-sufficiency is that if we are not self-sufficient we become vulnerable to political pressures and this is a very worrying factor for the Opposition but, as I say, what this budget is reflecting is that we are in danger of heading that way. Perhaps what is, in my view, not so important is the image as to imagination, economic imagination is I believe what is required and I cannot see that reflected in the Estimates that have been presented. Thank you, Mr Speaker.

HON DR B A LINARES:

Mr Speaker, there is good reason, without falling into complacency, to be satisfied with what is being achieved in our educational institutions and by those engaged in them. Credit is also due to the parents who have placed their confidence in the system and continue to give their support to the educators and teachers. The Government believe that any investment in education is an investment in our future as a civilised, skilled and prosperous community. Our commitment in this respect has been amply demonstrated in a very tangible manner since we came into office and many of the objectives in our manifesto have already been attained, in many cases entirely and in most cases partially or incipiently. Whilst our results in public examinations continue to rank our schools high among the most successful schools in Britain, we believe there are two areas in our schooling provision which require closer attention and development. In the first place children with special learning difficulties and disabilities. Secondly, there are many pupils who are not suited for strictly academic studies and who would greatly benefit from more practical and vocationally oriented courses in our secondary schools, in the college of Further Education and in the training centre. As regards children with special needs, the Government have moved fast and far. In September last year we increased the complement of teachers enabling schools to give more individual tuition to pupils with special needs. At the same time we created a Special Unit in Westside School and improved the staffing arrangements in the

Special Unit in Bishop Fitzgerald's School where 17 children are taught by two qualified teachers and two classroom aides. But this is an area where there is an on-going educational development, for example, in relation to the problems and difficulties of dyslexia and dyspraxia; and the recent OFSTED inspection of our schools was commissioned by the department precisely to assess our current practices and methods from an educational point of view, that is, in terms of planning, delivery and methodology. A preliminary draft report is now with us and as soon as it is finalised by the OFSTED team we shall initiate a process of in-service induction of our teachers along the lines recommended in this report.

Pre-schooling and early learning are recognised today as crucial factors in marking the educational path of children at later stages in their school progress, and this is particularly important for children with potential learning difficulties which need to be assessed at a very early stage. I was very pleased to announce, therefore, only a few weeks ago, that as from September this year, the Department of Education will be able to open at St Martin's School a pre-school assessment unit for children under three years of age. This is something our educators and professionals in this field have been aspiring to for a long time and which places our services in line with the most enlightened educational authorities in Europe. As regards mainstream nursery education, which is also one of our manifesto commitments, the House is aware, but I report here for the record that in September last year we opened a new nursery for 60 children in the north end of town where there was great demand and also granted tax incentive allowances to parents with children in private nurseries.

Mr Speaker, perhaps the most critical and urgent problem in terms of schooling faced by the Government when we came into office in May last year was the lack of accessible primary schools for the hugely increased population in the Westside area in recent years. It was a pressing need and a solution had to be found quickly. By the beginning of the academic year in September, Bishop Fitzgerald School and the reception year of Governor's Meadow First School could be settled in the New Camp complex at Westside. I am happy to report that the initial teething problems raised before in this House have now been overcome and the schools in New Camp are generally recognised by parents, teachers and children as very attractive, safe and well-resourced. This process will be complete when the extensive construction now taking place in the complex, and for which provision is made in this Budget to

the value of £637,000 will enable us to accommodate the whole of Governor's Meadow School which will be moved from their present site in Alameda Parade.

Similarly, the College of Further Education is now well established in the premises vacated by Bishop Fitzgerald School. And this, Mr Speaker, brings me to the point raised earlier concerning the Government's commitment to vocational education and professional training. The College is now equipped with state-of-the-art computer hardware and software to the tune of £100,000 so that the College has become a veritable Information Technology Centre in Gibraltar, able to meet the increasing demands of the finance and business industries. And quite apart from the traditional full-time courses for school leavers, the College is currently running a wide range of professional training courses for nearly 200 adult employees with local firms on a day or time-release basis. Courses such as the Banking Certificates, Accounting Certificates, the Legal Secretary's Certificate, the Private Secretary's Certificate, the Certificate in Office Technology and the foundation course for Chartered Secretaries and Administrators, etc are currently being taught in the College and they are validated, monitored and moderated by the relevant institutions in UK such as the Association of Accounting Technicians, the Institute of Legal Executives, the London Chamber of Commerce and Industry, the Institute of Qualified Private Secretaries and the prestigious Institute of Chartered Secretaries and Administrators. The Government believe that systematic training in basic and professional skills lies at the very root of our job creation policies, and I am pleased to announce that the initiatives already taken in the College of Further Education will soon be greatly expanded and facilitated by establishing Bleak House, once the adult education centre of the MOD, as an institution of further education not only for the private sector but also for civil servants in order to enhance the quality of our public service. We aim that by September this year courses for staff in the hotel industry to which my hon Colleague, the Minister for Tourism, has referred, will have got off the ground in the new facilities at Bleak House.

Mr Speaker, another vital element in a job creation programme must be a fine-tuned careers advisory service for school leavers to ensure they have correct and realistic information about job prospects and opportunities. This service was scrapped by the previous administration in 1990 but we have now taken a big step to re-establish the service by

opening a large and well-resourced Youth Conference Centre at Montagu Bastion and I am pleased to say that it is already widely used by school leavers and youth groups and also by private firms organising staff development seminars.

Mr Speaker, although our youth are now preserved from the scourge of the tobacco trade, Gibraltar is not immune from world-wide threats which endanger the moral and physical welfare of our youth, such as drugs, pornography, violence and vandalism. My Government are committed to genuine preventive action in terms of social education at all levels and healthy leisure and sports facilities. In this context I am pleased to draw the attention of the House to the budgetary provision of £178,000 for the construction of new club premises at the Adventure Playground at Laguna Estate.

Mr Speaker, in order to avoid complacency, my department is ever watchful that schools, and indeed individual teachers, failing to meet the standards to which parents and children are entitled must be called to task. It is for this reason that we have taken the difficult and unpleasant decision to close down St Peter's School at Catalan Bay; we have manifest evidence that, in spite of the efforts of the staff, because of the nature of the school, the children are getting short shrift in terms of what the national curriculum has to offer. It would be unfair and indeed illegal to perpetuate this situation purely out of political or electoral expediency. And to assure continued quality in our educational product the Department of Education has, over the past academic year, contracted top experts and consultants from UK to carry out assessments, inspections and in-service training for teachers and other professionals engaged in our educational services. In order to continue this process of self analysis and staff appraisal and development, £36,000 have been earmarked in this year's Budget for this purpose.

Mr Speaker, I would like now to turn the attention of the House to the cultural scenario where it is also my Ministerial portfolio to perform. On entering this field I have found a situation akin to that described in the play "Six Characters in Search of an Author", a great deal of talent and effort and enthusiasm shown by multiple individuals and groups but whose initiatives are fragmented and sporadic for lack of a coherent cultural policy and programme. For this reason we are about to reactivate the Arts Advisory Council, a body which will represent different areas of artistic interest in Gibraltar and serve to draw a

coherent and co-ordinated policy for promoting and supporting arts development in Gibraltar and also widen the scope of artistic and cultural activities by building working relationships with other authorities abroad. More physically and practically, we will carry out some initial and essential refurbishment to the Ince's Hall and Key and Anchor complex which are worthy heritage buildings and which have been allowed to fall into a sorry state of disrepair over recent years. £121,000 have been budgeted for this purpose and work will begin soon to make of this whole complex a cultural centre twinned to the adjacent John Mackintosh Hall. The John Mackintosh Hall is an institution of which we feel proud. It was bequeathed to the people of Gibraltar by the late John Mackintosh determining in his Will that it was to be used, "only for educational and cultural purposes and generally to promote and strengthen, by educational means, the ties between Great Britain and Gibraltar". The Hall is leased to the Government of Gibraltar by the late John Mackintosh Trust and during the previous administration the management and running of the Hall was contracted out to a private agency funded by the Government. Whereas it is the Government's intention to honour this contractual arrangement, we must see to it that the agents are fully accountable to the Government in terms of the Hall's finances, operations and activities, and for this purpose we have reactivated the Board of Management of the John Mackintosh Hall which has not met since 6 April 1993, that is, since the running of the Hall was privatised.

Mr Speaker, although late in my report, I give great priority to my Ministerial responsibility for the disabled. The mark of a caring and humanistic Government must surely be reflected in its real concern for the welfare of the weakest in our society. Once again, here I have found a situation where there is a great deal of goodwill and genuine dedication and generous devotion among so many persons and, indeed, by the community as a whole but where many have to work often with frustration and ineffectually because of the lack of rational planning, professional backing and coherent policy. I have, therefore, sought the advice and assistance of a prestigious organisation in Britain engaged in services throughout the country, both educational and residential, for persons with mental handicap and multiple learning and physical disabilities, including children and adults showing very challenging behaviour. Experts from this organisation have reviewed our services locally and have only this last week presented a wide-ranging report which looks at our community care as a whole, including not only our

educational, social and residential provision for the disabled but also social work, probation work, services for the elderly and home care services. We shall now be studying their recommendations and proposals and in due course we shall be in a position to carry out an appropriate restructuring and developmental exercise in these vital areas which reflect the quality of our social life as a caring community.

May I thank you, Mr Speaker, and all Members of the House for the attention given to my submission and I commend the items of expenditure under Head 1 and under head 102 of the Estimates of Expenditure 1997/98 for the approval of the House.

HON J GABAY:

Mr Speaker, the Minister for Education has just remarked on the famous modern play of, "Six Characters in Search of an Author". I really think it should be interpreted the other way round, here is an author in search of six characters and in a way that in fact has been the whole spirit of the programme that he has presented to us. One would have thought that nothing has happened in the political field of education since the arrival of this Government and this Minister. As an introduction, I would like to say that the almost £14 million allotted to the Ministry of Education, the Disabled, Culture and Consumer Affairs, in a way follows a pattern that has been very firmly set during the last two years of GSLP administration.

HON DR B A LINARES:

Will the hon Member give way?

HON J GABAY:

I will not give way.

HON DR B A LINARES:

It is a question of figures involved.

HON J GABAY:

It is a pattern that has been set and which of course the Minister has praised in the past in a different capacity. There are, of course, refinements, but these are the natural progression of the pattern that has been set. Even when you look at the allocation of funds, there are little rises here and little declines there, but the overall picture reflects the concern of this community across the political divide, in our concern to the welfare and education of our children. This is why rather than again talk about image, intentions, ideals, morality, I would like simply, since we do not think for one moment that the Government have a monopoly on morality, although there is hardly a day when something is not reported as claiming the high moral ground. In fact, Mr Speaker, I think that if the Chief Minister continues to ride on this cloud of morality, he will soon be reaching the sheer heights of mysticism. We all know that there is a reality, in fact, that we have to assess apart from all these ideas and I think this brings me to my main point, and that is a practical issue and that of course is the issue of St Peter's, which again we are given the impression that for the salvation of the pupils there, we need to close down the school. Let me start by saying that the closure of a school is always a sad occasion and because it is sad it cannot be dismissed as the Minister has done on purely emotional grounds. There is a marked stubbornness in the way the problem has been handled or the problem in fact created. I believe it was announced on the 7 January, that because of the rock falls it would be necessary to accommodate the school in the Catalan Bay Social Club. No mention was made at the time of a possible closure. It was merely a matter of waiting for a definitive solution to the rock fall problem which appeared then that it would be solved by the beginning of the September term. What is transparent in the attitude of the Government over this matter is that they appear to try to use the safety element as the excuse for closing down the school. I say that it is an excuse because nobody would be more concerned about the safety of their children than the parents themselves and they remained totally unconvinced. One would have thought, if we judge the situation by the line taken by the Government, that the rock falls are going to come directly on to the school and nowhere else, the area has not been declared unsafe. A bus stop is used opposite the school which children use to get to school, the houses around the area, there is no talk about relocating them and so on. So, it seems to me some sort of casuistic attempt to close the

school on those grounds when it appeared to the Government of course that the argument was not having the right impact on parents, the committee of parents, the wider population of Catalan Bay, then the whole idea of an education rationale was added on to it. All of a sudden the demands of a national curriculum become the tabloids of the law, a doctrinaire attitude is assumed that they are receiving sub-standard education, and in order to redeem them of that we need to move them out. On this score as well the parents remain totally unconvinced and rightly so. No documentary evidence has been produced at all that might have convinced the parents. In effect the parents have said that they are opened to convincing on this subject and I can say having met the Parents' Association, they are extremely well briefed, extremely open minded and extremely intelligent in understanding the implications for closure or refurbishing of the school. There is so much on the subject that I would like to single out a couple of more points, or perhaps to economise on time, read in summary form some of the points listed by the parents. First no reports or part of reports have been made available on the issues of safety or education.

HON DR B A LINARES:

If the hon Member will give way?

HON J GABAY:

I will not give way.

MR SPEAKER:

He is not prepared to give way.

HON J GABAY:

Mr Speaker, I am not prepared to cut the thread of the argument. We have listened to very long speeches on the other side. No doubt voluminously prepared by civil servants.

HON DR B A LINARES:

Mr Speaker, on a point of order.

MR SPEAKER:

There is a point of order, now you sit down. You tell me what the point of order is.

HON DR B A LINARES:

It should be in order within this House that the truth is established, factual truth, not valued judgement, and it is on that basis that I say that the actual part of the OFSTED Report referring to the problems of the small school, St Peter's, has been actually verbatim quoted to the parents committee, and in fact it was published with quotation marks, extracted from the report in a letter of mine in the Gibraltar Chronicle. That is a fact.

MR SPEAKER:

All right, a point of order, carry on.

HON J GABAY:

Mr Speaker, talking about that point of fact, all it does it adds insult to injury because as he well knows, the OFSTED inspectors did not come to Gibraltar, other than for an assessment on special needs. This was their declared view point on television. What appears to be more credible actually is that the Minister felt, "Well they happen to be here we might as well get them to rubber stamp this as greater authority for a move that we have had in mind." This is how the parents see it, this is how I see it and I think this is how any detached assessment of it would tend to see it. Needless to say, OFSTED Reports are published publicly in the United Kingdom for public analysis by the media, the schools, the parents, this has not been the case here. This has just not been the case and in fact the Parents' Association took the initiative of consulting OFSTED in the United Kingdom and apparently they seemed to be amazed that the public had not been informed as to the contents of this Report. These are the facts as I understand them. The third point was that there is no documentary evidence that the children had been subjected to sub-standard education. There is none. They have asked, give us some historic statistics, analysis, that show that the children, once moving into middle schools, performed badly as the result of being educationally deprived. This has not been forthcoming, neither have the

parents been convinced on the documentary basis that they would do better when they move to the next school. There is unanimity amongst all parents of children in the school, almost 100 per cent backing from the inhabitants of Catalan Bay, that the school should not be closed. Of course, they cannot, although I have mentioned it once, they cannot understand how the school is declared unsafe and yet the whole of Sir Herbert Miles Road and the surrounding dwellings and the rest of the area remain unaffected. They feel as well that the necessary value has not been attached to the fact that small classes compliment a good education, particularly at that early stage. When this was mooted before the closure of the school, the GTA was the main agent in the move against closure. At the moment, as I understand it, the present GTA is neutral on the subject or will neither recommend in one direction or another.

HON CHIEF MINISTER:

Mr Speaker, on a point of order, the hon Member must adhere to the facts. Only three days ago I read a letter in the Chronicle from the President of the GTA explaining why the GTA was in favour of the closure of the school. He cannot now stand there and say that they are either neutral or not willing to comment. This is simply not true.

HON J GABAY:

The points that I am making is my own assessment of the situation after talking to teachers and talking to two past presidents or chairmen of the Teachers' Association. I do not want to cast any aspersions on why the present attitude is as it is. I leave it open to speculation. I feel that the fact that in the past the Teachers' Association has objected to it, the fact that I have had this impression given to me is sufficient insofar as I am concerned. Let me come to one particular point relevant in this discussion to do with what one might call consultation, the process of consultation. I said not all that long ago, that consultation obviously is a good thing. What is questionable is when we get the impression that consultation is becoming a tool which can be used to gear opinion in one direction or another as seems fit in a particular context. If consultation is important where you have such unanimity, it seems to me ridiculous that there was no real consultation on the subject of closure prior to the announcement by the Department of Education that the school was to be closed. There were two meetings with the Parents'

Association simply to cover the practicalities of the move from the present school down to the Social Club. This is what the Parents' Association tell me. If the Minister wishes to say that they are lying, I suppose he is entitled to do so and then they can take it up. This is what I have been informed by the Committee. Therefore I find that the decision making procedure in this case is really quite unacceptable. I do recall on the subject and I have referred to it twice already, the Chief Minister's dictum that consultation does not mean having to seek permission from those whom you consult. The cliché makes sense on the surface but it also gives an idea of what is underlined and this is, in the final case, we can use again the Chief Minister's famous phrase, "It is a matter of judgement", as we were told with Lover's Lane and so on. A matter of judgement. Finally, on this subject, let me just talk a little about Catalan Bay Village itself.

MR SPEAKER:

The only thing, is this relevant to the Appropriation Bill?

HON J GABAY:

Yes, it is relevant.

MR SPEAKER:

I will not stop you.

HON J GABAY:

The village is unique in Gibraltar. It has an ethnic background entirely of its own. It is a closely knit society. I see a parallel between our own concern to prove our identity as Gibraltar and to see reflected the same attitude on our part to the little village, the one and single village that we have in Gibraltar. I think the removal of the school removes one of the pillars of village life. The only other one that remains of equal importance is actually the village church. I sincerely hope that the Minister will not be thinking of some national religion curriculum whereby the children would be sent to the Cathedral because there are better facilities than those which exists in a little school. Finally, on this point, Mr Speaker, I would add my plea to the plea of the Parents' Committee and the inhabitants of Catalan Bay and others beyond it, to

continue an exchange of views with them and to take on board their ideas in a proper basis of consultation. I think this would be welcomed all round. I do know that there are petitions being signed and so on, but this is on the periphery. Lastly, on this point, the Education Ordinance does in fact mention the significance of the wishes of the parents in the choice of school, provided they are not restricted, of course, those wishes by unreasonable expenditure or the fact that they might not receive a proper education. The Minister unfortunately has not convinced us or the parents on those two scores, so I leave that particular point there.

I want to mention now very briefly, the Chief Minister and the Leader of the Opposition as well have debated the question of special funds and of course there is a radical different approach between the two leaders, I share the view of the Leader of the Opposition, particularly with regard to the Scholarship Fund. I feel that by having a Special Fund it gives us a feeling on a continuing basis of a certain capacity and level of confidence in resources being earmarked for a particular specific responsibility. I think there is merit in singling out funds for certain operations but I will not labour that point because it has been fully debated already and I think the point has been made. With regard to the comments on provision for the disabled, I think we all share our concern and I certainly agree with the Minister that really the moral calibre of the community must essentially be judged by the way it treats its elderly, its disabled, its children and so on. We are not going to argue that because I am sure that we will not depart from the same foundation. There is one point which I would like to mention with regard to the disabled. I think that the previous administration adapted the Post Office to meet some of the needs of the disabled and I believe that a commitment was given on our part that we would undertake to adapt to the needs of the disabled one public building each year. This was our commitment, of course, we are not in a position to guarantee that commitment, but I mention it as a point of interest which might be undertaken by the present administration. I mention that because I did not see in Head 1(b) Support for the Disabled, any particular monies allotted to them.

From a practical angle, since I see no provision for it and I did not expect to see any provision for it, but I did mention in the past how important it might be with regard to the teaching of French in our schools to have an "assistante". The reason why I bring this up again is that I have always been convinced and I continue to be convinced that

given the colloquial approach to both GCSE and 'A' Level French, that it would be at a relatively minor expense, a real contribution to the standards to be reached in French in view of these examinations. I do not share the Minister's view that this might undermine the position of the more academic non-French teachers of the language who do a remarkable job and amongst whom I include myself in terms of my life occupation continuing to this very day. There is no competition between the two dimensions. I think it is refreshing and creative for a young graduate, French born, to have this direct contact with both the staff and with the pupils and this of course is a regular practice in well run schools in the United Kingdom. Finally, I would like to make one point, since obviously I am going to relate it to budgetary considerations, it is excluded, so I suppose omissions are as important.

HON DR B A LINARES:

Would the hon Member give way, just as a matter of information, Head 1 - A, subhead 8, is a vote for Intensive Language Courses £4,000. It is a broad assignment for the development of language expertise. It could easily cover that contingency if it was assessed by the experts to be a necessary provision. As it is, there is provision if thought to be necessary.

HON J GABAY:

Mr Speaker, I welcome that remark and perhaps it may move in that direction, I would certainly hope that it does. Anyway, finally, the question which I have raised in the House before and of course it has great budgetary significance or indeed financial implications, and that is the question of a University in Gibraltar. We are not talking about a College for vocational training and so on. The reason why I bring this up should be quite clear to the Government. The previous administration got involved in a project for the creation of a University in Gibraltar with Sheffield University and indeed the present Minister for Education was personally involved and quite elated at the thought of this possibility and this is commendable. In fact, it was considered so commendable that it played a role in the GSD manifesto for the last election. And it was a valid point. Here was something of great academic significance and possibly as well economic benefits that was going to be heralded by the new administration. The whole idea seems to have died out. I am not suggesting for one moment that the Government should undertake the

financial responsibility of creating it but at least some resources put aside to continue to develop an idea that seemed eminently beneficial to the community on many grounds. If this does not happen, I think one could easily feel that it was included in the manifesto as some enormity that would appeal to the electorate and once the elections are over, for one reason or another, the whole idea can be dropped and forgotten, sort of taking for granted the short memory of the electorate. I sincerely hope that it may turn out to be otherwise. Thank you, Mr Speaker.

HON J J NETTO:

Mr Speaker, at last year's budget speech, in matters relating to Buildings and Works, I said, amongst other things, that various reports were being compiled and considered by the department. I ended up by saying that it was the aspiration of the Government to deliver success in partnership between the Government and its employees by giving them security in employment in return for providing quality services for the user and value for money to the taxpayer. In a phrase, a strategy for survival and success. After that speech I became aware of various damaging reports that the Opposition had concealed from the House and the public at large. The nature of these reports criticised the department for its failure to exercise proper financial and management control resulting in the misuse and waste of public funds and also the subject of more general criticisms about the standard of its operations and works.

HON J J BOSSANO:

Mr Speaker, on a point of order. Where is that in the Estimates that the House is being asked to appropriate for 1997/98? The Minister is talking about a report reflected in the audited accounts of 1994/95 and 1993/94 and we have been told the same things now for at least a dozen times in this House. It is quite extraordinary the standard that they have in points of order on the Government side and their performance when they stand up and speak.

HON CHIEF MINISTER:

Mr Speaker, with respect, it is not for the Opposition to draw or try to develop the point that you made, Mr Speaker, when addressing the previous speaker. It is a tradition, at least as old as the Constitution and

probably older because the practice probably goes back long before the existence of this House, that the debate on the Appropriation Bill is not technically simply a debate on the Bill but it is a general debate on the state of the economy of Gibraltar. The Government are not willing to allow that tradition to be dislodged. And it seems extraordinary that the Leader of the Opposition should seek to make a point of order out of a Minister talking to his departmental, Buildings and Works, debate based on value for money and expect that he should not revisit the history which leads him to the decisions that he has had to make. Therefore, Mr Speaker, if that is a point of order, which I doubt, it is not one which I think has any merit.

HON J J BOSSANO:

A point of order that he said that the report which was not revealed and that report is reflected in comments of the Auditor's Report in 1994 and 1995 and he has already told us that several times.

MR SPEAKER:

I have listened to the point of order. The point has been made, please continue.

HON J J NETTO:

Mr Speaker, what the Leader of the Opposition has said does not really come under a point of order. I am aware of the criticisms by successive Principal Auditors but this is not the report which I say is concealed from the House. The report concealed by the Opposition when they were in Government is the Price Waterhouse Report of March 1993 from which I shall quote later on.

Mr Speaker, the criticisms and findings of all these various reports, the Price Waterhouse and Principal Auditor's Report, both internal and external have given me cause for serious concern as Minister responsible. The issues highlighted are:

1. The Department lacked any proper or sufficient degree of control over its resources in relation to labour or materials;

2. For successive financial years, the overtime and bonuses as criticised by the Price Waterhouse Report in March 1993, paid to the operations section, had far exceeded the budget allocations in the Department. Throughout many years there had been an unacceptable lax control of overtime and bonuses without proper controls being carried.

Mr Speaker, I would like to quote some sections of the reports starting with the Price Waterhouse Report of March 1993. On page 2, in the introduction they say, "The Principal Auditor of Gibraltar has become increasingly concerned with the quality of the financial control exercised over housing maintenance works and the performance of the labour force. In particular he is concerned that weaknesses in procedures may prevent housing management from securing the economy, efficiency and effectiveness than the resources deployed to undertake maintenance and refurbishment work". On page 2 on the "Review of Overtime Arrangements", it says, "During the course of our discussions with housing personnel, we were informed that overtime is not always worked and that on average men only work a 30 hour week. On the basis of these discussions, we estimate that in 1991/92 only 35 per cent of maintenance and refurbishment labour cost were in respect of hours worked and the cost of non-attendance time was approximately £2 million." On page 3, under the "Review of Job Estimates", points 13, 14 and 15, it says, "Our work has also revealed that no proper monitoring of job cost is undertaken once work has started. In our view, the arrangements for the preparation and authorisation of job estimates and the absence of proper monitoring procedures does not encourage efficiency or facilitates the control of cost. We have ascertained that it is not uncommon for bonus payments to be made where work is finished in advance of the estimated completion date. In our view, the estimating process is not sufficiently rigorous to produce reliable job costings. In these circumstances, we do not believe that performance against the job estimate should be used as a basis for evaluating productivity or the calculation of bonus payments. We found that the quality and quantity of the information contained in the job estimate sheets were not sufficient for us to compare the estimates with the cost of similar work undertaken by local authorities in the UK". And, Mr Speaker, in relation to the then Principal Auditor, Mr Walter Crisp, in his internal report of the 23 June 1994, under "Conclusions and Recommendations" he said, "Following on from the irregularities noted in the approval of bonus schemes, we recommend the following actions:- (a) the Quantity

Surveyor must ensure that he signs all future estimates; (b) all job sheets should be signed by the acting SPTO performing the estimate; (c) all job sheets should exhibit authorisation by the Housing Manager; and (d) the acting SPTO should not be authorising other PTO's estimates especially as in some instances he both signs as PTO and authorises the estimate or signs as PTO and receives a bonus. The irregularities surrounding the Picton House project indicate a breakdown in the system of control for such projects and raises a number of issues. The Quantity Surveyor's estimate would seem to have been by-passed, if not undermined. The system for recording actual labour and material cost can be rendered ineffectual if incorrect allocations are made on time sheets and material costs are incorrectly relayed by the acting SPTO to the SEO. There is an important communication gap between the HEO effecting payments of bonuses and in the SEO's documenting project costs".

Mr Speaker, in relation to other internal reports by the Purchasing and Monitoring Unit, we know that from August 1995 to October 1996, a total of 13,610 Local Purchase Orders were issued by the department. Of these a total of 8,816, 65 per cent, were incomplete in that the column designated for building or place was not stated. This makes it extremely difficult, if not impossible, to identify with any degree of accuracy the actual works for which the materials were purchased. The over expenditure within the above period is £74,200. This is due: (a) as a result of the purchase, at inflated prices, of items for which tenders had been obtained, from sources other than the successful tenderer, without further tender; and (b) as a result of the purchase of items from actual tenderers at prices in excess of the actual tender price.

Mr Speaker, in the first few months of Government, I initiated a series of meetings with the tenants associations in order to make the department more responsive to the needs of the estates. Months later I had to call off such meetings due to the lack of progress in the department's programme of works. In October the high levels of payment of overtime and bonuses had been such that I severely curtailed overtime payments and stopped all new bonuses schemes. Later on, in January, I completely stopped all overtime except in cases of emergencies. We have seen throughout the year constant criticisms from tenants and tenants associations alike for the lack of progress in the service that the department ought to be carrying out. It is for this reason that in early February the Personnel Department offered

TGWU/ACCTS an incentive scheme which: (1) establishes a measurable connection between earnings and output; (2) introduces a system that enables the department to measure the cost, in labour and materials, of each job; (3) ensures that all the work of the department, as identified by management in the implementation of Government policy, is undertaken to an adequate standard and in a reasonable period of time. The Government sincerely hope that the above package will be put to a secret ballot to the workforce in order to ascertain the views of its employees.

Mr Speaker, throughout the last financial year I have been the Minister responsible for North Front Cemetery. It gives me great pleasure to see during this current financial year a major refurbishment to the cemetery after years of neglect and abandonment. Very soon we shall see work commencing on the resurfacing of all the pathways both in North Front Cemetery and the Jewish Cemetery. Additionally new enhanced facilities, both for the staff and the service users of the cemetery will be in place. One of the contracts which will be terminated in relation to the cemetery, is the contract that actually expired, with Gibraltarflora, about six months or eight months ago. So the Government's position is going to be that there will be a phasing out period of Gibraltarflora and that work in terms of maintenance will be carried out by Gibraltar Community Projects Limited. Throughout the last year we saw the reactivation of the Board of Visitors to the cemetery giving the Government a lot of their time and advice for the benefit of all. A new draft Bill is being prepared which will replace the current Ordinance. Finally, problems in relation to the work undertaken by the gravediggers and public criticism in relation to such work, has meant that the services provided by the gravediggers could be better served and in the public interest if such services were contracted out to the private sector. Therefore a programme of consultation with the union will be initiated which could end up offering tenders for the award of the services to be undertaken.

Mr Speaker, it is true to say that the Purchasing and Monitoring Unit was created before this administration came into Government. But it is also true to say that the unit did not operate anyway near as it does today. The reason for this is that it did not have enough resources, such as computers, to input the information; they had insufficient access to LPO books and contractor's payment files; and more importantly, they did not have the political support required to put to an end years of misuse of public funds. This situation changed very rapidly after the 16

May 1996. Soon staff members found a new Minister who had the political will to back the unit and provide them with the resources and accessibility to all Government documents. I have often heard in different quarters that the civil service lacks professionalism to undertake Government policies. I have to say that the staff in the Purchasing and Monitoring Unit have been able to develop Government policies very successfully and the results are already remarkable in being able: (1) to centralise and control the purchase of bulk items for Government use; (2) to exercise on-going internal audit; (3) to ensure adherence to tender procedures and regulations; and (4) generally to police public procurement practices and procedures and to deter abuses of the system. Nevertheless, despite such improvements in such short period of time, the whole unit with all of its staff, will during the course of this financial year be transferred to the Secretariat. It is the Government's view that for the Purchasing and Monitoring Unit to be even more effective it should stand more autonomous from departments such as Buildings and Works which is one of the greatest purchasers of items. I personally would like to record in Hansard my thanks to members of the Purchasing and Monitoring Unit for their total loyalty and dedication in their success in implementing Government policies. I am sure that such loyalty will continue in the new set-up.

Mr Speaker, now turning to Employment and Training issues, we have seen the repeal of the commonly known as the 1st July Law at the end of August of last year, despite comments that such repeal would anticipate an avalanche of job seekers from the Costa del Sol. Regardless of such alarmist remarks, that did not stop the Government from adopting a position based on moral, constitutional and EU compliance. Despite this, figures for UK nationals registered and obtaining employment in Gibraltar has not been portrayed as serious as Opposition Members suggested.

Mr Speaker, last week we saw the reactivation of the Labour Advisory Board. I say the reactivation because this Board was originally established by the young AACR in the 1950's. This Board, in compliance with the relevant ILO Conventions, worked well right up to 1989. However, it ceased to exist as the GSLP administration failed to consult and seek consensus in labour and training matters with employers and unions. This Government, more in tune with the European and ILO philosophy, do see the need to work in partnership with employers and unions whenever this is possible, and it is for this

reason that this Government value the input that can be made by the social partners.

Mr Speaker, there is much that needs doing at the ETB during the second year of Government of the GSD. We still need to end the process of the final composition and restructure of this department. Soon we shall see three new Labour Inspectors from within the civil service in the new department; simultaneously to this we shall see amendments to the current legislation on illegal labour with a view to introducing tighter procedures and the imposition of substantial fines as a way of deterring certain employers from indulging in such practices. I would like to say here, Mr Speaker, one event of significance that will be happening in the next few weeks is that the entire Employment and Training Board, along with the various other members from various departments who are going to be transferred into the new Ministry of Employment, will be moving out from its current location in the Duke of Kent House. The reason for this is very simple, it is because on the one hand we have the demolition works which should start in a couple of weeks on the one end of the building; and on the other hand we have this growth of personnel as I just stated, within the Ministry of Employment and additionally the growth that will be taking place as a result of my hon Colleague, the Minister for Tourism and Transport. Currently there is a log jam which impedes all this to take place. We have looked at various buildings throughout Gibraltar because we really have to move out quickly and the offices have to be readily available for the staff. So we have come to the conclusion that for an interim period, for about six to nine months, the only premises available for us is in New Harbours. I am not talking about units which are designed for either workshops or for warehouses but actually offices there for this interim period. These particular offices will be in much better conditions than they are currently for my staff in the Employment and Training Board. It will be better in terms of the customers that we have to see because we will be practising more open office planning. My only regret in this short period of time in moving to New Harbours would be that the facilities are not friendly to disabled people, especially people who are wheelchair bound. That is my regret for this short period of time. However, since it is considered to be only a short term period and New Harbours is not intended in any case to be a place to house either a Government department or a particular institution as the Employment and Training Board, we shall seek to accommodate the needs of the disabled people in the more permanent location thereafter.

Mr Speaker, one other area where the Government are considering bringing legislation is with regard to some employers being very quick in liquidating their companies and simultaneously creating new ones with the same directors, broadly with the same employees as before and doing the same kind of work as before. Nevertheless, in this process the original company leaves huge amounts of arrears in social insurance, income tax, and employment contributions. Additionally, they are quick in suggesting the making of applications to the Insolvency Fund for money owed to their employees, who in the main are transferred to the new company. It is for this reason that Government are considering bringing legislation similar to that in the UK in relation to the "Company Directors Disqualification Act 1986".

Mr Speaker, in matters of vocational training, this House has heard from me that the Government are not satisfied with the operation of the Vocational Cadet Training Scheme. In a broad sense it can be said that the Vocational Cadet Training Scheme has failed over the years to provide proper skills for the employees to compete in the labour market and it has also failed in providing long-term jobs for the cadets. More than anything else it was used by my predecessor as a tool for getting youngsters off the unemployment queues especially prior to the last general election. The Government will, during the course of this financial year, be moving away from this ineffective scheme and providing a new one which will be better both for youngsters and to business alike.

Mr Speaker, as from this financial year the Factories Ordinance along with the Factories Inspectors will come under the Ministry for Employment. Much, I feel, needs doing in this area. On the one hand we need to complete the transposition of EU Directives where dates implementation should have been some years back. Equally important the department has just started the process of creating greater awareness of these matters amongst employers in the private sector and Government departments. During the course of the year a comprehensive programme of courses amongst individual companies will be undertaken, free of charge. The same process will be carried out in Government departments. Additionally, a new Health and Safety Advisory Council will be created, modelled on the Health and Safety Commission in the UK. The Advisory Council will be professionally led

and be of much guidance for the betterment of health and safety practices.

Finally, Mr Speaker, in making a brief balance of Gibraltarians employed and unemployed for the last year, it would be as follows:

In 1995

Gibraltarians	Employed	1,907
	Average number unemployed	456

In 1996

Gibraltarians	Employed	1,986
	Average number unemployed	385

In 1997 - January/April

Gibraltarians	Employed	473
	Average number unemployed	453

In terms of open vacancies for 1996	3,631
Total filled vacancies	3,161

Open vacancies January/April 1997	1,134
Total filled vacancies	947

I am confident that after one year in Government the GSD have provided a firm foundation from where the economy will grow. We have seen how my other hon Colleagues, not least the Chief Minister, have been working hard to attend to the business environment for companies to grow on the one hand, and the political stability required for inward investment to be attracted on the other. No doubt throughout the year we shall learn from my other hon Colleagues of new business start-up and this coupled with the lead in Government in providing the investment in people's skills is the best ingredient for a strong healthy economy. Thank you.

HON J L BALDACHINO:

Mr Speaker, before I start my contribution, I would like to tell the Hon Mr Netto that he has not mentioned anything; he has gone back to 1993 but he has not mentioned anything of what has happened during the year he has been in office, nothing Mr Speaker. Let me start, first of all, on housing and I am inter-linking housing with Buildings and Works because they are inter-linked and I will prove that it is a failure to have them separate. When Public Works existed and which we brought back and it came under the Housing Department which later on, as a matter of fact, for two or three years we did separate when we were in Government but obviously then it went back to being the same thing. Let me start on housing, Mr Speaker; I have great regard for the Minister for Housing, the Hon Mr Corby, and he knows that but today he has disappointed me completely. He has come here and made a populist analysis of housing. I tell you, Mr Speaker, if he had taken office in 1988 when I took office and there were 2,126 applicants he would have shot himself. Today, according to my calculations, from his answers in this House, there are 512 applicants and I have joined them up together because when last year in my contribution when I separated them he stood up and said, "No, they are not 200-odd, they are 459 because you have left out the people in the waiting list who are still not eligible because of the two years waiting time." I have to go back in history unfortunately because of his contribution. I have no option but to do that. In 1988, and if he considers in 1997 a serious housing problem, how should I consider then in 1988 the 2,126? As an acute housing problem? The Minister in his wisdom does not really understand the history of housing. The problem in 1988 was not only that there were 2,126 people in the waiting list, the problem in 1988, after the Brussels Agreement was signed and I stood in this House in the Opposition benches and condemned the Brussels Agreement because it created an osmosis problem for us, there were no houses in Gibraltar to house our people in the waiting list. There had been a neglect since the Varyl Begg Estate was built and Varyl Begg Estate was built in 1972 by the Integration with Britain Party, not by the AACR, by the Integration with Britain Party. Since 1972 to 1988 no houses were built. I am saying this so that he understands because he says that he has a problem with 512.

HON H CORBY:

Mr Speaker,....

HON J L BALDACHINO:

Mr Speaker, I will give way to the hon Member if he lets me finish the sentence. His frustration of houses not being repaired and of substandard houses today, let me remind him that North Gorge was decanted by us, White Rock Camp was decanted by us, the Pre-Fabs only had 11 tenants when the Minister took over, the others were decanted by us. The Minister only had 11. That people do not want to move, that he has to negotiate, I understand that that is the position, but the frustration of not having repairs he should not criticise us, he should take it up with his Colleagues, because his Colleagues for a year have not done anything to repair because they are still trying to get negotiations with the Union to implement what he wants to implement, which he used to negotiate with me when he was in the Union. Today he wears the tie of the Union here, but maybe because he now wears a black tie, it has affected his memory, and he must remember, he was there, Mr Speaker, even though the Chancellor of the Exchequer today does not wear a black tie. Maybe he is more cautious than he is because it might affect his principles. But obviously he is attacking the people that he used to defend when he was in the Union. I remember, Mr Speaker, maybe he does not remember, he has sent a letter to people in the Buildings and Works, signed by him saying, "Tell us that you accept or I will now contract private firms". He took when we were in Office, Mr Speaker, the people that he is now criticising, into No.6 Convent Place, when somebody did a painting job for an elderly person.

HON J J NETTO:

Will the hon Member give way?

HON J L BALDACHINO:

I am not giving way to the Minister, I will give way when I am ready to give way and I will give way because then I can have another go at him. Mr Speaker, the Minister also mentioned the £32 million, so the frustration that he has, and I understand that he has a frustration, I understand that people come to see him, I understand that his hon Colleague has not got the pressure, I understand that, because he is the landlord and therefore if there is no repair, obviously they come to see him and not his hon Colleague. I understand the problems that he has,

but, Mr Speaker, it is almost a year now and the conversion of St Joseph's School has not been allocated. The Minister tells us that he has a serious housing problem, well he has four or five units there which still have not been allocated. Why the delay?

He also made reference, to the Housing Allocation Unit. I do not know how I should take that and I would like him to clarify that. The Minister said that there would be a difference if they were brought back to the civil service. I do not see how that would make any difference whatsoever because housing allocations are actually made by the Housing Allocation Committee under the Housing Special Powers Ordinance. So if anybody gets a unit, it is a unit that is allocated by the Housing Allocation Committee, so whether the units are in the private sector or by a private company obviously the allocation will be exactly the same by the Housing Allocation Unit, exactly the same. He mentions that they will be building one block of flats for the elderly people. I intend to ask the Minister more questions when he comes to the Committee Stage and when we come to Head 101 of the Improvement and Development Fund.

On the whole, Mr Speaker, one must look at this budget, at these Estimates with caution because I do not know if they are estimates or guesstimates, according to what the Chief Minister said, they are prudent but we do not know how prudent they are in Estimates or on the Revenue side. So therefore it is very difficult to judge in the question of employment what employment there will be. According to the Minister for Employment and Training, there is quite a substantial amount of money for training, yet he has been very vague. Very vague in explaining what type of training there will be apart from saying that some people will be trained or some of the youngsters will be trained within Government Services or Government Departments. How many? What is the projection of them finding an alternative job? In what trades? Another thing I would like an explanation on, the Minister for Education mentioned training for the tourist trade. From where will that money be provided? Will it be from the Education vote or from the Gibraltar Development Corporation where they have votes for courses? They have not mentioned which type of training, apart from the hon Member who said that there will be certain training in the tourist trade for guides and that sort of thing. There has been no mention of the school for catering which the Chief Minister mentioned in a television programme. We would also like to know on the question of, for

example, wage subsidies, which is £800,000, nobody has said anything of how they intend to implement it.

HON CHIEF MINISTER:

Mr Speaker, if the hon Member will give way. I did not refer to a school for catering. I referred to a hotel school, a tourist school, and it has been referred to at some length by the Minister for Education.

HON J L BALDACHINO:

Maybe the School of Tourism, maybe I misunderstood and maybe you are right. I am grateful for the clarification, Mr Speaker. Of course, very little has been done in the Buildings and Works, very little work. The Minister must recognise that very little has been done. The Minister for Buildings and Works laughs but he should ask his hon Colleague, not that he has told me but I know that he has queues waiting for him and pressure because they come to me as well, so I understand that.

HON J J NETTO:

If the hon Member will give way. Mr Speaker, there are a couple of points I think that I need to respond to because they are not true in the manner in which the hon Member has said them. First of all he pointed out the letter which I sent to all employees and he mentioned that in that letter I was telling the employees of perhaps contracting out some of the work. Well, Mr Speaker, it is very simple, this is the list as far as houses that need to be refurbished for my hon Colleague in Housing, but it also includes major works that needs to be done in the four different depots.

HON J L BALDACHINO:

Mr Speaker, what is the point of order?

MR SPEAKER:

It is not a point of order. He asked you to give way and you were so lenient that you gave way.

HON J J NETTO:

All of these works

MR SPEAKER:

Do not take advantage.

HON J J NETTO:

I will try to be as quick as possible. This is not work that has happened overnight, in the last 12 months, most of these works, more than 50 per cent of these works are overdue for more than two years, three years, four years. What does he say in relation to the scaffold which is still in Alameda? He said to the Tenants' Association that it was going to be done in 1992 and in 1997 it is still there. He did nothing. Mr Speaker, the difference is...

MR SPEAKER:

Yes, but now you are abusing the give way.

HON J L BALDACHINO:

I do not mind that the Minister abuses. He is talking nonsense, Mr Speaker, the reality is that let us see in the four years that they will be in Government the refurbishment that they will do and then we will be able to compare the refurbishment that was done when we were in office and the refurbishment that they will do whilst in office, as simple as that. Mr Speaker, it is not a policy of the Government not to pay overtime. I suppose it is the policy of the Government in his department but not in the other departments because if you look at the Department of Road Section and the Sewers, quite rightly, I am not criticising that they should not have overtime there, but if you look at the Department of the Sewers and the Highways, which now comes under the Hon Mr Holliday, there, there are provisions for 60 per cent of the wages in overtime and 25 per cent of the wages in bonuses. The Minister in his department only got to the 25 per cent in bonuses. Fine, that is the decision that he has taken. *[Interruption]* No, Mr Speaker, I am quoting from the Estimates that they have provided and that is correct. What is he going to tell me that it is not correct? What is he going to tell me that

that is not happening? It is there. Maybe there is no requirement for overtime in the Buildings and Works, I am not disputing that, but what he cannot say is that it is the policy of the Government. It is not. It is the policy in his department. Obviously not everything is well in the Buildings and Works, I understand that. Not everything is rosy in the Buildings and Works. He has embarked on the same programme that I had with him, Mr Speaker, when he was the Branch Officer. He said that there is going to be changes in the training system. I understand by what the Hon Dr Linares or the Hon Mr Holliday said, I think that both actually on training claimed that there will be international qualifications of recognition, but obviously the Minister for Employment and Training has not explained what qualifications, even though the Chief Minister on passing said that some people would be put in Government Departments, even though there will not be any commitment of employment at the end but that it would not be the same as the apprenticeships that existed before, but it would be a different type of qualification, but we have not had an explanation to what qualifications those would be. Obviously, Mr Speaker, what I am being accused by the Minister for Employment and Training is what he is actually doing in this budget because there will be no guarantee of employment. The training that I actually did was done in consultation with the then President of the Chamber of Commerce, which sits just beside him, so he can ask him if there was consultation and agreement on how training should be done in the private sector. That is true, I am not bringing up anything which is incorrect, so he should ask him, Mr Speaker. Obviously there is very little that I can say about the training programme because no mention has been made, how, where, when, how many, what analysis has been carried out, on what trades, that has not been forthcoming. In essence, Mr Speaker, it is difficult to go by this after the intervention of the Chief Minister on what job creations there will be at the end. Apart from that, the Minister has not given me any indication of the type of training and I would like to see if the Government at a later stage could tell me what type of training it will be. I would be grateful if maybe the Chief Minister at the end of his contribution could tell me what type of training and how many people will be put into training and in what grades, so that I can have a better judgement in deciding or assessing how successful it will be at the end of the year, how can I judge the result at the end of this financial year? Obviously, Mr Speaker, unemployment must be going up and I hope that with the investment in this budget for training, it will be going down and more people will be employed. If one compares that to April 1996, there were 331 unemployed and there are now 447,

according to my figures in March, the figures for April must be higher, Mr Speaker. It is now 478. What is worrying Mr Speaker, is that under 25s there has been an increase of 89 per cent of males compared to the figures I have, which I have worked out to the March figure, it is much higher in April.

HON CHIEF MINISTER:

Mr Speaker, will the hon Member just clarify for me the figures that he is using? He quoted a figure for April 1996, would he mind repeating that?

HON J L BALDACHINO:

The figure for April 1996 was 331.

HON CHIEF MINISTER:

Yes and then he quoted another figure which was for March 1997.

HON J L BALDACHINO:

March 1997, according to the figures that I was provided with was 447. That is the figure that I have here and the figure for April, which I was not provided by the ETB, was 478. So gradually unemployment is going up, and if we take that, which is not a true statistic, but if we take that with the explanation that the Chief Minister gave at the time that unemployment even though it was an estimate or a guesstimate had gone up by 300 in a year from 12,700 to 13,000 almost.

HON CHIEF MINISTER:

Employment is an estimate, unemployment is not. Unemployment, as he should know.....

HON J L BALDACHINO:

No, maybe he has misunderstood me, I was referring to the figure that he gave which was an estimate that there were 13,000 employed, which more or less is an increase from 12,700, there are 300 people more in employment even though it is an estimate, there is still a trend of

unemployment in the Gibraltar side. So, obviously if one does a calculation...

HON J J NETTO:

If the hon Member will give way. Just as there are moments and trends where it could be seasonal, but if one looks in the context of a year, as I said before concluding my speech, in 1995, the average number of Gibraltarians unemployed was 456, in 1996 it was 385 in the context of a year and for the period which I mentioned in 1997, January to April 453. So basically it is getting quite close for the four month period 1997 to the period in 1995 and yes it is higher in 1996, but that is in the context of that period.

HON J L BALDACHINO:

I understand that he goes back to those years and he will go back to when the PSA closed, there were 700, one can only assess by today's figures compared to last year's figures because if one goes back obviously there were more people unemployed or much less. In some cases if you go back there were 300 unemployed. But this scenario is still without the MOD cuts. This is a scenario that we have to date. I understand the Minister putting in measures to try to bring unemployment down. I understand that. It is in the Estimates. I have said that, therefore I am cautious to what result at the end the measure that they intend to introduce will bring unemployment down. That is something that obviously one has to wait until it happens. I sincerely hope that they are successful, honestly, I sincerely hope that they are successful especially in the under 25s, where we can provide a certain amount of training to meet the requirements of the economy and the expansion that the Minister wants to take the economy to and the labour market should be ready, I accept that. I am not criticising that. The only thing is that one has to wait for the results. In essence, Mr Speaker, one of the things that I would like clarification on, because the Chief Minister said that some of the employees that were in, especially in the ETB, which were civil servants, were now brought back into the Estimates and under the department. Am I correct in assuming, Mr Speaker, that where the Minister for Employment mentioned that he would be having a new Employment and Training Unit, under the Head Office, of about 13 persons employed in different grades if the four in the ETB are included in that figure? Are the civil servants who are seconded to the

ETB included in the establishment of the new Head Office for the Employment and Training Board? And in what grades do they fit in? If that could be possible, Mr Speaker. And what relationship with this new Unit has the staff already in the Employment and Training Board, who are outside the civil service.

HON J J NETTO:

Mr Speaker, if the hon Member will give way?

MR SPEAKER:

He is asking for information from the Chief Minister.

HON J L BALDACHINO:

No, if anybody can provide the information that will be fine.

HON J J NETTO:

In relation to the 13 posts which he has mentioned, going from the top down. We have made provisions for a senior officer, which is a new post which has not yet been trawled and recruited. We have made provisions there, as he can see, one HEO, which is the new post which is still not trawled and recruited. In relation to the Executive Officer, and in relation to the one Administrative Officer falling down from the list are the two persons which currently do the findings of the Industrial Tribunal. Then we have the three Labour Inspectors, which are new posts, which are in the process of now being trawled and recruited. The current Careers Officer; we have one HPTO and one Instruction Officer who are the Factory Inspectors who have been transferred from the DTI; and of course we have the three Instructors who are civil servants. So that accounts for the 13 in all.

HON J L BALDACHINO:

I was not asking for that. I am grateful to the Minister for providing that information.

HON CHIEF MINISTER:

Mr Speaker, the Government take note of the hon Member's question and it will be dealt with at the appropriate time which I think is at the Committee Stage.

HON J L BALDACHINO:

I accept that, Mr Speaker, it is just for clarification and for nothing else. Apart from that I understand the Hon Mr Netto, who criticises me every time he has the opportunity, for taking away the Quantity Surveyor. Will there be a Quantity Surveyor because even though they are shown as SPTOs or HPTOs, is one of them a Quantity Surveyor because I understand that the Quantity Surveyor who was actually transferred back to Buildings and Works is now the Senior Officer, I suppose, and therefore could I have the clarification if one of those is a Quantity Surveyor. Therefore there is no provision there for a Quantity Surveyor so I would like to know, seeing that I have been criticised, who will be doing the surveying and quantifying the jobs that they intend to do obviously in the Head of Buildings and Works. This is something that I am only asking and maybe I can get an answer at the Committee Stage. Edinburgh House, the refurbishment is £1.5 million and I understand that there are 180 flats, that is what I think is going to be handed over, that is my understanding. Who is going to do the refurbishment? Is it going to be contracted out; is it going to be in-house unless, of course, they have major refurbishment on structural defects.

HON CHIEF MINISTER:

Let me put his mind at rest immediately on that point. The basis of the present performance that I have put on the department is not going to be done in-house.

HON J L BALDACHINO:

Therefore by that same token I suppose that replacement of balconies and windows will not be done in-house either.

HON CHIEF MINISTER:

The reality of it is that it is presently not being done. How much longer the Government are willing to tolerate that situation without going out to the private sector remains to be seen but he will not have much longer to wait.

HON J L BALDACHINO:

So I was right in my assessment that not everything is well in the Buildings and Works. *[Interruption]* I would not like to comment on that, the only problem is that I fully appreciate that there is a process of negotiation to take place. The truth is that I did try to implement what the hon Member is trying to implement now, this was my idea. Maybe it is not political courage maybe it is the approach, the problem is that I personally believe, I have been mistaken that I needed to negotiate and therefore maybe.... *[Interruption]* No, when I was in Government I tried to negotiate and maybe if I did not reach an agreement on negotiation I was not prepared to do maybe what the Minister is prepared to do especially because of the roots from where I come and maybe because consultation to me is not the interpretation that the Hon Dr Linares gives on consultation, that might be a different way of analysing things. I prefer to negotiate and try and reach a consensus even though afterwards I am..... *[Interruption]* The Minister laughs but the Minister has been in the union, he was the Branch Officer of the union and he is now trying to implement things where there is no agreement. I understand that, that is their policy, I accept that that is their policy exactly the same as with the taxis, that is the same situation.

MR SPEAKER:

Can we negotiate at some time to adjourn for lunch?

HON J L BALDACHINO:

I am almost finished, Mr Speaker. You do not have to negotiate with me, Mr Speaker, at all, you have the power to adjourn.

MR SPEAKER:

To stand up but I do not like to do it, I am like you.

HON J L BALDACHINO:

I am grateful that somebody at least appreciates that that is the way it should be done. Mr Speaker, in the end unemployment has gone up; employment according to the Chief Minister has also gone up by about 300, although this is an estimate, but it is not reflected on the unemployment of Gibraltarians. I sincerely hope that the money that they are now providing for training, for wage subsidy actually has an effect on the economy and I hope that they get it right that the grades and the training that is required is the one that is necessary in the economy and not a cosmetic exercise like the Hon Mr Netto accuses me of having done before.

MR SPEAKER:

We will adjourn till 2.30 pm.

The House recessed at 1.05 pm.

The House resumed at 2.30 pm.

HON LT-COL E M BRITTO:

Mr Speaker, my contribution is necessarily spread over a number of Heads due to the differing natures of the various areas of Ministerial responsibility which I have. I will follow roughly the headings as they appear in Head 4 of the Estimates under consideration. But then subsequent to those headings I will deal with other aspects of Ministerial responsibility which are not direct Government departments such as telecommunications and water production.

To start off with, the Engineering and Design Division of Support Services, and during the last financial year, this section undertook a number of important projects on behalf of the Government. The main project was the completion of the removal of the sheeting of the main section of the water catchments together with the stabilisation of the resulting sand slopes. Shortly after taking office, the Government decided not to proceed with the extraction from the eastside slopes of the sand which became exposed as a result of the removal of the catchment sheeting. It is the Government's policy to revegetate these

slopes and return them to their natural state and to this end an ambitious programme of stabilising the resulting sand slopes and vegetation of the same was commenced in January of this year, in consultation with the Gibraltar Ornithological and Natural History Society. The Government have now decided to proceed with the removal of the remaining section of water catchment with preparatory works in this respect already having commenced. This additional phase of the works is likely to take just over one year to complete.

A number of embellishment projects have been designed by the department during the course of last year and are due for execution during this financial year. The main projects are the development of the Casemates Barracks and the Square; the embellishment of Winston Churchill Avenue and the frontier; the construction of a new promenade along North Mole Road; the embellishment and widening of Line Wall Road, and a sea front garden area and promenade in the Westside reclamation area. The department also acted as project managers for the Government in the conversion of one of the existing sheds at the Port into what is today a very attractive Cruise Liner Terminal.

Dealing in more detail with some of these projects and to start specifically with Winston Churchill Avenue; the works there will consist of the complete relaying of all the kerbs and footpaths in the area, including the complete reconstruction of the central reservation. All existing flower beds will be reconstructed and extended or modified, as may be required, with the existing vegetation being complimented with new trees and flowers. The central island at the entrance to Bayside Road will be landscaped with a new lawn being laid in this area. The central reservation will have palm trees planted along its length and the existing lamp columns will be refurbished and new lamp heads provided. The existing railings along the central reservation will be replaced with a more traditional style of railing. The existing footbridge will be completely refurbished and repainted in a new colour to blend in with the more traditional character to be introduced for this area. In addition, the existing railings on the bridge will be replaced to match those to be used on the central reservation with the bridge decking also being completely renewed. On completion of the embellishment works, the existing road will be refurbished. The existing practice by which cars are being parked on the public footpath, in front of George Jeger House, will be done away with and a purpose built carpark being constructed along the back of George Jeger House. The proposed new carpark will

cater for the total number of cars which currently use both these areas for parking and the area surrounding the carpark will also be embellished.

Following on Government's policy to embellish all entry points into Gibraltar and the construction of the new Cruise Liner Terminal, an embellishment project has recently started for the construction of a new promenade running along part of the length of North Mole Road. The works comprise the construction of a seven metre wide promenade running along the northern edge of North Mole Road. The promenade will be landscaped using a combination of planters and troughs with trees being provided along its full length. New street furniture will also be installed, inclusive of new lamp posts and benches. A decorative wall with railings will be constructed bounding the new promenade and forming the boundary between the public promenade and that of the reclamation area. The total length to be constructed and over which the embellishment works will be undertaken is 450 metres. Advantage is being taken of this project to provide additional infrastructure to the area. A new surface water drainage system will be constructed where none exists today. New electrical and telephone cables will also be laid along the entire route. As part of these works there will be a complete resurfacing of the existing North Mole Road along the area affected by these works.

At Westside Park, as the development of the Westside reclamation area is gradually reaching completion with most of the available plots currently being developed, Government are conscious of the fact that little or no provision has been made in this area for leisure activities. Furthermore, as a significant length of the new sea front is currently not accessible to the public, a scheme has been devised whereby the public will be provided with an area of leisure activities whilst at the same time making a significant length of the sea front available to the public for their enjoyment. The project will consist of the construction of a sea front promenade to cover the whole of the existing open space to the west of Harbour Views and Safeways. The area will be partly paved and partly landscaped creating a highly attractive sea front walkway. A small pier jutting out from the reclamation area will also be provided as a special feature to the area. The resulting promenade and grassed areas will be open to the public during the daylight hours with the area being secured at night to prevent unauthorised use of these facilities during periods when no supervision will be available. To ensure the security of

the area, a decorative wall with ornate railings will be constructed bounding the existing road. Leisure facilities for this area are currently being considered and also the possibility of a kiosk or small cafeteria to be constructed within this area. Public conveniences will also be available as part of the facilities to be provided.

Moving over to the eastside, as previously announced by the Government, the present eastside reclamation area has been earmarked for development as a leisure area for the public in keeping with Government's desire to develop this part of Gibraltar for tourist activities. The current use of this area for the disposal of rubble will cease shortly with the completion of the current reclamation. The whole area will subsequently be cleaned, levelled, a new temporary surfacing laid over the complete area and the unattractive hoarding removed. These works are planned for execution during the present financial year and constitute the first phase of the project. The second phase, to be undertaken during the next financial year, will be the development of this area for leisure activities. Facilities to be provided will include two carparks, one at each end of the area to be used as beach carparks for Eastern Beach and Catalan Bay. Sporting facilities such as volleyball, beach volleyball, 5-a-side football, in-line hockey, skateboard, mountain bike course, etc are being considered. In addition to the above, a sea front promenade will also be constructed providing the public with an attractive pedestrian walkway linking Eastern Beach and Catalan Bay.

Moving on to Sir Herbert Miles Road, the design of most of the project of the widening of Sir Herbert Miles Road is now complete with works on the first phase having started on 5 May. Due to the need to maintain access to all the properties in the area, there is a need for the works to be phased out over a period of time. The first phase will entail the widening of approximately 430 metres of the existing road and, in addition, the alignment will be improved with most of the existing bends being either considerably improved or eliminated. Work is planned to start after the summer months and this is expected to be concurrent on at least three distinct locations during some periods. The whole project is programmed to be completed by the end of 1998 although the delayed hand-over of the MOD water storage tanks at the entrance of Dudley Ward Tunnel is an important obstacle still to be overcome.

On rock safety and coastal protection, the department, during last year, undertook rock stabilisation works in the area immediately above

Rockfall Cottage. The cliff face at Little Bay was also investigated and works were put in hand to render this area safe. The seashore in the area of Little Bay has gradually been subjected to erosion with all the tetrapods in front of the main sea wall having been washed away. The department undertook and completed the necessary works to replace the missing tetrapods in time for the opening of the beaches for the summer season. During the heavy rains experienced last winter, there were two major rockfalls; one in the area of Catalan Bay and the second at Camp Bay. Due to the magnitude of these rockfalls, specialist consultants were engaged to inspect the area and recommend on works to be undertaken. The reports of these consultants have now been received and studied by the department's engineers. Works are expected to commence in these areas shortly after the end of the bathing season.

On infrastructure works and subsequent to the collapse of a section of the Main Street sewer, the department was called upon to investigate and report on the cause of the collapse and to prepare recommendations for the long-term works to be undertaken. As a result of the progressive development of the Europort complex and the construction of the Mediterranean and Calpe Rowing Clubs, the department designed and constructed a car park on the waste ground opposite Europort with spaces having been provided for up to 114 vehicles.

During the last year the department has provided advice and design assistance to most Government departments on a number of projects. The main ones have been the extension of Bishop Fitzgerald School and the addition of an extra storey at St Bernard's Hospital.

Staying within Support Services and moving on to the Computer Section of this part of my Ministry, I would like to report to the House that Government consider that information technology within Government offices and within Government assets, is an area which has been allowed to develop and to operate in a disjointed fashion. The lack of an effective information technology strategy and of adequate planning and co-ordination has meant that management information in the majority of cases is still provided in manual form. There are quite a number of computers or PCs within Government but very few of them are networked. Most of them operate in a manner which usually only serves the purpose of their particular department and does not integrate

with the rest of the service. The Government have made the policy decision to correct this unsatisfactory state of affairs. An Information Technology Unit has been constituted and forms part of Support Services within my Ministry. The centralisation of a computerised salaries and wages paying system is their first task and personnel from several departments will be receiving their first computerised pay advice slip for their July salaries. A Steering Committee under my chairmanship has been set up and a consultant from the Central Computer and Telecommunications Agency, (CCTA), of the UK Central Government has been contracted to assist the IT Manager in formulating the IT strategy which will take us into the year 2000 with adequate and modern resources. The team is at present conducting a study to align business and IT policies and are holding a series of interviews with all Ministers and Senior Civil Servants to assess business and IT needs. Their terms of reference are to produce a report determining the hardware and software requirements; staff resources; training requirements; to provide an estimate of costs and likely time scales for the project.

Still within Support Services and now specifically on the Garage and Workshops, briefly to report that this section of Support Services is responsible for the provision and maintenance of Government's vehicle fleet as well as providing engineering and metalwork facilities for the various Government departments. In recent years, this section of the department has suffered from the loss of specialist tradesmen which have left the service and have not been replaced. This has resulted in the gradual erosion of some of the specialist skills available at one time at the garage and workshops and leads to the inevitable consequence of the eventual loss of such skills. The Government are currently undertaking a study of the requirements of the garage and workshops to identify where there may be such shortcomings with a view to setting up a training scheme with the ultimate aim of ensuring the continuity of the specialist trades, or the reconstituting of the same where none exist today, to ensure that such skills are not lost and are available in the future.

The Electrical Section of the department provides invaluable support to Government departments but especially to the Buildings and Works and the Education Department which are the main users of the service. During the last year, a considerable number of jobs were undertaken for the various departments with the works associated with the move of the

Gibraltar College of Further Education and Bishop Fitzgerald School to their respective new premises being worthy of highlighting. Work for the current financial year includes the complete rewiring of the Prison, the installation of a completely new electrical system as part of the refurbishment of the old Secretariat building and the installation of a new electrical system at the extensions currently being constructed to the new Bishop Fitzgerald School.

I now move over to the Department of Sport and I am pleased to be able to report that during our first year in office this Government have fulfilled all our manifesto commitments in the field of sport. The new Gibraltar Sports Advisory Council first met on the 4 December last year and by the time it meets again next week, coincidentally again on the 4th, there will have been a total of eight meetings in six months. During this period the Council, apart from a number of other things it has been doing, has prepared four reports for Government. The first on financial assistance to Sports Associations and Clubs; the second on recognition of sports governing bodies; the third on sports development; and a fourth report on capital expenditure priorities and improvements to sports facilities.

Mr Speaker, I want to digress at this stage to pick up a point made by the Opposition Member for Sport on the election, democratic or otherwise, of the Sports Advisory Body and to state quite clearly and categorically for the record, the way this Sports Council was democratically elected. All Sports Associations in Gibraltar were asked to nominate candidates for this Sports Advisory Council. A public meeting was called which was open to everybody interested in sport or just interested, at which all those candidates were voted on by sportsmen and sportswomen themselves and they chose the six members who they wished to represent them on the Sports Advisory Council. Subsequent to those six members being elected, I appointed a further four members, as I had previously indicated that I would, and those four members were, let me state quite categorically, appointed for sporting reasons and for nothing else. They are in the minority on the Council and therefore can in no way, if anyone were to think that way, influence final decisions. Not only that but the four members that were chosen by me are: Mr John Goncalves, of the Basketball Association; Mr Freddie Chappory who has a wide pedigree in sport but mainly athletics and in the Island Games scenario; Mr Nigel Pardo who is President of the Rowing Association; and Mr Andrew Perera, the

President of the GFA. All I would like to again say quite categorically is that if anyone were to scrutinise my four appointments, it is clear that there is no political bias in my favour, if anything, it is completely balanced. On the contrary, my comments on the way the previous Sports Advisory Body was elected are based on my information that when that was elected in 1988 or thereabouts, a number of Sports Associations of the order of seven or eight were asked to nominate a member for the then Sports Advisory Body and those members that were nominated by their Association were the ones that were eventually chosen to serve on the Body. And by implication, by exclusion of other Associations, it is the basis of my allegation that the Sports Advisory Body was not democratically elected but was selected by excluding people who may not have been of the liking of the Government to have on it. Having said that, the other criticism that I have had in the past of that Sports Advisory Body is that they were appointed initially in 1988 and, by and large, it remained the same for the full eight years of GSLP Government. In fact, there were occasions when people who were originally appointed to represent a particular association subsequently ceased to have any contact or representation, for example, the President of Association X stopped being the President and stopped being in the Committee but yet continued to serve in the Sports Advisory Body although he no longer represented that sport association. That is the basis of what I have said in the past, the opinion that I hold and my contention that this Advisory Body is democratically elected whereas the previous one was not. I will now give way to the hon Member if she wants to answer.

HON MISS M I MONTEGRIFFO:

Mr Speaker, the point that I was trying to make was that ever since the Sports Advisory Body was elected the Minister in this House, the manner in which he used to criticise that the election had been carried out was to say that I had been involved in the selection of the individuals. If that is not what he is now saying then I would hope that he retracts what I think he was saying because I had no interference at all in the selection. That is why I made the point, as I thought that he had interfered and that was the indication of what he was telling me all the time in the House, I had made the point yesterday that because I had not interfered and I had not selected the representatives, I now found that he had double standards because he had chosen four. So if he now

wants to put the record straight and retract what he used to accuse me of doing I will accept that, Mr Speaker.

HON LT-COL E M BRITTO:

No, Mr Speaker, as far as I am aware, what I have said before is what I am saying now and what I have said a moment ago. That the previous Sports Advisory Body was influenced in the sense that only certain associations were invited to provide candidates and therefore by implication, by excluding others, what was chosen was to the liking of the Government of the day. That is what I have intended to say before and that is what I maintain as my opinion and I see no reason to detract that either from what I remember of those days or from what I have heard subsequently.

Moving on to the question of sport, and I have just referred to the four reports that the Sports Advisory Body has prepared and I want to say that the Government have already accepted many of the recommendations of these reports and this is reflected in the greatly increased provisions for expenditure in sport in this year's Estimates. This increased expenditure can be summarised as follows: firstly there is a figure for £50,000 for assistance to clubs and associations participating in approved international events away from Gibraltar, this is the equivalent to the figure that there has been over the last few years and the provision in the last financial year made by the previous Government was of the order of £49,000 but over and above that we are providing an additional £50,000 to encourage the hosting of sports events in Gibraltar and to encourage sports development generally; we are further providing a figure of £100,000 for the provision and refurbishment of vacant premises for sporting clubs and associations; and a provision of £147,000 for improvement to sporting facilities at Victoria Stadium, Hargrave's Court, South Barracks and the Europa Shooting Ranges. So in summary, Mr Speaker, last year the provision for sport in these Estimates was £49,000; this year there is a provision for £347,000 plus an additional expenditure of £51,500, which I will mention in a moment, bringing it up to a total of £398,500 as opposed to £50,000 last year. This additional expenditure of £51,500 have already been spent during the last few months on improvements to sports facilities. It has consisted of the complete replacement of the sports hall roof at the Victoria Stadium, a figure of £47,000; the installation of new

international standard basketball goals at the sports hall; and the provision of extra lighting at the Stadium's training pitch.

I once again want to divert from the main body of my contribution to take up a criticism made by the Opposition Member on the provision and refurbishment of sports premises since this Government came into office. I have always been a believer of giving credit where credit is due and I have no hesitation, on this particular occasion, to giving credit to the Opposition Member, the Hon Miss Montegriffo, for having come up originally with the idea of using North Jumpers Bastion as allocation for the premises for the ruling bodies of sport. I have no difficulty and I assume I applauded it at the time. However, what I want to do is, again for the record, set the record straight and maybe we can forget about this subject from now on. But having in 1994 identified North Jumpers the then Government gradually developed the idea and built up a number of applications leading up to the stage in the period round about September 1995 when from all accounts the possibility of an imminent election seems to have been a catalyst which catapulted the waiting list to the order of about 70 or so to which it reached towards May. But having said that let me put the figures in perspective. Between the period of 1994 and 1996, a period of two years, roughly mid 1994 to the election in 1996, it may surprise Opposition Members to know, if they do not already know, that actually finalised documented and given premises by them they only managed to allocate 11 premises to sports societies and associations of which four were allocated with people in occupancy without the documentation being finalised as at the date of the election, only 11 in a period of two years. Over and above that, they left 24 written offers to associations of which since then four have been withdrawn by this Government and two have been declined by the associations themselves, leaving pending 18 written offers plus a list of 17 verbal promises which are not substantiated in writing, and another 18 which have accumulated on the way. The allocation system that I inherited I found as unstructured and unscientific, I found that the documentation was not standardised; that the level of refurbishment being offered varied from premises to premises and from club to club and that this led to anomalies and to difficulties which we have had to sort out since May. For example, and I will not bore the House with more than two, we found in Prince Edward's Road that there were two premises side by side, one in which the incumbent had a full self-repairing lease, in other words, the club was liable for all repairs that had to be carried out, whereas next door, another association, in the

same building, down the corridor, had been promised something on completely different terms on a minimal rent and no responsibility for repairs and that sort of situation I found untenable. *[Interruption]* I will give way when I come to the end of it. Similarly we found a similar situation in North Jumpers where a particular club who had moved in prematurely but which had been allowed to stay there, found itself paying a much higher level of rent than people who came in subsequently. I do not highlight those as particular, I just highlight them as the symptoms of what the system was producing. I hate to say this but the distinct impression that I get was of premises being allocated in a hurry in the lead-up to a forthcoming election. So consequently the decision was made to reconstitute the premises committee and to freeze the level of allocations as it was then and to restudy the whole system. What has now been developed is something completely different. A priority listing has now been established not only for applicants but also for areas that can be used. The applicable documentation has been completely reviewed and standardised so that now all clubs that are allocated premises get them on the same conditions and on a level of rent determined by floor area and not haphazardly. Obviously a study of the premises and of the level of rents had to be made so that the correct levels could be established. The criteria has now been set for the level of refurbishment that Government are prepared to do before premises are handed over. As I said before, the whole progress was stopped until all this was put into motion. Consequently, Mr Speaker, over and above that complete study and complete change of conditions that was undertaken, over and above that we found difficulties because of the changeover between SOS and Community Projects who are the people who mostly do this work which has contributed to us being a bit slower in allocating these premises that we would have wished. However, having said that, it is interesting that despite those problems, despite being a new Government, despite having to change everything, it is interesting to compare the statistics. In a period of two years, since they thought of the idea, never mind eight years in Government, two years since they thought of the idea, the GSLP Government only finalised 11 allocations and only moved 11 associations into place. Since we have been in office, in the past year,..... Mr Speaker, the records are provided to me, I am not inventing the figures. I was told that Opposition Members would probably find difficulty in realising that the figures were correct. I am quite prepared, if hon Members wish, to give them a breakdown of what was allocated by them. They may think that they have allocated them previously, I

restate what I said before, actually clubs moving in, documentation finalised and people in place, they only managed 11 during the period. If they want to challenge.

HON MISS M I MONTEGRIFFO:

If the Minister will give way.

HON LT-COL E M BRITTO:

I will finish what I have to say first. Only 11, according to the records that I am provided with officially from Government sources and it is interesting to note that during the period that this Government have been in office, four associations have now been accommodated and during this past period of a week or a fortnight a number of firm offers which I have not yet been able to ascertain, have now been made so a number of further allocations will be made shortly. I will now give way to the hon Member.

HON MISS M I MONTEGRIFFO:

Mr Speaker, in the same manner that the Minister has said that he had to restructure and that he wanted to change the system that we had implemented, we negotiated the conditions that the associations and the clubs asked us to provide them with. Secondly, the allocations that were given were those premises that we had refurbished. I know that the Minister was here when I was in Government and I remember him asking me about Jumpers and Town Range and the Minister must be aware that it took us a long time to be able to refurbish those buildings because there were in a very bad state. That was the reason why, so the comparison is neither here nor there, Mr Speaker.

HON LT-COL E M BRITTO:

No, it is exactly here and there, Mr Speaker. I would not have gone to the trouble of adding this contribution today to what I intended to say if the hon Member had not stood up yesterday and criticised this Government for delays in providing premises. I appreciate the problems that they were under and they are exactly the same problems, added by the fact that we had to change the system. What I am saying is that they

are in no position to throw stones because they live in a glass house. They were no faster than this Government were.

Mr Speaker, to carry on with my main contribution, another innovation in this financial year is the contracting of a Sports Development Officer to set up and run a Sports Development Unit for the benefit of all sports. This unit has been set up as a direct result of advice from the Gibraltar Sports Advisory Council and the report of this Council on sports development will set the parameters within which this unit will be working. Once again, Mr Speaker, I have to take up comments made by the Opposition Member on the appointment of the Sports Development Officer and her contention from the Opposition that the post should have been advertised and made available to Gibraltarians. I am afraid once again I have to go into the background of this to set the record straight and to put the thing in perspective. The whole question of GFA, the School of Excellence and the appointment of someone for the School of Excellence goes back to the period of late 1995 and in the aftermath of the Island Games where Opposition Members, and specifically a former Government Minister who is no longer on the Opposition benches, seemed to develop a high degree of enthusiasm for helping the GFA to create this School of Excellence. The fact that at that stage the election seemed to be within three months and certainly was not more than six months away, I am sure was purely coincidental. However, having said that, again the background to all this is that the previous Government made a commitment to GFA which I inherited, which was not documented, there was nothing in writing but I have no reason to doubt what GFA presented to me in writing as what they had been promised and the offer from the Government was of a coach being recruited from UK, being brought to Gibraltar and a number of perks and facilities being offered to GFA and to the coach which were valued by this Government of the order of approaching £200,000 - this is including the refurbishment of the School of Excellence and everything - in the first year and of recurrent expenditure of £100,000. But more to the point, Mr Speaker, the Government had difficulty in accepting this and therefore took its time to find an adequate solution. More to the point, on the direct criticism by the Opposition Member about the post not having been advertised, the reality of the fact is that Mr Paul Holden was identified by GFA to the previous Government who, when I took office, had a commitment from the previous Government to employ Mr Paul Holden. So it is not this Government who have not advertised and who have gone out to find a non-

Gibraltarian to fill the post; the commitment was there by the previous Government and it is hypocritical for the Opposition Member, or maybe I do her an injustice, maybe she did not know, maybe the former Minister who is not represented did not keep her fully informed on what he was doing. I am prepared to accept the possibility of that. But the fact is that the previous Government had a commitment to GFA to employ Mr Holden. So therefore to criticise us for having appointed him is out of order. Not only that, but what we have done *[Interruption]* The hon Member may not have heard of Mr Holden; she can go and ask GFA and GFA will tell her that they introduced Mr Holden to a Minister in the previous Government and that the arrangement was that Mr Holden would fill the post for the School of Excellence that had been identified. I said a moment ago that I was prepared to accept that maybe the hon Member was not aware of this. *[HON MISS M I MONTEGRIFFO: The Opposition are not aware of it, Mr Speaker.]* Well, what we have done is to appoint Mr Holden, not as was intended by Opposition Members, what we have done is appoint a Sports Development Officer, not the Sports Development Officer but a Sports Development Officer, who will be responsible for all sports and not as had been promised to GFA by a Minister in the previous Government of the appointment of Mr Holden as a football coach exclusively for GFA. So that is the difference of what we have done, we have spread it out. The hon Member is saying that she is not aware of Mr Holden's involvement; is she aware that Mr Feetham travelled to UK to recruit a sports coach in UK and that Mr Holden's appointment arose subsequent to those travels because they could not find an adequate candidate in UK? *[HON MISS M I MONTEGRIFFO: No, Mr Speaker.]*

HON J J BOSSANO:

I can tell the Minister that an adequate coach was found, I know nothing about this because I do not even know who plays football or plays anything else, but I do know that they found somebody who was supposed to be a household name, except it did not mean anything to me, who certainly was not Mr Holden and who was a professional footballer and who at the last minute the deal fell through.

HON CHIEF MINISTER:

Would the hon Member give way before he finishes? I do not want to interrupt him but I cannot ask my hon Colleague to give way but perhaps he would give way.

HON J J BOSSANO:

The point is that certainly the question of Mr Holden being able to fill the vacuum left when the agreement with the other person, which included in fact a commencement and negotiating what he was going to be paid because it was not the Government that was going to employ him. The Government were willing to provide the cash but not to have him in the Government service. But he was a footballer who apparently was going to be brought, and he was going to be coming here precisely because, Mr Speaker, the point was that it was intended to bring somebody to improve the performance of our people after the excellent show they put at the Small Islands Games, that is how it all arose.

HON CHIEF MINISTER:

Mr Speaker, I think it is important to get the chronology of events right here. The Hon Mr Feetham went to the UK in the company of GFA representatives to recruit for the GFA but at Government expense, a coach for the GFA's School of Excellence. So it was going to be paid for by the taxpayer but he was going to be employed exclusively by the GFA for the GFA. *[HON J J BOSSANO: That is correct.]* They came back, and I do not know what household name they found or they did not find, and about that time Mr Holden happened to arrive in Gibraltar on posting by the MOD and when they realised that they had what they needed physically here in Gibraltar in the form of Mr Holden, who had all the FA qualifications that they had got into an aeroplane to look for in England, it was agreed, "Well, why bring somebody out from England because the MOD has brought Mr Holden out to Gibraltar as their Sports Development Officer and when he retires, which he is retiring in a year's time, now round the corner, we will keep him here. So instead of bringing out the chap that we went out to look for, we have got him here". And all we did was say, "Fine, if the previous Government are committed to fund out of taxpayers expense a football coach for the FA, we do not think that it is right for the taxpayer to fund somebody only for

the GFA so instead of recruiting him for the GFA the Government will recruit him so that he will be available to other sports as well". Therefore in a qualitative sense, to say that we have recruited Mr Holden without advertising it is a monstrous distortion of the merit of the issue. All we have done is get the chap that they had committed the taxpayer to fund for the GFA and recruited him on contract for the Government so that he would not be exclusively a GFA man and would be available for other sport because apart from having all the football coaching qualifications, he also has many others. Therefore we have recruited him in the name of Government when they were going to pay for him to be recruited in the name of GFA but that is the extent of our involvement.

HON J J BOSSANO:

I was giving way to the Chief Minister. Let me just say that, frankly, I do not see why he needs to say that it is monstrous, there is nothing monstrous about it. We are telling him that as far as we are concerned the decision was taken to provide money to the GFA on the basis that we were bringing, not somebody who had any particular paper qualifications or otherwise, but was a retired professional footballer who would give the professionalism to our people to make them be able to compete better in international competition. If over and above that the Government want to have a civil service post of Sports Development Officer, well we were not planning to do that, but it is their decision and if they have chosen to make Mr Holden a civil servant and put him in the Estimates and we are going to vote for his pay, then the normal procedure in the recruitment of civil servants is that it goes to the Public Service Commission. Whether it is better to have him in the civil service or better to have him employed by the GFA, it is quite obvious that the jobs are different. The job that we were being asked to support is not what Mr Holden is doing. We are talking about two different things but there is nothing monstrous about it.

HON LT-COL E M BRITTO:

Mr Speaker, I would have preferred to move on but I have to clarify because I cannot leave statements that are not factually correct. It is not correct to say that the bits of paper and the qualifications were not important. [Interruption] No, it is not correct. For a School of Excellence to be recognised by the FA, the person conducting that School of

Excellence has to have certain qualifications which the FA recognises and the normal Mr Average Footballer does not have those qualifications despite being a household name whereas Mr Holden had them.

HON J L BALDACHINO:

Will the Minister give way one second?

HON LT-COL E M BRITTO:

No, Mr Speaker, I am fed up with the subject. I would just close it by taking the opportunity to provide the Opposition Member with the answer to the question that she asked me in the last Question session on the conditions of service of Mr Holden which I said I felt I could not release them because he had not yet accepted the post. Mr Holden has now indicated by letter that he is prepared to accept the conditions of a Contract Officer, not of a civil servant, and those conditions are a three-year contract at a salary of £19,412 per annum. A point that obviously arises from that level of salary is that other possible candidates resident in Gibraltar or Gibraltarians, specifically teachers, would be on a higher level of salary already and therefore the post would in any case, even if it had been advertised, probably not have been of interest. But, of course, that is a subjective judgement.

To carry on, on a less controversial note, the greatest single sporting achievement in the last financial year was without doubt the qualification for the 1997 'A' Group European Hockey Finals by the Grammarians Hockey Club. When they competed in Amsterdam this month they were the only British club amongst the eight who participated of other nationalities obviously in these European Finals. In terms of major achievement outside the field of sports competition, the recognition by the Federacion Internacional de Peche Sportif of the Gibraltar Federation of Sea Anglers is another major triumph. GFSA thus became the 15th local association to be affiliated to their world ruling body despite vigorous and strong political opposition by the corresponding Spanish Sports Associations. Their nomination to host the World Pier Fishing Championships in the year 2000 is another considerable achievement and one in which the Government will be providing support and assistance.

Last week the local Shooting Associations, with Government support, combined to host the Commonwealth Games Shooting Federation European Division Championships which attracted a total of about 75 top level international competitors to Gibraltar. Next year seven European nations will compete in the Basketball Promotion Cup which the Gibraltar Basketball Association will host here in Gibraltar.

During last year's National Week, 11 Sports Associations participated in the Government sponsored Gibraltar Trophy competition. This year's event is expected to attract a larger numbers of entries and to be run over the period of the full National Week. The concept is of a Gibraltar trophy in each sport practised in Gibraltar and obviously is the objective of achieving as soon as possible. All competitions must be organised during National Week, they must seek maximum competitor participation, involve a high public profile and preferably be in a format other than that usually organised by that particular association. This is a matter which the Sports Advisory Body has under its belt at the moment and Government will be going public with the details in the very near future.

Mr Speaker, moving away from sport and on to the Electricity Department, which department in this past year saw an increase in both demand and billings when compared to previous years. The maximum demand of 24,100kW was recorded on Tuesday 7 January and this was 9.5 per cent higher than the previous figure. The units billed during the financial year amounted to 94,666,979kWh compared to 92,886,926kWh in the previous year and represents an increase of 1.9 per cent. The intention of Government is to continue with the improvement and reinforcement of the high voltage network. It therefore proposes to continue with the uprating of all substations and the cable network operating at 6,600 volts to 11,000 volts. Furthermore, the construction of a distribution centre at Orange Bastion by the American War Memorial is well advanced. This distribution centre and the voltage uprating programme will mean that there will no longer be a need to keep any electrical plant in King's Bastion. Government also propose to purchase and install a Supervisory Control and Data Acquisition system, SCADA for short. The system under consideration is an improved version of that which had been previously considered as the controller link. In addition to providing dynamic information on individual district demand, it will allow remote reclosing of circuits that have been disconnected automatically as a result of a fault in the power stations,

thereby reducing outage times. During this financial year Government will proceed with the refurbishment of the ex-Public Works Stores site in Rosia Road. This will convert it into a facility that will be a substantial improvement on those still in use at King's Bastion and the Orange Bastion depots. The working conditions of the personnel at these two sites will be considerably improved.

Moving on to the City Fire Brigade and during this last year the Fire Brigade has faced the busiest period ever, breaking their previous record of emergency call-outs. A total of 1,379 emergency calls were attended and 52 of these calls were received and dealt with in only one day as a result of severe floodings. The most serious fire attended involved the motor vessel Brunito which caught fire at North Mole and resulted in the tragic loss of life of one crew member. The Brigade rescue response, ranging from cliff abseiling to underwater operations, once again outnumbered the fire calls received in the proportion of approximately 2:1. The Fire Prevention Department has carried out a total of 1,800 inspections ranging from building development to petroleum licences and places of public entertainment. A new control room and operations room has been commissioned with modern technology incorporated. It will become an important element in further improving the Brigade's efficiency and is vital for the development of the service. As with previous years the Brigade has once again successfully managed to keep to its budget due to its tight policy on budgeting control. As for the future, the Brigade has prepared a 5-year development plan which will ensure that it keeps abreast of developments well into the next millennium. This year will see the implementation of the first phase of this plan in which priority and emphasis is on training. Over 20 Brigade members, ranging from junior to senior staff, will be attending a total of nine courses. The policy continues of attachments and secondments to UK Brigades as well as an exchange of officers who specialise in specific fields. In future phases of the development plan, equipment and plant will be obtained to ensure that all risks such as marine fire fighting are adequately covered. The third element in this development programme is the planned improvement to the Brigade's mobilising procedure which include the provision of mobile trailers capable of carrying large amounts of equipment necessary at major incidents. The above, coupled with improvement to the internal administrative system, will ensure that the Brigade continues to provide the efficient service which

Gibraltar has come to expect of it and has grown accustomed to receive.

Moving to the Post Office. During the past financial year a computerised stock control system has been installed in the Post Office. The system covers items such as definitive stamps, postal orders, insurance stamps and coins. An EMS or Data post Service, on a D'ecouvert basis, has been introduced to world-wide destinations via the United Kingdom. Direct Data post services to Morocco and Spain have also been introduced. In conjunction with the beautification of Main Street, the Post Office entrance has been considerably improved and access made easier for all and, especially, the disabled. Further refurbishment works for the upper floors of the Post Office building have been identified and planned to take place during the next financial year. It is also intended to upgrade the security systems within the Post Office and to continue the process of computerising mail records. The possibility of joining a Postal Track and Trace System for the easy tracking of data post and parcel items is being studied. Because of the Government's development plans for the area of Casemates, the Parcel Post Stores in Landport Ditch will have to be resited. A feasibility study is at present being carried out on possible locations and final policy decisions will be made once this study has been completed and considered by the Government.

Consonant with my Ministerial responsibility for broadcasting, I report to this House on matters of public interest concerning GBC. As hon Members know, I have no Ministerial responsibility for GBC itself. GBC is a statutory Corporation charged with providing a public service functioning independently of the Government. During the year ended 31 March 1997, the Corporation continued to provide a "Value for Money" Radio and TV Service to the community. The Government will continue the policy of an annual subvention to GBC and provision has been made for a sum of £800,000 in this year's Estimates. Among the highlights of the year was the "Live" marathon coverage of the Count on the night of the general election; the granting of the Freedom of the City to the Royal Marines; and the "Live" coverage of the National Day Rally. The traditional Open Day held in December proved to be a resounding success. The event raised over £13,000 in aid of local charities. A new Board was appointed by the Government in August 1996. GBC's General Manager attended the 21st General Conference of the Commonwealth Broadcasting Association in Kuala Lumpur. The

opportunity was taken to extend to the CBA an invitation to hold the 1998 General Conference in Gibraltar. The invitation was accepted and the Corporation, with the support of the Government, will be hosting the CBA Conference next May. A major concern during the year was the fast declining degree of reliability of the transmission chain and programme making equipment, a high proportion of which is either outdated or has been in service for much longer than its recommended lifespan and is no longer reliable. This unsatisfactory state of affairs is the cumulative result of inadequate capital investment by the previous Government which has made it impossible for GBC to implement a structured essential equipment replacement plan. The Government in furtherance of our commitment to support public service broadcasting in Gibraltar, and in support of GBC's on-going efforts to improve the reliability of its radio and television transmitter networks, as a first step last year committed ourselves to provide funds to replace the medium wave antenna system and associated plant. It has already assisted in the purchase of a VHF television transmitter and during this financial year will be providing the Corporation with £200,000 for the purchase of items of equipment which GBC have identified as essential to replace. I am informed by the Corporation that priority will be given to replacing part of the transmission chain and the master control desk.

Mr Speaker, reporting briefly on the Gibraltar Government Lottery and to say that the sale of the lottery during 1995/96 continued to oscillate between £4 million and £4.5 million and that Gibraltar was recorded, once again, as having the top per capita draw sales in any European country together with the highest percentage, by far, in prize money awarded. The Government are still, however, concerned about the relatively large number of returned unsold tickets and in this context, a series of meetings have been held by me with the Lottery Advisory Committee and the Lottery Agents Association. Various proposals have been put forward and all their implications are being studied before decisions can be made on possible ways to improve the product. In the meantime, it has been decided that a questionnaire will be circulated in order to carry out market research and also to foster interest in the lottery. This year marks the 50th anniversary of the first draw of the Gibraltar Government Lottery which was held on 4 October 1947. In this respect, an extraordinary anniversary draw will be held on 13 October and which will have a first prize of £200,000. The ticket design for this extraordinary draw will be the same to that used at the very first draw in 1947. I say the ticket design because certain aspects of it, for security

reasons, the internal numbers and so on will be updated but the design of the ticket will be exactly the same. Once again, Gibraltar will be represented at the Biennial Conference of AELLE, the European Association of State Lotteries and Lottos, which will be held in Cascais, Portugal next month.

Mr Speaker, moving now on to water production and telecommunications as the final aspects of my contribution. Dealing first with water production and in line with my Ministerial responsibilities as the House knows, I am Chairman of Lyonnaise des Eaux (Gibraltar) Ltd. The company employs 105 persons of which 23 are seconded from the Gibraltar Government. This is some 31 per cent less than when the Gibraltar Government operated the water service. A system for assessing the development levels of each employee, as well as to provide training to enhance such development, is in place. Specific training is being given in respect of customer care in line with the company's policy of continuously improving service to its customers. The company has also been actively engaged in the introduction of the health and safety system and all employees are receiving training leading to certificates in basic health and safety from the UK Chartered Institute of Environmental Health. The company continues to comply with the requirements of its ISO 9002 Certificate which it will be revalidating next year with the intention of achieving Total Business Registration within a Total Quality Management philosophy. Despite the fact that the plant to convert waste to energy and water at the In-town Incinerator only produced 41 per cent of its contractual obligations of potable water, Lyonnaise has managed to ensure that Gibraltar's potable water needs have been met and that water has been available to customers on a 24-hour per day basis. Last summer a water shortage crisis was averted by the procurement of Lyonnaise of fuels such as gas oil and olive waste derived pellets to keep the incinerator plant running and producing water during periods when it would otherwise not have been operating. The cost of this fuel amounted to £224,336 and this has been applied to In-town as a penalty as provided for under their contract with the Gibraltar Government. Because of concern about the long-term performance in water production of the incinerator plant, Lyonnaise is currently studying the possibility of investing in additional desalination plant. As from last year, a more expensive but cleaner fuel has been used at the Waterport desalination plants. This has ensured that the quality of emissions from the boilers, which had previously been the subject of complaints, has improved considerably. Lyonnaise has also

invested in a new pumping main which will allow the company to increase the yield from the wells in the coming year. During the last financial year a total of 1,062,074 cubic metres of potable water were supplied. An unexpected but potentially serious threat to water supplies occurred as a result of third party fuel handling operations at King's Lines which caused fuel fume contamination of the three main service reservoirs. The company's immediate reaction, and an improvised new operation regime, managed to maintain a continued supply but the water contained in the contaminated reservoirs, representing some 20 per cent of stocks, had to be disposed of. The water is being replaced by the MOD at no cost to the Government or to Lyonnaise. The problem of the fumes has now been resolved and operations are back to normal. Agreement has been reached between the Government and Lyonnaise as to how the company will be compensated for not applying the increases in water tariffs as was agreed to by the previous Government and which were due as from the 1 July 1996. As has already been indicated by the Chief Minister, this arrangement means that there will be no increases in water tariffs during the current financial year. The supply of salt water has also been maintained on a 24-hour per day basis but in some areas there have been periods of interruption to supplies arising from burst mains, mains replacement programmes and from works connected with the Main Street resurfacing works. Out of the 45km of pipelines in the salt water network, 24km are iron mains which are subject to corrosion and encrustation leading to blockages. Lyonnaise is accelerating its investments in the replacement of these pipelines using new plastic materials which are not subject to corrosion. In order to do this and to cause as little disruption as possible, the company is evaluating the feasibility of using state of the art trenchless technology. In essence this means a more radical solution to mains replacement involving a reappraisal and a redesign of the salt water network. A new computer billing system is currently being commissioned and is running in parallel with the old system. This will enable a new bill format to be introduced which will improve the information provided to customers and enable a faster and more effective response to their queries.

Finally, Mr Speaker, to deal with that aspect of my Ministerial responsibility which covers telecommunications, I am Chairman of both Gibtel and Gibraltar Nynex. During the past financial year both companies continued to perform very well technically and commercially. In both companies there is a continuing policy of investment and

upgrading to improve facilities and the quality of service offered to customers as well as the provision of new features. Gibtel has improved its GSM mobile telephone network by the installation of an additional Base Transceiver Station at the Haven to improve coverage in the city area and Gibtel will be installing a fourth station or BTS in the area of the airport terminal building. Roaming agreements have been concluded with 16 new foreign operators. In line with established policy, Gibtel reduced customer collection charges of all international direct dialling bands during the last financial year; upgraded its international network to support more advanced services; and will continue this policy of upgrading and rate reduction. Gibraltar's first video conferencing bureau will be launched in the very near future by Gibtel. Recently a successful test line was established with a Russian Telecommunications Exhibition in Moscow. In the case of Nynex, the Fibre Optic Network within Gibraltar has been expanded to the Lathbury Barracks area and there has been cable development and installation in Main Street, Moorish Castle, as well as the new developments such as Montagu Crescent, Bayview, West Park, etc. Integrated Services Digital Network service, more commonly known as ISDN, was introduced and has resulted in over 20 subscriber connections. A new telephone directory was distributed in September 1996 and new sets of phonecards issued, including the very successful John Lennon and Duke of Edinburgh Award issues. Another new telephone directory is due to be issued next autumn. With a view to improving customer services, a new Service Provisioning Control Centre was formed early in 1997 and the operator switchboard was relocated from the Haven to Europort. As well as maintaining its ISO 9002 Quality Certificate in 1997, Gibraltar Nynex became the first ever member in Gibraltar of the European Federation of Quality Management and is at present developing strategies in Total Business Registration. A major development for GNC in the current financial year is expected to be the connection to the FLAG Cable Project in autumn. Equipment for this has already arrived and testing is expected to commence next month. The second major development will be the setting up of GNC as a Quality Internet Service provider in Gibraltar. Plans for this are already well advanced and the service is expected to start in the near future. By far the most important development that will affect both telecommunications operators in the foreseeable future will be the implementation of European Directives on liberalisation of telecommunications in common with other European countries. The net effect of this will be to open up the local market to outside competition. In line with Government policy and together with

the Government, both companies are currently carrying out a commercial consultation with a London based firm of International Accountants with a view to a possible combination of resources to be better placed to face external competition. The commercial complaints filed by both Gibtel and Nynex in the European Commission against Telefonica for its non-recognition of Gibraltar's 350 geographical area code, continue without resolution and there has been no further tangible progress since my reply on this subject to questions in this House from Opposition Members. Mr Speaker, that concludes my contribution.

HON J C PEREZ:

Mr Speaker, perhaps for the benefit of efficiency next year the Hon Col Britto and the Hon Mr Holliday might get together and instead of repeating the whole programme that Mr Holliday told us this morning because he represents infrastructure, engineering and design; either he moves the department on to the same Minister or we do not get the same story twice because the votes are in the Ministries of the Hon Mr Holliday and as a result of the fact that the design section is under the Hon Col Britto, we have had to hear all the development programme on tourism and everything which is supported by the design section twice, first this morning by Mr Holliday and then this afternoon by Col Britto. But that is only in respect of efficiency in the House of Assembly and in keeping to the commitment I gave you earlier.

HON CHIEF MINISTER:

Mr Speaker, perhaps the hon Member will give way. I am aware of only one project in which there has been overlap of reference and that is the North Mole project. Perhaps he has not been listening carefully enough. They have both spoken to different projects and therefore there are more projects in the pipeline than the hon Member thinks.

HON J C PEREZ:

Mr Speaker, we talked this morning about the project of the North Mole; we have talked about the projects this morning of the roads and the tourist projects and everything that has been supported by the design section which was mentioned by Mr Holliday have been mentioned by Col Britto too this afternoon. Hansard will say, this is only for the benefit of efficiency.

Let me say, Mr Speaker, that in no way do the Estimates reflect a prudent or cautious approach to the finances of Gibraltar. The spending programme the Government are embarked upon is not one that is expected to generate more revenue for the Government if we are to believe what the Estimates contain about the expected results at the end of the year.

Promotions abroad and huge spending on tourism seems to be the principal cornerstone of the Government's strategy, if we can call it that, quite apart from the continued huge investment in infrastructure which they criticised the Opposition for doing when we were in Government and they called it temporary, an optical illusion and all that. Prudence would have required Government not to have increased its annual recurring spending bill until they had at least an indication that their optimism of growth in the private sector, particularly in respect of tourism, is real. They are basically budgeting for a situation of no growth, at least that is what the Estimates reflect. The increase in the number of senior jobs within the public service is also real. There might not be a total of 103 new extra jobs since according to the explanation given by the Chief Minister some of those are offset by some savings elsewhere, but the real figure is nearer 80 at an estimated cost of some £2.4 million added to the annual recurring expenditure in personal emoluments. Quite a number of these, such as those or some of those in tourism and in the health service and in the DTI are to be filled in by ex-pats at quite a high cost to the taxpayer. The Chief Minister has on occasions talked about the need to restore within the civil service the expertise lost during our term in office. It is untrue to say that during the eight years of GSLP administration the service was depleted of the expertise available during the years of the AACR. The decrease in numbers in the service is mainly attributable to public servants voluntarily agreeing to move out of the Government and consequently taking the functions for which they were engaged out of the Government too. The process was initiated in 1990 with the tourism and planted areas leading the way, followed by Crown Lands which is now Land Property Services; by the Telephone Department now Nynex; by the Water Section now Lyonnaise des Eaux; the John Mackintosh Hall; the Philatelic Bureau; the Environmental Health Department, etc. All those that chose to move out of the service today enjoy better salaries, better conditions, a better working environment and in some instances, better pensions too. A big number of these were also promoted at the time of

the move and thereafter. But the expertise available in each of these areas is still there, available to the business concerned or the function undertaken. Indeed, increased training and improved technology has enhanced that expertise and not depleted it. The bulk of the people lost to the service was a direct consequence of the move to the private sector and the consequential loss of function within the service. There were also consequential savings of manpower in the rest of the administration as a result. Some people sought abolition of post or early retirement and this was granted on the basis that Government would carry the burden of a higher pension bill if the job in question was not to be replaced. Other savings were the result of a consolidation of the functions left behind in a situation in which less salaries needed to be prepared, less files needed to be carried, etc. There was a rationale for every step taken within an overall economic strategy that had as an objective an expanding private sector and a smaller more efficient public service that would allow the huge reductions in the MOD to be absorbed. We knew how we expected to pay for the jobs in the service in coming years and were therefore able to extend to each employee within the service a guarantee of employment. Let me say that that policy of a guarantee of employment continues to be party policy today.

Complements within specialised areas in the public service such as Customs, the Fire Service, the Postal Grades, the Prison and Education have either increased marginally in number or remain today at the same level as when we came into office and with the same structures. There was a small decrease in the complement of the Port Department, partly the result of a pay negotiation where these posts were lost by natural wastage and partly due to the Shipping Registry moving out of the service where we have learnt this morning that that is being restored. As for the Police, up to 1995/96 the complement excluding the Commissioner and administrative grades remained static at 222. The reduction to 205 came about as a result of the functions of immigration at all exit-entry points in Gibraltar being withdrawn as a function of theirs; these are the facts. To therefore try and justify the creation of new senior posts by virtue of what took place between 1988 and 1996 is simply an attempt to detract from reality. It would seem that insufficient account is being taken of the variety of functions that moved out of the Government service.

Mr Speaker, let me tell Government Members that at the Committee Stage the Opposition will be asking under personal emoluments which

are the jobs that have yet to be filled and how much of that vote is in respect of the vacancies that exist in each vote.

Our cautious approach to spending was also the result of the hostility shown by Spain and therefore the need to hold reserves in the event that such acts of hostility might impact on our economic well-being. The GSLP never held the naive notion that any type of co-operation was possible with Spain without sovereignty creeping its ugly head. We knew then, and still know today, that the declared aim of the Spanish Government is to take over Gibraltar and that they will do everything in their power to hinder our ability to create a sustainable economy. This is why it was prudent and wise to keep in place all the Special Funds created by the AACR which we inherited, presumably by the Chief Minister's yardstick they also lacked accountability and transparency. These Special Funds gave the Government the ability of meeting certain social and economic priorities in times of crisis. The Telecommunications Fund is but one example.

Although both Gibtel and Nynex are outside the public service and therefore responsible independently for investments in infrastructure and new technology, their ability to expand and generate new business lies in them being able to conduct such business without any hindrance from the Spanish State. Both have laid a complaint before the European commission and it has transpired that the Spanish Government have intervened directly on political grounds. Already this action will have the effect of delaying, putting back the liberalisation of telecommunications in Gibraltar and of gross unfair competition from companies in Spain. Each day we see more people with mobile telephones from Spain for the simple reason that it may be used on both sides of the border whereas Gibtel's ability to enter into a roaming agreement with Telefonica or Airtel is being blocked by the Spanish Government. Add to this the fact that some businesses are already using call-back services and one gets a picture of unfair competition which could undermine Gibraltar's ability to sustain an up-to-date telecoms infrastructure with the latest technology that a service industry needs. Such a scenario might create the situation where the Government are required to invest directly in telecommunications in order to be in a position to offer state of the art technology to potential investors. The Hon Col Britto confirmed to the House that everything is in place so that Gibraltar gains access to the FLAG Cable via Estepona. This Cable is to become operational shortly and Nynex has invested in capacity up front

on the understanding that it would be able to offer international telephony as from 1 January 1998. This is now not possible as a result of liberalisation being put back. Competition between Gibtel and Nynex already meant that international telephone charges were set to decrease further.

HON LT-COL E M BRITTO:

If the hon Member would give way. Have I understood him correctly to say that the connection to FLAG is going to be put back?

HON J C PEREZ:

No, the ability of using the capacity in FLAG for international telephony is being put back because Nynex is not able to have liberalisation and therefore not able to offer telephony services on 1 January 1998 and therefore unable to use the FLAG Cable for that reason. But the capacity is already acquired and paid for.

Mr Speaker, competition between Gibtel and Nynex already meant that international charges were set to decrease further. I am glad to have heard the Minister say here that that policy is going to continue in the year to come because it is paramount that if people are not to be encouraged to look for their telecommunications requirements elsewhere, that that should continue to happen. Although Gibraltar telecom are exempt from VAT, there are mobile systems in Spain already boasting of being cheaper than the fixed network. It is for all these reasons and against this background that it is the worst time ever for the Telephone Fund to have disappeared.

Mr Speaker, I was pleasantly surprised to have listened to the speech by Mr Wells to the European Movement last week in which he spelt out the success of the GSLP Government in tapping the social and structural funds of the European Union. I am glad to see that some of these funds have already been used, in the Liner Terminal, the Europa Business Centre and the pedestrianisation of Main Street which is now near completion. I also welcome the fact that other projects initiated by the GSLP, such as the catchments and the widening of Sir Herbert Miles Road is included in this year's Estimates. However, Mr Speaker, despite some of these projects being concerned with roads, this year has seen a deterioration in the state of our roads. The Chief Minister

has given an explanation this morning on why the vote in the Improvement and Development Fund is being moved to the recurrent expenditure but the explanation given by the Chief Minister does not concur with what is evident, unless I am mistaken, in the vote for roads, given that since last year the Hon Col Britto said that they were investigating the manpower requirements and a year later the Hon Mr Holliday says that we are now going to have an employment audit in the department, so we still after a year do not know whether we are going to increase the complement or not increase the complement. If the vote of £500,000-odd for roads is not to be used by direct labour then the problem that arises that was explained by the Chief Minister should not arise and therefore, in my view certainly, it is a wiser proposition to continue to have road works capitalised in the Improvement and Development Fund rather than the recurring expenditure, but that is a value judgement as well. Let me say that the Hon Mr Holliday said today that the department was preparing a road programme and that the cycle being looked at was a cycle of a 10 to 12 year cycle for the repair of all roads in Gibraltar. The yardstick used by the MOD when the DOE used to repair their roads, was six years and I would warn the Minister not to take a yardstick for all roads in Gibraltar since one has to have a yardstick for some roads and another one which are used much less for others. For example, Winston Churchill Avenue was resurfaced two or three years ago and it is now up for resurfacing again. *[Interruption]* No, the painting in black which he calls paint which is still there holding the roads which are not slippery but I know that the Minister in private told someone that it was paint, that that was not tar. Those are still holding the roads this year and had that not been done the Minister would have had a great problem this year with the roads. *[Interruption]* But that was part of Winston Churchill Avenue that was done which was slippery which was the roundabout. But I would warn the Minister not to use the same yardstick in all roads and I would ask him to perhaps, once he has got a cycle complete to make available a copy of that cycle and how it is going to work. I welcome the fact that Naval Hospital Road, Prince Edward's Road and Flat Bastion Road have now been included in the programme. They were included in last year's programme, they were not done for reasons I think beyond the control of the Minister and I welcome the fact that they are going to be done because those three roads are in a terrible state, have been in a terrible state for some time and have been due for repair for a long time.

Mr Speaker, as far as traffic and parking is concerned, motorists are experiencing great difficulty with the changes of direction in traffic in some roads. Although these measures have been announced to be temporary whilst works take place, there is a suspicion held by some that the intention is for these changes to become permanent. Government have repeated on various occasions to me in this House that they have commissioned a study on all matters related to traffic. Until that study is completed and an overall picture emerges, it should refrain from considering, for example, further pedestrianisation, Lover's Lane, etc given that in the same gist that they have been consistently saying here that they could not consider the proposals for the car park at Engineer Lane for that reason, they should ought not to be able to consider any other traffic issue until the study is completed or they can consider every issue. They cannot have one criteria for one thing and another criteria for another thing. It is a pity that there have been delays in the construction or in the green light for the project in Engineer Lane because it becomes more urgent as a result of all the parking that have been lost to Main Street as a result of the pedestrianisation. It was a proposal that was there, it was a proposal that would have not cost the Government anything, it is still there, they are still in time to do it but obviously depending on how the flow of traffic will eventually finalise, that will be, as one can hear, the feedback from Government Members, the criteria being used.

Mr Speaker, it is my firm opinion that unless traffic from the Upper Rock is diverted away from the City Centre, further pedestrianisation would be prejudicial to the free flow of traffic.

I welcome the announcement today that the sewer that services the Convent only is now to be collapsed and filled in because that is the initial view put to Government at the time of the first incident and instead of having undertaken major repairs to part of the sewer and then undertaken major repairs again to another part of the sewer, there was advice available to the Government at the time that the best thing that could be done to the sewer was then to collapse it completely and to fill it in and that advice was not taken and we have had a situation where the sewer has been collapsing bit by bit until the decision has had to be taken at the end that the best thing to do was to cut it off, to connect the Convent to the main sewer and to fill the whole thing in. I am glad that that decision has been taken, but it is a decision that could have been taken a year ago by the Government.

HON LT-COL E M BRITTO:

I thank the hon Member for giving way. The decision was in fact taken some time back, Mr Speaker, it is being implemented now. The sewer was diverted, I have not got the dates here with me, but the first collapse the hon Member is right, was repaired but when it happened again the causes were investigated and the decision to divert was made as far back as that, the diversions were made some time in October or November. The financing for collapsing the whole sewer and blocking it in has not been available until now and that is what is going to be done now but the decision was made some time ago.

HON J C PEREZ:

I accept that the financing might not have been available but I know that that advice was available because it was available to me at the initial incident which was not very great and then the first major incident happened which was the collapse of the sewer.

Mr Speaker on the question of electricity, obviously I welcome that there is a financial provision for the repair of the old stores to move Orange Bastion and the relics of King's Bastion which remain behind. That obviously will allow Government Members to look at King's Bastion in another perspective because it will be vacant and certainly it would release another important area in the centre of town which is Orange Bastion which is a site that has potential for development. Let me say that the SCADA which the Minister has described which is a new version of the old system that was being looked at is welcome. Last year the Minister said that the Government were to consider it. This year he says that they have considered it and are going ahead with the project but in the Estimates we see that only £3,600 of a vote of £362,000 are going to be spent in the coming year which I think is very strange for a project that has already been provided. If the Minister looks at Electricity, Improvement and Development Fund, it has got Controller Link (i), £362,000 and then (i) Controller Link Expenditure to March 1997, I am sorry, I thought it was to March 1998. So then we would see most of that project developed and completed this year.

I would also ask the Hon Col Britto, perhaps at the Committee Stage, two matters, one is where it is intended that the new area for rubble

disposal is going to be opened because construction sites continue to require that and a lot of households and a lot of people need to have an area to be able to do that and that is precisely why the rubble site in Eastern Beach became available when the Marina Bay was completed and there had to be found another area for rubble and that has increased to the degree that the reclamation has grown dramatically as a result. The other thing I would like to ask the Minister is that I know that part of the ash from the incinerator is mixed with rubble in that site and whether..... *[Interruption]* Yes, not the fly ash but the other ash is mixed with rubble in that site on a daily basis and if it has not got that area to do so there must be another area so that that continues to take place. So I am telling the Minister that it is a welcome site touristically that that area is not going to be used for rubble but I think the Minister will find it hard to look for a convenient alternative site for that process which needs to continue. The other thing I would like the Minister to check, and I know it is not a simple matter, is that when I initiated bulk mailing in the Post Office I was not very sure at the time and I was asking for figures internally whether once one pays the receiving administration cost whether we were actually making a profit or not on the bulk mailing that we were doing. It was never finalised, I know it is a complicated matter, it is not an easy matter, it needs to be checked. Could the Minister check whether the Post Office have figures to look at whether bulk mailing is having a net positive effect or not given that the receiving administration then charges the Post Office for servicing that letter and it will reduce the stamp at the time that we send it and we might be losing, not only a part of our part of the profit but we might be losing out in total. Given that once the receiving administration reaches a peak the prices to the sending administration increase and perhaps the Minister could check it and give me an indication at the Committee Stage because I have not seen the income from bulk mailing shown separately in the Estimates because I think it is a very difficult thing to do anyway.

Mr Speaker, let me touch upon an area which is industrial relations. Much has been said about the problems of Buildings and Works and, frankly speaking, we have had a situation when the Government Members accuse us of duplicity and all that, we have had a situation where they have been accusing us of directly interfering as Ministers in departments which there is level that the Minister has to and there is a level that the Minister has not got to. But we have got the fine example of a Minister interfering directly with the workforce in Buildings and

Works, writing to the workforce himself instead of allowing the industrial relations machinery to get on with eliminating and trying to sort out the troubles that they have got. I put it to the Government that if they had done that perhaps they would not have the problems that they have today. Certainly when we talk about duplicity and we talk about the Hon Mr Netto, one goes with the other because as my hon Colleague, Mr Baldachino, said today he now does not favour going out to contract and a few months back when he was in the union he actually charged into Convent Place and declared a sit-down because SOS was repairing a toilet to an old age pensioner who could not afford to do so, that was the issue at the time. Later on, Mr Speaker, he was the one, as a union officer, who actually negotiated with the Hon Mr Baldachino and with the Industrial Relations Office in the Government the actual JPCs which today he finds are not value for money. So when we talk about duplicity, the Hon Mr Netto and duplicity have a lot to do one with the other.

Mr Speaker, in rounding off my contribution I need to remind the House that what we have seen up-to-date from this Government is the setting up of committees to study this and that or the commissioning of studies for this and that. Last year we have seen how the economic activity generated mainly in the construction industry is fully the result of projects initiated by the GSLP when in office. This year too there are projects initiated by the previous administration which will continue to have a positive effect on the economy, basically those of infrastructure. We must not have done it so bad, notwithstanding the criticism when they have got the money, when they have got our ideas and when they have got our projects and when they are carrying it out with our money, or the people's money but certainly money generated by us when we were in Government. So despite all the criticisms of the GSD we must not have done it that bad.

I think it is important for Gibraltar to have maintained a strong position of reserves in order to have the capacity of meeting commitments in employment, social services and economic development. Moreso with a neighbour set to become more bullish as our strive towards self determination advances.

As a result of the disappearance of the Special Funds, the Consolidated Fund now carries liabilities for those Funds including debt repayment. These now need to be met from recurrent expenditure or could need to be met from recurrent expenditure depending the position of the

reserves if the expenditure levels continue at the level that they are this year. Mr Speaker, the reserves certainly have been substantially depleted if we get what the Principal Auditor calls reserves which were all the Special Funds and the reserves shown in the Consolidated Fund, that is what the Principal Auditor describes as the reserves of Gibraltar.

Therefore, rather than prudent, I would call it a risky gamble into the unknown probably the result of over optimism that promotions, particularly on tourism, will create and generate the necessary growth.

HON LT-COL E M BRITTO:

If the hon Member would give way. Reference the hon Member's enquiry about bulk mailing. Bulk mailing, as I am sure the hon Member knows, in the Estimates previously the figures that were shown were shown netted and did not include payments and receipts to foreign administrations. This year they do, they are shown on both sides on revenue and in expenditure. The hon Member will find it on both sides, he will find it in revenue under Head 6, subhead 22 and then in expenditure under Head 4(d), subhead 5. Having said that, the figures include both conveyance and terminal dues. Is that the figure that the hon Member is looking for or is he looking for a breakdown between one and the other because he will not find a breakdown between one and the other?

HON J C PEREZ:

Well, conveyance and terminal dues would be the proper breakdown yes, that would be it.

HON LT-COL E M BRITTO:

But the figure that appears in the Estimates is the total figure of both.

HON J C PEREZ:

The total figure of both, I see. If it is possible, and I know it is difficult, to have a breakdown we would have an indication. I am telling the Minister for the sole purpose that I myself was not sure that it was actually a going business and if we are going to lose money or are neutral about it, it is worth looking at it and investigating it a bit further. Thank you.

HON P C MONTEGRIFFO:

Mr Speaker, before dealing with the substantial points of my contribution, let me have something to say first on the Department of Trade and Industry and its proposed structure. In common with other departments it has, of course, seen changes in the last 12 months and is likely to see many more changes over the next few weeks and months. It is probably useful to outline very briefly what we inherited on the 16 May last year. Essentially at that stage the DTI consisted of an Engineering and Design Section which, as the House has heard the Chief Minister say, is now being passed over to Support Services and a small Commercial Section, both of which were based at Europort but on different floors within the same block. It was quite evident that that department was not cohesive, it was not properly structured, there was no rationale to the way it had been put together. Not least the presence of the Engineering and Design Section within the DTI had no logical reason although it serviced projects that the DTI was initiating, it similarly serviced products that the Education Department initiated, that Support Services initiated, that other Government departments initiated. So we see it as logical for the move now to be made from DTI into Support Services. I would like to take this opportunity of thanking the people I have worked with at Engineering and Design over the last year, in the planning stage of many of the projects that we have been discussing in the course of today and yesterday and in particular to Michael Gil, the Head of that section, with whom it has been a pleasure to deal with.

The future organisation of the Department of Trade and Industry will therefore be one much more dedicated purely to commercial, trading and finance centre activities. This will take the form of the creation of different units or divisions and as a result of the shortage of space that we will now suffer on the floor where the Commercial Section is currently situated, we shall all be moving to a new floor within the Europort facility where all these different units will share common facilities. The units essentially will be the following:- firstly, we will continue to have a reconstituted Gibraltar Commercial Division that will be headed by the current Commercial Director and will include new resources including a new graduate EO. That Division will retain responsibility for all Gibraltar business development, trading development and the promotion thereof. Under that unit, for the first

time, we will have a new EU Funds Unit. As the House may be aware, the current view of the Government, EU funds are administered by two entities; the DTI with regard to what are called ERDF Funds, the structural funds; and the Employment and Training Board with regard to ESF Funds, namely funds dedicated towards training. We think it is logical for both those functions to be brought under one head so that the Government have a single capability in the administration of our EU monies. This will, of course, allow for better coordination and for better planning. The second major division will be the Financial Services Development Division. As this House is aware, we have advertised for the post of a Financial Services Director. As in the case of the Gibraltar Commercial Division, he will have a graduate EO in support together with the appropriate secretarial services. We regard the need for such a facility as desperately urgent. There is absolutely no capability in the Government, and I highlighted this a year ago, at present to deal with enquiries that come on financial services matters or to plan and to indeed develop the industry. Hon Members will know that the Financial Services Commission is not statutorily required to promote financial services and although it undoubtedly has a role to play in the development of the industry, its current regulatory work and what it needs to do, in particular to get us through passporting, do not in fact allow it to get very involved in development. The situation has therefore arisen in the past that many enquiries that come to Gibraltar before they are right for the regulator, do not get dealt with. If they happen to land on the desk of an adviser, be it a lawyer or an accountant, then it is dealt with in the private sector. But somebody who simply rings up the Gibraltar Information Office in London or rings up a Government department in Gibraltar, unless he is lucky enough to perhaps find his way through to one of the Ministers that might have some expertise in this area, there is nothing within the public administration to develop the concept that somebody might be interested in pursuing to give comfort as to what Gibraltar can offer, to provide information beyond the very basic which can be delivered just by a simple brochure. We think, Mr Speaker, that this new Financial Services Unit is going to make a dramatic difference, and as I will say shortly, it will be absolutely necessary in view of the transition which the Financial Services Industry has to go through if we are going to survive in this competitive environment. In order to complement both the commercial and financial divisions, we will moving into DTI under the auspices of the DTI the Small Business Bureau. We shall be naming it the Small Business Board, it will remain part of the Gibraltar Development Corporation, but

it will be housed within DTI and it will have an important role, not just in advising starter businesses, which is ostensibly its current role, although it is not terribly well resourced, but it will also have a role in providing information on the Government Assistance Schemes, which I will say something about shortly. Hopefully, that unit will also allow people who want to get into business and apply for these Government schemes to structure their applications in a way that will allow DTI to make better sense of them. What happens today de facto is that people with ideas, people who have not been in business before, will tend to approach either the Minister or the Commercial Director and talk through the idea, talk through the concept, and it is a rather odd situation because one takes them through how this proposal should be put together and then ones job at the end is to assess the viability of it. What the Small Business Board will do is help people put together business plans, help them think through viability, help them access schemes for assistance and then allow those applications to come into DTI formally for assessment. As the Chief Minister has indicated, the Statistics Office will also move under the auspices of the Department. The logic of that is being outlined and the current Trade Licensing Administration will of course stay within the department.

Lastly, under the structure of the department, Mr Speaker, a word on the telecommunications regulatory situation. A great deal of work has been done on this, as hon Members know, we are transposing the EU Directives on telecommunications and one of the requirements of that transposition will be the need to provide for a telecoms regulator. It is likely that that telecoms regulator will be established as a statutory body, independent from the Government, but housed again within the auspices of the DTI. We give great priority to the transposition of these directives. They are important for liberalisation purposes, they are also important in the context of the new telecommunication projects because the new transposition will set up a licensing regime which must be in place before we can license the various projects that this House has received information about. And of course the final structure within the department has been that I have acquired several months ago a Principal Secretary, currently in the form of Reggie Chichon, who has been a great help to me in keeping together the strands of my responsibilities and in holding the different demands on time in a way that is coherent. I want to thank the people I have worked with over the last year, Mr Speaker. It has not been easy at DTI. The department does constitute the main focal point for economic proposals that come

into the Government that we are not of a tourism type in particular and we have been quite under staffed. I want to thank Francis Sheriff, I want to thank Janet Diaz, my personal secretary, and Albert Bruzon, they in particular have been the corner, backbone of the unit around me over the last year and I think they deserve a mention.

Mr Speaker, this year has not been an easy year for the Gibraltar economy. Some problems we anticipated, some we did not anticipate. Clearly, what we anticipated was the confirmation of the Ministry of Defence run down details, which were announced formally last April. Whilst those figures are a good deal less severe than Deloitte and Touche anticipated, they will nonetheless represent a major blow to the economy in the coming year and in the years ahead. The House is aware that figures are reduced now to a figure of 300 over the next four years. One hundred jobs having gone through natural wastage. We will enter into further discussions now with HMG and the MOD with regard to measures that we think should be taken to reduce the impact of these cuts. One of these issues will be Government's insistence that the MOD should confirm that there will be no compulsory redundancies as a result of the run down. As the House will recall, this is indeed the hope that has been expressed by the Ministry of Defence itself. They have indicated that they believe the numbers and times scale is such that it should be possible through natural wastage, through early retirement in particular, for no compulsory redundancies to be required. We think it is not unreasonable for that to be converted into a guarantee rather than just an expectation. It is one of a number of issues that we will be taking up with the Ministry of Defence and HMG over the next few months. I want to say we have worked well with the Ministry of Defence over the last year, not just on the run down but also on land related issues. We need to continue working well together. We also need to continue to work well with the TGWU. We have kept Louis Montiel and his colleagues informed periodically and we see that consultation getting more intense in the months ahead. The one major problem we did not anticipate of course was the closure of the Kvaerner Shiprepair Yard. The loss of those 138 jobs will also leave a deep scar in our economy and that is not going to be, in our view, a situation which is easily going to be redressed. The Government are and should be aware, Mr Speaker, of the need to get in an operator as soon as possible. The current position on this, is that operators or potential operators have approached the Government. A number of initiatives have been put to us on a parallel basis to the receipt of general proposals. The

current position on this, is that operators or potential operators have approached the Government. A number of initiatives have been put to us on a parallel basis to the receipt of general proposals. The Government have contracted a consultant to promote what the Yard has to offer and to help Government assess the proposals that are being received. We hope that the time-table will work so that by the end of June we will have received outlined proposals from prospective interested parties. At that stage we will be able to start assessing the viability of them. But it is vital that we carefully look at viability. Clearly the history of the Yard post commercialisation has not been a happy one. For different reasons, different commercial propositions have collapsed and we must avoid a cycle of bust and boom almost in the shiprepair facility. We have to try and ensure that on this occasion, even if it takes us a little more time, the operator that comes to run this facility will provide not just jobs, but truly sustainable and long term jobs in an industry that we all recognise remains highly competitive. The Government in the process of looking at these proposals is particularly open to considering a diversification of activities within the Yard, but will remain committed to a co-activity in shiprepair. We have kept the Unions informed of what has been transpiring over the last few months and like in the case of the MOD rundown, we see that need for contact accelerating over the months ahead. We also could not have anticipated the exceptional strength of the pound in the Foreign Exchange markets. Although the traffic across the frontier is clearly high and of course it has been high in the course of last year, the exchange rate, the sterling/peseta exchange rate does have a dramatic impact on peseta based spenders. When one considers that businesses agonise to cut down a couple of percentage points in their costs to remain competitive in Gibraltar and everywhere else in the world, the loss of purchasing power of 15 per cent or 20 per cent over a year, is a dramatic change to a business plan. Unfortunately, this is an unavoidable consequence of an economy which has an element of reliance on frontier traffic, but it is something that we have to be conscious of because we can do a lot of work in reducing costs and making businesses more competitive but it is highly vulnerable to an exchange rate variation of the type we are suffering.

Mr Speaker, the Leader of the Opposition, in his contribution, agreed that the private sector is the way ahead for the development of this economy. But it seems as though that is where the agreement ends, and I say that because if we were all, as we do, if we were all to be in

agreement that the private sector is what will drive Gibraltar forward, then that means that the private sector has to be assisted, the private sector has to be given the greater tools in order to succeed. It is not good enough, with respect to the Leader of the Opposition, to simply build a nest egg within public finances which will weather us through one or two difficult winters. If the whole hill in his ant nest egg, if the whole hill is driven away because the private sector is swept away through being uncompetitive, the nest egg will be of little comfort in the medium to long term. The most it would give us is a breathing space in a short period of time. And that is why this Government feel that it is a politically correct gamble, if that is the way they describe it, we do not think it is a gamble, we think it is a political correct investment, to put money and to put resources into making Gibraltar business more competitive and in helping the private sector develop. Because it would only be that way that we can expect it to create the jobs that we all agree have to be provided by it. And we do not think that it is an easy job in 1998. Much has been made of a comparison between 1996 and 1988 and that the fact that in 1996 we have inherited something in Gibraltar which is vibrant, with good infrastructure and therefore ripe for promotion externally, whilst in 1988 they inherited Gibraltar that was under resourced in infrastructure and incapable of receiving inward clients. Mr Speaker, every political Government, any Government have a mixed legacy and we do not say the Opposition Members did nothing right in their eight years. We recognise the improvement in infrastructure, just as one recognises the need to create real sustainable economic activity after the infrastructure has been put in, but in many respects the job we face in 1996, now 1997, is a good deal more difficult than the one that the previous administration faced in 1988, because although we do have a better infrastructure, we cannot forget that we are suffering from a credibility reputation problem. That will take time to get over. I know this brings smiles to the Opposition Members, but I can assure them, if they not already know it, and I think those that go out to promote Gibraltar in every sphere, clearly understand that the last two or three years in particular, brought about a complete collapse of international confidence for Gibraltar. It was impossible, it became impossible to attract continued confidence in Gibraltar as a result of a whole number of issues that have been well recorded and documented in the election campaign, and I need not repeat. But it is not going to be easy, to gain back a lot of the credibility and a lot of the confidence that whether we like it or not, Gibraltar has lost over the last three or four years. It will take longer than 12 months, we have made a good start,

but it will take a good deal longer before we overcome the hurdles that are in our way in that respect. Our strategy is indeed going to be to create more revenue and create more employment. Of course that is the strategy. It is not reflected in the Estimates because one prudently does not guess how quickly we think this strategy is going to work, but of course the intention is to build up our employment base and thereby increase revenues to Government. And in that task, the Government recognise that we have two broad responsibilities, firstly, the need to attract and then nurse through new projects to Gibraltar and some of the projects that are Gibraltar driven. In other words, what I would call project management, and the second, to create the conditions for local businesses itself to develop of its own accord. And that is just as important as an inward investment strategy. Much is being done within the department to pursue those two priorities and I would like to deal firstly with the question of project management and give the House an overview of some of the projects we are dealing with and how far they have got in development. Two of the projects that involve inward investment are investments that pre-date our term in office. One is the proposed beverage factory, the powdered beverage factory in the area of the reclaimed land directly adjacent to the Port Department and the second is the Super Port project. I am pleased to say, Mr Speaker, that we are making good progress on the powdered beverage factory. We anticipate the creation of 25 jobs over the next year. There has been extensive work done to the documentation and to the commercial agreements. We hope to be in a position in the next few months to confirm the final arrangements. The position with regard to Super Port is less developed but we are still trying to bring that to fruition. We hope to do so in the course of this year and we continue to receive assurances from the developer that he remains committed to the project and to the expenditure that is still to be made to bring it to fruition. On the assumption that it will be completed, we are talking about direct employment in the ship brokerage business of about 30 jobs and related employment within the complex of about another 35 jobs. So if we are successful in completing those two jobs, we are talking about jobs in the region of 100 over the next year. Mr Speaker, other entirely new projects have been attracted to Gibraltar over the last 12 months. Some of these are still in the course of being negotiated and as I mentioned others are sufficiently progressed in the negotiations for me to feel confident to say something to the House about them. As we have made public some months ago, this Government decided in February to repossess the site that the previous Government had earmarked for the

Haven Shiprepair Yard. On that site Government are proposing to establish a bottling plant, the negotiations with the developers and investors are very advanced and we are confident that these would be concluded over the next few weeks. There will be a small element of expat expertise, but there will be employment for at least 20 local employees. Quite apart from the direct employment in that vicinity, it will create a significant port activity since the product will be both imported and exported through the port and we have, for example, clear confirmation that there will be at least six further stevedoring jobs created as a result of this particular initiative. We are also pursuing various proposals in regard to the new sullage plant. As hon Members may be aware, there is currently a Ministry of Defence sullage plant that provides limited commercial activity to shipping. There is scope for a commercial sullage facility which will provide jobs, probably around five jobs, and add to the facilities of the Port. There are three proposals that have been received and the Government are in the process of evaluating which of those we should take forward. Mr Speaker, there is finally a venture which deals with computer and data related services which has recently been attracted, that promises to involve a significant number of jobs in keyboard and communication skills. I hope to be in a position in the course of the next three to six months to be able to give some news on what that project will involve. I am confident that we will be able to attract greater interest to Gibraltar. If there is one constraint well over and above the constraint of skills, which this Government will address and have a commitment to address, it is probably the scarcity of land. It is probably the fact that it is not easy to actually develop factory or light industrial units in Gibraltar because land is scarce and even where there is land, there is often a conflict in the use that one might want to put to that land having regard to what is adjacent to it. In addition, of course, to the ventures I have described, we have the telecommunication projects that the House is generally aware of. The job creating capacity of those projects is very significant and therefore we do give great importance to them. In particular, and not because it is just the one that we have attracted, but in particular, the ELCOR project, which is a new one, will involve 50 jobs in the first phase, which we are assured will commence within 1998, and a further 50 to 80 jobs 18 to 24 months thereafter. The project involves mobile telephony for the African continent. The consortium leading the project includes South African interests and I was able to meet with the consortium members when I was in South Africa this April. It is not easy to bring these projects to fruition, largely because they involve many different players,

in many different countries with contractual and construction complications. But we feel confident that in the course of this financial year we will already see movement which will involve the recruitment by some of the companies that are earmarking Gibraltar, we will see recruitment for personnel for training purposes. As part of the concept of project management, quite apart from inward investment, we are of course also keen to develop local business in terms of projects and a number of individual projects which the Government have simply encouraged are worth highlighting as evidence of continuing commitment to Gibraltar. We are delighted, for example, to see the next phase of Queensway Quay, in the form of Cormorant Wharf, taking off the ground. That sort of property is very important if Gibraltar is going to continue to attract wealthy retirees. We are also very interested in the retirement home concept that one particular developer has pursued and that might give rise to particular further possibilities. We also are keen to develop certain other sites which have residential or commercial potential. There has been considerable interest in the tenders for White Rock Camp and the smaller plot in Rodgers Road and construction for those developments will start shortly. The House is aware of the importance we give to the Casemates Barracks Square development and there is provision in the Estimates for the first stage of those works to commence. Over the next few months the Government will also be inviting outline proposals with regard to Lathbury Barracks. Having regard to the fact that the proposed University facility has fallen through, Government are not prepared to simply let Lathbury Barracks dilapidate further. It is a building and a complex that clearly has potential in a number of different respects. We shall be seeking outline proposals at an initial stage and we shall then assess those and decide how to move from there. I also want to outline another development clause to which we attach special importance and that is Old Naval Hospital, mainly the residential units, known as Old Naval Hospital, which consists currently of about 37 very large units and which are destined for hand-over to the Government in November this year. Over and above all other MOD land releases in this year, that property is one generating a lot of commercial interest. We have received enquiries from developers wishing to develop for residential purposes, always of course respecting the very great historical heritage value which those buildings have.

Lastly, Mr Speaker, I would like to give mention of the leisure complex. We have a manifesto commitment to provide a leisure complex. We are working with the private sector to bring about the development of

such a complex. We are keen to make a start on that this year. It will create jobs, quite apart from the recreational and social aspects that a leisure centre will bring to Gibraltar, it should create significant employment in the commercial and leisure facilities that such a complex will involve. Mr Speaker, I mentioned that we saw two broad responsibilities, one project management, and I have briefly gone over some of the projects we are pursuing, and the second responsibility is to help local business of its own accord to do more and create more employment. And this is what this Government have consistently repeated is what is required and that we would provide a package of measures in order to stimulate the private sector into expansion and into more activity. I want to run through what these measures, what this package involves because it is a cohesive co-ordinated package, albeit one that may be delivered in stages. The measures will include the following:-

- (1) the rent reductions of certain Government commercial properties which we have already announced;
- (2) a lowering of commercial rates;
- (3) the review of import duties to make certain products more competitive;
- (4) specific financial assistance to start up small and medium sized businesses. This assistance is what we describe in our manifesto as our enterprise initiative and it will include a role for the Small Business Board, as I shall explain;
- (5) the general accessibility to EU funds, in particular the Objective 2 and Konver 2 programmes (which I shall also talk about shortly);
- (6) Government support to work in co-promotion with the private sector. This extends to all economic activity but most specifically to trade, tourism and financial services, and
- (7) funding for improved training opportunities.

Quite apart from anything that the Government will do of our own accord with regard to training that we will provide within an institution which will develop along the lines that my hon Colleagues have

indicated, Government will make available to the private sector funds for training initiatives for their own employees and staff if they so wish to introduce them to students. The importance of training goes to competitiveness. It goes to productivity and the Government, as part of our package, will therefore assist the private businesses that bring us initiatives of that type.

HON J J BOSSANO:

Can I just ask, are these the funds that are shown for training in the ETB in the annex? Is that what we are talking about?

HON P C MONTEGRIFFO:

No, Mr Speaker, they are not. These are funds that would be accessed directly from the Objective 2 or Konver 2 programmes. Dealing firstly with the Government reductions of rents in Devil's Tower Road, North Front and New Harbours. The move has been generally welcomed but in some quarters reservations have been expressed. It is not always possible to apply measures that will affect and benefit all businesses across the board, but most of all the other measures that I have indicated, will indeed broadly help the commercial sector as a whole. We believe that the reduction in Government rents will over the medium term help to suppress private sector rents and that is good because the private sector rental levels have essentially been assessed as to what was a high property market value of four or five years ago, leases do not make provision for reductions in rents, they typically make provision for rents staying as they are or increase their market value and very many commercial rents are not at market value levels as we would understand in 1997. They are indeed properly at the market value levels as understood in the late 1980's or early 1990's and we think that this move will help to suppress the level of rents in the private sector. But one other objective of reductions was indeed to generate capacity, to generate more activity within the Government held premises. And that is working. As at April this year the occupancy rate at New Harbours was 55 per cent. As the result of the reductions we are receiving many applications for people coming into New Harbours. Currently we have nine applications for entities wishing to move into New Harbours and we are confident that over the next 12 months, we are going to tenant New Harbours entirely. We do not believe that that would be at the expense of activity that moves from other premises into New Harbours. Indeed

the applications that we are receiving indicate that in very many of the cases they are businesses that could not afford to expand before and within this new environment are prepared to take the step of taking on new premises and would leave as a result of creating more activity and therefore employment. Whilst on the subject of light industrial workshop premises, I shall also refer to the response we have received with regard to the 39 units at Governor's Cottage. To date the Government have received over 90 applicants and we expect shortly to be in a position to process those applications. There is no doubt that there is a demand for reasonably priced workshops/industrial units and as a result of this, the Government will be looking towards providing a further business park type facility where the concept of Governor's Cottage can be extended. The second and third measures I mentioned at the beginning of my list, were the measures involving commercial rates and a review of import duties. The Chief Minister has indicated in general terms where we are going in that direction. I repeat that we intend to reduce these measures in the course of the next few months. The reduction in commercial rates in particular is one that I would highlight. This will take the form of a discount that will not apply to commercial payers who default. In other words, it will benefit a good conscientious payer. Where there are arrears of rates, the Government will be seeking to enter into agreements with the rate payers, with the intention of insuring that their total liability at the end of each quarter is less than the liability they currently have. But the thrust will be to encourage prompt payments and thereby indeed perhaps make the measure less costly to the Government than might otherwise be feared. In the import duty review, we intend that this will be broadly neutral in revenue terms, but it will not be appropriate for the Government to say more at this stage until more specific decisions on what items will benefit from either increases or suffer from decreases have been determined. The fourth aspect of the assistance, Mr Speaker, is the directly targeted help for the development of start up and small and medium businesses. What I described as our enterprise initiative and which will comprise of a number of schemes. We intend to launch the enterprise initiative this July. The enterprise initiative will consist of three schemes broadly directed towards small and medium businesses, but all having slightly different characteristics which I would briefly describe. The first two schemes which will be known as Gibraltar Enterprise Scheme and the Gibraltar in Europe Business Development Scheme would be essentially funds. They will provide capital payments, usually in the form of soft loans, interest reductions on bank loans, or in appropriate

cases, cash grants. Hon Members will have noted that there is provision in the Estimates being the Improvement and Development Fund for a capitalisation of the Gibraltar Enterprise Scheme of the figure of £1 million. With regard to the Gibraltar in Europe Business Development Scheme, there is no separate item there because that will be funded directly from the Objective 2 programme. And that indeed is one of the main distinctions between the first and the second scheme. The second will have EU money, the first will be an entirely Gibraltar Government funded scheme. One of the consequences of that, Mr Speaker, the reason that has been done that way, is that if it is funded by EU monies, then that scheme is restricted by EU eligibility rules. So whilst for example the second fund, the second scheme would not be able to provide assistance to retail financial services or wholesale businesses, there is no difference between what the Gibraltar Enterprise Scheme, the first one, providing that assistance. So by and large, applications for assistance that fell within EU eligibility rules would be directed towards the second scheme. Those that did not fall in those eligibility rules will be directed towards the first. But the main thrust of those will be start up and small and medium businesses. Both schemes, even though only one benefits from EU money, will nonetheless be subject to state aid restrictions and what that mostly means is that no applicant will be able to benefit more than 100,000 ecu, roughly £70,000 over a three year period. So, as I have indicated to the House, the two schemes are for small and starter businesses, not for large investments. The third scheme that comprises Gibraltar Enterprise initiative is what we would describe as the Gibraltar Investment Assistance Scheme and members will note again in the Improvement and Development fund a notional or token £100,000 investment into that scheme. This scheme is different to the other two funds in that it is not a fund as such. There will not be a pot of money like in the other funds, which will compromise the Gibraltar Investment Assistance. It is rather a form of facility which can be accessed, in particular by inward investors or by large projects that are locally driven. So, for example, although in the Improvement and Development Fund, the assistance to hotels appears separately, in fact, it would be routed through the Gibraltar Investment Assistance Scheme. And I say routed through because that scheme is the one which would reach EU State Aid rules as those are defined and it is that scheme which requires EU permission. Permission is being sought. We are advised that it will be forthcoming shortly and therefore it will be through that scheme that assistance, such as that directed to hotels, that requires EU approval will be funded. The Government will of course be

promoting these schemes with the appropriate literature with brochures and the Small Business Board, Mr Speaker, will have the role of seeing applicants, especially start-up applicants, to take them through the different facilities, what is available, what they need to do to prepare their business plans for submission to the Department of Trade and Industry for consideration by the Government. We are excited about these schemes. Nothing of this type has been seen in Gibraltar before. It is the next logical move for Gibraltar to go with regard to the use of EU funds. Most of the EU funds that Gibraltar has accessed in the past has been used for infrastructure, particularly for hard infrastructure works, to get the private sector involved. These are the sort of schemes that are necessary.

The next aspect of the package, and I am sorry for labouring these points, is the question of general access to the EU funds, the Objective 2 and Konver 2 programmes and I make clear that access to those funds is over and above access to the enterprise initiative. Any business, any private business, of course, that has a proposition that falls within the EU eligibility rules, will be able and will be encouraged to apply for assistance directly into the Objective 2 or the Konver 2 programmes. Hon Members will recall that we have Objective 2 monies worth £4.6 million and Konver 2 monies worth £3.7 million from the EU and the figures in the Estimates take into account the matching funds that Government are required to put in place. Mr Speaker, if the private sector uses these funds, it is required to match the monies as well, but so is the Government. There is no situation in which the Government does not have to match. The Government always have to match, but the private sector can add as well, so the more the private sector uses the EU funds, the more that the programme will extend and the greater benefits it will have. There is also a small Interreg programme with Morocco that is dedicated more towards a development of feasibility studies with Morocco and to have Moroccan students being brought to Gibraltar. That programme, in fact, started in 1994, but has not yet kicked off because of difficulties. We are keen to get it going in the course of this year. It also involves, by the way, refurbishment to the ferry terminal. That is the largest individual project that the Interreg programme will have. There was minor work done in the course of this year on dredging, there is a note on that in the Improvement and Development Fund, but there is money which we dedicated to the refurbishment of the ferry terminal as a result of the re-establishment of the ferry link.

Mr Speaker, I would now like to turn to the question of financial services. As I mentioned earlier, I believe that the introduction of Financial Services Unit will represent a major advance for the development of this industry and there is no doubt that Gibraltar is going through a fundamental transition as a financial services location. And that transition is driven primarily by two things. Firstly, by the increasing competition of comparable centres that are providing what we would traditionally call offshore products. There are very many more of them today than there were 10 years ago that are sprouting out everywhere, and secondly, by our membership as part of the European Union. Both these issues require two things. One, better quality and added service in what we provide. It is no longer a bucket volume finance centre activity that we can indulge in, and, secondly, the need to comply with EU directives if we are to achieve passporting and benefits of the internal market. We get importers to both those strands of our finance centre capability. Both the retention of private client work, the traditional offshore work where we have to add value and the completion of our credentials as a European passporting territory. We are confident that passporting and insurance will be confirmed very soon. The elections in the United Kingdom undoubtedly caused a delay in the appropriate confirmations being delivered and whilst it is not our job to pre-judge formally the results of the audit team, we have confidence that we will have the appropriate confirmation shortly. And that is important because we are very keen to move on to the next two phases of passporting which will be banking and then investment services and we are keen to achieve both those targets within the next year to 18 months maximum. There is no reason as a result of the effort that is now being put into financial services development why it should not be able to work to that ambitious timetable. The last year has indeed seen a resourcing of the financial services complement. Hon Members will note the underwriting of the Commission as part of DTI's expenditure. The Commission has brought on board James Costin as the new Insurance Supervisor. We have Michael Baker as the new Controller Activity Supervisor and recently we have seen the arrival of Brian Morris as the Investment Services Supervisor. These new personnel really does give the Commission everything it needs to get the results. Unfortunately, Mr Baker will be leaving and will have to be replaced, but certainly we now have the resources there to get this job done. Mr Speaker, generally in financial services there is a lot to be done because we must not underestimate the enormity of the task upon which we are embarked,

namely, that we should become an on-shore European jurisdiction with the full regulatory and complying requirements that that implies. That regulatory system whilst complying with those requirements, must also be sensitive. It must also be relevant to the industry we have here and to the size of Gibraltar. Marrying all those different considerations is not easy, but we have absolutely no doubt that it is achievable and that indeed we will see significant success in the next year to a year and a half on the various passporting issues that I have described. There are a couple of consultative papers that will be hitting the industry over the next few weeks to a month that I might advance now. One is with regard to the High Net Worth Individual Rules, regardless of the view that whilst those rules have been successful in attracting people to Gibraltar, there are gaps in the way they operate and there is a huge demand for that product. We have suggestions on how the rules can be improved and the industry will have a chance to comment on them shortly. The other major consultative paper on the horizon of course is the paper with regard to the implementation of the Fourth and Seventh Company Law Directives and the House is well aware of the sensitivity and anxiety felt in some quarters with regard to the transposition of these directives. The Government will be keen to explore with the industry every possible variation of ideas on how it may be possible to transpose, in a way, sensitive to its needs. I should say that we have not been idle on this front, that we have also agonised and scratched our heads and it may only be possible partially to allay some of the anxieties. Transposed it has to be. There is no way in which Gibraltar can forge ahead as an on-shore European jurisdiction whilst those directives remain un-transposed and not on our Statute Book. It has not been made a condition for passporting in insurance but I will be surprised if it did not become a requirement with regard to full passporting. Therefore the Government do attach importance to tackling this issue once and for all in the best possible way. Mr Speaker, there are sometimes those in Gibraltar that state that financial services will not provide the extent of jobs, in terms of numbers, that we need in order to solve the problems that we face. Whilst undoubtedly the direct jobs that financial services creates go primarily to skilled people, not unskilled. The crisis in employment we face is as acute potentially in people with qualifications as with those people who have not been so fortunate for this to happen. A lot of the unemployment problem is indeed among graduates or people with 'A' levels or people who have qualifications and therefore, the Government do not accept and do not agree with the analysis that the Finance Centre does not have a role to

play in tackling the employment issue. It has a role to play within a certain category of the employment pool, and in any event, as every other comparable centre has demonstrated growth in this area stimulates other economic activity, not least in tourism, in the leisure services, in transport services, etc. It is vital therefore that we do invest the time and money and energy in the transition of the industry which I am very confident we are going to be able to achieve within the time scale as I have indicated. I also mentioned the promotion as part of the Government's help to business. I repeated on many occasions that this Government, and I, as one of its Ministers responsible in the area of economic development, remain committed and available to public sector entities that wish to join us in promoting their products and services. To this end, we have put aside a considerable amount of money towards promotion. The man in the street may often believe promotion does not produce tangible results and that is a false assessment. It is true that promotion takes time to have effects, but as anybody who has ever undertaken any service understands, unless you promote what you have to offer, nobody will come to ask for it. Certainly we will not develop Gibraltar as a place for international business with Gibraltarians sitting at their desks hoping for somebody to knock on their door. That is not the way in which business is attracted to Gibraltar or anywhere else. Whilst on the subject of promotion, I will inform the House that the arrangements with regard to the Royal Yacht Britannia's visit to Gibraltar are well advanced. The visit is confirmed for the 28 July. Lord Kinsdown, will, as Chairman of the British Invisibles, lead a delegation of around 25 members from the Financial Services community in London. As we have announced the day will involve a financial services symposium. There will be three speakers from the UK and three speakers from Gibraltar and the day will end with the Britannia sailing out in splendour with fireworks and lasers in the evening. We regard this event as a major event in putting Gibraltar positively on the map, in cementing our credibility and our links with the UK as a Finance Centre. We very much look forward to the British Invisibles visit and would like to thank the Royal household for the help we have had in putting together the programme over the last few weeks.

Mr Speaker, finally, in terms of specific initiatives, whilst of course, as will be expected within any Government department, there are a multitude of initiatives that one is pursuing, I want to highlight one in particular which involves pensions. We have a manifesto commitment to pursue the proposals to make private pensions more accessible to

people in the private sector. There is a working committee that is looking at various proposals. One immediate suggestion that occurs to the Government is that tax relief on pension scheme contributions has to be reviewed. As hon Members may know, self-employed people receive a separate pension scheme relief from the contributions whilst individuals who are as PAYE, do not. If they contribute to a pension scheme which their employer runs, they only claim their contribution as part of their one-sixth life insurance contribution, they have no separate 17.5 per cent relief which self-employed people enjoy. It is total distortion, Mr Speaker, complete discrimination and a situation that does not act as an incentive for people in the private sector who very often do not have pensions, either to fund the private pension schemes or contribute more to their employer's occupational scheme.

Mr Speaker, in conclusion, I hope that I have given a broad brush of the initiatives we are pursuing. There is no easy fix to many of the difficulties that we are facing, it will be a long patient dedicated effort, not just on the Government's part, but on the part of many other partners in Gibraltar and I think it is important to ask ourselves what it is that we are trying to achieve when we talk about success. I have mentioned, I have no doubt that we will attract interest to Gibraltar, increasing interest in Gibraltar. More difficult is to ensure that that interest and that wealth and those opportunities trickles through to those people who most badly need it. I think that is one of the major challenges that there is an element of employment that is not going to easily be put into the job opportunities that we are going to be creating. Therefore, whilst we create activity, it may not necessarily easily match the people that most desperately need the opportunities.

HON J BOSSANO:

If the hon Member will give way. I mentioned when I spoke first that there had been no specific reference by the Chief Minister to what if anything was reflected in the Estimates as being done specifically for combating the MOD cuts this year and although, of course, the hon Member has talked about consultation and about studying it and about accelerating the process of consultation, really what I am looking for is, is there in fact something as specific as saying, "Well we now know that there is going to be 10 people in this financial year losing their jobs and we are planning to do something specifically about this 10 people", or is

that not the case? Because now we are in the stage where we are now into the second month of the financial year and it is about this financial year that I am asking.

HON P C MONTEGRIFFO:

Mr Speaker, that is not the approach we are adopting. We are not adopting the approach of saying that there are 10 people that are leaving the MOD and therefore let us get those 10 people and shift them into this. No. There is the intention, as I have mentioned when I indicated that we would be seeking to get the guarantee from the MOD that there should be no compulsory redundancies. There is the intention to put through HMG and MOD a number of issues which we believe they should need to address in making the impact of the rundown less than it might otherwise be, but, that does not involve a programme of moving 10 people out of the MOD and into the Beverage Plant. That management of individuals is not something we anticipate doing. The MOD situation creates its own special considerations admittedly, but at the end of the day, there are many hundreds of other Gibraltarians who have not had the benefit of being in employment over the last few years and indeed will not have the benefit of pay offs that deserve equal treatment and therefore, we will not positively be looking towards hand-picking transfers of people from the MOD out into jobs that are created. Mr Speaker, as I said the difficulty as we see it from this side is to marry the opportunities that are being created in telecommunications, in factory work, in the finance centre, marry that with some of the employment skills or unskilled labour that we have. Partly, it is a question of skills which, as I have said, this Government are committed to redressing. But it is also a need to address attitude. I want to raise the question of attitude, because it is a problem that I think we have to face honestly and in a non-political sort of way. There is a desperate need in Gibraltar to create a greater service mentality unless resistance to work practice is to change in work practices. There was a recent survey in the Financial Times that outlined what US employers most looked for when hiring staff and attitude, a positive attitude to work was way and above over qualifications, training. What employers looked for is people who understand that their job, their individual job, depends on their commitment to work on the service they are providing, on their attitude, which they have to bring to the task in hand. Mr Speaker, we have to regain as a community the pride in our work. We have to regain in our community esteem for the quality of what we produce. That is

something which the Government, the Opposition, the Unions, the employers and every family has an interest in encouraging. I believe that it can be done. I believe that there has been a great change for the better in attitude in many sectors of our economy, but if we are going to ensure that those who most need it benefit from the opportunities, that better attitude, that commitment to service, has to be something that we have to transmit to them and which is understood by everybody. Thank you.

HON J L BALDACHINO:

It is just a point of clarification. The Minister mentioned three projects where a plot of land was given for building for residential purposes; White Rock Camp, Rodger's Road and Old Naval Hospital, if I understood correctly. Has he got any information about what type of residential properties they will be building? Will they be luxury type?

HON P C MONTEGRIFFO:

Mr Speaker, the hon Member must have misunderstood me. No, White Rock Camp and Rodger's Road are indeed tenders that have gone out and the properties have been marketed. I saw in the Chronicle yesterday, I think it was the White Rock Camp property, and the duplexes there are selling at about £130,000. Old Naval Hospital has not gone out to tender as it is not in Government's hands. The reason I mentioned it, Mr Speaker, is that I think it is the sort of development that is worthy of mention as one that will create a pool of residential property, probably in the high spend bracket because it will have the potential of generating that sort of investment interest.

The House recessed at 5.30 pm.

The House resumed at 5.50 pm.

HON A ISOLA:

Mr Speaker, I would like to start where we left off really in terms of financial services. As the Minister said, we also regard the financial services sector to be of vital importance to our community. There are people employed in that sector through banks, through accountants, through company managers, through insurance companies, through

investment managers and they globally have a significant impact on the employment market in Gibraltar. Additionally, there are also a source of opportunity for locals who obtain degrees, who obtain some sort of qualification, indeed some who do not even obtain any at all, as that sector does provide something different from the traditional employment market that has been in the past namely in the dockyard and in the tourism sectors. In addition, the financial services sector is an important contributor to tourism. We believe that the increase in the use of Gibraltar as a centre for off-shore activity does have a significant impact on levels of tourism and they are also the type of people that spend very much more. They stay at better hotels, they eat at better restaurants, they make much more use of facilities that we see as what we are trying to attract in tourism as well as in the financial services sector. But one issue, Mr Speaker, that we believe would be the catalyst, the next kick, if one likes, to the industry, would undoubtedly be passporting. That is what we have been for some years now describing as the level playing field that we never had. We have had to transpose many directives into our legislation, but we really have not seen the benefit of any of those transpositions yet and clearly in terms of passporting that is where we see the opportunity for the financial services sector to finally hold its head up high and be able to compete with other jurisdictions indeed with products which are far better than many of those that we seek to compete with. The insurance product, which is one this Government have chosen to lead on in terms of separating it from the other brackets of passporting such as banking and investment business, is in our view, the most productive in the sense that that product really is unbeatable. We believe that the insurance product in passporting is an extremely good product and one which will cause our competitors in this field some problems. However, having said that, there are still some misgivings within the community of the ability once passporting is actually there, to take that business on. There were reservations in dealing with the industry in the past year I would say, there is probably a little frustration which is shared by hon Members, not only in the financial services sector, but in the Financial Services Commission, where they have wanted to push ahead with this level of business but unfortunately have been prevented from so doing. We also welcome the news of an element of fine tuning to the High Net Worth Individual product. The High Net Worth Individual was created by the last administration after the Price Waterhouse Report and is very popular and is a very good product but, I accept as my hon Friend has said, it does need some fine tuning and we certainly welcome the

improvement of that product which will enable it to be sold a little further. One area in financial services which causes us most concern and one which took up many many hours of time with the previous Chief Minister, is obviously the Fourth Directive. We have seen in the past the Financial Services Industry as being one which is predominantly based on private client work, on company management, on banking and on trust services, which are predominantly geared towards private individuals, private client base. There is obviously an element of corporate business but principally it has been a private client base offering those limited albeit services, and our fear, Mr Speaker, is that the transposition of the Fourth Directive will in effect or could in effect, depending on how it is transposed, put at risk the business that we already have. There are currently registered today over 60,000 companies in Gibraltar, probably around 40,000 or 45,000 of those are active and that really is the core business of the financial services sector and our fear, and I think the Minister knows my views, the fear is that for the sake of attracting new business, we must not put the business that we already have at risk. I know that the Minister is sensitive to those concerns and I very much hope that when the consultative document is produced, it will take those concerns on board.

Moving on, Mr Speaker, to, what I would term as commercial affairs or trade, in terms of local trade, the measures that were announced by the Chief Minister at the Chamber of Commerce annual dinner last February, which is being repeated in part and implemented since then are also measures that we welcome but with reservations. The intention of those measures, which are the import duty restructure, the reduction in rates, the reduction in rents, there were a number of others which were in fact announced by the Minister for Trade and Industry this afternoon. Those clearly are intended, and we support the intention, to create further jobs in those sectors and our fear is that those benefits, in order to have the effect that they are intended to have, require to be passed on to the consumer. Our fear is that indeed the reduction of import duty, the reduction of rates, the reduction of these costs to the business, may indeed resolve in simply the business taking a higher profit margin and not passing on the benefit of those services, of those savings to the consumer. The intention being to create a more competitive product to attract more people and consequently require more employment and that is a reservation we have with that and time will tell whether our concerns are justified or otherwise. Certainly, hopefully, they will not be justified but it is our role to point them out. My

one observation in respect of the rates discount mechanism, is that from what I understand from what the Minister has said this afternoon, the intended mechanism is to actually discount rates and to deal with arrears on a repayment programme. It may be more productive, bearing in mind the line Government are taking, in that they are seeking to give the discount benefit to those who are paying up, not to give the discount unless people are fully paid up. The effect of that may well be to force people to pay up in order to take benefit of the discount. That is simply an observation that they may wish to take on board. Mr Speaker, the traders have repeatedly been telling us and indeed now are obviously telling the Government that they are in difficulty, Main Street particularly, possibly to a large degree because of the peseta exchange rate. Having serious problems to this end is worrying that despite the increased figures of people coming into Gibraltar, we have a higher number of coaches in 1996 than 1995, a higher number of pedestrians coming through the frontier 1996 over 1995, but despite the increase in volumes of people coming in and I do not see any reason why 1997 should be any less than 1996, but there is still a problem in Main Street. There are difficulties that need to be addressed and to this end it is difficult to understand perhaps that reduction in their overhead costs may assist, but if they assist, then obviously it will be passed on to the consumer, but it may perhaps give them some breathing space to survive, which is another problem that needs to be avoided. Mr Speaker, we welcome the start-up schemes and the different incentive schemes that the Minister has announced this afternoon. Again with the reservation that we hope and obviously they have the same hope on that side of the House, that they are successful in generating jobs, in generating new business, in generating new activity. Again, a concern on that in assisting new businesses and small businesses. Our view is that care has to be taken that in the businesses that are being supported what one is not in effect doing is subsidising a business to compete with one that is already in existence and which is not the recipient of that assistance or benefit.

Mr Speaker, dealing with tourism, I think that the Minister for Tourism has concentrated, perhaps without intending to, on exactly the same arms of tourism, if one likes, that were there previously. The Minister has said that in the past there was a lack of policy in tourism. Indeed last year he said, "I believe we have lost valuable years in the development of the industry". Taking that line, I would say that we have lost another year, if he was to be right, of course, I do not agree with

that. The sectors of the industry that he said last year he would concentrate on, and he said, "We will be undertaking in-depth consumer research on specific target markets and plan to focus on activities on five main general interest groups. The short break market, the conference and incentive travel, cruising and yachting, the excursionists and dual centre holidays". Mr Speaker, those are precisely the areas that we have concentrated on before. Indeed a conference centre bureau was set up. The short stay was encouraged, the day tripper and the dual centre travel are all markets that were being attacked prior to the 16 May of last year. So, consequently, we do not disagree with the policy that the Minister is following. The major problem in the tourism sector has been now for a number of years the hotel industry and that is an industry that has suffered difficulties for a number of years and it is not a coincidence when you look at the figures relating to tourism and the hotel specifically, that there is a direct link to the number of air arrivals. Mr Speaker, I repeatedly come to this House at question time, with questions on airlines, reductions on flights and all these things because it is clear that there is a direct link between the numbers of people who are arriving by air and the number of people staying at hotels. That is the most serious problem that we have really in the tourism industry. The day trippers are reaching record levels, the coach visitor arrivals are reaching record levels, the cruise liners of 1996 hit a record level and the only one sector really that is in serious difficulties is the hotel industry. The Minister said that the hotel industry had had an injection of morale, well Mr Speaker, that is not the information that I have and it is not the information I have because the hotel package was announced in November 1996 at the World Travel Market and since that time, some six or seven months ago, it has not yet been finalised and the difficulty that they have, and I am sure it is one that my hon Friend is aware, is the leaving time that a hotel requires to have. A hotel to start a refurbishment programme under the assistance package will take between six to eight months to carry out that refurbishment programme. So if the monies are available to them, now, next month, then we are not talking until 1998 when they can see a return on those investments. And so there is a concern in that industry at the time that is being taken for this package to come on stream. The numbers of passengers arriving by air this year, should be increased. The arrival of Monarch should have a significant impact on the number of overnight stays, and to this end we have supported and continue to support the package of measures that the Government agreed with Monarch in order to encourage it to come to Gibraltar. We cannot say the same

about the financial assistance that was given to GB Airways. In that case assistance was given and almost immediately the response that was given was that the number of flights per week was cut by three. Monarch has a three year commitment to this Government, it has a commitment to the number of seats and I understand that it has a commitment to keep its prices in line with others in the service. With GB Airways, Mr Speaker, we had no such commitment. There is no commitment to maintain, as far as we are aware, and perhaps in his reply the Chief Minister will confirm whether that is right or wrong. We are not aware of any commitment to maintain a number of flights. We are not aware of a commitment for a period of years or indeed for a fixing of price. Interestingly enough, the passenger rebate that was granted to GB Airways, I do not think it has been passed on to the consumer, no major significance to the cost of the flight. It is relative insofar as when you consider the import duty and other cuts in relation to other businesses as a comparison. Mr Speaker, the importance of the airline is fundamental to the hotel industry and last year I was pleased to hear the Minister for Tourism say that the Government were committed, not only to schedule flights, but also to encourage charter flights and I think that if charter flights are achieved, that would have a further significant impact on the hotel occupancy figures.

Mr Speaker, the programme for the Port is also welcomed, the beautification programme and the, not the study, because we do not believe that the study is necessary insofar as we think that the industry itself knows what is required to activate the Port, but in any event, the fact that the study is being undertaken, shows that there is some interest from Government that that must be supported. We are also pleased to note that bunkering has had its record year. No doubt the arrival of Texaco, which was instigated by the previous administration would have had an influence on that and we welcome that also. Mr Speaker, last year I commented that we had not yet seen the arrival of Donald Duck but that we looked forward to him arriving during the course of this last financial year. He has not arrived yet, Mr Speaker, in terms of the total Gibraltar experience that we were told about in the last budget session but had he come he would have seen the cruise liner terminal, Monarch planes arriving, the Main Street beautification and a number of other projects, which were all instigated by the previous administration. We hope that if he arrives during the course of the next 12 months, he will see some of the other intended projects coming on stream which will hopefully assist the tourism sector particularly. We do want and support

initiatives that will bring more tourism into Gibraltar. We do want more clients for the financial services, more business for the Port, more shoppers on our streets, more jobs for Gibraltarians, and any initiative which will result in any of those factors, will certainly be welcomed by the Opposition but, where we perhaps differ in approach, is that we do not believe that the way to achieve those needs that our community undoubtedly has, is in having studies and surveys and reports and committees and think tanks, and in employing commercial directors, product managers and sales directors and sales executives. In tourism, we have had that experience before, unlike interestingly enough the Financial Services, where we have had expert commercial directors in the past. In fact, I believe in the early 1980s, that practice was done away with. So we do have reservations about those positions. We do not believe that those positions directly will receive or rather will result in increased tourism to Gibraltar. The basis of the marketing campaign, some £750,000 of marketing and indeed marketing in other parts of the Estimates, our position in respect of marketing and promotions, is that, yes it is necessary, but it has to be measured with the results expected of it, and it is perhaps an unfair statement in the sense that it is difficult to anticipate what result attending a conference may have, the same with financial services, but the extend to which the marketing budget has been extended, we do not support it and we are not against it, Mr Speaker, but it is difficult to see what results that would bring us, but we have our reservations and we will wait and see and in 12 months time judge figures once more. On one final point, Mr Speaker, which has little to do with tourism but is related in fact to the move to New Harbours of the ETB. I would suggest, if this Government are to continue, rather attempt to be more user friendly to business, which is something that has been stated in the past, we feel that the movement of the Employment and Training Board to New Harbours, although temporary, would leave businesses with quite a hike and people looking for jobs to go to New Harbours to find these forms, fill them in and have them processed there. I think a person seeking a job requires to periodically visit the ETB and therefore it may be useful to retain a processing unit within the town area, whilst the remainder of the back up staff is at New Harbours for that temporary move. I do not know if that is a possibility, but it would certainly make it easier for business and for people looking for jobs to be able to have access to the ETB from the area where they are, which is principally the town area and to have the back up staff and everything else back at New Harbours on a temporary basis. That is just a suggestion, Mr Speaker.

MR SPEAKER:

Now, I will call on the Chief Minister to reply and the Financial Secretary if he wants to.

HON CHIEF MINISTER:

Mr Speaker, there is really only one thread which is common to many of the contributions of the Opposition Members which is really central to the debate in question and that is this idea that this budget is not prudent, and of course, I will deal with that. But before I do, I think that there are one or two comments that have been made by some of the Opposition Members which I think are worthy of momentary revisiting. Beginning with the contribution of the last speaker, we are, of course, entirely aware of the potential danger to Gibraltar's traditional Finance Centre activity of company management in the transposition into our laws of the Fourth Directive. But, the hon Member then makes a remark which is a complete non sequitur and then he says, "Well I hope that given that risk, that we will not put traditional business at risk, simply to attract new business". As if we were voluntarily going to transpose the Fourth Directive in order to open up other possibilities in another market, and of course that is not the case. We have to transpose the Fourth Directive as a matter of legal European obligation and we do not do it in order to access a new product, or a new market or to benefit from anything which we could choose to do without. So there is no decision for us to take. The only thing that we can do is to transpose it to the extent that there is room for manoeuvre, in a way which does least potential damage, but ultimately the biggest damage would come from an overreaction on the part of the Finance Centre professionals themselves, because it would be that overreaction that would send and that would transmit signals of doubt and concern to our ultimate customers, the various clients of law firms and accountancy firms and company managers, and there have been in Gibraltar's recent legislative history there have been several pieces of legislation which at the time people both inside and outside this House thought, myself on a number of occasions, that expressed concern about the effect that it might have and simply by not overreacting it has been possible for Gibraltar just to put this behind it without any great consequence to the industry itself. The Fourth Directive is one of the Directives under which there are threats of imminent injunction proceedings against the United

Kingdom in respect of Gibraltar's non-implementation. I agree with what the hon Member said that the principal reason why the Government are reviewing the import duty structure, is to make Gibraltar more competitive to visitors in order to attract then the visitors to Gibraltar. The import duty restructure is not intended as a means of reducing the cost burden of retailers, in order to increase their profit margins. So therefore, if they do not pass the import duty reductions on the products on which they will be implemented. If they do not pass those reductions to the price tags on their products, and that is a matter for them, there is no way the Government can check this on a shop by shop basis, then certainly the import duty reduction will not have the primary effect and will not serve the primary purpose for which the Government intend it. There is no doubt about that. Of course, it will always have the effect, even if they do abuse it, of creating additional breathing space for their own survival, but in respect of import duty, that would not be the principal intention and if it were not passed on, we would regard it as an ineffective measure to have tried. We considered the possibility of only extending the rates reduction to businesses that were up to date, but felt that this was not viable, because there are many businesses that are not up-to-date, not because they do not want to pay, not because they are bad payers, but because they have not been able to pay under the weight of their ordinary commercial pressures. Therefore, the compromise that we arrived at is that one has to be up-to-date with one's current payments or one's current rates and one has to be up-to-date with any arrears agreement that might be signed. But, of course, the arrears means historical arrears. One cannot now start allowing arrears to accumulate and then say, "Well now let me give you an agreement." So, in respect of arrears, it is arrears in the last financial year or before. So the cut-off point would be 1st April this year and people may be able to make arrears agreements in respect of their arrears up to 31st March 1997 and then have to keep up-to-date with whatever repayment programme is agreed in respect of that. But they will not be able to make arrears agreements that will entitle them to the discount in respect of post 1st April 1997 arrears.

Mr Speaker, the hon Member said that we were concentrating on the same areas of tourism as they were. That is only partially true. It is true that we have not re-invented the wheel and it is true that we have not invented a new form of tourism and it is true that we have not invented a new product. But, that is about as far as the coincidence goes. The fact of the matter is that hon Members, when in Government,

persistently minimised the importance of tourism to the economy. They devoted very little political enthusiasm and still less financial resources into promoting and developing and really encouraging those sectors of tourism and the contrast with the position now could not be sharper, in that this is a Government that passionately believe in the importance of tourism for this economy, invest political elbow grease in the realisation of our policy objectives and is willing to back our policy commitment to tourism with financial resources in a way that the previous administration never showed an inclination to do. Of course, Mr Speaker, it is all very well for the hon Member to say, "That the hotel package is a good idea". He does not oppose it certainly but why is it taking so long? A lot of work has been done on our side in terms of the planning of the package and indeed they are already doing their technical specifications, plans and things which the Government have asked them to do, but let us be clear, that when the hon Gentleman asks us to hurry along, he has got to remember that if he had won the election, and not us, the package would not have existed at all to be implemented at speed or at leisure. I think that the requirement, the urging of speed by the Opposition Members has got to be put into context for the fact that this is something that they would not have done at all.

HON A ISOLA:

If the Chief Minister will give way. What I actually said was that in reference to a comment made by the Minister for Tourism this morning about the injection of morale, I said that in fact there has not been an injection of morale because it was taking so long. I was not saying hurry up.

HON CHIEF MINISTER:

Certainly they are not as happy as they would be if the work was already on the way, but I think what my hon Colleague meant, was that they were now sure that it was on the way and therefore their concerns about the future had been allayed and that their morale was higher in the sense that there was now a pretty bright light bulb, visible, a quarter of the way down the tunnel as opposed to a long line of pitch black all the length of the tunnel which is what they would have seen if the Opposition Members had won the election. Mr Speaker, the hon Member alluded to the financial package to airlines and said that he

supports the Monarch one, but not the one to GB Airways. The idea of paying, not paying money to, but giving concessions which is worth money to them, to an existing operator, of course cannot be justified on the grounds of generating new business because they are here already and they did not need inducing to come. But of course, these things cannot just be driven by the consideration of attracting new business. The fact of the matter is that GB Airways is the long standing, continuous committed carrier on the London/Gibraltar route. There have been many Monarchs before in Gibraltar. I cannot remember them all, but certainly GB Airways likes to say that they have had 37 airlines in competition, since they first established their operations in Gibraltar. From my own memory, one has got Air Europe and the Dan Air and all these other people and they are all very welcomed when they come, they all make a valuable contribution once they are here, but for one reason or another, none of them has ever established themselves as a long-term committed servant to the Gibraltar route. Whilst we dearly hope that Monarch will be different to that we cannot ignore the lessons of history and what we are not willing to do is to jeopardise the commercial viability on this route of the long term committed operator by subsidising his competition, find that we lose the long-term committed operator and that eventually we lose the newcomer as well. Therefore, Mr Speaker, for that reason the Government thought it essential in Gibraltar's interest to preserve a level playing field. And of course GB Airways does not think that we preserve the level playing field although they are grateful for the steps we have taken in reducing the gap. They think that we have not created a level playing field and mathematically there is some merit to their argument, and that is, that we are giving Monarch the same amount of financial assistance for three flights a week as we are giving them for 11 or 12 flights a week. Therefore, the value per seat of the subsidy to Monarch airlines is worth much more than the value per seat of the subsidy to GB Airways, so they do not think that we are being even handed and in fact we are not being even handed. But that is as far as we felt that we should and could go in order not to be manifestly disruptive of the level playing field in competitive terms. And, of course, because we have targeted the assistance, not as an outright cash grant but as a discount or rebate of passenger tax, this is something that they only get to the extent that they bring passengers. So if GB Airways stops flying as frequently, there are less passengers on which they can earn a discount. The hon Members may not quite have understood that, they are entitled to discounts on passenger tax up to a maximum, but if they do not bring

passengers, they do not get any discount. It is not as if they get a cheque in the post saying, this is your annual hand-out from the Government, regardless of whether they bring passengers to Gibraltar or not. Up to a maximum per annum they have got to earn that by passenger tax rebates. Finally, on that point just for the purpose of clarification, it is not intended that the rebate should be passed on to the passenger in reduced air fares, no, this is for the benefit of the airline to develop the route, to make them defray the very high operating costs of using Gibraltar airport compared to competing airports in the Spanish hinterland. The reduction in price comes, and it is already evident, comes not from the passing on of the Government's rebate to the passenger, but comes from the existence of competition, and that is why when the previous Minister for Tourism, Mr Pilcher, announced two or three years ago that he was giving GB Airways a one year exclusivity agreement, which subsequently became longer than one year in its application, we were very worried because everybody knows, and this is not a comment on GB airways, it is, I suppose, a comment on all commercial operations, that if one operates as a monopolistic operator, one will do nothing to reduce the prices to the consumer and given that we have negotiated with Monarch and that they are committed to charging on the Luton/Gibraltar route the same fares as they charge on the Luton/Malaga route, which is a published tariff, we are confident that the price of ordinary peoples travel to and from Gibraltar, will be slashed and slashed very very substantially. I do not think that anybody should ever have to pay more than £200 return to fly from London to Gibraltar by the time Monarch, at least not on Monarch, it remains to be seen what GB Airways do to match that.

Mr Speaker, I think it is highly legitimate, indeed it is what Parliaments are about that Members on opposite sides of the House, and indeed happily not in Gibraltar, but in bigger Parliaments it sometimes happens with Members of the same side of the House, that they should disagree on matters of valued judgement or whether something is good, bad or indifferent or whether things have been properly done or badly done or whether one would have done it differently or we would have done it differently. But what I do not think there is any excuse for, Mr Speaker, is for disagreements based on facts which are self-evident and when the hon Opposition spokesman for Health, says, with a perfectly straight face, that this is the first time that less money is being provided than in previous years for health, listeners to this debate, both inside and outside this House, could be forgiven for interpreting that to mean in the

ordinary usage of those words in the English language, that the Government are this year spending less money on health than last year. That is not true either, no, not even that is true. Mr Speaker, in 1995/1996, the Opposition Members spent £20.6 million on health. In 1996/1997, which was their budget but not for health purposes, because of course the health budget comes from special funds, used to come from special funds, not from the budget that they laid hastily in February. We spent £22.1 million, so in our first year in control of the Health Authority, we raised expenditure by £1.5 million. This year we are spending £22.8 million.

HON J J BOSSANO:

Mr Speaker, can the Chief Minister give way? In answer to Question No.35 of 1996, the Minister for Health was asked what was the projected revenue and expenditure of the Gibraltar Health Authority prepared prior to the general election and he said, as is known to the Opposition Members, and he gave the breakdown and he said, a total of £23,015,000 and when he was asked whether they intended to change that, they said this is now being considered to see whether it will be approved or changed. So they were looking at approving the £23 million in answer to Question No. 35.

HON CHIEF MINISTER:

Mr Speaker, I can only assume that that estimate which was done by a departmental expert, according to the officials now advising this Government, who I was saying once were advising their Government, this figure of £23.5 million must be the product of the hon Member's obvious technique of budgetary management, which is to raise up every year's budget by 10 per cent, because it was the senior management in the Health Authority that said that this is a 15 per cent increase in our budget, we would not know how to spend this. The fact of the matter is that the Health Authority, which they had budgeted to spend £23 million and it was not a budget, it was not a budget that was approved by anybody, it was not even subjected to the usual annual reduction in bids put in by management of departments. The fact of the matter is, Mr Speaker, that not even the management of the Health Authority felt that they needed that amount of money and they have done everything that they were doing before and everything that they wanted to do and they have not deprived themselves of anything that they might have wanted

to do and it is all within the figure that we have spent £22.1 million. The Opposition Members have spent most of the day urging prudence on us, indeed the Opposition Member doubts whether our package of recurrent expenditure can be sustained. In order to save the hon Lady's apparent proclivity to be able to walk down Main Street and boast about having increased expenditure on health by more than is necessary, I am not willing to stand on the roof of St Bernard's Hospital tearing up pound notes, simply so that we can say that we have spent more on health or less on health. *[Interruption]* It is not ridiculous, Mr Speaker, it is the fact that the answer that the hon Member gives as an aside, is that it is less than they budgeted. I dispute even that because the senior management of the Health Authority say that that was never a proper Health Authority budget, but even leaving that point to one side, that is not what the hon Lady said, that is not the remark of the hon Lady that I am joining issue with. What she said was that this is the first time that less money is being provided than in the previous years. We are not providing less money than in previous years. We are providing more money than last year and more money than last year is not less money, it is more money. We are not spending less money than last year, we are spending more money than last year. That is all I am saying. There is absolutely no defensible basis for the statement that this is the first time that less money is being provided than in previous years because we are not providing less money than in previous years. Even with my limited mathematical skills, £22.8 million is higher than £22.1 million. Mr Speaker, she also said, even allowing incidentally for inflation, that we are spending less money on sponsored patients. Well, that is absolute nonsense, she must know because she now has the advantage that we never had of having estimates of the Health Authority, but what she must know, there is no point in looking at your great Leader, he must know that it is some years now since the budget contained estimates of the Health Authority. *[HON J J BOSSANO: Question No.86.....]*

MR SPEAKER:

Sorry, you have got to ask whether he gives way. Do you give way?

HON CHIEF MINISTER:

Yes I do give way, but now I know what his question is. Mr Speaker, what I said was that the Estimates and the information that we used to get from the Health Authority was given to us because we used to ask the questions, and the questions had to be asked when they were asked and it may not have been at budget. Some years we might have asked at budget time, but it certainly was not information that the Government volunteered as we have done. Mr Speaker, as Minister for Health until recently, she must know that expenditure on sponsored patients is not driven by budgetary provisions, it is driven exclusively by medical demand as established by medical practitioners. And whatever she might have written in her budget on expenditure on sponsored patients, she did not stop sending people the moment it got to the figure that was in her Health Authority budget, "Well, I am sorry, you may be dying of cancer but I have got no more money left". Everybody that the doctors refer to the United Kingdom goes to the United Kingdom, have always gone to the United Kingdom and that will remain the case. Mr Speaker, what I cannot guarantee the hon Lady, and I sincerely hope that it does not occur, is how many people will get ill enough to be sent to the United Kingdom. I hope the number is as small as possible, not that we can save money, but because it would mean that there are less people suffering serious health problems. I do not regard expenditure on sponsored patients as a virtue in itself, because the principle that used to guide them, which is the same principle that now guides us, is that we place absolutely no impediment on the doctors. The doctors decide, if it is 100 people, it is 100 people, and if it is 200 people, it is 200 people and only God himself, for those of us who believe in him, can know how many that is going to be from time to time in the future. But what I can tell the Opposition Members is that even if we spend less in cash, we expect to send more people than they used to for less money. This might seem an act of magic to Opposition Members but in fact, it is not, because the effect of the UK pensioners' agreement, which is about to be signed, Mr Speaker, is that the number of free sponsored patients, that is to say, sponsored patients for which Gibraltar is not required to pay the UK, is increasing from 45 to 100. Therefore, Mr Speaker, we expect to be able to send more patients for less money because we now have 55 patients more that we can send free of charge to us.

HON J J BOSSANO:

That is the reason.

HON CHIEF MINISTER:

Mr Speaker, it may or may not be the reason why the Health Authority has put in a lower figure and I really do not care whether it is or it is not. The point is that the fact that a lower figure appears there, does not have the meaning that the hon Lady immediately left to assume, which is that because you are budgeting less, we intended to spend less and send less sponsored patients. That was the insinuation, that is what she expected people to interpret her remarks to mean, that because we were spending less on sponsored patients, we were going to raise the threshold of how seriously ill one had to be before one could go and we would have all sorts of worried listeners out there wondering. It is not necessary to spell things out in detail in order to cause a desired impression. Mr Speaker, I am sure that the Opposition Members do not criticise us in order that they should make absolutely no political advantage from it, this is not an exercise, this is not a book-keeping exercise. The time will come when I will be able to remind the hon Gentleman and Lady of what are the impressions of what they are now trying to create.

Mr Speaker, moving on to some of the remarks made by the hon Opposition spokesman for Education. I realise that the hon Member is particularly, what word can I use which is not too strong, prone to levelling sort of personal criticism at me. He knows that my shoulders are very broad and that my skin is very thick and that it is unlikely that he would ever find a formula of words that would seriously offend me, but I have never said that I occupy the moral high ground. I think what he said was, "That if the Chief Minister does not stop claiming the moral high ground, he risks reaching the dizzy heights of mysticism", or words to that effect. Mr Speaker, I have never claimed the moral high ground for myself. What I have claimed for Gibraltar, and I would expect support in it, is the moral high ground in the argument that Gibraltar has from Spain. That is an argument that I am happy to raise to the dizzy heights of mysticism and I expect him to stand next to me whilst I do it. Mr Speaker, the hon Gentleman said that we were almost stubborn in our obsessive determination to close St Peter's School in Catalan Bay. I have known politicians to be irrational in respect of things that are

politically popular and which they do, notwithstanding advise, because they think it is going to get them more votes. One often comes across that sort of political stubbornness and irrationality. But what I have never come across is the opposite. In other words, eight politicians who want to be re-elected, who close down a school in the knowledge that it is unpopular, in the knowledge that there is no vote in it, simply as an act of personal obsession. Does the hon Member think that we are politically masochistic collectively or is it not much more likely that we are responsible? In other words, that we take politically unpopular steps because we accept expert advise that the educational interests of the children involved require it and that because the educational interests of the children involve require it, we do it, even though there are no political brownie points in it for us. Is that not a much more logical interpretation of what has happened? Mr Speaker, if and when, and I will not add to that as the Opposition Members used to say which they expected to be never, if the hon Member should ever find himself with ministerial responsibility for the educational interests of our children, I sincerely hope that he will not make a decision on the basis of taking a straw poll amongst people who are not qualified to express an expert view on the matter, because going down to Catalan Bay and finding out whether 100 per cent, 99 per cent, 90 per cent or 80 per cent of the citizens of Catalan Bay are for or against the closure of the school, is a factor to take into account, but it is not responsible to use that as the sole criteria, which is what the hon Member implied would be the position were he the Minister in question. Mr Speaker, the Opposition Member said that the question of safety was being used as a pretext. Mr Speaker, we do not need a pretext. Let us make it clear here and now. The Government have decided that St Peter's School shall be closed because on the basis of all the educational advise available to us, which is in the form of both the Government's own in-house educationalists. *[HON J GABAY: Utter rubbish.]* What is utter rubbish, their opinion or the fact that it is their opinion? I can tell the House that it is their opinion, whether their opinion is utter rubbish is something that I am not qualified to evaluate for the same reason as I am not qualified to evaluate whether St Peter's School should close or not on educational grounds. But, I would be surprised if both the Government's in-house educationalists and the people that came out here to do the special needs group and that whilst they were here, we took advantage of their presence, the hon Member is quite right, and took a third opinion, and the GTA, that they are all wrong and the hon Member, who is the only one of them who is interested in votes, is right. *[HON J GABAY: It is*

rubbish.] The hon Member may think it is rubbish. Even if we disagree, Mr Speaker, about the educational justification or need for closing the school, let us at least clear the ground on one point. The parents are now saying that they will go back to the school when it is declared safe. It is not what they were saying on the 20 January. On the 20 January, a letter signed by all the parents, that the hon Member now claims to represent, was addressed to my hon Colleague the Minister for Education, which read, and I quote, "It must be borne in mind that at this meeting the fundamental consideration of all present was the safety of the children". I carry on, "It goes without saying that the magnitude of the recent rockfall has put into question the safety of the whole area and even if the experts pronounce the area safe, the parents will not be very comfortable in the knowledge that their children are so near the danger zone". Mr Speaker, what they wanted on the 20 January, was that the Government should build a new school, physically for 20 children, and when it became clear that the Government would not, they then went back to the position with regards to safety but they had already said that they would never be comfortable underneath the potential rock fall again, even if the experts declared it safe. Mr Speaker, I think the Opposition Member may want to take note of all those facts. As to the question of consultation, when the hon Member, or if the hon Member should ever find himself in Government, he can convert Gibraltar into a Government of 28,000 people if he wants to, because if by consultation he understands that he does not do anything unless all interested parties agree, then the result will be that he will not be able to govern or discharge his political or statutory responsibility. My understanding of the word consultation and the Government's understanding, is that one gives everybody that has an interest in the matter..... this is the most unparliamentary reaction, I think that just for the benefit of listeners, I should say that because the Hon Mr Gabay appears not to like what I am saying, he has stormed out of the Chamber presumably hoping to listen to me on the loud speaker in the anteroom. Mr Speaker, consultation means that we give everybody that has an interest a legitimate interest, in the consequences of Government's decision, a reasonable opportunity to express their views on the matter to Government, so that Government take that opinion into consideration when Government make their decision about what it is going to do. Mr Speaker, the Government have consulted the GTA, who said that they were in favour of the project, the Government have consulted the parents, the Minister for Education, initially the Director of Education, visited the school on the 6 January 1997, and some parents there

present took the opportunity to discuss issues with him and mainly try to convince him that the school ought to remain open and a new school building be built. On the 16 January, the Minister and the Director visited the school and spoke to parents' representatives. On the 28 January, the Minister met a Mrs Reyes and others. The decision was then announced, Mr Speaker, after one, two, three exchanges of views with the parents. I am proud of the extent of the Government's consultation in relation to its decision to close St Peter's School. In what can only be described as a tasteless, even if made in jest, aside comment, the hon Member, who has still not returned to the Chamber, said that given the Minister's obsession with the national curriculum for education, that he hoped that the Government did not have a national religious curriculum which might lead to the closure of the church in the square. I would like, Mr Speaker, to condemn the Opposition Member for making that remark. The Government have no political or constitutional responsibility for people's spiritual well-being, which of course is very different to the position in respect to their education of their children. The Government have both the political and a statutory responsibility for the education of the children of the citizens of Catalan Bay. And that statutory responsibility is in the form of the national curriculum. There is no choice and it is the national curriculum that is the statutory obligation on the present Government. Not because we have put it there. but perhaps the hon Member does not know that it was his Government that made the national curriculum statute law in Gibraltar back in 1990, and he may not like it, and he is entitled to whatever views as an educationalist he was, what he cannot dispute is the basic political and legal fact that it was his party when in Government, that introduced the national curriculum as a statutory requirement on the Government of Gibraltar and that the Government of Gibraltar of the day is doing nothing more than complying with its statutory obligation as it is advised by experts in the field in question, mainly educational.

Mr Speaker, the hon Member said that he hoped that we had not put the Sheffield University initiative or point in our manifesto simply to make it more attractive, with the cynical intention of dropping it no sooner had we had persuaded the good people of Gibraltar to vote for us. Why does the hon Member think that we should not be keen to proceed with that project if it was possible. Surely he must know that Sheffield University pulled out of the project when they commissioned a firm of international consultants to do a feasibility study Coopers and Lybrand who reported

to Sheffield University that they do not see commercial viability in the project, at which point they pulled out. What I can assure the Opposition Member is that if he can re-interest Sheffield University or any other University to look at Gibraltar as a possible seat of a University, the Government will welcome them with open arms.

The Opposition Member with responsibility for Social Affairs said that we are only spending money accumulated between 1988 and 1996. I suppose that it is inevitable whenever there is a change of Government that the outgoing Government for a year will try to sweeten the bitter pill by claiming that everything that the new Government do is just as the Conservatives, notwithstanding the drubbing that they got at the polls. So that is inevitable and it is not for me, nor is it my desire to deprive the hon Members of that epilogue to their period in office. But nor is it true that we are only spending money accumulated between 1988 and 1996. Whether we accumulated it or whether they accumulated it is not the point. The point is that it is the money of the taxpayers of Gibraltar. But we accumulated some money as well between 1996 and March 1997. We lowered the public debt by nearly £5 million, we raised reserves by nearly £5 million. If we had not done those two things, we would have £10 million to spend. In addition, although the figure for the forecast outturn for the Consolidated Fund, as at 1 April 1997, is stated as £593,000, we believe that when that becomes the actual figure, it will be much higher than that, so that we would have contributed a greater budgetary surplus during the last year. So of the money that we are going to spend this year, and I make no secret of the fact that some of the money that we are going to spend is money that they accumulated, but it is not true to say that everything that we spend during the next year is money that they have accumulated. We have made £10 million or £11 million worth of contribution to the capital account in Gibraltar and during the current year, when we are going to incur all this expenditure, we expect to enjoy budgetary surplus of at least £7 million, which will either be what we spend from the reserves or will add to the reserves, so not even their mathematics is right, let alone their concept. The Opposition Member says that we continue to accuse them of mismanaging the economy, and they did mismanage the economy. Yes, and they demonstrated it then and by their crocodile tears now and by their indignant protestations that our accusations were unjustified now, they prove that they had such a narrow vision, such a narrow view of what was the economy of Gibraltar, which explains why they were mismanaging it. They were mismanaging it because their view of the

economy is simply the state of finances of the Government. It did not matter whether the private sector was teetering on the verge of ruination, it did not matter whether the Finance Centre was growing or not growing, historical, you can be very sure that if the private sector had continued to be managed the way that they were managing, there would have been a nose dive in revenue just as soon as fiscal drag permitted it and it simply would have been a question of waiting for the inevitable results which a collapsed private sector would have had on Government revenue, two or three years later at most. It proves their lack of understanding. When the hon Member says that what is needed and is missing from our Estimates, is, and I quote him, "economic imagination", when the budget is stuffed to the teeth with measures to boost and assist the private sector, which is what everybody agrees is what has got to drive the economy of this country in the future. When he failed to recognise the fact that there are these measures in there and he fails to recognise them as imaginative measures, what he is erecting is a monument to what I have just described, that he does not understand that the economy of Gibraltar is now the private sector. And what is needed are steps to boost the private sector, and since he cannot recognise what the private sector needs, because he does not understand what the private sector needs, he does not recognise imaginative measures when they are explained to him. It is little wonder that he mismanaged the economy. He mismanaged the economy because he did not understand it. And he is still demonstrating that he did not understand it. He did not understand it then and he does not understand it now. If he can seriously make the charge that there is no imaginative economic content for the private sector in this budget, when his hon Colleague sitting next to him, speaking to the measures described by my hon Colleague, the Minister for Trade and Industry, has had not a word of criticism, has supported most of the measures, well I am glad to say that the Shadow Spokesman for Trade and Industry is less myopic when it comes to recognising imaginative economic measures than he is, which may explain why he is the Shadow Spokesman for Social Affairs and not for the Economy. Mr Speaker, I will go further. Their view of managing the economy and they were very successful in their first term of office when they identified the need to create infrastructure. Their failure, and it is noteworthy that all the things that they have with some justification boasted about here today and yesterday, the telecom project, the joint venture initiatives, the infrastructure, all the things that everyone gives them credit for, is it not coincidental and interesting, that it all happened in their first term of

office. The second term of office, when they should have known that the economy needed to pass their attention, not to the supply of infrastructure, but to the generation of demand from customers, is when they achieved nothing and began to mismanage the economy because they were without ideas about what the private sector needed to generate customers because they do not understand the private sector. It is proved to an extent, if you see the extent to which their successes all come in their first term of office when they were concentrating on infrastructure. The moment that they had to concentrate on creating the right climate for the private sector to succeed in generating economic, sustainable economic activity, they were clueless and achieve nothing. Mr Speaker, I appreciate that the Opposition Member did not have responsibility for Treasury and that he can therefore be forgiven for not having his finger on the pulse of how much money there was in cash, as he puts it, when they left Government. He asserts boldly, within hours of my asserting the contrary, which presumably suggests that he thinks that I am lying, he says, "There were £130 million in cash which were there when we left Government." Either he is wrong or we have stolen £89 million or £89 million in cash have vanished, because as they were in notes, they might have evaporated into the atmosphere, or there must be some other explanation, of which the hon Member is not aware or does not understand. Mr Speaker, let me tell him what the explanation is so that once and for all he can stop creating the impression, and it is not the first time that he does it, that the Government of Gibraltar had available to it £130 million in cash to spend as a Government. This is what he said, "There were £130 million in cash which were there when we left Government." Those words, again in the ordinary usage of the English language portray a meaning to listeners of them and it is that there was £130 million there waiting for me to decide how we should dispose of them. I certainly give the Opposition Members credit, although I do not approve of some of the activities to which they resorted to raise it, but I certainly give the hon Members credit, for accumulating surplus cash flow. Surplus cash flow, some of which went to Government reserves, in the savings bank, in the companies, in the telecommunications, wherever, £60 million of which went into Gibraltar Community Care Limited. Incidentally, none of their surplus cash flow ever went to reducing the oppressive fiscal burden, the levels of tax, payable by the people of Gibraltar. On the contrary, notwithstanding their massive cash flow surpluses, they increased personal taxation every year by failing to increase allowances by the rate of inflation and by annual increases in the Social Insurance

contributions of 10 per cent. He is shaking his head, but he is shaking his head as if I was saying something which was not factually true. If you do not know, just say nothing. This is what he should do, if he does not know, he should keep his head still, neither nod nor shake. That £60 million, which went into Gibraltar Community Care is not available to the Government for expenditure, right, it is not available, so please let him take it from me neither to pound notes to disappear, nor to those with responsibility for keeping the Government's books, they are not enumerate, they know how to add up. There is not £130 million of Government reserves or surplus available to the Government. I would be content if the hon Member would now take that message on board. Mr Speaker, he said that I said that tourists would flock in. People do use figures of speech and when I said overnight, I did not mean by the 18 May, but certainly it has happened much quicker than I thought, because even he must recognise with his dubious grasp of mathematics, that one million people more in 1996, than in 1995, is more tourists flocking in, not quite overnight, but certainly over a period of one year. Then there are these alarmist remarks based on breathtaking ignorance of what underlies them that the budget shows that we are in danger of succumbing to political pressure. What political pressure? And from whom? What changes in the budget leave the Opposition Member to conclude that Gibraltar is now under threat of political pressure which it was not whilst he was in Government, because we have decided to spend on a recurrent basis somewhere between £2.5 million and £3 million a year. Mr Speaker, his hon Colleague, the Shadow Spokesman for Health, has been urging me to spend almost that much more on health and I am not spending it on health because it is not necessary, but because I am spending it on other things, necessary to deliver the public services on the economy that we think is needed, he thinks that we are subjecting Gibraltar to the jeopardy of economic or political pressure. Mr Speaker, the reality of the matter is that when you strip out what is no more than the transfer of figures that were accounted for elsewhere and are now accounted for in the Consolidated Fund, the real increase in recurrent expenditure, although we accept that there are a series of one-offs, particularly in the Improvement and Development Fund, but the real increase in recurrent expenditure is about £3 million. Does he really think, given that he has spent all afternoon boasting about the magnificence of the state of the public finances and of the surplus, does he really think that by £3 million a year, when we are forecasting a surplus on a conservatively calculated basis of £7 million, that we should be spending £3 million and

still be left with a surplus of £7 million, that is placing Gibraltar under the jeopardy of political pressure? It is perhaps the most nonsensical of all the remarks that we have had to endure during this debate.

The hon the Opposition Spokesman for Government Services, the Honourable Juan Carlos Perez, said that the Estimates did not prognosticate, did not assume, did not reflect increases in revenue to reflect the hope for success of all the capital investments that we were making. Many of these capital investments of course do not have immediate effect, especially the ones relating to beautification; infrastructural works; the hotel assistance scheme; these are not things which are going to generate employment, let alone revenue immediately, but eventually these investments will generate, in the first instance, employment which will of course create revenue for the Government through the PAYE system; eventually they will generate additional company profits of which the Government will collect corporation tax and that will generate Government revenue. But we are not expecting a financial return in year one and as we are not expecting a financial return in year one we have prudently not included in the Estimates of Revenue anything which supposes anything. That is not a sign of pessimism in the possible efficacy of our measures, it is simply a prudential consideration of the fact that these things have a leading time and even revenue from taxation, except PAYE, is subject to fiscal drag. So we very much hope that our measures will be successful. He should not interpret the fact that we have not made revenue increase provisions for this current financial year, he should not interpret that to mean that we have the slightest doubt that the policy will yield fruit.

Mr Speaker, of course I recognise that the hon Member said that much of the brain drain, so to speak if I can just choose that phrase knowing that he will understand what I mean by it, from the public service went into the private companies that were contracted. I think in his presentation of the point the hon Member maximised that and minimised the concept to which even he thought he had to make a glancing and passing reference which is this business of abolition of posts. The hon Member must realise that the rump of the civil service, even allowing for the functions that were lost, were over the years subjected to a process some of which was needed and all we say is that it has been overdone by a margin. I am not criticising the down-sizing, even of the rump. What we are saying is that in their abolition of posts, which were not always requested, they were very often encouraged by

the Opposition Members, in their enthusiasm to abolish posts for money saving reasons, they have deprived many areas of the rump public service of middle and senior management and that that process was overdone and that many of the promotions that we are now introducing and the posts that we are now introducing, reflect the fact that we have taken the view that they overdid that by a margin and that we know that that is going to cost money and that we made a considered decision in the knowledge that it would increase the overall cost to the public service but an increase that we thought was necessary in order to make the rest of the cost of the public service yield as much value and yield as much productivity and yield as much output as it was capable of yielding but which it was not yielding for lack of sufficient morale, for lack of sufficient resources, for lack of sufficient management. One cannot expect people to continue to progress in their posts if they are stuck forever at the same level because of course in many cases people who are going to be promoted, in some cases were recruiting in new talent on contract but in certain other cases were just promoting the post and it will be done by somebody who may already be doing the job at a lower level. But that is important to the morale; people have got to be aware that there is a structure which need not be bigger than it needs to be but that there is a pyramidal structure at which they can hope to progress as their skills, as their experience, as their commitment to public service increases with the passage of the years. And I do not accept that there are now more chiefs than Indians, I do not accept that for one moment.

The hon Member said that the AACR also had Special Funds and that if we were accusing them of lack of transparency, we must also have been accusing the AACR. This is this disingenuous device to which Opposition Members so often resort which is to point to an example that existed before and then they seek to justify all the uses that they made of that example in the same category. The AACR had a number of Special Funds which were funds with specific, usually non-recurring expenditure, almost exclusively for non-recurring expenditure sort of things. What the AACR did not have was the Gibraltar Investment Fund with how many companies under the Gibraltar Investment Fund? Mr Speaker, I do not want to cite a figure because I do not want to be inaccurate but I think at its peak the previous Government had between 50 and 60 companies in existence. All right, perhaps not all of them active at the same time but to seek to pass quickly over the existence of that structure by reference to the fact that the AACR had a couple of

Special Funds is not giving serious and objective attention to the matter. The hon Member said that this was the worst time ever for the Telecoms Fund to have disappeared because of the competition problems. The existence of the Telecommunications Fund did not enable the Government to do anything which we may or may not have thought prudent to do which we cannot still do. The Funds are still there, let us be clear about this, except the ones that we are going to spend this year and which we may not replace. Much of what we are going to spend this year under the Improvement and Development will in effect be replaced by the surplus that we generate during the year on recurrent expenditure and revenue. We admit that there is going to be a net expenditure of capital by the end of this current financial year but with the exception of that amount, the funds are still there, Mr Speaker. It is not that we have gone on a spending spree and spent the £41-odd million that were the Telecommunications Fund, etc. The Fund is still there except that instead of being parked in a number of different piggy banks called the Telecommunications Fund, this company, that Special Fund, the Gibraltar Savings Bank Reserve Surplus, instead of there being five piggy banks with a different name each, there is now one bigger piggy bank called the Consolidated Fund Reserve. These mechanical restructures do not put the funds out of our reach, we have exactly the same amount of funds in our reach as we would have had had we not done what we have done. I hope that the hon Member's mind will be partially put at rest. Mr Speaker, the hon Member said that it is a pity that we had delayed the car park at Engineer Lane. I think it is a useful opportunity, and this is not so much by way of reply to his point but simply a convenient opportunity to expose to the hon Member, since I know that he is interested in this matter, of exposing to what the Government's thinking is. The Government's thinking is that there will be no traffic on any part of the beautified Main Street. That includes the northern bit between the bottom of Engineer Lane and Casemates Square, including incidentally Casemates Square. Therefore traffic is no longer going to be able to come south down Engineer Lane nor north up Irish Town and up Parliament Lane to go north; there will be no crossing of Main Street at any point. Therefore the Government think it is not sensible to have a car park which is a magnet for traffic not just for the 60 or 70 cars that fit in there - I will give way just as soon as I have finished explaining the point - but indeed it attracts traffic to go to see if there is parking and when they have gone to see if there is parking, if it is full they have got to drive away so it generates traffic of all sorts. We do not think it is sensible to locate such a magnet for traffic in an area

where what we are trying to do is pedestrianise. There is a possibility but a very remote one that if we decide not to pedestrianise Engineer Lane itself, we can have a system of two way traffic using traffic lights, I suppose, both ways up and down Engineer Lane to reach the car park in that way. A decision has not been made on the car park in Engineer Lane but our thinking in relation to traffic flows in that area would tend to indicate against that ever being a car park.

HON J C PEREZ:

I thank the Chief Minister for giving way. The wider point I was making is that Government are taking decisions like the one that the Chief Minister has said without the completion of the study of traffic flow and I think it would be a wise thing to await the results of that study before taking particular firm decisions on any aspect of it because we might find ourselves with traffic circulation being seriously affected by the result of the decisions that might be taken before that is complete.

HON CHIEF MINISTER:

Well, Mr Speaker, just to continue with this exchange of views, the Government have more or less decided the parameters of what it is that we are going to do and we now have to submit our plans, which are really political laymen driven, to the Traffic Commission and others to express the view as to whether these things are viable and it includes, incidentally, diverting the traffic from up the Rock by another route which will allow to pedestrianise Governor's Street, Library Hill, that bit of Main Street between the bottom of Library Hill and Cathedral Square, etc.

Mr Speaker, turning now to some of the points made by the Hon Mr Baldachino. He asked, why did we want Residential Services in the public sector? I will give way. I would hate to spend time answering a question that was not asked.

HON J L BALDACHINO:

Just on a point of clarification for the Chief Minister, what I said was in reference made in the contribution of the Minister for Housing, he said that by moving what exists now, the service that is given by the company, by moving that to the service would create or he gave the impression that the allocation of housing could be different. That is what I understood.

HON CHIEF MINISTER:

No, Mr Speaker, the fact of the matter is that the Government are not comfortable with Residential Services Limited and we are in discussion with the shareholders of that company who I think are sympathetic to the Government's aspirations in that area. The Government are not comfortable with Residential Services because housing is a politically sensitive area in Gibraltar and we feel that we are not sufficiently in control of the day-to-day practices, the day-to-day activities of people who are employed by a private company and that are not directly answerable to the Minister. The fact that that is a company controlled by the brother of a Member of the Opposition would have been enough in most countries other than Gibraltar, for us to have put an end to this arrangement on day 2 of our term of office. We have not done that. The reason why we want to do it is that we are simply not comfortable with the way that that company deals with its clients which are the Government's housing people, our political clients, if one likes, the people who look to the Government to solve their housing problem and not to Residential Services Limited. But of course the Government get the blame for their satisfaction or lack of satisfaction with the way they are treated and we feel that it is such a sensitive political area that we need to have much more hands-on control over that matter. The hon Member said that it was the policy of Government not to pay overtime in Buildings and Works only because in other departments we were paying overtime.

HON J L BALDACHINO:

What I said was that it must not be the policy of the Government as a whole not to pay overtime as a whole that it was the policy of the Minister for Buildings and Works, that is what I said.

HON CHIEF MINISTER:

Yes, my understanding of what the hon Member has just said is exactly the same as what I said. Yes, that is true but because we are dealing with a problem that we think is not unique to Buildings and Works but the sheer scale of it, the amount of money involved in it, the lack of political satisfaction that we feel we are getting as a Government in terms of our ability to deliver our policies in a politically sensitive area of the public administration is such that we take the matter very seriously. We take the matter seriously to the extent that both for the extraction of value for money to the taxpayer and for the Government's ability to manage and control that department and its ability to do the work that the Government want it to do and not the work that the junior or middle management of the workforce fancy doing or not, as the case may be, the Government are not prepared to tolerate the continued existence of the Buildings and Works Department in its present form. And changes there will be by negotiation or otherwise; changes there will be, yes. That does not mean that we want to reduce the amount of money that these men earn, on the contrary I have told them directly and I put it on record now in Hansard in this House, the Government would be quite happy for them to continue to earn as much money as they used to earn before or more even because this is not an exercise to save money, this is an exercise to ensure value for money. In other words, that if it costs me £100 not only do I get £100 worth of work but it is £100 worth of the work that I want done; when I want it done; in the manner that I want it done. In other words, what I want is a system of remuneration that is measurably linked to their output and their willingness to follow management instructions and to do the work that the Government policy requires them to do. That is what I want and no more and once we have arrived at a mechanism to do that they can earn frankly, as far as we are concerned, as much as they can or want or want to work because there is no limit, as far as the Government policy is concerned, on the resources available to the Buildings and Works Department provided that it is reciprocated by an equivalent amount of output and work measurable, managed and chosen and directed by the Government. The Hon Mr Baldachino in a way that I recognise was not hostile or pointing the finger but simply pointing to a trend, said that whilst he hoped that our policies would succeed to reduce unemployment, said that nevertheless he had to comment and note that the trend was up and he quoted this figure of 331 in April 1996 and 447 in March 1997. Well, Mr Speaker, I cannot swear it because I have not looked at the

ETB statistics but the hon Member must presumably suppose, as I do, that the March 1997 figure includes the vast bulk, if not all the people who have lost their jobs at Kvaerner and have not yet found alternative work. It obviously would not include the 20 or 30 that were retained by Kvaerner to do maintenance work but the bulk of them lost their jobs before the end of March and therefore would be included in the March statistics. Interestingly, 447 minus 331 is 116 which is almost coincidentally the number of people that have so far lost their jobs at Kvaerner.

HON J L BALDACHINO:

Mr Speaker, I mentioned the March figures because they were the last figures that I was given by the ETB but the trend was not only in March, the trend of the increase was in January, February and March and in April the figure that has been quoted in Panorama is even higher. What I also said, if I may, just to clarify the point, is that it is surprising that in the March figures what had increased was the under 25s which has got nothing to do with Kvaerner, by 89 per cent from the April figure of 1996.

HON CHIEF MINISTER:

Well, Mr Speaker, of course there are some under 25s in Kvaerner and the under 25s reflect mainly the school leavers at the end of the school year. He knows this, he knows that this is the case. Given that there are about 115 ex-Kvaerner workers unemployed as at the end of March, never mind the trend; if post-Kvaerner first lot of redundancies the figure was 447, well it needs to be before the Kvaerner redundancies it must have been 447 minus the number of Kvaerner redundancies. Well, where are they? Have they not bothered to register for unemployment? I am telling the hon Member. If the hon Member is asking me then he must hear my answer. My answer is that in my opinion the March figure must include the bulk of the Kvaerner employees which would put the pre-Kvaerner figure almost at 331 which is the figure that we inherited from him in April 1996 which means that there is no upward trend. If there was an upward trend we have cured it immediately before the Kvaerner closure. I do not know if the hon Member now that he is in the Opposition benches thinks that there is an unemployment problem in Gibraltar because he did not recognise it during the election campaign. When we used to speak of an unemployment problem the Opposition

Members used to say, "What unemployment problem?" What he cannot do is now start recognising an unemployment problem which I always knew was there. It is the same problem that I used to criticise them for not redressing. Criticise and suddenly recognise the existence of an unemployment problem and at the same time criticise the measures that we are taking to support the private sector to address it. Well, he cannot criticise both although he is certainly free to express anxiety, as I indeed myself feel anxiety, about whether the measures that we are taking are going to be successful or not in having the desired effect.

Mr Speaker, moving on now to some of the remarks made by the Leader of the Opposition. I think in what must have been a lapsus mentis because the hon Member said although there was difficulty in dealing with the budget because as we have overestimated expenditure and underestimated revenue we could be talking about a gap that is not there. Well, we cannot be talking about, if we have overestimated expenditure and underestimated revenue which is what may have happened, we cannot be talking about a gap that is not there. We can only be talking about a gap that might be bigger than the one that is there because the result of overestimating expenditure and underestimating revenue is that one has underestimated the size of one's surplus. So if we are right and we have been excessively prudent, which is no bad thing, let me tell the House, being excessively prudent at underestimating revenue and that we have been, for whatever reason, too generous in estimating expenditure the result would be that there will not be a £7 million surplus but a higher surplus and therefore that should not increase the hon Member's anxiety, it should decrease the hon Member's anxiety because all the things that he subsequently went on to say after that would apply to a lesser extent. The criticism that we may have overestimated expenditure and underestimated revenue is really not one that the hon Members should make because a cursory glance at all eight of their budgets since 1988 reflect the fact that there were always swings between the estimated actual revenue and the estimated actual expenditure as one would expect. I do not know whether that reflected the fact that they were prudent in their estimation of revenue or that they always did much better than they thought they would do, but it is no coincidence that there was always an underestimation of revenue and an overestimation of expenditure which is what we have done. Does the hon Member want me to give way?

HON J J BOSSANO:

Mr Speaker, the whole point is, and it is no more than that, the Chief Minister takes one particular word that somebody says here and makes it into a huge debate over an issue where there is not any. Having looked at the figures and having analysed them, we then discover, as we are about to start the debate, that the expenditure is a worse test scenario, whatever that may mean because they are his words; to my knowledge we have had outturns which do not tally 100 per cent with expectations but the expectations were never worse case scenarios. If the Chief Minister says it is a worse case scenario and a conservative revenue estimate I then have to preface that my analysis is on the assumption that what we are voting in this House is what we expect the Government to be spending. That is the basis on which I have to enter a caveat on the analysis. Of course, if what we are voting in this House is not something that they have got the remotest intention to spend then all the analysis, by definition, is not valid. That is all I am telling him.

HON CHIEF MINISTER:

Mr Speaker, the hon Member must know that the appropriation mechanism is to appropriate a sum of money not exceeding, it is a maximum. All his budgets from 1988 to 1995; yes in all cases, the expenditure was almost always less than he estimated. Well did he not know at the beginning of the year what he wanted to do? Almost in every case. I do not know whether he was driven by generosity or caution or in discipline but no more than is the case this year there is going to be, we think, less money spent than the budget estimates may spend as a maximum as has been the case in almost all of his budgets. I am not making any bigger point than that. The sort of harsh judgements that we have had to endure..... *[Interruption]* from some of the Opposition Members although not all of them, the harsh judgements that we have had to endure for a budget that discloses a recurrent revenue and expenditure surplus of £7 million coming from a party who when in Government run five of their eight budgets, well all eight of their budgets were estimated to produce a deficit, all eight of their budgets at this time of the year estimated a deficit, not a surplus of £7 million but a deficit and in five of eight of those budgets there actually was a deficit at the end of the year. Well, Mr Speaker, I am not forecasting a deficit as they did in all eight years that they were in Government. So if it was safe for them, prudent to forecast eight deficit budgets and run five

deficit budgets then I am being £7 million worth more prudent than he ever was. I accept that the bulk of the contracts in monetary value terms that I read out in the litany of contracts relating to OESCO utilities, let us call them generally, in value but not in number of the 25 contracts that I recited, five related to private finance initiative type joint venture utility contracts and 20 were straightforward acts of privatisation of administrative functions, well not all administrative but functions that previously were in the public service. The hon Member may think that I latch on to one word and then build a whole speech on it but if I have learnt that, if I have acquired that skill I must have learnt it from listening to him for so many years. Because to ride quickly over the plethora of privatisation agreements that he entered into on the back of an explanation that they were all the same as finance initiative in the UK because they were utilities and we needed telephone lines that we could not afford and we needed sewers that we could not afford, Mr Speaker when I heard him I thought, is he saying that all of these contracts relate to that? Because his answer applied to five but not to 25. The hon Member converted his contribution and I was surprised that with his track record of financial debates in this House he should really have almost limited his contribution to what really was a nit picking bookkeepers exercise about whether the opening balance of the Consolidated Fund at £593,000 was right or wrong. I answer for Government expenditure and I answer for the policies that the Government impose for transparency and accountability but, of course, I am not the Government's bookkeeper. It is possible that Government bookkeepers can make mistakes but I am assured that they have not made a mistake in this case and that the mistake and therefore the whole half hour intervention based on it by the hon Member is wrong. But as it is not my professional prowess that has been impugned but the Financial and Development Secretary's professional prowess I will allow him to answer this question of whether £900,000 are wrong, whether the opening balance was right or wrong. The hon Member says that there is now no rainy day fund. I have got to give him the same answer as I gave his hon Colleague, sitting next to him even though I know he is less in need of it, it is true that there is no longer a little ceramic piggy bank called rainy day fund, not that there ever was by the way, there were a series of special funds, if by the rainy day fund he means a reserve of money to which the Government can have recourse on a rainy day as opposed to on a sunny day, that continues to exist, it is simply called now the Consolidated Fund Reserve. We have not gone woof and made £41 million of money disappear. Therefore all these

alarmist remarks about now being stripped naked of our political security and next time it rains we will all get wet because we have done away with the umbrella of the rainy day fund. It is all nonsense although I accept that to the extent that the Government deplete our reserves by investing in the economy, I accept that the amounts available to the Government if there should ever come a rainy day is less but we fully intend to whatever we deplete the rainy day fund by, whatever we deplete the Government reserves by during this financial year, much of it will be restored by this year's current account surpluses and what is not restored this year will be restored to whatever level we think is necessary and prudent in future years. We do not expect it to start raining as hard as the Opposition Members clearly think it is going to start raining quite as soon as the hon Members anticipate or fear. In any case, I adopt the point made by my hon Colleague, the Minister for Trade and Industry, that if it should ever rain as hard as the hon Members fear that Gibraltar's economic survival depends on the existence of a £40 million reserve, then I suppose we will have long enough to pray for financial support. But there will not be time for very much more than prayer because how long can the Government keep the economy going in a state of collapse which is what the rain presumably is an allusion to or external political pressure of the sort that can have that sort of catastrophic effect on the economy, how long do the hon Members think that the Government can continue to keep the body and soul of this community together with £40 million?

The hon Member said that he was not interested in presentation. I am not sure whether he said that he was not interested in it or that he did not attach much importance to it as we did. That remark simply proves to me what I already knew of him and that is that he attaches no value inherently and for its own sake to the basic principles of transparency and accountability and the role of this House in its appropriation mechanism function. I knew that, I have known that since the day I have been in this House since May 1991. I see clearly that he does not feel that there is any need for or virtue in those ordinary standards of transparency and public accountability which are taken for granted in almost every other democracy in western Europe. Well, Mr Speaker, we shall just agree to disagree. He can be sure that whilst we are sitting in the Government he will be, in political terms, the principal beneficiary of our commitment to public transparency. But then he is wrong to think that these are just presentational changes. Many of the restructures, many of the things that we have done enable Government's senior

management, especially senior financial management, to impose stricter control and supervision of spending by controlling officers to prevent what used to go on in the past which was uncontrolled virement from one subhead to the other; expenditure on recurrent labour costs; yes, Mr Speaker, within the subheads, bearing in mind for example, that industrial wages used to be described as other charges and therefore from any other item under other charges which might have included electricity, they could actually use the money to pay overtime and there was no control. Well, I am not saying that we are going to succeed in having 100 per cent discipline but many of the structural changes that we have introduced will enable us to make sure that controlling officers spend money for the one purpose for which they were intended and voted for in this House and it will enable us to therefore impose stricter financial discipline which knowing the hon Member's commitment to minimise public expenditure, I am sure on reflection he will welcome. Mr Speaker, the hon Member made an awful song and dance about the fact that by the time we finished making hay or merrymaking or whatever it is that he thinks we are doing during the next 11 months, spending money like confetti or whatever he thinks that we are doing, that we will have depleted the reserves of Gibraltar to £1 million in the dreaded day, even the incompetent AACR Government of 1988 managed. This was the thrust of what he was saying; that Gibraltar's position will be worse on the 31st March 1998, that is to say, at the end of the current financial year, in terms of reserves, than was the case..... this is what he said, I have not misunderstood what he said. He must know that that analysis is a nonsense. For a start he knows it because I told him yesterday that there were still £11 million in the companies all of which would not be used for the 50/50 scheme. That takes us at least over the magical figure of £16 million for the AACR so I do not know if we are going to do well or badly but it will be better than £16 million in 1988. He also knows that we are forecasting a surplus on the recurrent account of at least £7 million which he must know are going to be more given the prudence of the revenue calculation and the excessive generosity of the expenditure. Therefore, Mr Speaker, let us say that it is £3 million more than the £7 million that we are prognosticating. That means that at the end of this financial year reserves will have grown by another £10 million so now it is not the £16 million of the AACR, it is the £16 million plus the surplus left in the companies, call it £20 million; plus the £10 million that we may, certainly £7 million, generate in respect of current account surplus this year, so that nearly £30 million. We are not far off from where they are now. He can rest assured that by

the end of this financial year the reserves will not be £15 million, but he knows that and he knows that the suggestion that the reserve will only be £15 million would only be true..... [HON J J BOSSANO: *If this is true.*] Well, but that is not a sign. [Interruption] But no budget is a scientific exercise just as theirs never were, Mr Speaker. They must know that and further they must know that it will actually be higher than that if they accept what they are now criticising us for which is underestimating revenue and overestimating expenditure. So let them rest at ease. I will give way.

HON J J BOSSANO:

Mr Speaker, I am not criticising him for anything. I prefaced the whole of my contribution by saying we have been given this 28 days ago for which I am grateful because we are only normally entitled to have it for 14 days. Having come here the first thing I discover is, in fact, that this is not what they realistically expect the result to be. Well, I am putting my views on the implications of what would be the case if what we are voting on happens to be true. I repeated that several times but the Chief Minister refuses to ignore the fact. Of course, if he told me today, that in other years there have been differences between the beginning and the end but the beginning was what in the judgement of people was likely to be the end and then a lot of events during the year altered that judgement, we have to assume, if we are voting £33 million in personal emoluments that we debate the consequences of spending £33 million on personal emoluments otherwise why bother to vote on anything here or debate it if it may all turn out to be either well over or well under. We have no choice.... [Interruption] Yes, but every year we have debated what there was in the book and that is what I am trying to do.

HON CHIEF MINISTER:

Mr Speaker, I am quite happy that we should debate what is in the book but what he cannot say is that he has not been critical when he has suggested that the budget is imprudent. [HON J J BOSSANO: *If it is true.*] Well, I am going to demonstrate to him that it is not imprudent even if it is true. Even if the situation is exactly what that book says, by his own historical standards, it is not imprudent. When he was in Government, I am not going to repeat the fact that during the last 12

months we have prudently further lowered public debt and increased reserves. So his imprudence is targeted at what we are going to do from now on and not about what we have done in the last 12 months so all this talk about "they have spent our money" is loose language; what they really mean is not that we have spent the Hon Mr Mor's £130 million but that we threaten to spend and are asking the House's permission to spend some of the Hon Mr Mor's hard earned reserves. I do not see why that would be imprudent. By what measure is it imprudent for this Government to lower reserves as an investment in the private sector from say £41 million, which is what they are now, to say £25 million, which is probably the worst case scenario, when in order to fund their policies without having a reserve except the Sinking Fund and some Special Fund surpluses that gradually built up over the years, they borrowed not the whole of £100 million because I think public debt when they arrived was about £21 million or £22 million or something like that, I do not remember the exact figures, £25 million, but they borrowed up to a gross £100 million; on the 31st March 1995 they had borrowed £99.32 million and had £16.1 million in the General Sinking Fund. They borrowed £83 million of money that they did not have. However imprudent he may think it is to spend £20 million of £40 million that one has got in one's back pocket, however imprudent he may think it is, on a scale of imprudence, and I do not think we are on the scale of imprudence, but if there is a scale of imprudence it must be considerably less imprudent than borrowing, say, £50 million that he did not have. So if he was willing to fund his policies with borrowings and he thinks it is imprudent for me to fund mine by spending some of the money that we have got, so he can spend money that he did not have and I cannot spend money that we do have. Where is the threat to the political stability of Gibraltar? Where was the exposure of Gibraltar to political pressure then? It is just mind-blowing incoherence and inconsistency.

HON J J BOSSANO:

Mr Speaker, it is not mind-blowing, incoherent or inconsistency because he knows full well that the money that he is talking about spending is money that he has just transferred by wiping out the Coinage Fund which, of course, he is choosing not to mention at all in his contribution but the money was there because not a penny was spent from it since the day it was created. So if he wants to be honest and do a like for like

comparison then what he cannot do is say, "My reserves are so much because I have removed every other fund and put it in one piggy bank but you had no reserves because you had it spread out in 20 piggy banks and I am assuming the other 19 did not exist until I broke them and pinched the money".

HON CHIEF MINISTER:

No, Mr Speaker, when have I said that he had no reserves? I said that he had five ceramic piggy banks with a different name on each. He cannot continue to confuse matters. The Leader of the Opposition is the master at confusion. The Coinage Fund, Mr Speaker, is £1.5 million out of the £41.5 million. How often is he going to repeat the fact that I am spending the Coinage Fund as if I was exposing the currency to the risk of collapse when he knows it is a minuscule part of what I call his scattered reserves. I do not know who he thinks he is worrying but even if he worries about the fact that there is not a piggy bank called the Coinage Fund anymore and I do not think he should, he knows that he should not, he knows that the history of calls upon the Coinage Fund for redemption of coins is practically non-existent; he knows that every country of the world issues coins in the almost certain knowledge that they will scatter around the globe and no one is ever going to come to the Treasury saying, "I have got a handful of 5p bits here, will you please give me notes for it?" He knows that this is Mickey Mouse stuff and the suggestion that we are exposing the public purse to real jeopardy because the contents of the Coinage Fund are no longer in a piggy bank with the words "Coinage Fund" written on the side of it but are now in a bigger piggy bank with the words "Consolidated Fund Reserve" printed; the suggestion that this is an act of imprudence is disingenuous. Even if he is genuinely, which I know that he is not worried, so that he can sleep at least tonight more comfortably let me tell him that so prudent are we as managers of the public finances that he will have noticed when he has read his Estimates that whereas in this year if he looks at page 6 which is Head 7 - Reimbursements, that we have taken forecast last year to have taken £481,000 surplus from the Currency Security Fund, this year there is a big fat zero estimate because we do not intend to take anything even though there will be surpluses generated this year in the Note Currency Fund we are not taking it. So in the unlikely event that some schoolboy comes up with his piggy bank full of coins and demands that we exchange it for notes, there will be surpluses in the Note Security Fund from which to do it.

I have already dealt with the point that was also made, Mr Speaker, by his hon Colleague, the Hon Juan Carlos Perez, that the revenue estimate does not make any allowance for the fruits of our capital expenditure and that is absolutely right. As far as the elimination of the Sinking Fund is concerned. The fact that we eliminated the General Sinking Fund; sometimes I think that Opposition Members have a sort of pigeon hole mentality and unless they can put £10 in this hole and £15 in this hole and remember that that is for coffee and that this is for sugar and that this is for milk, unless they do that they will not remember that they have got to pay for milk and sugar and coffee. The fact that we eliminate the General Sinking Fund and put the money that might have been put in it..... *[Interruption]* Yes, exactly, the fact that we no longer put the money that we intend to use for paying down public debt; the fact that we do not put in the little piggy bank called General Sinking Fund and instead it enlarges the Consolidated Fund Reserve does not mean that there is any less money available for paying down public debt, it is still there and we know that if we spend the whole reserve there will be no money but whilst there is a reserve there is money to pay out public debt. But, of course, this year we do not intend to pay out public debt because we have got to borrow, because thanks to some very lax goings-on during the last four years the Government have got to now spend a large amount of money on repairing Harbour Views and so the fact that no public debt will be paid down this coming year is not due to the fact that we have struck out the General Sinking Fund, it is due to the calamity that passes by the name of Harbour Views for which we are not responsible. Since he thinks me imprudent for having spent part of the reserves or preparing to spend part of the reserves, would the hon Member have thought me less imprudent and therefore more prudent if I had left the reserves intact and simply borrowed money as he did to pay for our policies? Would I then have been less exposed to a charge of imprudence? If I had left his wretched £41 million in the bank and gone to the bank and borrowed as he did a net £83 million of public debt, would he have thought me..... *[Interruption]* All right, taken public debt back up to £83 million which would not have been necessary to pay for the £20 million. Public debt is now a net £65 million, if I had borrowed the whole £20 million that I am using from the reserve, public debt would still be lower than, the net public debt would still be lower than the level that he rose it to. Would he then have thought me less imprudent? His criticisms simply do not bear analysis. And the suggestion, just going back momentarily to the

Coinage Fund, we are not using the Coinage Fund. Mr Speaker, until the Consolidated Fund General Reserve falls below the level of £1.5 million, I have not used the wretched Coinage Fund, can we agree that as a matter of simple mathematics? This obsession with the need to take down public debt. I explained and it is certainly thanks to their accumulation of monies in the past, there are a lot of those millions that they accumulated that I would not have been able to accumulate because I would not have been willing to tolerate the fast launch smuggling of tobacco. Certainly there are millions and millions and millions and millions of pounds accumulated between 1992 and 1996 which only they could have accumulated and I readily concede I could not have accumulated because I would not have been willing to sanction the exportation of tobacco from Gibraltar in fast launches. So I give them that qualified credit for their accumulation of funds. The net public debt of Gibraltar, that is to say, making allowance for the fact that of the £65-odd million, £46 million is owned and owed to Community Care Ltd, not a company which is likely to demand repayment and quite easily a company in whose favour that debt could be rescheduled at any time if the Government had not accumulated sufficient reserves by then to redeem for cash their holding of Government stock. There is a very limited amount of debt due to people that the Government are necessarily going to be bound to repay and even in respect of those, Mr Speaker, he must know that public debt can be rescheduled. There is no need to reduce public debt to zero. Perhaps the hon Member may be interested in an interesting statistic that I had compiled for me. One of the measures of the health of the economy, he was always very keen on saying is the ratio of public debt to GDP. The hon Member will remember that one of the Maastricht criteria that he always used to point to is compliance on Gibraltar's part with, was that very statistic. In 1988 the public debt, he is quite right it was £25.6 million, he has a sharp memory, was 16.85 per cent of gross domestic product as it then was, it was £151 million. By the time that he had finished with the public debt and with gross domestic product, in 1993 he had raised the public debt to GDP ratio to 30 per cent. In 1996, which was our first year of stewardship of the economy it had reduced to 20 per cent. On the basis of GDP figures for 1995, the prognosticated public debt for 1997 reduces the percentage of the ratio to 18.83 per cent. Of course, the economy will have grown something between 1995 and now. So to the extent that the economy has grown from a GDP of 326 to whatever it might be now, the percentage ratio would be even less for 1997 than the 18.83 per cent. So I think that by the criteria that he himself devised and

others use, he will appreciate that by that measure the economy is in a safe pair of hands. I am truly surprised, and I say this in the most sincere of sense, that the hon Member should seriously be recommending to the Government the GSL option for Kvaerner. Let me tell him that he has zero prospects of persuading the Government of the correctness of his newfound subscription to that view. He has zero chance of persuading the Government to go down that road but it really truly surprises me. Somebody whose view of what is prudent extends to not wanting to see me spend money that we have got, in the next breath tells me to put the taxpayers cheque book on the table open with a signature on it but no figure in the box to underwrite whatever losses, and goodness alone knows what they might be, for the commercial success or failure of a shiprepair yard knowing the competitiveness of the business, knowing the probability that there will be trading losses. His prudence is not consistent throughout all the views that he has expressed during his contribution to this debate. Sustainable economy which he said cannot be delivered by changes in presentation, that is true. The changes in presentation are not for deliveries of sustainable economic activity, the changes of presentation are to deliver what we consider is the required degree of democratic accountability. That is what the presentational changes are for. The sustainable economic activity is delivered by the measures that we are taking to support the private sector and the difference, Mr Speaker, between this Government and the last one that he led during his last term of office is that we understand the private sector; we know what the private sector needs; we know what the Government have to do to help the private sector and therefore the economy and he and his Government demonstrated for four years by what they were doing both politically and economically that they did not understand those things. As I have said, Mr Speaker, I cannot accept from him criticism that it is imprudent to bring to this House a budget which forecasts a surplus of seven or even a budget next year that may forecast a surplus only of one when one takes account of the Social Assistance Fund expenditure; when he constantly brought to this House budgets which showed a deficit.

I therefore end my response to the points that have been made with a reassertion of the views that I expressed in closing my initial address on this debate and that is that the Government have conservatively estimated the revenue and that is a prudent and acceptable recourse to have to; that the expenditure is estimated in a way in which we recognise may not all be spent and that that is entirely consistent with

every budget that he has ever brought to this House; that in our first year in office we have demonstrated the extent of the responsibility of our stewardship of public finances by lowering public debt and raising Government reserves; that we expect the reserves to recover from the depletion that we subject them to as a result of this year's one-off investments in the private sector; that we are only spending a part of those reserves which is a good deal more prudent than borrowing moneys that we did not have which is what they did; and that we will continue not just to make prudent provision for reserves and prudent provision for public debt and prudent provision to enable the private sector to deliver a sustainable economy, but at the same time we will relieve the taxpayers of Gibraltar of part of the onerous and quite unnecessary burden to which he subjected them during the eight years in which he was at the helm of the public finances of Gibraltar. I have no hesitation in reasserting my commendation of this Bill to the House.

MR SPEAKER:

The Hon the Financial and Development Secretary has the last word if he wants it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I understand it is generally the practice that the Financial and Development Secretary says he has nothing to add but on this occasion there are a couple of points to which I wish to respond, but I do promise to be brief as the hour is late. The first, Mr Speaker, concerns what the Gibraltar Chronicle today refers to as an exchange by the Leader of the Opposition concerning where some £900,000 were accounted for, what the Chief Minister referred to as a book-keeper's point. The position is exactly as I explained to the House in an intervention yesterday although I can see that I was having some difficulty at that time in convincing the Leader of the Opposition. The position is this, the Consolidated Fund Balance was £1.9 million on 31 March 1995; if one adds the £480,000 surplus of recurrent revenue over expenditure for 1995/96, this produces the Consolidated Fund Balance of £2.4 million for the 31 March 1996, shown in page 2 of the Forecast Outlook Book presented with the Estimates this year. Taking account of the last financial year's activities, that is the one we have just finished, we forecast the Consolidated Fund will have a balance of £593,000, as shown on page 3 of the Estimates.

I came to this debate in the House expecting to fill points on the 1996/97 Estimates. I was a little taken back, I think yesterday, having to defend a balance that dated back to 1995. Nevertheless, let me explain for the benefit of the House how the Leader of the Opposition may have thought that the Consolidated Fund back in March 1995 was £1 million as opposed to the £1.9 million it actually was and to translate that into the future and thereby imply that there is some doubt about the figures in the Estimates and even further that Government might now be in the red rather than in the black. I think in drawing on data in last year's Estimates the Leader of the Opposition assumed that the figures shown for the Consolidated Fund Balance at the end of 1994/95 that appear in the Estimates book 1996/97, were in fact the same as the audited accounts. I fully appreciate the Leader of the Opposition's predicament because in fact that is usually the case. The two figures do normally coincide but on this occasion they did not. In fact, the Principal Auditor's Report shows on the audited accounts for 1994/95, laid and presented to this House last year towards the end of 1996, shows that there was an adjustment made as a result of the external audit of those accounts and that adjustment amounted to £900,000 and was due to an understatement of revenue. So the information was always before the House and unfortunately there is no cutback, there is no, as much as I would like to be, diplomatic and kind way of doing this, I was right and the Leader of the Opposition was wrong on this occasion.

The second point I would like to make, Mr Speaker, concerns, I think a point made by virtually every Member of the Opposition and it picks at something that the Chief Minister himself said, that these Estimates are more about presentation than anything else. I have a lot of experience gained primarily in the UK but also in other European countries of public sector operations and I just do not accept that prognosis at all. I believe that the new format of Estimates provides a very clear and comprehensive tool for controlling public expenditure in the future and indeed for planning public expenditure in the future and are not simply a cosmetic presentational exercise. With that I commend the Bill to the House.

Question put. Agreed to.

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to report that the Committee Stage and Third Reading of the Bill will be taken tomorrow.

The House recessed at 8.30 pm.

FRIDAY 30TH MAY, 1997

The House resumed at 10.05 am.

PRESENT:

Mr Speaker(In the Chair)
(The Hon Judge J E Alcantara OBE)

GOVERNMENT:

The Hon P R Caruana - Chief Minister
The Hon P C Montegriffo - Minister for Trade and Industry
The Hon Dr B A Linares - Minister for Education, the Disabled, Youth and Consumer Affairs
The Hon Lt-Col E M Britto OBE, ED - Minister for Government Services and Sport
The Hon J J Holliday - Minister for Tourism, Commercial Affairs and the Port
The Hon H A Corby - Minister for Social Affairs
The Hon J J Netto - Minister for Employment & Training and Buildings and Works
The Hon K Azopardi - Minister for the Environment and Health
The Hon R R Rhoda - Attorney-General
The Hon T J Bristow - Financial and Development Secretary

OPPOSITION:

The Hon J J Bossano - Leader of the Opposition
The Hon J L Baldachino
The Hon Miss M I Montegriffo
The Hon A Isola
The Hon J Gabay
The Hon R Mor
The Hon J C Perez

IN ATTENDANCE:

D J Reyes, Esq, ED - Clerk of the House of Assembly

COMMITTEE STAGE

HON ATTORNEY-GENERAL:

I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause:

- (1) The Port (Amendment) Bill 1997.
- (2) The Environmental Protection (Controls on Substances that Deplete the Ozone Layer) Bill 1997.
- (3) The Social Security (Employment Injuries Insurance) Ordinance (Amendment) Bill 1997.
- (4) The Appropriation (1997/98) Bill 1997.

THE PORT (AMENDMENT) BILL 1997

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

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

THE ENVIRONMENTAL PROTECTION (CONTROL ON SUBSTANCES THAT DEplete THE OZONE LAYER) BILL 1997

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

Clause 2

HON K AZOPARDI:

Mr Chairman, I gave notice of several amendments that I wish to make at the Committee Stage in relation to this Bill and I believe that they have been circulated to hon Members. In relation to section 2 which is the section that provides definitions which then appear throughout the Ordinance. I wish to add the following definitions: "third countries" means "any state which is not an EEA state."; "State not Party" includes any state or regional economic-integration organisation that has not agreed to be bound by the control measures applicable to that substance; "Party" shall mean any Party to the Protocol; "Protocol" shall mean the Montreal Protocol on substances that Deplete the Ozone Layer whether in the original 1987 version as adjusted in 1990 and 1992, the amended 1990 version as adjusted in 1992 or the amended 1992 version. The reason for those amendments are related to the subsequent amendments that I will move in relation to the Bill and are related to what I suggested in answer to a question from the Leader of the Opposition on speaking on the general principles of the Bill. They are to address and to clarify certain concerns that we had having discussed the Bill with the Environmental Agency on the workings of it and the implementation by Customs. The definitions stem from definitions which are contained in the Regulations.

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

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

Clause 4

HON K AZOPARDI:

Mr Chairman, the other amendments which I have in relation to this Bill, apart from one minor amendment which will come later on in the Ordinance, are all in relation to clause 4. I will read the amendments as

contained in my letter which I believe has been circulated. In section 4(1) I move the insertion of "from third countries" between "Gibraltar" and "a controlled substance". In section 4(2) I move the insertion of "from any State not Party" after "Gibraltar". In subsection 4(3) I move the insertion of "from any State not Party" after "Gibraltar" and before "a product". I also move two new subsections; a new 4(6) that would read: "For the purposes of section 4(1) it shall be presumed that the controlled substance has not been imported from a third country and that it has been imported into the Community under licence if it has been imported into Gibraltar from within the Community". And a new 4(7) that would read; "For the purposes of sections 4(2) and 4(3) it shall be presumed that the controlled substance has not been imported from a State not Party if it has been imported into Gibraltar from within the Community". The reason for the difference there is that the relevant Articles of the Regulation in one place prohibits importation into the Community from third countries and in other places prohibits importation from States not Party to the Protocol emanating from the Montreal Convention and that is why the presumption has to read twice and in different form. The intention behind it is so that when goods are imported into Gibraltar if goods come from within the Community there is that presumption and it is not automatically presumed because traders are importing goods that come from a State not Party to a Convention or from outside the Community which would then enable them to have to prove to Customs that they have a licence obtainable from the EC Commission which I understand is not a simple thing to obtain. So because a lot of them may import from the Community and the people that they are buying their goods from have already obtained a licence from the Commission, this will avoid them undergoing any difficulties on importation.

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

Clauses 5 to 10 were agreed to and stood part of the Bill.

Clause 11

HON K AZOPARDI:

Mr Chairman, the final amendment that I want to move in relation to this particular Bill is in relation to clause 11, paragraph (a), after the words "9(b)" to insert the words "shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale, or on conviction on

indictment to a fine". The reason for that is that when the Bill was transformed from disc to this publication there was a typographical error and those words were omitted.

Clause 11, as amended, was agreed to and stood part of the Bill.

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

THE SOCIAL SECURITY (EMPLOYMENT INJURIES INSURANCE) ORDINANCE (AMENDMENT) BILL 1997

Clauses 1 to 4 were agreed to and stood part of the Bill.

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

HON CHIEF MINISTER:

Mr Chairman, I would like to move that the House take a 15 minute recess at this point.

MR CHAIRMAN:

We will now recess for 15 minutes.

The House recessed at 10.20 am.

The House resumed at 10.30 am.

THE APPROPRIATION (1997/98) BILL 1997

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I gave notice to you that I wished to move a number of amendments to the Draft Estimates which, in particular, affected the establishment and I think I referred to this when I made my opening remarks at the Second Reading. To assist hon Members' deliberations of those I have actually prepared a hard copy of all the amendments but

I will explain them at the time we go through each Head. We also do now in addition propose to make some minor adjustments in the appropriations to particular Heads but it will not affect the overall total that we are seeking. So if I can, with your agreement Mr Chairman.

Schedule

Part 1 - Consolidated Fund Expenditure

HEAD 1 - EDUCATION, THE DISABLED, YOUTH, CULTURE AND CONSUMER AFFAIRS

Head 1 - A - Education, Youth, Culture and Consumer Affairs

Subhead 1 - Personal Emoluments

HON J C PEREZ:

Mr Chairman, I did give notice yesterday and I believe the Financial and Development Secretary said they were looking at it, to see whether in each Head under Personal Emoluments we could have the number of vacancies of the complements for each Head and, if possible as well, the amount of money related to those vacancies under each Head.

HON CHIEF MINISTER:

Yes, Mr Chairman, before I give the information on a Head by Head basis and the hon Member is not the spokesman for education so I suppose he has raised it not in a departmental sense but in a broad sense, we cannot in the short time that is available to us be scientific with the answer but I think we can give most of the information and certainly a broad indication. The reason for this is that in addition to new posts, most of the new posts are actually promotions, in other words, they get filled from within and then it starts the usual domino effect; somebody gets made an SEO from an HEO and then the promotions come from within and vacancies eventually arise at the bottom, at the AA level. Some of the restructuring is not yet in place, it has not physically been done yet and the Government have not yet made a decision as to how many vacancies thrown up by transfers or promotions which reflect the restructure. In other words, how many of the musical seats left empty by the resulting musical chairs will actually

be filled. So at the moment, and this is why I said yesterday that there was this potential overestimation of the expenditure on emoluments because at the moment it has been done on the basis that all the new posts are new jobs and that all vacancies will be filled and that is an assumption which may not materialise. The restructuring plans will it seems throw up 51 new positions. That is not to say 51 necessarily new jobs, it means that there are positions which will be filled, it is what I explained before. I am excluding from that five legal assistants who are now included in the establishment of the judiciary who were not included in the establishment of the judiciary before and they are therefore strictly not new posts in the sense that they are in service but they are not established posts, I think they were dealt with under Legal Support Services or allowances or something like that but they were not listed under the establishment. The cost of what the Government have done is £1,125,200 minus whatever vacancies we do not fill. In education, for example, which is where the question has been asked, the new posts are one nursery teacher and five teachers. I do not know if Opposition Members want a list now, it is not that long. We will give them a copy so that they can identify what are strictly new posts including either new established posts or including posts created on promotion from within the service and it is from that category where there is still the question of doubt as to what the overall cost is going to be because it depends whether we replace right down to the last consequence each of those promotions. For example, if we have created a new SEO post in Customs and I use it only as an example and not to give an indication of what the Government's view is, well if one of the existing HEOs goes up to SEO do we then have an EO promoted to fill up the vacant HEO post, and do we have somebody promoted and eventually do we recruit a new Customs Officer at the very bottom? Those are the decisions that have not been taken in full in relation to the consequences of the Government restructure.

HON J J BOSSANO:

The position shown in the printed Estimates is as if that was going to happen. That is to say, the HEO is there and the EO is there as well as the SEO so are these shown as an additional cost and is there provision for all of it?

HON CHIEF MINISTER:

Yes, Mr Chairman, the answer is yes. That is exactly the basis on which it is done but there is an allowance made for the fact that it is not going to be for the whole financial year. For example, we are already two months in and there has been a guesstimation of when the duplication would occur, if it does occur, and we have provided for part of the financial year of duplication not for the whole of the financial year. So subject only to that, the answer is yes as far as numbers of people are concerned but no in respect of the full financial cost. The full financial cost has been apportioned for part of the financial year not extrapolated over the whole of the financial year.

HON J C PEREZ:

Mr Chairman, would Government consider perhaps next year returning to the position of some years ago where vacancies were shown separately in the Estimates?

HON CHIEF MINISTER:

We are willing to consider that in the context of what we know is at the moment a very fluid and established situation, we are in the throes of a restructure which is in the process of implementation. We do not know yet when the dust settles where the chips are going to fall in terms of staff levels; we are committed to a manpower review on a section by section basis. We hope during the course of this financial year to arrive at a new definitive level of establishment. That will be reflected in the next budget and as against that new scientific establishment, I think it probably will be possible and indeed helpful, for the future, to list vacancies against that. But to list it as against this establishment is too many balls up in the air.

HON J C PEREZ:

Will the Chief Minister give us the list?

HON CHIEF MINISTER:

Mr Chairman, in handing over the list I am just going to put a circle round Head 10 - Judiciary, five legal assistants. They are not new in the sense that they are there, they are the junior lawyers working in the Attorney-General's Chambers so they are only new in the sense that they are newly included in the establishment but they are not new in the sense that they are not new posts as such. When they interpret Head 11 - Police, they will see it only says 13 Police Constables. Well, they know we have recruited 25, the answer is that 12 of them were vacancies and therefore not new posts as such.

MR CHAIRMAN:

Does any hon Member want to say anything else on Personal Emoluments?

HON CHIEF MINISTER:

Perhaps we could move on on the understanding that once they have had an opportunity to consider that paper they can raise any question under the Head of Personal Emoluments on any department during the remainder of the discussion. Under Education all I can say is that it includes one nursery teacher and five teachers.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If I can just add to that, the changes in the document that I gave the House which contains the pages with hand-written amendments so that it can easily be identified what has been changed. I think they are relatively self explanatory on the Education Department. If hon Members have any questions I will be happy to answer them.

HON J J BOSSANO:

Mr Chairman, the changes in the establishment in the Education Department, page 17, does not require any change in the amount provided for Personal Emoluments?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That is correct. In fact, we have in some of the changes moved people from one part of the side of the sheet to the other but in actual fact what is there is what in this case is what we have calculated for Personal Emoluments. In net effect across the whole of the establishment, what we are saying is the Education Department is one less and in fact in the money we have provided for one less.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

Subheads 2 to 5 were agreed to and stood part of the Bill.

Subhead 6 - Scholarships

HON J J BOSSANO:

Mr Chairman, can I ask what is the assumed number of scholarships to be given this year in arriving at the figure that there is in the breakdown given in the explanatory element in the annex?

HON DR B A LINARES:

Last year we had a lower figure in mandatory scholarships but a higher figure in the discretionary scholarships. I think we have calculated this year on a more sort of mean basis over recent years. Appendix G may be useful in terms of background information of that.

HON J J BOSSANO:

I know what is in Appendix G. What I am asking is in Appendix G it says Scholarships to be Awarded in 1997/98 - £658,000. I assume that to arrive at the £658,000 there must be an estimated number of people.

HON CHIEF MINISTER:

Mr Chairman, as the hon Member knows there must be because the Department knows what a scholarship costs roughly per student per annum and they provide in a lump sum it must be done on the basis of a guesstimate of the number of people that they will send. Of course, at

this time of the year it is not known because of the intake for 'A' levels in this summer. We just do not know how many people will be going to university in the United Kingdom beginning this financial year in September.

HON J J BOSSANO:

I accept, Mr Chairman, that the actual numbers when the time comes may be different from the assumption. I am asking what is the assumption.

HON DR B A LINARES:

Yes, we have got the figure, it is based on the figure of 180 scholarships at £2,919 per capita.

Subhead 6 was agreed to and stood part of the Bill.

Subheads 7 to 9 were agreed to and stood part of the Bill.

Subhead 10 - Contribution to Gibraltar Development Corporation

HON J C PEREZ:

Perhaps it is an opportune time here, Mr Chairman, to raise an issue related to the list that the Minister has given me. In respect of vacancies announced by the Government already such as the three posts in Tourism, the Maritime Administrator or the Financial Services Director, would this be paid by the Development Corporation and therefore not included in the Estimates?

HON CHIEF MINISTER:

I know what the hon Member is asking and I will give him the information but the formulation of the question suggests that he has not quite followed the mechanics for the funding of the Gibraltar Development Corporation. Even if an expenditure is going to be incurred by the Gibraltar Development Corporation, for example, if the Gibraltar Development Corporation is to recruit the Finance Centre

Director that my hon Colleague, the Minister for the Finance Centre, is recruiting that would still be shown in the Estimates under his department in terms of subvention grant to the Gibraltar Development Corporation. Specifically the posts that he has mentioned which from memory the tourism one and the Finance Centre Director and the Maritime Administrator, those will very probably - and I say very probably because the decision is always 95 per cent that but it has not quite crystallised - will be recruited through the Gibraltar Development Corporation. In the case of tourism, of course, the Gibraltar Tourist Board is indeed a part of the Gibraltar Development Corporation as is the Employment and Training Board. In the case of the Maritime Administrator this is a contract officer recruited from outside and is not at this stage an established civil service post. Hopefully in the future it will be possible to localise that position and of course when positions are localised it will then be much more attractive to put them in the establishment as opposed to including them in the Gibraltar Development Corporation.

HON J C PEREZ:

On the last issue that the Chief Minister has said, I do not think that that has operated like that ever. I think that all contract officers have always appeared in the complement as part of the establishment but obviously..... *[Interruption]* The Financial and Development Secretary appears there and he is a contract officer.

HON CHIEF MINISTER:

The chaps that we intend to recruit through the Gibraltar Development Corporation are not in the establishment because they are not civil servants. Contract officers that are engaged directly by the Crown, to so speak, are included in the establishment. So the question is, who recruits them? If the Crown recruits them they are included in the establishment whether they are contract officers or established officers; if the Gibraltar Development Corporation recruits them, they are not in the establishment although the cost of them is reflected departmentally in the Estimates of Expenditure through the subvention by that department to the Gibraltar Development Corporation.

Subhead 10 was agreed to and stood part of the Bill.

1-B - Support to the Disabled

Subhead 1 - Personal Emoluments

HON R MOR:

Mr Chairman, under the establishment for St Bernadette's do we have five full-time classroom aides or is it in fact six classroom aides and two are part-timers? The other question is whether the Administrative Officer is part-time or is it a full-time post?

HON CHIEF MINISTER:

Mr Chairman, there has been an exercise done in the Financial and Development Secretary's office on the treatment given to part-timers and I will give way to the Financial and Development Secretary to answer that.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The principle we are following in the Estimates I think is the long established principle of a body counts as a body whether they are part-time or not. In the case referred to, of the five, two are part-time.

HON R MOR:

So there are less classroom aides now, is that the case?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

There are five classroom aides of which two are part-time. As to whether two of them are part-time in the previous year I am afraid I do not have that information.

HON CHIEF MINISTER:

What the hon Member wants to know, there has been no reduction. I do not know whether there is a vacancy of a body at present but there has been no reduction in the establishment of St Bernadette's as far as the Government are concerned.

HON R MOR:

Mr Chairman, what I am saying is that in the budget last year there were six classroom aids, two on a part-time basis.

HON CHIEF MINISTER:

This is the departmental return. What the present Estimates disclose is the departmental return of their establishment. So if last year it said six there must have been a long running vacancy which they have not bodily had filled for many years because what we have put in the Estimates is the department's own bid for personnel. This is their establishment as they have it, as they understand it and as they want it. The hon Member is quite right to say that it showed six last year but the difference between six and five, although it is one, does not reflect a reduction in personnel; they have this year the same personnel as they had last year and the year before that. So if it does say six it must be a long-standing overestimate or over provision in the establishment which has not been bodily the case for some time.

HON DR B A LINARES:

I can clarify that and I assure the hon Member that there has been no deliberate or intended, as a policy, issue to reduce the establishment there. I can give him every assurance that there is no intentional decrease in the establishment at St Bernadette's.

HON R MOR:

I was not suggesting that that was the case, Mr Chairman. Is the Administrative Officer on a part-time basis at St Bernadette's?

HON DR B A LINARES:

It is on a part-time basis. I can confirm really from the return of the department that there are six classroom aides, four full-time and two part-time. There must be an error in printing or whatever.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

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

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

HEAD 2 - EMPLOYMENT AND TRAINING AND BUILDINGS AND WORKS

Head 2-A - Employment and Training

Subhead 1 - Personal Emoluments

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, perhaps I could just explain the changes to the establishment there. In actual fact under the Construction Training Centre we had misclassified a number of posts as being non-industrials when they were in fact industrials and we have corrected that. We have also on checking over these last few days corrected some of the information in Housing Support. The financial provision, we believe, is based on as the establishment shows there with one exception and that is in relation to the Senior Professional and Technical Officer where I believe that one of those posts was recently promoted to the Senior Officer so there is a very minor over-provision and we do not propose to amend the money for that.

HON J L BALDACHINO:

I would have to take it as, first of all, as the Employment and Training where I asked in my contribution if under the Head Office of the Employment and Training included, I think there are four civil servants who were seconded to the ETB and in what grade do they fit and how many of the 13 are now in post?

HON CHIEF MINISTER:

And the answer is, and this is a good example, Mr Chairman, of how when I said during the debate on the Second Reading that if one compares the establishment overall to these Estimates to the establishment overall in last year's Estimates, it showed a potential increase of 103 and that that figure had to be taken very much with a

pinch of salt because, for example, here are 10 individuals under Construction Training Centre who are 10 of the 103 but they are not new people. They were included in the calculation of the establishment but, of course, the hon Member knows that those 10 people were employed already so those were not 10 new jobs. The establishment now includes the following: a Senior Officer that is presently vacant, it is a new post created; one HEO which is also vacant; one EO who is an existing member of the Buildings and Works Department staff.

HON J J NETTO:

Mr Chairman, the one Executive Officer who the Chief Minister has referred to along with the Administrative Officer are the two staff in the Industrial Tribunal who are being transferred from Buildings and Works to the Employment side. The three Labour Inspectors are the three new posts which have been advertised in the Bulletin of Circulars. The Careers Officer is an existing post there. The one HPTO and the one Instructional Officer are the two factory inspectors who have been transferred from DTI to Employment. The three Instructors are the instructors who used to be the old instructors from GSL who are currently doing jobs in the Employment and Training Board as civil servants, so they are already there in the establishment.

HON CHIEF MINISTER:

Just to carry on the information that the hon Member wanted. One Senior Officer was vacant, that is a new post created and that is vacant and the HEO. The EO which is shown there is not a new post but was previously included in the Estimates under Industrial Tribunal Buildings and Works as was the AO also previously shown under Buildings and Works Industrial Tribunals. The three Labour Inspectors, as my hon Colleague has just said, those are new posts and they are vacant. The Careers Officer is a person who exists but he was previously shown in the Estimates under Personnel. I think the gentleman's name is Mr Gracia who has been working in the ETB for some time and he has always been a civil servant on secondment to ETB and he was booked for establishment purposes under the Personnel Department. The next person appearing on the establishment, the one HPTO, he is existing staff as well but he was previously shown under the DTI, in fact, that is a reference to the Factory Inspector. Then there is the Instructional Officer, he was previously shown under DTI as well. Then there are the

three Instructors who were all shown previously under Personnel. That is how the figure of 13 there is arrived at and then, of course, the Financial and Development Secretary has explained the slight mistake which has been made in including the eight Training Centre Instructors as establishment because they are really industrials and they will now go to (iv) at the bottom of page 22 which presently shows as zero, that will become 8.

HON J C PEREZ:

Mr Chairman, given that the Chief Minister has said that the three Labour Inspectors are new posts, perhaps he might have included them in the list of new posts which he has given us, they are not there.

HON CHIEF MINISTER:

It is true, it reflects the fact, as I said earlier, that it was not the full picture, this was an exercise that was began last night for the purposes of attempting to give hon Members as much an answer as possible to the very comprehensive information that he sought last night and it is most of the picture but not the whole picture and he has put his finger on part of the incompleteness of the picture. As soon as we have, Mr Chairman, even if it is during the course of this year, put together the definitive text of the establishment roll I will happily pass it over to Opposition Members just as soon as it is done.

HON J L BALDACHINO:

Mr Chairman, on the Buildings and Works, Housing Support, will there be any major difference on the total because I have not been able to work it out since I have just got this, seeing that there is, even though the Financial and Development Secretary has given an explanation that one of the SPTO was upgraded there are two less Works Supervisors and deleted two Technical Grade 1 so out of the total of 36 there is now a total of 31. Will that make a difference on the overall funding of the ETB in Buildings and Works?

HON J J NETTO:

Yes, Mr Chairman, originally as it was drafted it was put there as 19 Works Supervisors when it is really not the right figure because as the hon Member knows himself there are four depots and the ratio is three Works Supervisors in each depot counting to 12. But additionally to the 12 Works Supervisors covering the four depots we have five additional new posts which are the five posts that will go on the planning section and that is why he arrived at 17 and not at 19. That is why the Financial and Development Secretary arrived at the new figures we can see there. That will be taken into account in the level of cuts in remuneration there.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think, if I am right, there is an interesting financial provision in relation to the numbers of posts. I think as I explained earlier but obviously not clearly enough, the financial provision actually covers 32 posts because the one area where we have over-provided is, we have over-provided by assuming there will be two SPTOs whereas in fact one of those officers is now being promoted to take up the Senior Officer post. So that is the over-provision, the salary of one SPTO. Given these are Estimates, given the control that we put on personal emoluments, I do not propose to move an amendment to take that relatively small amount of money from the Estimates and just leave it there.

HON J C PEREZ:

But there are four lesser posts and not one. There are two Works Supervisors less; two Technical Grades less and I do not know what provision was made for eight Training Centre Instructors which are not going to be there.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have explained that I was amending the Estimates of the establishment to bring it into line with the money we have provided and the only one slight difference between the two was the one post I explained, the SPTO.

HON J J BOSSANO:

Does that mean then that the Instructors at the Training Centre that are industrials and who are therefore not included under personal emoluments and for which no provision was made under personal emoluments are, in fact, paid by the ETB?

HON CHIEF MINISTER:

Provision for the Instructors which were inadvertently included under "(iii) Establishment" as if they were non-industrials, provision for their emoluments has been made at Head 2-A(1) Personal Emoluments and some of that now has to be moved down to Head 2-A(2) Industrial Wages. What in effect has happened is that we have wrongly classified eight industrials as non-industrials and their salaries have been included and provided for as if they were non-industrials. Now that we are going to move eight of them down to the industrial staff on page 22, we also have to move their wages down on page 23 from Subhead 1 to Subhead 2 which is presently showing a zero. So financial provision is made but in the wrong place.

HON J L BALDACHINO:

Surely, Mr Chairman, if I understand the explanation that the Chief Minister has given because it is well explained in the amendments that we had but I was speaking on the overall picture. If we have, and I am not referring to the Construction and Training Centre, what I am referring to is the Housing Support unit where we have, even though the Financial and Development Secretary has explained what has happened to one of the SPTOs, but he has two less Works Supervisors and two Technical Grades I. Does that not make a difference on the personal emoluments?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I apologise if I am confusing the hon Member but I had thought I had made this clear but let me try again for the third time. The establishments that we are looking at here, as amended, is actually what equates to the amount of money in the Heads that we are seeking.

HON CHIEF MINISTER:

The answer to his question is yes, there is an over-provision but we are not going to amend to eliminate, we are just going to make jolly sure that it is not spent given that it is an over-provision.

HON J L BALDACHINO:

I also asked during my contribution if any of the posts under the Housing Support Unit was a Quantity Surveyor. Is any of those posts a Quantity Surveyor?

HON J J NETTO:

No, it is not, because the Quantity Surveyor happens to be now the Director of Buildings and Works.

Subhead 1 - Personal Emoluments were agreed to and stood part of the Bill.

Subhead 2 - Industrial Wages

HON CHIEF MINISTER:

Mr Chairman, at this point the Financial and Development Secretary is going to move the amendment to reflect the wages of the eight Training Centre Instructors moving them down from subhead 1 to subhead 2.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, on page 23 of the Estimates, Head 2 - A, Subhead 1- Personal Emoluments, the figure of £425,000 should now read under (a) Salaries - £297,000; (b) Overtime instead of reading £33,000 should read £18,000 which brings the total for Personal Emoluments to £315,000. Under Subhead 2 - Industrial Wages which in the Draft Estimates shows £0, we will introduce a new (a) Basic Wages which will be £128,000; (b) Overtime which will be £15,000. The total industrial wages will then be £143,000 and that then will replicate down to the totals at the bottom where Personal Emoluments will be £315,000;

Industrial Wages will be £143,000 and Other Charges remains the same and the total amount for that Head remains at £2,777,000.

Subhead 2 - Industrial Wages was agreed to and stood part of the Bill.

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

Subhead 4 - Contribution to Gibraltar Development Corporation

HON J L BALDACHINO:

Mr Chairman, I did also mention in my contribution, as this is the contribution to the Development Corporation to the Employment and Training Board I suppose on the training side I asked, during my contribution, what type of training and the amount of people that it is expected to be trained, the wage subsidy to the amount of people that a wage will be given and also to what qualification will they be trained and in what grades?

HON CHIEF MINISTER:

Mr Chairman, as the hon Member knows, at the moment what is operating is the existing system except that the wage subsidy element is no longer being paid through the ETB to the ex-Calpe Cleaners and SOS employees; they are now employees of Gibraltar Community Projects and the totality of their wages is now shown through the Consolidated Fund. With that exception the structures in place in terms of wage subsidies and the cadet schemes is still in place as before. Government are not in a position to give details of changes that we propose to make to those schemes nor are we in a position yet to say what degree of certificate or qualification will be obtained by the apprenticeships that we wish to open in the Government workshops and garages. That is a matter that now has to be taken up with the technical people involved to see what formal structure can be given to those apprenticeships in a qualification sense. But the financial provision that has been made for training and for wage subsidy is a provision for either a continuation in the existing set-up until it is changed and then for the new set-up, when it is changed, but we are not yet in a position to explain to the hon Member what those changes are going to be.

HON J J BOSSANO:

Mr Chairman, are the Government in a position to say just like in the case of the scholarships, what is the underlying assumption about the number of recipients; in the case of the wage subsidy there must be an assumption that this will cover so many people for so many weeks a year presumably irrespective of the content of what they are engaged on? Equally with the vocational cadets, if there is an assumption that £1.8 million will be paid for vocational cadets, again that must be based on a per capita figure multiplied by a number of people presumably?

HON J J NETTO:

I have not got that kind of information available here but what I can say to be of assistance to Opposition Members is that they will have probably heard in my budget speech saying that the Government are reviewing the concept of vocational cadets system in general. What we have done here in terms of the money allocated, the £1,800,000, is a continuation of the same sort of money that was provided in years before and that is that because we would have to take into account a major review which will take place on the vocational cadets, probably with the new scheme for which we are not in a position to give the details at the moment which are under discussion, but the allocation is there whenever it is needed for the new scheme to take in place superseding the vocational cadets. Perhaps one other bit of information that can be of assistance to Opposition Members in relation to the training courses, the £1,200,000, that will have to be taken into account with the contribution made by the European Social Fund. But here the one thing that I will have to say is that the Single Programming Document of the European Social Fund has been quite delayed inasmuch that the concept that existed before was a national concept and Gibraltar formed part of that SPD within the national concept of the UK. In the new SPD we now have a process of regionalisation for which Gibraltar is now considered as being a region within the concept of the UK. That process has been delayed because originally it was delayed between Brussels and the UK and it has been delayed between the UK and Gibraltar and we find that Gibraltar, as a region in that concept, has not been up and running as some other regions in the UK are still not up and running. So therefore we still need to complete that, we still need to complete the monitoring team and obviously within the concept of the monitoring team all the decisions that administratively that will have to

go with it but at least the provision is there and also, as the hon Member will know, we have running some particular courses from the last SPD in terms like the training centre which we have just been discussing and the glass factory, which comes to mind.

HON J J BOSSANO:

Mr Chairman, we are grateful for that information but, in fact, I was addressing the £1.8 million of vocational cadets. Presumably in the month of April £x amount was spent from that £1.8 million and that represented 200 cadets or whatever. So what I am asking is, forgetting for the moment whatever changes may come in which will be financed from what is discontinued, on the basis as it exists at the moment, what does it involve?

HON CHIEF MINISTER:

The answer to that question is that we have not provided for any increase. In other words, it is the same amount as was provided last year and therefore we have not provided for a higher number of recipients nor indeed have we provided for any possible increase in what they receive. In other words, we have simply provided the same £1.8 million that we spent last year. What we have done is we have carried last year's forecast outturn figure forward, that is all that has happened.

HON J J BOSSANO:

So in fact it is not actually based on a calculation involving numbers but simply on taking the number that was already there?

HON CHIEF MINISTER:

Yes.

HON J J BOSSANO:

And is that also true of the £800,000 wage subsidy?

HON CHIEF MINISTER:

Yes, except that it reflects the fact that I explained before, it is lower than last year the wage subsidy figure. Last year on wage subsidy it was £1.5 million, now it is only £800,000 and the difference for that is what I explained before, that the Calpe Cleaning people and the SOS people have been taken out of this equation altogether and there are nearly 200 of them.

Subhead 4 - Contribution to Gibraltar Development Corporation was agreed to and stood part of the Bill.

Head 2 - B - Buildings and Works

Subheads 1 to 8 were agreed to and stood part of the Bill.

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

HEAD 3 - ENVIRONMENT AND HEALTH

Head 3 - A - Environment and Heritage

Subheads 1 to 4 were agreed to and stood part of the Bill.

Subhead 5 - Cemeteries

HON J J BOSSANO:

On the upkeep of cemeteries the contract which I think it was indicated would not be continuing for the full financial year and that, in fact, Community Projects would take over. Will Community Projects have to be paid for taking over or is that covered by the money they are already getting?

HON CHIEF MINISTER:

Mr Chairman, the sum that is there is there in case the Government decide, notwithstanding our present ideas, to continue with a contract with Gibr Flora. If we do not then, of course, the cost to Community Projects Ltd is not that because most of that is labour cost, in fact it is

almost exclusively labour cost, that item there of £31,000 and of course it would be saved and the thing would be done at no additional cost, for all intents and purposes. This is one of the reasons for reviewing the contract, when we have got a labour force now available, paid for by the Government, the logical thing is that the taxpayers' interest is that they should do as much labouring work as possible for the taxpayer.

Subhead 5 - Cemeteries was agreed to and stood part of the Bill.

Subhead 6 - Heritage

HON J GABAY:

Mr Chairman, could the Minister clarify in some detail what is meant by Promotion of Heritage Issues for which we are allocating £30,200?

HON K AZOPARDI:

Mr Chairman, I indicated when speaking on the general principles of the Bill what that sum of money was for. I appreciate that the lateness of the hour perhaps some hon Members do not recollect what I said. To a large extent that is a sum of money that is dedicated to what will be heritage publications, some of which will be joint projects with my hon Colleague in tourism. The kind of project I was talking about was the walkabout touristic tour where one could go to the city centre, for example, go to the City Hall and have a pamphlet or a glossy brochure, discussing a particular site. That will have to be funded obviously. A whole range of heritage publications not only for the glossy pamphlet or brochure for the tourist but also the more serious heritage publication; the book on any aspect of Gibraltar's history, there are quite a few in the pipeline. I am working with the Heritage Commission and indeed with the Museum and the Trust towards compiling a programme of publications which will, I think, be formulated in the next couple of months and it will be clearer to what extent and how we will use this money in the next few months. It will also, of course, cater for the publication of any conference booklets or publications which are envisaged in connection with the Calpe '97 Conference to be held in August and indeed any preliminary expenses to be dealt with in relation to any publication for the next Conference.

HON A ISOLA:

Could I just ask the Minister, in relation to the Heritage Conferences, the £35,000 envisaged, is that actually to run the Conference itself, it seems little money or is it actually to promote or to subsidise or to go towards? What is the element of that?

HON K AZOPARDI:

I should say that it is in the plural because it targets three particular Conferences. The first is the Calpe '97 one to be held in August which is the principal and majority expense. The second is an Ornithological Conference that will be held which is an expense of about £5,000. Then while the Calpe '98 Conference will be held next year and the bulk of the expense will be in next year's Estimates, there are preliminary expenses to be gone into this year towards the preliminary booking and so on and publication of material, pamphlets, marketing material and so on. But the principal sum of that is for the '97 Conference; it is broken down into various subheads ranging from, for example, the actual cost of bringing the speakers over to Gibraltar and their accommodation, because some of the speakers are Spanish University Professors we are providing simultaneous translation, that sort of thing. But I have to say that even though there is a principal sum which we will expend, because of the delegates' fees attached to the Conference, we then intend to make a sum of revenue which is reflected, I believe, on page 8 under Consolidated Fund Revenue on Head 6, subhead 38, the House will see that there is a sum of £15,000 estimated as Heritage Conferences revenue. So while we are spending a degree of money there, we think that that will promote Gibraltar; we think that it will attract people to Gibraltar and we will recoup at least part, if not all of the money, but certainly part of it.

Subhead 6 - Heritage was agreed to and stood part of the Bill.

Subheads 7 to 10 were agreed to and stood part of the Bill.

Subhead 11 - Services provided by Gibraltar Community Projects Ltd

HON J J BOSSANO:

Mr Chairman, can I ask on the sums that are shown as salaries and wages, what are the number of bodies in each? How many people are being paid £115,000 and how many people are being paid £2.3 million?

HON CHIEF MINISTER:

Whilst the figures are passed up to me I can answer the question conceptually. The salaries are the new management structure that is being put over the top of it and the wages are in effect the people we have taken over from the two previous companies and the salaries are basically the management structure I think of five people; a General Manager, a Production Manager and Assistants; there were five people I think, Mr Chairman, it might be four but five I think and that is what it reflects. Of course, there is really more information here given in (a), (b), (c) and (d) that is strictly necessary; in other words, we have given information for Community Projects as if it were, it would have been enough simply to put there "Services provided by Gibraltar Community Projects Ltd - £2,713,000". We have just divided it between wages, salaries, materials and other costs to give as much information as possible as if this were a Government department which of course it is not and we are not willing that people should pretend that it is or have expectations that reflect that it is. It is strictly not and will never be and they will never enjoy the same conditions as are enjoyed in Government departments.

HON J J BOSSANO:

All I am asking is how many there are, Mr Chairman, I am not asking for anything else.

HON CHIEF MINISTER:

Subject to my not correcting this answer before the end of the day or later, it is five. The industrials I think are about 220.

Subhead 11 - Services provided by Gibraltar Community Projects Ltd was agreed to and stood part of the Bill.

Head 3 - B - Health

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

HEAD 4 - GOVERNMENT SERVICES AND SPORT

Head 4 - A - Support Services

Subhead 1 - Personal Emoluments

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, could I just at this stage explain the changes to the establishment figures on page 32 in the amended sheets that we have given. Those are just simple typographical errors and in fact what we see there is what is being provided for in financial terms. There was a small change in the establishment dealing with industrial staff, there was a small change there which show an uplift of two for the Support Services. These will be seen later on when we come to Trade and Industry that they were the two industrials we wrongly classified there, it was just simply moving them into Support Services.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

Subheads 2 to 7 were agreed to and stood part of the Bill.

Subhead 8 - Disposal of Fly Ash

HON J C PEREZ:

Mr Chairman, the Hon Col Britto I think indicated yesterday that there was a contract in place for the fly ash to be exported out of Gibraltar. I think I lost some of the details of that. I know that he said that there was a one-off where we are going to remove what was in the old rifle range tunnels and then there is going to be a quarterly one to remove the fly ash. Could I perhaps at the same time ask what I asked yesterday in my intervention when it was stated that the whole of the east side was going to be closed for dumping. I did say that quite apart from the fly ash there

is another more bulky type of ash which is at the moment mixed with rubble in that side and it seemed that Government Members had not yet looked at the possibility of opening up another area for rubble including the daily quantity of ash that come out from the incinerator?

HON LT-COL E M BRITTO:

Yes, Mr Chairman, the hon Member is essentially correct. The item that we are at presently discussing, subhead 8 - £55,000, has to be seen in conjunction with an item under Head 104 in the Improvement and Development Fund, subhead 12 which is Disposal of accumulation of fly ash - £120,000. The position is that that latter item of £120,000 is for the accumulated fly ash in the tunnel which the hon Member refers to and which has accumulated since the incinerator started operating. That tunnel is now full and, in fact, accumulation has started in another tunnel behind the incinerator. The situation has become unacceptable, for a number of reasons, and it has been decided to dispose of the accumulated ash in one go, under the terms of one contract and that is actually happening now. The contractors are on site and the disposal will be by ship and it will go to a plant in UK where it is being disposed under all the environmental controls imposed by the Government and approved by the Environmental Agency. Subsequent to the complete disposal and removal of the existing ash, we intend to put a contract in place for the on-going removal of the on-going production of new ash, as it were. That new contract is not yet in place, we are at the stage of accepting tenders, final tenders have not yet been submitted although some quotes had been submitted previously. A decision has not been made yet obviously on who the contract is going to go to so I cannot confirm a figure of a quarterly or weekly or monthly except to say that it will be on-going in whatever loads the successful tenderer envisages under the conditions imposed which is primarily that large quantities are not accumulated. But we are talking of the order of two monthly at the most, not more than that unless there are new developments that I am not aware of. Coming on to the second part of the hon Member's question, he refers to the bottom ash in the incinerator as opposed to the fly ash and to the disposal of the same. No doubt he will want to know more details on the actual dumping when we come to that but essentially the answer to the question is that the ground ash will continue to be mixed in the rubble as it is as the moment when the rubble is dumped in the new location where it will be dumped and I

suggest that I answer that in more detail when we come to that particular item. But the same arrangements as exist now will continue.

Subhead 8 - Disposal of Fly Ash was agreed to and stood part of the Bill.

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

Head 4 - B - Electricity

Subheads 1 to 4 were agreed to and stood part of the Bill.

Subhead 5 - Generation

HON J C PEREZ:

Mr Chairman, has the Minister got any indication on why the price of fuel has increased so dramatically?

HON LT-COL E M BRITTO:

Nothing more than the price of fuel has increased so dramatically.

HON J C PEREZ:

Just in the market or because of the exchange rate in dollars?

HON CHIEF MINISTER:

Exclusively market terms. I think it was about three months ago that Shell gave notice of a very substantial increase in the price of fuel to the Government under the terms of the long-standing arrangement between the Government and Shell insofar as fuel and it is, as far as we are told by Shell, exclusively market driven. The price increase is calculated by them they say on the same basis as they have calculated all past increases and decreases on the rare occasions there have been those and that is all that there is to it.

Subhead 5 - Generation was agreed to and stood part of the Bill.

Subheads 6 to 11 were agreed to and stood part of the Bill.

Head 4 - C - Fire Service

Subhead 1 - Personal Emoluments

HON J C PEREZ:

Mr Chairman, not necessarily under personal emoluments but I did want to raise with the Minister the fact that he mentioned yesterday that the Fire Brigade was involved in preparing a five year development plan and that that would include the look at the marine capacity side of it as well. I wonder whether the Minister could commit himself to sharing the contents of that development plan with me when it is ready?

HON LT-COL E M BRITTO:

Mr Chairman, I certainly commit myself to considering that and I will come back to the hon Member. Fundamentally I do not see a problem but I do not want to make a commitment at this particular moment.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

Subheads 2 to 4 were agreed to and stood part of the Bill.

Head 4 - D - Post Office

Subheads 1 to 4 were agreed to and stood part of the Bill.

Subhead 5 - Cost of Outgoing Mail and Bulk Mailing

HON J C PEREZ:

On this item I would just like to remind the Financial and Development Secretary that the breakdown I asked for yesterday he promised to send to me and I would be obliged if he does that.

Subhead 5 - Cost of Outgoing Mail and Bulk Mailing was agreed to and stood part of the Bill.

Subheads 6 to 8 were agreed to and stood part of the Bill.

Head 4 - E - Broadcasting

Subhead 1 - Personal Emoluments

HON J C PEREZ:

Mr Chairman, there are no personal emoluments so the total is on Other Charges that we are actually voting. Could I ask whether Government Members are aware whether the Telecommunications Controller is still paid by GBC or is he to be transferred to the Development Corporation?

HON P C MONTEGRIFFO:

Mr Chairman, Mr Canessa is still seconded from GBC and will remain so until the new Telecoms Authority, the statutory body I mentioned yesterday, is established.

HON J C PEREZ:

Is the Minister aware whether the problem with the pension was resolved in order for him to be able to transfer?

HON P C MONTEGRIFFO:

I am not aware of that, Mr Chairman, I am not aware if it has been resolved.

HON LT-COL E M BRITTO:

I have not been aware of the problem, Mr Chairman.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

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

Head 4 - F - Sport

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

Head 4 - Government Services and Sport was agreed to and stood part of the Bill.

HEAD 5 - SOCIAL AFFAIRS

Head 5 - A - Department of Social Services

Subhead 1 - Personal Emoluments

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I should perhaps explain. Again in the document I gave out this morning there were some slight amendments. In fact, these were correcting errors and in fact in relation to the money, what effect this had on the money if we probably slightly under provided in the sense that we had provided for 52 posts but in fact we estimated, it is a relatively marginal amount and we will have to tighten our belts and live within it.

HON R MOR:

Mr Chairman, during my contribution on the general principles of the Bill I raised the matter whether the administrative costs to the payment to Spanish pensioners, whether that was going to be recovered from the UK Government as there was no provision on the revenue side.

HON CHIEF MINISTER:

The hon Member is absolutely right but it is intended that it will be recovered. The actual detailed final written agreement is not yet in place but part of the agreement, as Opposition Members know, there will continue to be a contribution to the cost of administering the payment of pensions to Spaniards. I do not actually know for a fact that it is true that it is not there but if it is not there that is not to say that there is not going to be a contribution, there is going to be a contribution.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

Subhead 2 - Industrial Wages

HON J J BOSSANO:

Mr Chairman, the payment presumably is now the Closed Long-Term Benefits Fund and therefore in the £260,000 of management charges to that Fund is part of that coming from the ODA payment into the Fund for paying Spanish pensioners or not?

HON CHIEF MINISTER:

Again, Mr Chairman, I cannot tell the hon Member whether that calculation of that particular charge is inclusive of the UK contribution or not. Of course he is right to say that the UK contribution is now paid into the Closed Fund and that payments out to the Spaniards paid now out of the Closed Fund but I cannot tell him, with any degree of accuracy, whether that calculation of the management charge on the Fund is inclusive or exclusive, perhaps I could find that out. Perhaps we could move on to the next point and as soon as the answer comes into the room I will stand up and give it to the hon Member.

Subhead 2 - Industrial Wages was agreed to and stood part of the Bill.

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

Subhead 6 - Workers Hostels

HON J J BOSSANO:

The amount that is being provided for the expenses of the two hostels presumably does not include the expenses related to the running of those hostels by Community Projects given the answer we were given about the cemetery. What are these materials used in the hostels?

HON CHIEF MINISTER:

This is one of those areas where the restructure is still in the process. The hon Member is right, the figures reflect payments that were made to the contract holder and that from that money he used to pay wages for some activities which are now being done by people who are in Community Projects but there are some expenses that were not. In other words, there are some materials, cleaners, for example, who are not going to be taken in and there is an issue here with the Transport

and General Workers Union; there are an element of cleaners who were not Gibraltarian and who are not going to be taken into Community Projects and it is still very much in the air whether they are going to be retained, kept and paid for. But the essential point that the hon Member is making is right but when the dust settles on the new arrangement for the administration of these hostels, those sums at the end of the year of actual expenditure will be much lower than the sum because there is an element of over-provision there, double counting of wages which are also provided for under the Community Projects item that we were mentioning before. He is absolutely right. It certainly will not be all saved because some of it is materials, some of it is wages that are not going to be accounted through Community Projects because it is people that Community Projects will not take on for reasons which I am sure the hon Member would support. But he is right in spotting that, there is a large element of double counting there between that and Community Projects.

Once I am on my feet, Mr Chairman, could I just answer two other questions that have been asked hitherto. The answer is that the UK's contribution for the administration is included in the £260,000 shown there.

And in answer to the question put earlier, I think it was, by the Hon Mr Perez or the Leader of the Opposition, under salaries it is six people in Community Projects, I think I said five, it is in fact six. And wages is £229,000.

Subhead 6 - Workers Hostel was agreed to and stood part of the Bill.

Subheads 7 and 8 were agreed to and stood part of the Bill.

Subhead 9 - Transfer to Social Assistance Fund

HON J J BOSSANO:

Mr Chairman, can I say that we find it odd that in voting a transfer to the Social Assistance Fund it should be described as Import Duty Collections because, in fact, what we are doing is voting money out of the Consolidated Fund and once the money is put in the Consolidated Fund one cannot tell which pound note came from import duty and which pound note came from some other source of revenue. There is a

certain wisdom in having it from import duty and we would not be against the money going from import duty into the Social Assistance Fund without going through the Consolidated Fund first.

HON CHIEF MINISTER:

It is evident that they would not object to that given that that is what they have been doing for so many years with even larger sums so they hardly have grounds to object. What we have done is, without it being inconsistent with our general principles of financial accountability and transparency, we have tried to preserve as far as possible what we think is the reason for wanting to fund certain of the old Social Assistance payments from indirect, as opposed to direct, taxation. The question there is whether it is from indirect or from direct taxation and, of course, the hon Member is quite right in saying that once the money is in the pot the pot contains both indirect taxation moneys and direct taxation moneys and then the pot itself does not tell us which of the two sources of revenue it has come from. But this House votes the expenditure and the reason why it says import duty collections is to make it clear, as clear as it can be made within the appropriation mechanism, what this House is in effect saying to the Government is, "You may transfer to the Social Assistance Fund £100,000 from what you collect in import duty". I realise it is a different way of doing it but it is institutionalising, perhaps actually more visibly than before, whereas before the point was being made just by means of the mechanical route of the moneys, now it is actually being made as part of the appropriation mechanism. In other words, the House is voting £100,000 for the Social Assistance Fund albeit from a common pot of money but saying, as it votes it, "This money is from import duty collections". We think that to the extent that the point is worth preserving and the argument at the end of the day may not depend on this distinction between direct and indirect taxation and we have views about that, but certainly we thought it prudent not to abandon the point and to preserve it because it is there as a string in our bone for a possible challenge in the future. We think that this is a sufficient statement by this House that funding from the Consolidated Fund for Social Assistance comes from indirect taxation and not from direct taxation which is, I think, we will agree, the point that needs to be saved.

Subhead 9 - Transfer to Social Assistance Fund was agreed to and stood part of the Bill.

Subhead 10 was agreed to and stood part of the Bill.

Head 5 B - Prison was agreed to and stood part of the Bill.

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

HEAD 6 - TOURISM AND TRANSPORT

Head 6 - A - Tourism

Subheads 1 to 8 were agreed to and stood part of the Bill.

Subhead 9 - Tourism Development Consultancies

HON A ISOLA:

Mr Chairman, what consultancies are intended from this vote?

HON J J HOLLIDAY:

This is the contract that currently exists to run the Gibraltar Conference Bureau in London.

Subhead 9 - Tourism Development Consultancies was agreed to and stood part of the Bill.

Subhead 10 was agreed to and stood part of the Bill.

Subhead 11 - Gibraltar Tourism Board

HON A ISOLA:

Mr Chairman, could I ask what numbers of people are we talking about within the Gibraltar Development Corporation?

HON J J HOLLIDAY:

During my submission yesterday I pointed out that there would be 21.

HON A ISOLA:

Does that include the three new positions that have been advertised?

HON J J HOLLIDAY:

Yes, it does.

Subhead 11 - Gibraltar Tourism Board was agreed to and stood part of the Bill.

Head 6 - B - Transport - Airport

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

Subhead 3 - Departure Tax Rebate

HON A ISOLA:

Can I ask in respect of what this vote is for, the £152,000?

HON J J HOLLIDAY:

During my submission yesterday I pointed out that during the GSLP administration my predecessor, the Minister for the Environment and Tourism, on the 17 January 1994 agreed with GB Airways for a £1 rebate on departure tax to be effective from the date of implementation by the Government, the new winter passenger departure tax. This rebate was only applicable to airlines operating two or more scheduled services a day but obviously at the time there was only GB Airways operating the London/Gibraltar route. This rebate was not applicable during the Christmas and Easter peak periods but had retrospective effect going back to the financial year 1992/93. When we came into office in May last year there was a sum outstanding to GB Airways going back to this date just short of £152,000.

HON A ISOLA:

The recollection from this side of the House in respect of that payment is that a claim was in fact made to the previous administration seeking the payment of £152,000 which was rejected on the basis that under the

terms of the agreement it was not due. The point here that we would make is that it may be of assistance to the Minister for Tourism in respect of these moneys to consult with Opposition Members who would be able to brief him on the terms of the agreement because clearly it was the view of the previous administration that this money was not due and consequently not payable and if any assistance can be brought to clarify the position of the agreement that was reached, it may be of assistance and indeed a saving of that £152,000. So that offer is open, Mr Chairman.

HON J J HOLLIDAY:

When this claim was made on the Government, obviously I took the matter up with the Controlling Officer of the Gibraltar Information Bureau at the time and we actually did go into an investigation to see whether this claim was in actual fact correct. What I wish to point out is that there is no question that this is outstanding because in fact payments in respect of the financial year 1992/93 were actually already paid by the previous administration on 1 February 1994 and 1 April 1994 in the sums of £16,487 and £25,000 respectively. So obviously there must have been an understanding between the GB Airways and the previous administration that this sum was outstanding because actual payments have been made on account of this. The balance outstanding when we came into office was short of £152,000. I take the hon Member's point on board and obviously I will make sure that it is considered again but at the time of my investigation of the matter there was no doubt in my mind that this was the case.

HON A ISOLA:

Mr Chairman, our understanding is, by way of assistance, that in fact notification for that claim had to be given by specific dates and indeed it was not given and when the claim was made in late 1995 or early 1996, the claim was rejected and nothing more was heard from it. Obviously what has happened is that the claim has come again after the election and therefore if any assistance can be given we will be happy to give it.

HON CHIEF MINISTER:

Mr Chairman, we are of course grateful for the hon Member's offer of assistance and we will take that. But having seen the papers and the

exchange of correspondence, of course he may not have been aware of all the correspondence exchanged by the then Minister and GB Airways, there is not a great deal of scope available to argue that this sum is not due but of course we are quite happy for him to see the papers and if he can put a different interpretation on them from the one that seems evident to us so be it, we do not want to pay out money to people unless there is an obligation; this is an historical obligation that we are respecting. It is no longer the case and as it is their obligation if they want a crack at looking at whether it really exists or not we very happy to give them access to the papers for that.

Subhead 3 - Departure Tax Rebate was agreed to and stood part of the Bill.

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

Head 6 - C - Transport - Roads

Subheads 1 to 4 were agreed to and stood part of the Bill.

Subhead 5 - Materials and Other Costs

HON J C PEREZ:

Mr Chairman, I heard the Hon Mr Holliday yesterday say that the department is to undergo an employment audit to look at the numbers but it would seem to me that if the whole of the works announced yesterday by the Minister are to proceed, either that audit has to take place immediately or there is an intention already to put a lot of that work out to contract anyway.

HON CHIEF MINISTER:

The position is the latter; the position is that we will have a quick look at the road labour gang, I think it is important that immediately they have at least one viable gang and it may be necessary to give them one or two people so that there is a minimum unit available that can do some work and having done that they will certainly be allowed to do as much of the work as possible within their physical possibilities. It is true that there is a great possibility that some of it may have to be put out to tender and that is fully envisaged.

HON J C PEREZ:

Since the Minister also said that what was being prepared was a programme where roads had to be repaired on a year by year basis trying to cover all roads in Gibraltar over a cycle, is the Minister looking at a term contract for that or would it be on a tender basis on an annual basis that the contract would be looked at?

HON J J HOLLIDAY:

It is my intention to actually carry out an overall review of this department. I think there is a need to consider the requirements and what our objectives are and then subject to the findings of that, then a decision will have to be taken in due course that these are Government requirements and minimum feedback from this department itself.

Subhead 5 - Materials and Other Costs was agreed to and stood part of the Bill.

Head 6 - D - Transport - Traffic

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

Subhead 4 - Traffic Security Services

HON J C PEREZ:

Mr Chairman, can I ask whether the overall study of traffic that is being undertaken by a company is being costed by that company itself as part of proposals to the Government or whether any provision is being made to pay for that study?

HON CHIEF MINISTER:

I think we ought to clarify that the hon Member asks these questions on the basis of the answers that he got back in the early meetings of the House. There is no longer a company doing a traffic study. The Canadian company that was doing the traffic study was doing it as part of a parking management proposal and their approach to parking management was not politically acceptable and therefore, given that the

traffic management study was part of traffic management proposals that we indicated we were not interested in pursuing, they are no longer doing the study but, of course, we have had the benefit of their ideas and indeed we have ideas of our own and the thinking of traffic flow changes is now being done internally within the Government, as I indicated yesterday to the hon Member.

HON J C PEREZ:

Could we have a commitment from the Government that once there is a plan to follow that that plan is made public so that people are able to put their views on the overall traffic flow plan of the Government, particularly the most interested parties but motorists generally do often put views directly to the Traffic Commission and some of those views have in the past been taken on board?

HON CHIEF MINISTER:

Well, Mr Chairman, I think what I said the last time he asked me this was yes subject to trial periods which could be introduced without consultation.... [HON J C PEREZ: *That is already happening.*] Well, now it is happening by necessity because of roadworks rather than for any other reason but not driven by traffic flow ideas but rather driven by roadwork requirements. But of course changes in traffic flows are invariably unpopular amongst the sector of the community most affected by it; if one pedestrianises a street invariably the residents of that street do not like the idea that they can no longer drive up to their front door with their car. So consultation yes to give people the opportunity to improve the Government's thinking and by way of improving and contributing to what the Government want to achieve. But consultation of the sort that was being suggested yesterday in relation to the closure of Catalan Bay School, in other words, to see on the whole whether the Government's ideas were popular or unpopular with 50 per cent plus one of the population, that is not the sort of consultation because we know that whatever plans we come up with are going to meet with much objections as indeed we are seeing with the widening of Lover's Lane. Some people think it is a good idea; other people think it is a bad idea and one cannot just do things only if one has the unanimous support of the whole community.

HON J C PEREZ:

Could we at least have a commitment from the Government that the groups most affected, not by pedestrianisation but by traffic flow, are consulted?

HON CHIEF MINISTER:

Yes, they will be consulted, Mr Chairman. Government already consult interested groups before we do things and of course there will be consultation, I suppose he means the essential services, and the road transport people, yes all that category of persons affected by the traffic flow changes will most certainly be consulted because apart from anything else we welcome their input into (a) the viability of what we propose, and (b) possible improvements to it.

Subhead 4 - Traffic Security Services was agreed to and stood part of the Bill.

Head 6 - E - Transport - Port was agreed to and stood part of the Bill.

Head 6 - Tourism and Transport was agreed to and stood part of the Bill.

HEAD 7 - TRADE AND INDUSTRY

Subheads 1 to 4 were agreed to and stood part of the Bill.

Subhead 5 - Marketing, Promotions and Conferences

HON A ISOLA:

Is this money based on a programme or is it a real estimate of what the Government would like to do or do they actually have a programme?

HON P C MONTEGRIFFO:

It is a provision, there is an element of programmed expenditure, for example, I have made public in the House that we have a joint marketing promotion with regard to insurance passporting that the hon

Member is aware of, but it is a provision which is not all earmarked for specific initiatives at this stage.

Subhead 5 - Marketing, Promotions and Conferences was agreed to and stood part of the Bill.

Subhead 6 - Contribution to Financial Services Commission

HON J J BOSSANO:

Can I ask, is it that the Commission is unable to meet its expenses without a subsidy?

HON CHIEF MINISTER:

Is that a rhetorical question?

HON P C MONTEGRIFFO:

Mr Chairman, self-evidently that is the case. As I have indicated in my various contributions that touch on the position of the Financial Services Commission, there has been a significant resourcing of the Commission over the last year. I mentioned yesterday the appointment in particular of three further supervisors. The Government have agreed, on a temporary basis, to underwrite the Commission's expenditure in the way outlined in the Estimates. Obviously the Commission is designed to be and we look forward to it becoming a self-financing body, that is the logic. The logic must be, Mr Chairman, that the industry should, through the payment of licence fees, pay for its own regulation but we accept that we are caught in a period which involves the transition that we have explained to this House which did not start with us, it is a transition that has been undergoing for a couple of years now and that there is therefore the need to resource the regulator beyond what is an amount of money that the industry through fees can currently generate. This subsidy is clearly within the context of the Government's intention that the Commission should ultimately be self-financing in the way I have described.

Subhead 6 - Contribution to Financial Services Commission was agreed to and stood part of the Bill.

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

Subhead 8 - Contribution to Gibraltar Development Corporation

HON A ISOLA:

Mr Chairman, are these repayments amounting to £245,000 in respect of salaries and, if so, under "(c) Other Staff Services" would that be where the Financial Services Director comes from?

HON P C MONTEGRIFFO:

Yes, the hon Member is correct, they are salary payments and the provision under subhead 8(c) is the indicative provision with regard to the Financial Services Director that I have described.

Subhead 8 - Contribution to Gibraltar Development Corporation was agreed to and stood part of the Bill.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, we were moving along so quickly and efficiently, there was an editorial amendment to that page in the Estimates that I had meant to point out. Under Subhead 3(e) Contracted Services: Office Cleaning Services, it says ABC Services Co Ltd, in actual fact that is an error, it should have read Europroperty Ltd.

HON CHIEF MINISTER:

Consequential of that when I in my speech on the Second Reading listed the value of the contracts enjoyed by ABC Cleaning Services they were, of course, overstated by that amount which is not a contract enjoyed by that company. I think I said they had 12 contracts totalling £200,000-odd; well it is 11 and the value is lower by that amount.

Head 7 - Trade and Industry was agreed to and stood part of the Bill.

HEAD 8 - ADMINISTRATION

Head 8 - A - Secretariat

Subhead 1 - Personal Emoluments

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, again we have supplied to hon Members a changed establishment page. This simply reflects the mistake made in the classification of seconded officers from the UK working in the Gibraltar Co-ordinating Centre for the Criminal Intelligence and Drugs. As a result of that change when we come to going through the Heads of Expenditure we propose to remove a certain amount of money from that vote and transfer it into a supplementary funding head.

Subhead 1 - Personal Emoluments, as amended, was agreed to and stood part of the Bill.

Subhead 2 - Industrial Wages

HON J J BOSSANO:

The Legislation Support Unit. We were told that the UK financed the ELU.

HON CHIEF MINISTER:

Mr Chairman, the position there is that the policy of the Government is that as far as we are concerned the creation of legislation is a matter for the Government of Gibraltar whether it is domestic legislation in origin or whether it is EU legislation in origin. We do not share the view which may have been or may not have been, I am not ascribing the view that created the view that somehow there is a UK controlled body in respect of the transposition of EU Directives into our local laws. Therefore what we wanted to do was to bring it all together under a Gibraltar Government department which is now the Legislation Support Unit. There are two seconded officers and I think one part-time secretary who are being paid for by the FCO. One of those seconded officers, Mr Stafford, who is UK funded, is shortly expiring and he will be returning. The other one is Mr Nilsson and he is being taken on on contract by the Government because we do not presently have somebody within the Government of Gibraltar that can continue that function but it is one of those posts that are being understudied locally so that that position can

be localised as soon as possible. In other words, although the FCO funding for Mr Nilsson finished, given the importance that the Government attach to the completion of the process began by Opposition Members of eliminating the arrears of EU Directive transposition, it would have been a tremendous handicap to lose the services of the man who is, in effect, driving and co-ordinating the various private sector draftsmen that have been engaged. Regrettably the need for that has become even greater by the fact that we have not yet been able to recruit for ourselves any law draftsman which we have been trying to do for months and months and months and hon Members will see that the Legislation Support Unit establishment provides for one Senior Draftsman and two Draftsmen, on page 58. Well, of that at the moment we have one guy, Mr Benzaquen, who I think was in the Department of Environment before, but much as we have tried to recruit for the Government of Gibraltar our own in-house, these people just do not exist and where they exist they do so at rates of pay which are telephone numbers strung one after the other; they are a rare breed of people and we have not yet in 12 months been able to find an acceptable quality recruit from the UK, there are none available locally as a draftsman and that increased the need to maintain the drafting resources that we had which include Mr Nilsson. So the answer to the hon Member's question is yes, that it includes elements of emolument which previously were funded by the Foreign Office and is now going to be funded by us.

HON J J BOSSANO:

The point that I want to make about that, Mr Chairman, is one is not questioning the expertise of Mr Nilsson but why did the Foreign Office not carry on paying? Why should they have stopped? Presumably the system still is anyway that the proper transposition of Community obligations into our national law are vetted by the UK to make sure that they are not exposed to infraction proceedings anyway, however independent we want to be on the subject. But since they have got an element of responsibility for the proper transposition into Gibraltar law, why are they not making a contribution towards paying for it?

HON CHIEF MINISTER:

Mr Chairman, the hon Member's point is steeped in politics rather than in finance. It is our view that Gibraltar should pay its way and I do not accept, and I am surprised that the hon Member did, as a matter of political importance, I do not accept that there is a difference between the statutes that are passed in this House depending on whether they are my brain wave or the brain wave of one of our local Ministers or whether it has to be done by imperative of European Union Directive or other requirement. It is certainly the policy of the Government, which we think is correct and advisable, that we should be paying our own way and the fact that the United Kingdom have an element of input into laws we pass in Gibraltar which derive from Community obligations for which they are responsible ultimately in an EU context, is not a reason that would justify, still less requires, them to contribute to the cost. We think that we should be able and willing and we are able and willing to stand on our own two feet in matters of legislation drafting as we are in many other matters, and that is something which I think we should collectively welcome and not make political points which have side effects in terms of the signal that it sends back.

HON J J BOSSANO:

Mr Chairman, we are both paying for it, not just him, and therefore I am as entitled to make them as he is and the point that I am making is not that we are as capable in terms of our ability to draft our legislation because he has just told us that people with the ability to draft do not exist in Gibraltar so the nationality of the drafter is going to be UK irrespective of who pays. But the fact is that the UK, and if we are going to make a political point then the political point is that we were constantly urged to seek financial help from the UK on a number of things. But the greater commitment to be independent is something that philosophically is a good idea but whilst we can get them to contribute without losing our independence then why should we not want them to contribute and then the money is available to the Government for not having to pay for this so that they can pay for something else, there is nothing wrong with that. I am not asking that the Government should go with a begging-bowl to London. I am saying London was paying for it until now, why are we letting them get away with not paying for it and we pick up the bill?

HON CHIEF MINISTER:

Well, because the Foreign Office say that what they funded was an exercise with a beginning and an end which was the transposition of the Directives in the infamous letter and that that was an exercise that was calculated to take x years, or two years, or whatever it has been and that that period has expired and that they have no provision for this and that the funding has run out and Mr Nilsson was getting ready to go home and that would have created a problem for us and I suppose I could have kicked and screamed, frankly we do not think the matter is that important. At the end of the day it is the question of one salary, we are not in a position to insist that they pay for it and they have not offered to pay for it and when we have suggested that perhaps they might, they say the funding has run out. So it is not that I want to pay £50,000 more or £40,000 or whatever he earns, but if we want to keep the service given that the exercise that he was doing has not been finished, we have got to pay for it otherwise we lose and we have got to struggle on by some other means.

HON J J BOSSANO:

All I can say is, Mr Chairman, that I think it is pretty mean of the Foreign Office to stop paying for something and it is certainly not true that it was because of a list or anything, the point is that when they were insisting on us devoting resources in the Government to this particular exercise because otherwise they were at risk of infraction proceedings, our argument was, "We make a judgement" - as the Government that is today has to make a judgement - "as to how much money we put in support of one particular facility and what we put in support of another and if it is so important to you that this thing should be moving forward more rapidly because of risk of infraction proceedings then it must be important enough for you to make a contribution towards getting it done quicker", and they accepted the argument and they started paying.

HON CHIEF MINISTER:

And that explanation contains the difference in political philosophy in the management of the relationship between Gibraltar and the UK between the previous Government and the present Government. Our philosophy is that if this community wants to send its Government to Brussels to assert itself then we have got to be ready, willing and able to

discharge and comply with our European Union obligations not in that period of time which the Government's priority allocation of resources permits but in accordance with the time scale required of us by that European Community law because otherwise what we are saying is that we are not a viable political administrative unit within the Community. If we can only comply with our obligations over three or four years because that is all the resources that we can devote to complying with them, what we are saying is that we are not able to comply with our obligations within the time scale required and we take a different view. We say that overall, and whatever pros and cons there might be on the way, it is in Gibraltar's interest to signal the fact that it is both able and willing to comply with its obligations which include the transposition of directives at an appropriate time within an appropriate time scale and within its own resources and at its own cost. And that is our philosophy which is reflected not just in the transposition of EU Directives but indeed in the point that my hon Colleague, the Minister for Trade and Industry, was making earlier in respect of the financing and the resourcing of the Financial Services Commission.

HON J J BOSSANO:

All I can say to the Chief Minister is that since we have been members of the European Union in 1973, irrespective of who has been in Government, we have been making a case to the European Union that we shoulder our responsibility but that there should be a recognition of the disproportionate burden it can be for a community of 30,000 compared to a nation of 54 million and when we have asked for acknowledgement of that is not so that we should be treated as second class citizens in the European Union which we have been treated anyway and which we continue to be treated as and it has nothing to do with whether we have the legislation done quicker or not but it was in fact something that every other Member State does, it makes a case for itself. Therefore it seems to me that the whole idea that every single Member State is fighting over each other to implement everything as quickly as possible in order to be held up as a paragon of virtue to everybody else is something that is not reflected in the conduct of other Member States. All I can say is we believe that the Government should have put up a case with the United Kingdom to say that the very least they could do was to keep on financing Mr Nilsson here until the exercise he was in the middle of should be finished, at the very least, and that it is very odd that suddenly now the difference in attitude is that

if we press for the United Kingdom to shoulder some of the responsibilities it has in this place, that is not the right approach because it is going to bring us into conflict with the UK although it was what they were urging us to do all the time from the Opposition.

HON CHIEF MINISTER:

Not conflict with the UK, simple constitutional and jurisdictional assertion on our part. It is not a conflict, that I can ask the UK to contribute and they can say yes or no. My answer to no is not what his might have been which is, "Well if you will not contribute I will not transpose" and that is where the conflict came in. The conflict does not come in from we willing to pay for it, his approach was, "Since this is something that you are asking us to do you should pay for it and if you do not well wait for me to do it in whatever time scale I decide my allocation of resources permits". That is a perfect description of his approach. Our approach is that we ask the UK and we have made a case, we ask the UK to continue to pay for this and if they do not we say, "Fine, well then do not, we will pay for it ourselves". *[HON J J BOSSANO: You do not get a lot like that.]* Well, fine, I take the view that this community is viable and should stand up on its own two feet and for administrative recurring expenditure of this sort, I do not take the view that we should look to London for what is in effect budgetary support on recurrent expenditure. We have got to have in-house the administrative machinery to transpose into our laws all the statutes that we want and some of them come as a result of Government policy; others come as a result of EU Directive transposition and it is the policy of this Government that that is an in-house facility that we must have and paid for, it is as simple as that.

HON J J BOSSANO:

Mr Chairman, all I can say is that it is very peculiar that their policy is to be independent, their policy is that this is not desirable because it is budgetary support but it becomes undesirable when it gets turned down. If he had made a case and they had said, "yes", then we would not have lost our independence and it would not be a disagreeable budgetary support. It is quite obvious that his approach is that he will go there and appeal for help and then they say, "Yes, bwana" and I used to say, "No, bwana" and that is the difference.

HON CHIEF MINISTER:

I do not accept that analysis but of course the consequences of him saying, "No, bwana" on issues on which it was not important for him to say, "No, bwana"; when the time comes of an issue in which it is really important for Gibraltar to say, "No, bwana" he can rest assured that I will say it and then fight all the battles necessary. The mistake that he made and consistently made and the whole of Gibraltar and most of the world now know what the consequences of his unnecessary combative style is that he was willing to create a constitutional political crisis in the relationship with London over a £40,000 salary for a law draftsman. This is what he was saying. He would have gone back to London and said, "No, bwana, if you will not pay Mr Nilsson I will not either and we just will not transpose" and I say that that issue is simply not important enough to generate the heat that saying, "No, bwana" would generate. But when there is an issue important enough and it is certainly not this one, then I can say, "No, bwana" just as lively as anybody else.

MR CHAIRMAN:

You are both fighting to have the last word.

HON J J BOSSANO:

In the meantime let me say that I did not have to put up a fight, for the record, because in fact the support from the United Kingdom came without a fight. There was no question that they were saying, "No" and I said in that case, "Well we will stop" and then they changed their "no" to a "Yes". The issue did not arise. I am surprised they have not wanted to continue it with him. Maybe it is because now that he is telling everybody that we have got so much money and before he was telling them that we did not, they feel that we can pay for it ourselves.

HON CHIEF MINISTER:

There is nothing there to answer.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Moving on to another point, I certainly would not want to comment on that one, Mr Chairman. It was just simply that I had referred earlier to the change in the Estimates, I thought I ought to read the numbers in before we passed on from Personal Emoluments. The effect of the Gibraltar Co-ordinating Centre for Criminal Intelligence and Drugs which I referred to earlier. The changes would mean that the £87,000 for salaries would change to £18,000 and the £18,000 allowances would change to £4,000 giving a total of £22,000 and this, Mr Chairman, will have an effect on Head 8 - A, what that expenditure is and Personal Emoluments will change from £1,146,000 to £1,063,000 which will reduce the total Secretariat to £4,487,000 and the money that we are taking away there, the £83,000 will be placed into the supplementary funding head.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

The House recessed at 12.45 pm.

The House resumed at 3.00 pm.

Subheads 2 to 4 were agreed to and stood part of the Bill.

Subhead 5 - Gibraltar Co-ordinating Centre for Criminal Intelligence and Drugs

HON J J BOSSANO:

Is there a UK contribution to this Centre?

HON CHIEF MINISTER:

Strictly speaking Mr Turpin is not strictly GCID, he is GFIU which is this thing under the Drug Trafficking Offences Ordinance, this reporting chap. Mr Browne is the UK Customs chap who came out to start GCID. Mr Browne's salary is hitherto being paid by the United Kingdom and it is my intention to put up a very good fight for that to continue to be the case. It is one of the reasons why the Financial and Development Secretary moved the amendment that he did this morning, to remove

these two gentlemen from the establishment and to remove from the vote under personal emoluments and put it in the supplementary fund so that this House will not be voting the salary for those two persons. But as far as Mr Turpin is concerned, GFIU, his contract came to an end in March as did the FCO's funding for him and we have agreed to fund him for six more months, that is to say, from March six months forward, exclusively to give him the opportunity to train a local graduate or some other person because we do not believe that that function has any need for it to be done by an ex-pat recruit. The receiving of reports from financial institutions and putting them in a word processor is something that we think can now be localised and that function will be localised and then when it is localised we will pay for it. As far as Mr Browne is concerned, the position is not yet clear. The Foreign Office has paid him until now and we think that that should continue to be the case notwithstanding all the other things I said this morning.

Subhead 5 - Gibraltar Co-ordinating Centre for Criminal Intelligence and Drugs was agreed to and stood part of the Bill.

Subhead 6 was agreed to and stood part of the Bill.

Subhead 7 - Legislation Support Unit Expenses

HON J L BALDACHINO:

On subhead 7(e), is this in case they are not able to recruit a law draftsman or is this something else?

HON CHIEF MINISTER:

Mr Chairman, it is a figure which is actually less than has been spent in recent years on getting private sector law firms to draft Government legislation but mainly EU Directives, he is right in that respect but we are determined to minimise the cost this year and the only way we can do it is by recruiting our own draftsman which is much cheaper than paying law firms their fees. There has been expenditure of about that order or higher in each of the last two years on that item of expenditure.

Subhead 7 - Legislation Support Unit Expenses was agreed to and stood part of the Bill.

Subheads 8 and 9 were agreed to and stood part of the Bill.

Subhead 10 - Compensation Scheme - Fast Launches

HON J J BOSSANO:

Have they got any particular fast launches in mind which to compensate with £1,000?

HON CHIEF MINISTER:

The figure of £1,000 is a token provision so that the subhead can be fed as necessary from the supplementary funding head. Government are about to publish legislation which will redefine a fast launch and which will make the presence in Gibraltar of any fast launches newly defined illegal and, of course, for constitutional reasons it is necessary to compensate people who are owners of boats that are presently lawful possessions, even though there are certain uses to which they can be put which are not lawful, but as we are now making the possession of the boat unlawful, it has got to be subject to a compensation scheme because otherwise it amounts to expropriation of property without compensation.

Subhead 10 - Compensation Scheme - Fast Launches was agreed to and stood part of the Bill.

Subhead 11 - Private Sector Fees for Legal Advice

HON J J BOSSANO:

This is not presumably EEC legislation, this is something different, is it?

HON CHIEF MINISTER:

Yes, Mr Chairman, the EEC legislation we had just finished before the hon Member came in. That is at Subhead 7(e). This is for legal advice when the Government seek legal advice, for example, on a commercial contract or somebody comes with a commercial proposal, satellite proposal or the Government go to a lawyer. Legal fees in the private sector are now provided under three different subheads; there is legislation drafting which is a bit further up the page; there is legal

advice and then under the Attorney-General's Head there is litigation, civil or criminal; that is to say, when the Attorney-General instructs a private sector lawyer to prosecute or indeed to represent the Government in civil litigation.

Subhead 11 - Private Sector Fees for legal Advice was agreed to and stood part of the Bill.

Subheads 12 to 14 were agreed to and stood part of the Bill.

Subhead 15 - Contribution to Gibraltar Development Corporation

HON J J BOSSANO:

Mr Chairman, what is the nature of the staff services that one can take for £1,000?

HON CHIEF MINISTER:

Mr Chairman, it is a token in case we need to recruit more people to the Gibraltar Development Corporation and it is a way of channelling supplementary funding through that.

Subhead 15 - Contribution to Gibraltar Development Corporation was agreed to and stood part of the Bill.

Subheads 16 and 17 were agreed to and stood part of the Bill.

Head 8 - B - Personnel

Subhead 1 - Personal Emoluments

HON J J BOSSANO:

Under Personal Emoluments, the Personnel Department of course provides the service of handling industrial relations on personnel matters for the Health Authority without a charge. If in fact it is intended, and we are not sure whether it is that that should happen in the current financial year, but if it is intended to create an in-house Personnel Department in the Health Authority, how does this impact on the

provision of the personnel service for the whole of the Government which currently covers that function?

HON CHIEF MINISTER:

Mr Chairman, I think the Gibraltar Health Authority is getting a Personnel Officer, in other words, some capability but it is not intended to create a Personnel Department as such and therefore it is not envisaged that the Personnel Department will cease to have a connection with and a degree of responsibility for Gibraltar Health Authority matters. But certainly to the extent that there is a transfer of personnel management functions out of the Personnel Manager's Office up to the Health Authority, it has got to be provided for by a reduction in numbers in the Personnel Manager's Office for the rest of the Department. What we are not willing to do is given that the Health Authority is a substantial number of the overall employees in the public service, what we are not willing to do is to allow the Health Authority to develop their own personnel management capability and at the same time keep the same number of bodies doing personnel management in what is left of the public service. So any transfer would have to be matched by a reduction in personnel and resources in the existing Personnel Office.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

Subheads 2 to 4 were agreed to and stood part of the Bill.

Subhead 5 - Rent of Residential Property

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, just a minor clarification on that. That should read, "Rent Property" not "Rent of Residential Property" because in fact it does include the rent of some Government offices such as DTI.

Subhead 5 - Rent of Residential Property was agreed to and stood part of the Bill.

Head 8 - C - Civil Status and Registration Office was agreed to and stood part of the Bill.

Head 8 - Administration was agreed to and stood part of the Bill.

HEAD 9 - FINANCE

Head 9 - A - Financial and Development Secretary was agreed to and stood part of the Bill.

Head 9 - B - Treasury

Subhead 1 - Personal Emoluments

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, could I again in one of the pages to the amendment page 65 take the House back to the establishment. There is there an increase shown against the number of Administrative Officers in the Treasury from 32 to 38 which is an increase of 6. In fact, the reason for this is that the Treasury, as one would expect from a Treasury, counting two part-timers as one person but I can report that they have not just been doing that this year, they have been doing that in the previous year and all years before and so we are therefore correcting it on this occasion but the money again is the money for those people as shown amended.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

Subheads 2 to 8 were agreed to and stood part of the Bill.

Subhead 9 - Insurance Premiums and Claims

HON J J BOSSANO:

Mr Chairman, can I ask whether this in fact covers the Gibraltar Health Authority and whether it is intended that there should be any change?

HON CHIEF MINISTER:

No, Mr Chairman, it does not cover the Gibraltar Health Authority. It is insurance cover taken out for the Government and not the Health Authority.

HON J J BOSSANO:

So the provision then for any claims on the Health Authority or any insurance premiums the Health Authority may require for equipment that it has or whatever, is included in the Health Authority budget, is it?

HON K AZOPARDI:

Yes, Mr Chairman, there is an item, I cannot remember under what specific Head, but the insurance of the Health Authority is quite comprehensive. In fact, it is the same insurance that the previous administration had which I think it took first out in 1995, it is quite comprehensive, it is taken out with Lloyds Underwriters and it covers a whole variety of issues.

HON J J BOSSANO:

And the premium is included in the Health Service budgetary annex I take it?

HON K AZOPARDI:

Yes, indeed.

HON MISS M I MONTEGRIFFO:

Can the Minister confirm whether it might come out of the subhead on operational expenses under miscellaneous expenses?

HON K AZOPARDI:

I believe that is the particular subhead. The Opposition Member will bear with me because she will understand when I say that because that format is different to the format traditionally used by the Health Authority, within the format traditionally used by the Health Authority there was already some division of the several of the 35-odd heads so I cannot recall specifically which of the subheads of the Health Authority traditional format it was included in but I understand it to be one of the seven or eight subheads which correlate to this figure of miscellaneous expenses. I say that with a degree of caution because I think the figure

for miscellaneous expenses is about £157,000 and from memory the premium that we are paying this year is about £170,000 so I suspect that it might not be that one, it might be another one but it certainly is included in the Health Authority budget. What I can do, if the Opposition Member wants to have that information, I can supply that particular information to her in due course if she wishes.

HON MISS M I MONTEGRIFFO:

I would be grateful, Mr Chairman.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, just on insurance, could I add a minor point of clarification that just comes to mind. I think in the insurance premiums and claims that perhaps the hospital buildings are actually covered under the Government's insurance policies but, again, if it is different I will let the Leader of the Opposition know subsequently.

Subhead 9 - Insurance Premiums and Claims was agreed to and stood part of the Bill.

Subhead 10 - Contribution to Gibraltar Development Corporation

HON J J BOSSANO:

Is this in the nature of a token or is there a specific service which is expected to cost £20,000?

HON CHIEF MINISTER:

Mr Chairman, this is not a token. This is the vote for a lady who had previously been employed by the Gibraltar Information Bureau Ltd as part of the PAYE Arrears Collection staff that we have seconded to the new Central Arrears Collection Unit in the Treasury and as with all other employees in the Gibraltar Information Bureau that we retain she will be employed through the Gibraltar Development Corporation but because her service has been effectively provided for the benefit of the Treasury, her salary cost is shown there under this head in the Treasury Department.

HON J J BOSSANO:

There must be something else there to come up to £20,000, surely, Mr Chairman?

HON CHIEF MINISTER:

Yes, this should not be the cue for a debate on something that has nothing to do with the Estimates but there are one or two months of other people who used to be involved in the collection of PAYE for a couple of months at the beginning of the financial year.

Subhead 10 - Contribution to Gibraltar Development Corporation was agreed to and stood part of the Bill.

HON K AZOPARDI:

Mr Chairman, if you give me leave to go back to the other point that we were discussing. I found a note in my notes and it would avoid having to write to the hon Member. The figure for insurance is actually included under Recruitment/Contractual Expenses on the appendix. The figure for the insurance premium is included in that figure of £237,000.

HON MISS M I MONTEGRIFFO:

Mr Chairman, I think that perhaps the Minister is mistaken because on the question of Recruitment/Contractual Expenses, we are talking about bringing over contracting officers for the Health Authority so perhaps he might have another look please.

HON K AZOPARDI:

Mr Chairman, yes, the hon Lady is indeed correct in that it does cover a degree of recruitment and bringing people over as she says but it is my note of what the General Manager has passed me of the subheads is that that particular subhead which in the traditional format is no. 29 of the traditional format, is itself subdivided into eight little subheads one of which is the insurance subhead and it is the major one and I suspect that the other expenses to do with recruitment, such as visiting consultant fees, etc are taken out of another particular subhead. That is my understanding.

HON CHIEF MINISTER:

The answer is, Mr Chairman, I think for future years we ought to return to a more traditional type format for the Gibraltar Health Authority information.

HON MISS M I MONTEGRIFFO:

As I said in my contribution, thank you, Mr Chairman.

HON K AZOPARDI:

Indeed I would just add, for the sake of clarity, that as the hon Member knows, Head 18 of the traditional format covers expenses of visiting consultants and the House will see that there is an item also to cover that. This is why I remarked yesterday in the ante room that perhaps we should discuss the correlation between the traditional format and the new format for the assistance of both sides of the House.

Subhead 11 - Contracted Services

HON J C PEREZ:

Did I get it right when I heard the hon Member say yesterday that all the Government arrears were going to be centralised and if that is so the contract in force for electricity arrears with Land Property Services, would that remain or would that be done away with?

HON CHIEF MINISTER:

I think I made it clear that they would take direct responsibility for arrears that had not been the subject matter of contracts and that to the extent that they were contracts which the Government were happy with or otherwise could not get out of, they would be responsible for the monitoring and supervision and direction of the contractual performance but there is no decision in relation to the matter that he has mentioned one way or the other, it is just that we are assuming for the moment that certainly the electricity one will continue as it is.

Subhead 11 - Contracted Services was agreed to and stood part of the Bill.

Head 9 - C - Customs

Subhead 1 - Personal Emoluments

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, again referring to the list of amendments. There is one additional post, one of Administrative Assistant which was I recall decided upon after we put together these Estimates and so there is no financial provision for it but it is our judgement that there is sufficient there in the overtime to be able to not make any amendment to the amount we are seeking to appropriate.

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

Subheads 2 to 4 were agreed to and stood part of the Bill.

Head 9 - D - Income Tax was agreed to and stood part of the Bill.

Head 9 - Finance was agreed to and stood part of the Bill.

HEAD 10 - JUDICIARY

Head 10 - A - Supreme Court

Subhead 1 - Personal Emoluments

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, again just to draw hon Members' attention to a change in the Supreme Court. Again the department have been counting two part-timers as one so in fact it should be six Administrative Officers and, again the financial provision does not need to change. The original estimate said four and in fact there are six of which four are part-time.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

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

Subhead 4 - Operational Expenses

HON A ISOLA:

Could I just ask on Law Reports - production?

HON CHIEF MINISTER:

The Government are going to enter into a contractual arrangement with a specialist, I cannot remember the name of the company but they do it for many small territories this size; the Channel Islands for example, to produce proper law reports in the cases in our Courts. They have got a well tried system for doing that, for editing the cases, for reviewing the cases, for deciding the ones for editing and producing the law reports. This is not statute, this is case law in the Supreme Court and other courts.

Subhead 4 - Operation Expenses was agreed to and stood part of the Bill.

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

Head 10 - B - Magistrates' and Coroners' Court

Subheads 1 to 4 were agreed to and stood part of the Bill.

Head 10 - C - Law Officers

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

Subhead 4 - Private Sector Legal Fees

HON A ISOLA:

Is it the intention of Government to brief out prosecutions, is that an increase or a decrease?

HON CHIEF MINISTER:

It is the intention of the Government to continue to brief out private prosecutions in measure that it may be necessary. However, as the young batch of lawyers in the Attorney-General's Chambers develop experience and expertise, it is envisaged that the need to farm out prosecution work to the private sector will diminish. How the Government bridges that gap in the short term is a matter that is presently under careful consideration.

Subhead 4 - Private Sector Legal Fees was agreed to and stood part of the Bill.

Head 10 - Judiciary was agreed to and stood part of the Bill.

HEAD 11 - POLICE

Subhead 1 - Personal Emoluments

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, if I can draw hon Members' attention to some changes to the establishment. I think the reason for the change has arisen because there were some changes in the administrative support just as we put these Estimates to bed. How it should read, as on the amending pages, is the three Administrative Officers should be five; there are no Administrative Assistants; instead of two Typists there are four; and some of those staff are part-time but it increases the overall complement from 229 to 231. It probably does have a slight marginal effect on the Police expenditure in that there is probably a very small under-provision but we do not propose to amend the subhead Personal Emoluments.

HON J J BOSSANO:

Mr Chairman, last year there were five AOs and three AAs. Is there a particular reason why the AAs have been done away with?

HON CHIEF MINISTER:

Some of those AAs were engaged in immigration office duties and that during this financial year is under the Civil Status and Registration Office so all the people involved, I think there were four, in issuing the various types of ID cards are now to be found under the Civil Status and Registration Office under the Administration Head which is this new Home Office type department that I announced yesterday.

Subhead 1 - Personal Emoluments was agreed to and stood part of the Bill.

Subheads 2 to 8 were agreed to and stood part of the Bill.

Subhead 9 - Ambulance Service

HON J J BOSSANO:

Is this confirmation that we intend to keep the ambulance service in the Police for the whole financial year?

HON CHIEF MINISTER:

Well, it is confirmation of the fact that there are presently no plans to alter the existing arrangement. If somebody comes up with a proposal and the Government consider it, our minds remain open but we are not considering any plans at the moment to take the ambulance service out of the Police Force.

HON J J BOSSANO:

I thought we had been led to believe that it was being considered, in fact, when they were talking about civilianising certain activities of the Police, I believe it was suggested that this was one of the ones high up on the agenda so if it is not under consideration does it mean that the consideration is now complete and a decision has been taken and it is going to be kept in the Police?

HON CHIEF MINISTER:

It was an item on the list submitted by the Commissioner of Police as an area that he thought he could throw up civilianised posts. In other words, get people who are not doing police jobs on the street and recruit them but it has not been necessary, given the level of recruitment that there has been, to have recourse to that yet and therefore that proposal is on the shelf, as far as the civilianisation of the posts within the Police. However, the Minister for Health has just informed me that he has received a proposal from St John's Ambulance which I suspect is not a new proposal but, anyway, he has received it expressing an interest in taking over the running of the ambulance service but it has certainly not been considered by the Government yet.

HON J J BOSSANO:

I seem to remember, Mr Chairman, that in fact when it was announced that the taking of the ambulance service out of the Police force was going to take place, it was announced as being moved to another part of the Civil service. That is no longer one of the options that is being looked at?

HON CHIEF MINISTER:

That is correct, it is not one of the options presently being looked at.

Subhead 9 - Ambulance Service was agreed to and stood part of the Bill.

Head 11 - Police was agreed to and stood part of the Bill.

HEAD 12 - HOUSE OF ASSEMBLY

Subheads 1 to 5 were agreed to and stood part of the Bill.

Subhead 6 - Commonwealth Parliamentary Association Expenses

HON R MOR:

Mr Chairman, as a point of interest, what exactly does that cover, the CPA contribution?

HON CHIEF MINISTER:

It is the subscription and part of the travel involved to the CPA because the subscription is not £53,000, from memory. It is CPA related expenditure; travel, Regional Conferences, etc. Mr Chairman, I do not know if the hon Member is interested in the breakdown of that, it is general expenses - £1,000; subscription - £13,000; visits by MPs, MEPs - £6,000; London Seminar - £1,200; Regional Conference - £15,000; Plenary Conference - £12,000; half-yearly Executive Committee - £2,500; Hansard Editors' Conference - £1,200; Student attendance - £1,500; that is the breakdown.

Subhead 6 - Commonwealth Parliamentary Association Expenses was agreed to and stood part of the Bill.

Subhead 7 - Secretarial Assistance to the Leader of the Opposition

HON CHIEF MINISTER:

I suppose even though he never raised it for me and £500 now buys much less than it used to, I suppose that sooner or later that is a figure that will have to be reviewed unless it is going to become meaningless completely. I understand the figure has not changed since it was introduced in the early 1980's and it is in serious risk of becoming completely meaningless so we will have to consider for the future a review of that upwards, of course, although the temptation to review it downwards is almost irresistible.

HON J J BOSSANO:

All I can say, Mr Chairman, is that the level of the figure determines the proportion that is produced hand-written or typed of my correspondence.

HON CHIEF MINISTER:

Then there is no question of reviewing it.

Subhead 7 - Secretarial Assistance to the Leader of the Opposition was agreed to and stood part of the Bill.

Head 12 - House of Assembly was agreed to and stood part of the Bill.

HEAD 13 - OFFICE OF THE PRINCIPAL AUDITOR

Subheads 1 to 4 were agreed to and stood part of the Bill.

Subhead 5 - Professional Fees

HON J J BOSSANO:

The Value for Money Audits is just a figure because it is intended to do some of these audits or are there specific areas that are earmarked to be audited?

HON CHIEF MINISTER:

It is a general provision to give to the Principal Auditor resources if he thinks he needs them to engage in value for money audits. It is not that the Government intend to conduct value for money audits in particular departments, if that were the case it would be elsewhere. This is under the Principal Auditor and it is a matter for him, whether he uses it or not and if he decides to use it, on what areas of Government he thinks he wants to investigate this year into statutory responsibilities which are separate to the Government.

Subhead 5 - Professional Fees was agreed to and stood part of the Bill.

Head 13 - Office of the Principal Auditor was agreed to and stood part of the Bill.

HEAD 14 - SUPPLEMENTARY PROVISION

Subhead 1(a) - Pay Settlements was agreed to and stood part of the Bill.

Subhead 1(b) - Supplementary Funding

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, the consequential amendment that we moved earlier to take out £83,000 from Personal Emoluments of the Secretariat in relation to GCID. I notified the Committee that we would be moving the

money into the Supplementary Provision and that has the effect, therefore, of increasing the £1.5 million provided to £1,583,000 and that increases the total of that Head to £2,583,000. So that the amount we will be appropriating in part 1 of the Bill still remains at £90,601,000.

Subhead 1(b) - Supplementary Funding, as amended, was agreed to and stood part of the Bill.

Head 14 - Supplementary Provision was agreed to and stood part of the Bill.

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

Part II - Consolidated Fund Contributions was agreed to and stood part of the Bill.

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

HON CHIEF MINISTER:

Mr Chairman, before we move on to the Improvement and Development Fund, can I just indicate that I may be in a position to come back in about 10 minutes time with a much more thorough answer to the Hon Mr Perez in relation to these posts of the establishment. So if it comes to hand we can deal with it even though we might then be discussing the Improvement and Development Fund.

Part III - Improvement and Development Fund

HEAD 101 - HOUSING

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

Subhead 2 - Edinburgh House Refurbishment

HON J L BALDACHINO:

Mr Chairman, Edinburgh House Refurbishment, have the Government got a starting date on the refurbishment and how long it will take?

HON P C MONTEGRIFFO:

There is no starting date. The final transfer details are still being completed but I would certainly not envisage any delay other than the logistics of getting such refurbishment going because the Government do attach priority to allocation of those flats as soon as possible. But there is no formal start date currently in place.

HON J L BALDACHINO:

I suppose that since the Government have estimated £1.5 million it must have been done on the basis of the survey that they conducted. Therefore is there a time which the survey states that will be required to refurbishment even though they have not got a starting date?

HON CHIEF MINISTER:

Well, he should not assume that in the sense that I think one of my hon Colleagues in an earlier debate in this House indicated that there was a conditioned survey, really more than a detailed survey, of the estate and that it threw up a figure which was actually much higher than this but, of course, it is really a question of how long is a piece of string? There are various degrees of standards to which one can refurbish property; one can either buy a Rolls Royce or one can buy - I would not like to insult any car manufacturer - something less expensive than a Rolls Royce, a Skoda or something, yes. This is a provision and should not be thought of by the hon Member as the scientific cost of what it would cost to refurbish Edinburgh House, much depends on the extent of the refurbishment and much depends on the period of time over which the refurbishment is done. That is not the estimate shown on the bottom of the report that Government have which is a much higher figure than that.

HON J L BALDACHINO:

I presume from that answer that depending on the level of refurbishment that they will be doing it will be the time scale that the property will be finished so that the Government can allocate the houses. Am I correct in assuming that?

HON CHIEF MINISTER:

He is correct in assuming that the Government want to be able to allocate those houses as quickly as possible and are determined that the refurbishment period will be kept to a minimum consistent with putting the houses in a condition in which the Government feel that they can be allocated which may not be to install gold plated water taps but on the other hand it cannot be of the condition that they are going to be handed over to us. There will be a need for some degree of refurbishment which has to be taken into account with the allocation, the method of the allocation and Government are certain that we will need to spend at least £1.5 million to put the houses in a condition in which we would be content for them to be occupied which may not be perfect but at least they will meet that minimum threshold of condition.

HON J J BOSSANO:

Presumably there is enough information available to be able to give an indication of whether we are talking about the level of refurbishment that could reasonably be done in six months or a year? Are we talking about something that will take several months or are we talking about something that is going to take much longer?

HON CHIEF MINISTER:

There is nothing structured in the report, there is a degree of dampness problem resulting from the fact principally that this is built on reclaimed land and the water table rises and falls with the tide and when the tide is high the water level is very close to the foundations of the building. There is dampness and water ingress problems, there is nothing structural. The report that the Government have suggests that there may be a year's worth of work in relation to the whole of the estate but, of course, we do not have to do the whole before we start allocating so there will be a gradual process.

Subhead 2 - Edinburgh House Refurbishment was agreed to and stood part of the Bill.

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

Subhead 4 - New Housing for Senior Citizens

HON J L BALDACHINO:

On New Housing for Senior Citizens, can the Government give more details of how many units, what composition of units they are and where will they be allocated?

HON H CORBY:

There are 86 flats and this consists of bedroom, sitting room, kitchen, bathroom; they are ground floor, first floor, second and third floors with lifts and the whole area of the flats is 43 square metres. They are a little bit bigger than the ones in Gib 5. They are especially tailored for elderly people. I have had representations from various people in my office who are house bound because they now live in Tankerville, in a fifth floor, they are elderly and homebound unless they have somebody of the family coming in and doing the chores for them. There are also people who are hospitalised and live in high floors and they need somewhere to live insofar as that is concerned. The area within that is the complex of Edinburgh House.

HON J L BALDACHINO:

Out of interest, Mr Chairman, they will be an integral part of Edinburgh House, they will not be isolated as such will they?

HON CHIEF MINISTER:

No, they will not be isolated, we are not building a brick wall or anything, it will be part of the community. I think if I can just add to what my hon Colleague has said, this is an experiment with the concept of sheltered accommodation for elderly people outside Mount Alvernia. In other words, it is for people who are still well enough to live at home but who would benefit from living in an environment which is tailor-made for elderly people; there will be an element of round the clock warden coverage, on site round the clock; it is tailor-made sheltered accommodation for the elderly. So that, for example, the conditions of tenure will not be available for elderly couples to bring other members of their family with them and they will not acquire tenancy or security or tenure rights of any sort, it is for the couple or single elderly person who

releases a Government flat elsewhere, perhaps a bigger flat than they need or want which the Government can then use for the general waiting list, they go by themselves without members of their family, this accommodation will not be available to take children with or grandchildren or anybody else, it will be just for the elderly persons themselves, married couple or single or widows or widowers and when the last survivor of them passes away it becomes vacant for allocation to another elderly couple and to keep the turnover that way. It is a sort of almost residential care but in a personalised structure where they are in their own homes, in their own flats but there is an element of supervision provided by the Government for them.

HON J L BALDACHINO:

I fully appreciate that explanation and I would agree in part but the main thrust of what I was asking was that even though the whole idea of what the Chief Minister has said is a good one, but if we have elderly people who are not integrated within the society and that is what I am asking, even though it is being built within the Edinburgh House complex they will form part of that area and form part of that society rather than be isolated in any other way, it will not be a ghetto, let us put it that way?

HON CHIEF MINISTER:

Not only will it not be a ghetto, and as I say there will be no isolation from Edinburgh House, there will be no walls or fences but indeed far from being a ghetto there will be landscaped gardens around it and it will be very much a desirable place to live. The hon Member can rest at ease and when the plans are ready they will be made public and they can be inspected and I am sure the hon Member, if he has any improvements to suggest, they will be very welcome.

Subhead 4 - New Housing for Senior Citizens was agreed to and stood part of the Bill.

Head 101 - Housing was agreed to and stood part of the Bill.

HEAD 102 - SCHOOLS, YOUTH AND CULTURAL FACILITIES

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

Subhead 4 - Improvements to Cultural Facilities - Ince's Hall and John Mackintosh Hall

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, under subhead 4, the improvements to cultural facilities, in fact it should delete "and John Mackintosh Hall", in fact, it is just a provision for Ince's Hall.

Subhead 4 - Improvements to Cultural Facilities - Ince's Hall and John Mackintosh Hall, as amended, was agreed to and stood part of the Bill.

Head 102 - Schools, Youth and Cultural Facilities was agreed to and stood part of the Bill.

HEAD 103 - TOURISM AND TRANSPORT

Subheads 1 to 4 were agreed to and stood part of the Bill.

Subhead 5 - Roads Construction - Europort and Upper Rock

HON J C PEREZ:

On a point of clarification, I wonder why Government are treating roads in Europort and the Upper Rock differently to those elsewhere given that roads elsewhere appear in the recurrent expenditure vote and the ones in the Upper Rock and in Europort are included in the Improvement and Development Fund vote.

HON CHIEF MINISTER:

Yes, that is not the difference. The difference is that this is road construction as opposed to the other which is road resurfacing. So road construction is unquestionably - it is a one-off - an improvement and development matter whereas road resurfacing is more in the nature of maintenance and therefore we thought fit to put it in the Consolidated Fund. That is the distinction not the location, the fact that the road construction projects happen to be in Europort and Upper Rock is immaterial.

HON J C PEREZ:

On the Upper Rock, are we talking about the construction of a new unknown road or the construction of an existing one which would be a major maintenance one?

HON CHIEF MINISTER:

Yes, it is that, it is the reconstruction of an existing road round the Rock, not the whole of it, sections of it.

Subhead 5 - Roads Construction - Europort and Upper Rock was agreed to and stood part of the Bill.

Subhead 6 was agreed to and stood part of the Bill.

HEAD 104 - INFRASTRUCTURE AND GENERAL CAPITAL WORKS

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

Subhead 7 - Resiting Marine Section

HON J C PEREZ:

Mr Chairman, are we still talking about resiting it in the area that was being looked at which was going to be handed over by the MOD? Where exactly is the Marine Section to be resited? Why is it that it costs £250,000?

HON CHIEF MINISTER:

It is not that it costs £250,000, that is the provision that we have made. The site is not where they presently are. In other words, it is not a re-provision of facilities on their existing site because that clutters up both the water front of that site which is going to be used, as the hon Member knows, for the small boat club and it would simply occupy too much of it and on the land side it clutters that whole site which is available for redevelopment now; everything from the ex-Technical College to Coaling Island Road is one site. The site that has been

identified for it is adjacent to the Boat Squadron, that building next on that new reclamation so that they can share as many of the facilities as possible, the slipway which is already there, so really we are just encroaching into the site where the fair is normally held, we are encroaching into that site a little bit to give them space for their own building. The principal expenditure or one of the main single items of expenditure is on pontoons and pylons for pontoons and jetties and things of that kind. It is more than just four walls and a roof with lockers and changing rooms in it.

Subhead 7 - Resiting Marine Section was agreed to and stood part of the Bill.

Subheads 8 to 13 were agreed to and stood part of the Bill.

Subhead 14 - Maintenance of Existing Structures

HON J J BOSSANO:

Mr Chairman, I am not clear what is meant by existing structures? Are we talking about buildings or what is it that we are talking about?

HON LT-COL E M BRITTO:

No, Mr Chairman, we are not. The figure relates predominantly to the provision of slopes stabilisation matter, as it is called, for the upper catchment area; for the stabilisation of the sand slopes once the sheeting is removed. There is also an item of provision for Smith Dorrien and Orange Bastion bridges but it is mainly the matter.

Subhead 14 - Maintenance of Existing Structures was agreed to and stood part of the Bill.

Subhead 15 was agreed to and stood part of the Bill.

Subhead 16 - Beautification and Refurbishment Works - Main Street Extension; Winston Churchill Avenue; East Side Reclamation Area and Line Wall Road

HON J C PEREZ:

The Minister did give an indication earlier on that he would be in a position to tell us where or what facilities are to be open for the disposal of rubble and the ash at the incinerator once these site development commences?

HON LT-COL E M BRITTO:

Indeed, Mr Chairman, I did. I think to put the matter in perspective I have to say that the Government have made a policy decision to end the east side reclamation as it exists and therefore that is a start point. Starting from there, there are a number of alternative locations where once we finish depositing rubble in the existing site we will continue elsewhere. There is more than one, there are a number of locations that have been identified. Most of them have sensitivities and therefore I am not in a position or prepared to disclose what those areas are at this moment in time. But we are certainly looking at some way down the road; the end of the present reclamation is of the order of four to six months, that sort of scale, before we are looking at anywhere else.

HON J C PEREZ:

I urge the Minister to find a site before we look at subhead 17 which is demolition works because if not the Minister is not going to know where he is going to throw the rubble.

HON LT-COL E M BRITTO:

The hon Member might be surprised if he asks me about the demolition works but I will know what to do with the rubble.

HON A ISOLA:

Might I ask in respect of the Main Street extension, is there provision to include all the areas that were detailed yesterday by the Minister for the Environment, is that provision coming from here?

HON K AZOPARDI:

That is part of the figure that is allocated in the column on the right hand but as I indicated in my speech on the general principles, I think the sum we are looking at is over £1 million, that is the proportion of it. Yes, it will include all the streets that I listed when I made that speech.

HON A ISOLA:

Any element of this vote in respect of the uncompleted Main Street works which are, I assume, more than what they originally budgeted for?

HON K AZOPARDI:

I do not think so. The hon Member is correct in that the sum that was originally budgeted for the Main Street beautification project has now been exceeded partly because of the delays to the project that we are still negotiating with the contractors. There is a sum that will be due to the contractor by way of compensation under one of the clauses for delay but I do not understand that it forms part of this particular estimate though I place a caveat on that, I may be mistaken.

HON J J BOSSANO:

On the east cost reclamation, Mr Chairman, I assume that in the sensitivities of the alternatives which presumably are environmental; I assume that in evaluating the sensitivities at the end of the day if the alternative proves to be more sensitive than the place that is being used now, the rubble has to go somewhere and obviously if the rubble can lead to a place with a potential future use all the better. So presumably that consideration will be there.

HON LT-COL E M BRITTO:

Indeed, Mr Chairman, the Leader of the Opposition is partly correct. Some of the sensitivities are indeed environmental. But the primary location or the location most likely to be chosen, the difficulties there are not so much environmental but one of reaching final agreement with the people concerned with the site and therefore that is why I cannot go further and disclose it at this stage.

HON J L BALDACHINO:

Under Main Street works, I think that I heard from the Government during the debate that no side roads would be leading into Main Street. Does that also include the road just here which links up to City Mill Lane?

HON K AZOPARDI:

When the hon Member says no side street perhaps he misunderstood me. This one is part of the original project. There are other side streets that lead on to Main Street but also lead on to Irish Town that will form part of the extension to the project which will be phase 2 which is what we are budgeting here. This one is part of the original contract.

HON J L BALDACHINO:

I was referring to traffic. I think it was the Chief Minister who said during his contribution that on the beautification of Main Street no traffic would be allowed to enter that area and what I am asking is does that also include the road just here where the taxi stand is which links with City Mill Lane?

HON CHIEF MINISTER:

It is the only part of the length of Main Street where there is a potential problem. The taxi drivers are anxious to maintain, for obvious commercial reasons with which the Government fully sympathise, a taxi rank in the Piazza area and one that is contactable directly, one that is in effect on Main Street as opposed to being sent back to the City Hall side of the Piazza and the Government have a fair amount of sympathy with that and we are looking at ways of accommodating it. One idea that has been put down is can they reverse up from the City Hall, it is not a particularly appealing prospect either to them, to us or to anybody else. If some satisfactory solution is not found it may be necessary to make an exception to the no traffic rule by allowing them to have the taxi rank where they presently have it and allow them to do what they are presently doing which is to go south past the front of the House of Assembly and then down the other side of the House of Assembly. In other words, queue up where they presently queue up, drive north up

Main Street 20 or 30 yards past the two kiosks and then left down into the other side of the Piazza and out that way. That is a possibility if no other solution can be found and it would be a regrettable exception to the complete pedestrianisation of the whole length of Main Street.

Subhead 16 - Beautification and Refurbishment Works - Main Street Extension; Winston Churchill Avenue; East Side Reclamation Area and Line Wall Road was agreed to and stood part of the Bill.

Subheads 17 to 20 were agreed to and stood part of the Bill.

Head 104 - Infrastructure and General Capital Works was agreed to and stood part of the Bill.

HEAD 105 - ELECTRICITY

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

Subhead 3 - Rosia Road Relocation and Refurbishment

HON J L BALDACHINO:

Could we have an explanation on what is meant by Rosia Road Relocation and Refurbishment?

HON LT-COL E M BRITTO:

Yes, Mr Chairman, maybe the explanation is not as full as it ought to be. It is the relocation of the depots to Rosia Road, the old Public Works depot in Rosia Road from Orange Bastion. As I detailed in my speech earlier on it is the facilities that are at present at Orange Bastion and King's Bastion which are being relocated to the ex-Public Works Department depot in Rosia Road. It is not the relocation of Rosia Road.

Subhead 3 - Rosia Road Relocation and Refurbishment was agreed to and stood part of the Bill.

Head 105 - Electricity was agreed to and stood part of the Bill.

HEAD 106 - INDUSTRY AND DEVELOPMENT

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

Subhead 2 - Eastside Development

HON A ISOLA:

Is this entirely the reclamation and the road widening?

HON P C MONTEGRIFFO:

Yes, this is the work that has been discussed during the course of the debate.

Subhead 2 - Eastside Development was agreed to and stood part of the Bill.

Subhead 3 - EU - Konver Projects

HON J J BOSSANO:

When I spoke earlier I expected that either in the general principles or when we came to the Improvement and Development Fund we would find out if there were now specific things on which the money from the Konver Project which is, of course, money which has to do with the MOD rundown, would be devoted to. Is there an idea, which is expected to produce work worth £1.5 million, or are we just putting £1.5 million in the expectation that some time during the year they will think of something?

HON P C MONTEGRIFFO:

The £1.5 million is directly related to the Casemates project. One of the attributes of Konver is that it exists to reconvert buildings that previously had military use to commercial use and that £1.5 million is indeed the estimate for the first phase of the Casemates Project which would involve the reconversion of the square and the barracks and the area behind the barracks for the retail and restaurant outlets that the House is being appraised of. So that is purely for that project. Should there be

obviously more applications for Konver money in the course of the year we will have to make further provision for that.

HON J J BOSSANO:

Seriously nobody is expecting that that will produce alternative employment for redundant MOD workers?

HON P C MONTEGRIFFO:

The use of the Konver money is not just to produce jobs for ex-MOD workers. One of the strands is to produce general employment to help with the impact of the rundown. That is the use to which the funds will be put. I do expect that facilities such as Casemates will provide openings some of which may go to ex-MOD workers. We would be happy, for example, in the reconversion of Casemates to then assist through the enterprise initiative a particular set of MOD workers who might want to open a restaurant or retail outlet within the Casemates project. That would be an example of the project itself having received Konver funds and the business interest which might involve ex-MOD workers receiving separate assistance under the other enterprise initiative measures. Of course, the Leader of the Opposition does touch on the equally important point that the balance of Konver moneys must continue to be focused for reconversion purposes and for purposes generally for providing openings as a result of the rundown, that is the main focus, the Government recognise that but the £1.5 million is destined specifically for the purpose that I have indicated.

Subhead 3 - EU Konver Projects was agreed to and stood part of the Bill.

Subhead 4 - EU - Objective 2 Projects

HON A ISOLA:

Can we have an indication of the projects envisaged in respect of the Objective 2?

HON P C MONTEGRIFFO:

Most of that money actually is in respect of the previous project. There is expenditure, the actual Head, Mr chairman, simply describes the source as Objective 2, it does not say it is the Objective 2 second programme, as the House knows we had a first programme. Roughly, £4.5 million of the £6.5 million is in fact work under the old programme. For example, Sir Herbert Miles Road being the principal example. The £2 million is the extra money which we would envisage spending in this financial year. There is no specific earmarked projects but we would envisage that as part of the assistance we are giving to the private sector those projects that would involve employment creation would be able to benefit directly from the programme quite apart from other Government initiatives; tourist site developments; a whole series of other issues that we may want to leave at the public sector stage. But we have not got specifically earmarked projects for the £2 million which is the balance over and above the previous programme's expenditure. I could add, Mr Chairman, by way of completeness that of course part of the money in the new programme will be used to fund one of the schemes in the enterprise initiative. Mr Chairman, we will recall that one of the funds which does benefit from EU moneys does not receive, as opposed to say the Gibraltar Enterprise Scheme, a separate capitalisation figure. So assuming that there is demand, as we hope, and that that scheme within the enterprise initiative money will flow from the Objective 2 programme into that scheme. I hope I have not confused hon Members entirely.

HON J L BALDACHINO:

Maybe the Minister can clarify because I am not too sure, when the Minister for Education and he actually mentioned that Bleak House was going to be used for training within the tourist industry, will that money be coming out of that fund too?

HON P C MONTEGRIFFO:

It is entirely possible that it shall, Mr Chairman. Both Konver and Objective 2 would be able to be used for those purposes, it is a matter for which the Government will have to decide but it is probable that there will be an element of EU funding in that reconversion and in the subsequent training that will be provided.

Subhead 4 - EU - Objective 2 Projects was agreed to and stood part of the Bill.

Subhead 5 - Airlines Assistance Scheme

HON A ISOLA:

Mr Chairman, may I ask how this figure is arrived at because from the answer to Question No. 182 of 1996, I cannot really work out how over a 12 month period that figure could be arrived at. Perhaps if the Minister could just tell me how it is broken down I would be grateful?

HON J J HOLLIDAY:

Mr Chairman, our agreement with Monarch Airlines agreed that during the first year they would get a subsidy of £210,000. Out of those £210,000 part of this would be paid by landing charges which are 50 per cent reduction which are given by the MOD. Our estimate is that the actual landing charge subsidy will be in the region of about £65,000 to £70,000. Obviously that depends on actual landings that take place during the course of the year. The actual subsidy in terms of departure tax which is how the Gibraltar Government intend to account for the agreement, will be in the region of about £145,000. This is the same amount of money which we have agreed to support GB Airways with and therefore the sum actually totals in the region of about £320,000 in total. We have made provision for £365,000 because obviously there could be fluctuation in the number of flights coming in and therefore we have allowed some leeway in order to cover any increases as a result of more passengers wanting to come to Gibraltar.

HON J J BOSSANO:

Mr Chairman, if this provides for the refund of departure tax, how come it is not a charge on the Consolidated Fund which presumably is the recipient of that departure tax?

HON CHIEF MINISTER:

I think that raises a very good point. I think the view that we took insofar as we had discussed this but then events overtook the discussion and

here it is, was that because the aid was in the form of development of the airline industry in Gibraltar, that it was the Improvement and Development Fund but frankly I am sure that if we had reflected on it longer by itself as an item, we would come to the conclusion that the suggestion that the Leader of the Opposition makes has a lot of merit to it and that this might well probably have been better put as an item of departmental expenditure in the Consolidated Fund. It is just one of those items that stayed there and we never discussed long enough to come to that conclusion. If it should survive to next year I think it will be put in the Consolidated Fund.

HON A ISOLA:

Does the Airline Assistance Fund not continue for three years? A three-year period I think it was originally.

HON CHIEF MINISTER:

Yes.

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

Subhead 6 - Hotels Assistance Scheme

HON A ISOLA:

Mr Chairman, again could we have a breakdown of the £2 million for this financial year?

HON CHIEF MINISTER:

No, Mr Chairman, in the sense that it is a provision based on a guesstimate of what we think the hotel industry is going to be able to spend in what will be left of this financial year by the time the money starts flowing to them which is when the European Commission has approved it. We think that that will be August the latest, money will start to flow in in September, with the best will in the world on the hotel industry's part we think that they will not be able to spend more than £2 million but if it should turn out to be wrong, we are certainly not willing to hold them up, if they are able to spend more than £2 million in this year we shall simply have to come back to the House on a Supplementary

Appropriation Bill. This is a provision based on what we think will be spent this financial year but if we are mistaken we will come back rather than hold them up until next year.

HON J J BOSSANO:

What is it that the Commission has to approve?

HON P C MONTEGRIFFO:

As I mentioned in my contribution yesterday, the assistance to hotels would be structured through the Gibraltar Investment Assistance Scheme effectively although it appears as two separate items in the table. Since assistance to hotels or any other business would fall foul of State Aid Rules to business, it requires European Commission clearance before assistance of this type can be delivered. As I mentioned yesterday, there are rules that if assistance is delivered to businesses below 100,000 ECU over a three-year period then no European Commission consent is required hence the reason why we have limited two of the other schemes of the enterprise initiative to that figure. This fund or this facility, more properly described, will have the ability to give provisions over and above 100,000 ECU every three years. This is the first example, the hotel assistance, of that type of measure and therefore is something that requires EU Commission consent.

HON J J BOSSANO:

That is not the question I am asking, Mr Chairman. What I want to know is, has the Commission been told, "We want to be able to buy new uniforms for the cooks in the hotels?" Is there a specific.....

HON P C MONTEGRIFFO:

Yes, Mr Chairman. The Commission has detailed the type of expenditure which we are seeking to allow the hotels to make using public funds. So this does require a detailed breakdown. I cannot tell the hon Member to what extent the breakdown involves aprons for the cooks or hats for the chefs but it is a detailed breakdown for the Commission to have a good idea of what sort of assistance is being delivered.

HON J J BOSSANO:

What I would like to do is find out whether I can have a good idea so my question is, what is it that we are planning to give them £2 million for? If they are able to tell the Commission something it ought to be possible to tell us something?

HON CHIEF MINISTER:

What we have told the Commission, Mr Chairman, is what the hotels have asked us for. In other words, it is not our bid to the Commission; what we have done is we have got what the hotels want to do. In other words, we have said to the hotels, "We are willing to provide financial support for projects which match Government's broad policy parameters. What is it that you think your hotel most desperately needs?" Each hotel has come back with what they think are its obstacles, the obstacles facing its development and its growth and its attractiveness and that has been put into a package and forwarded to the Commission. I think I am right in saying that the only item that can be excluded from the need for Commission consent is external beautifications because that comes under environmental improvements which does not require, I think I am right in saying, Commission support. So things that they want to do outside; painting the building and things like that, that is allowed without EU Commission because it is, as I say, environmental enhancement and things like that. But for the actual main part which are some things as, and the hon Member will have to acknowledge that I am speaking from memory, it is such things as developing a conference facility, necessary structural works to make a conference facility and to equip it; replacement of lifts; works necessary to comply with modern fire regulations required by English tour operators but not necessarily required by the laws of Gibraltar, but things which, if they are not done, the hotel is struck off the list of hotels usable by English tour operators; refurbishment of kitchens; refurbishment of bedrooms and public areas in hotels. So really it is all the things that the hon Member would expect to need to be done to some of our hotels here to spruce them up and to convert them into attractive places for tourists to visit which I think he will agree is not the case with most of them at the moment. The other point that I would make, if the hon Member would allow me just another three seconds, is that although this is put under the Improvement and Development Fund as expenditure, because these are cash accounts and not accrual

accounts, they are in fact soft loans and this is not outright... with the exception of a very small part of it which is grants, the vast bulk of the £5 million is soft loans which are repayable to Government. So it is not out and out expenditure, although it is accounted for as expenditure here because of the fact that these accounts are drawn up on a cash basis.

HON J J BOSSANO:

So effectively what the Government are saying is that this is a loan at less than the market rate of interest?

HON CHIEF MINISTER:

And in more generous repayment terms in terms of the quality of the security that we might demand for it, the length of repayment period, the sort of terms that would not be available from a bank on strictly commercial terms in Gibraltar. I am sure it is available from banks elsewhere but the way banks in Gibraltar see lending and security, it would not be available here.

HON J J BOSSANO:

And even that requires the permission of the Commission?

HON CHIEF MINISTER:

Yes, Mr Chairman, because the European Union Regulations puts a capital value on soft loan terms and the capital value of this form of assistance for Community purposes, they have their own formula. What is the capitalised value of the soft loan terms and they have a formula whereby they convert reduced interest rates and commercial repayment dates and things like that into a capital amount. For example, these £5 million may actually be worth only £1.5 million in terms of State aid for Community purposes so those are the rules, one cannot just say, "Because it is a loan it is not State aid", it is State aid. What is the amount of the State aid, the advantage to the recipient of this arrangement as opposed to a market arrangement and then they subject that annual value, they capitalise it by a formula that they presented us with.

Subhead 6 - Hotels Assistance Scheme was agreed to and stood part of the Bill.

Subheads 7 and 8 were agreed to and stood part of the Bill.

Subhead 9 - Shipyard

HON J J BOSSANO:

I would have thought there would be some indication without needing to ask but since there appears to be none, can I ask what are the expectations of the Government - I know that it is a token, I know they expect to spend more than £100,000 but apart from that.

HON CHIEF MINISTER:

It is a token but it is not a token for what the hon Member thinks. It is not a token for the operation of the yard, it is a token for the maintenance of the yard on a mothball basis between the time of departure of the party that is presently paying for its upkeep and security until the date of entry of a new operator. For example, if Kvaerner left tomorrow and stopped providing security, essential maintenance works to keep the yard maintained, the Government would have to step in, provide security, retain a number of people to grease cranes or make sure that the docks do not flood or make sure that the pumps of the dry docks stay in functional order; in other words, to prevent the whole thing from becoming dysfunctional through lack of care and attention and maintenance. That is what this is a token vote for and I think the hon Member's question suggests that it might be a token vote for supporting the actual operation of the yard. I indicated to him this morning or yesterday that it is not something that the Government are willing to do.

HON J J BOSSANO:

Can I ask, in the light of that explanation, Mr Chairman, from what I read in the press the present operator gave the government one year's notice, that is what was reported, that they had given I think it was in March or April of this year, one year's notice in accordance with the terms of their lease that they would be relinquishing the lease for the dry docks at the end of the year and that seems to take us almost to the end of this financial year.

HON CHIEF MINISTER:

Mr Chairman, that is the interpretation of Kvaerner of what they have done which is not our interpretation which is why we are about to engage in litigation with them. They should have given us one year's notice and continue to operate the yard as a yard in the meantime. In fact what they did in breach of their obligations both under the lease and under the overall agreement, as we interpret it, is that they should have given us a year's notice and stayed on operating. Instead what they have done is they have made the workforce redundant, they have stopped operating a shipyard and they think that they are complying with their obligations by sitting in the yard greasing cranes until March next year. That is, as far as the Government are concerned, a breach of a covenant to operate the yard as a shiprepair yard in accordance with prudent normal practices for the operation of a yard during the term. The term, once they gave notice, is the year's notice and that is precisely the position. The litigation that we are engaged in is, firstly to seek damages from Kvaerner for breach of that covenant and, secondly if they do not intend to comply with the covenant, to get out of the yard now. In other words, to seek immediately repossession of the yard because it is simply not acceptable to the Government that they should just sit there carrying out maintenance duties and thinking that that is all that they need to do to comply with the agreement. So the position is not as the hon Member suggests. I do not know if that is what the press have said but if they have said it I have not seen the particular report which the hon Member refers but that would be a misreporting position.

Subhead 9 - Shipyard was agreed to and stood part of the Bill.

Clauses 4 and 5 were agreed to and stood part of the Bill.

The Long Title

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, before we move on, we have now compiled some of the figures that the Opposition Spokesman for Government Services, I think, has been asking us about together with other Opposition Members over the last couple of days. I really seek the guidance of the

House about how they want to play this. I am very happy to hand it out and talk people through it.

HON CHIEF MINISTER:

Can I suggest, I think hon Members are not going to be able to digest this document, that they just accept this as the information that I said I would pass to them and if any of them have any queries at all about it they can perhaps write in and make enquiries or telephone me and we can discuss it rather than now spend time discussing a document that they have not had an opportunity to look at. They may want to summarise the effects on it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well, let me just summarise the decision for the record and then perhaps after we finish I might just explain how it works so that there is no misunderstanding. Essentially we have calculated that in fact with all the amendments that we have been making to the Estimates that in fact comparing the 1996/97 Estimates to the 1997/98 Estimates, that there is an overall increase shown as 88 established posts at the end of the day of which we estimate and all these come with a health warning because of the speed with which we have done them, is we estimate that 12 of those were existing posts but not included in the establishment last year for one reason or another. So in fact the net increase, the real increase in the establishment if one likes, is 76. *[Interruption]* That is still subject to confirmation.

HON CHIEF MINISTER:

No, it is still subject to not filling some vacancies.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I was going to say, the actual number of vacancies we have given, and again this comes with a health warning in the sense that we have worked overnight and fairly quickly in what is quite a complicated area to work out the ins and outs, but we estimate that we are currently carrying 93 vacancies, that there are 93 unfilled posts as of this moment. All the information we have given the House, of the exact grades and cost, is so that it is all clear. Thank you, Mr Chairman.

HON J J BOSSANO:

Mr Chairman, we are quite happy to study this in slow time and then if there is any further clarification we will ask for it because obviously any information we are asking is in relation to what is published so it is just a question of going back and see if there is anything that does not seem to make sense.

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 Port (Amendment) Bill 1997; the Environmental Protection (Controls on Substances that Deplete the Ozone Layer) Bill 1997, with amendments; the Social Security (Employment Injuries Insurance) Ordinance (Amendment) Bill 1997; and the Appropriation (1997/98) Bill 1997, with amendments, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Question put. Agreed to.

The Bills were read a third time and passed.

ADJOURNMENT

HON CHIEF MINISTER:

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

Question put. Agreed to.

The adjournment of the House was taken 5.00 pm on Friday 30th May, 1997.