

# GIBRALTAR

## HOUSE OF ASSEMBLY



# HANSARD

**8<sup>TH</sup> MARCH, 2000**

(adj to 13<sup>th</sup>, 19<sup>th</sup>, 29<sup>th</sup> April; 8<sup>th</sup> May;  
31<sup>st</sup> May, 1<sup>st</sup>, 2<sup>nd</sup> June (Budget);  
and 29<sup>th</sup> June)

## REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Second Meeting of the First Session of the Ninth House of Assembly held in the House of Assembly Chamber on Wednesday 8<sup>th</sup> March 2000, at 3.00 pm.

### PRESENT:

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

### GOVERNMENT:

The Hon P R Caruana QC – Chief Minister  
The Hon K Azopardi – Minister for Trade, Industry and  
Telecommunications  
The Hon Dr B A Linares – Minister for Education, Training,  
Culture and Health  
The Hon J J Holliday – Minister for Tourism and Transport  
The Hon Lt-Col E M Britto OBE, ED – Minister for Public Services,  
the Environment, Sport and Leisure  
The Hon H A Corby – Minister for Employment and Consumer  
Affairs  
The Hon J J Netto – Minister for Housing  
The Hon Mrs Y Del Agua - Minister for Social Affairs  
The Hon R Rhoda QC – Attorney-General  
The Hon T J Bristow – Financial and Development Secretary

### OPPOSITION:

The Hon J J Bossano – Leader of the Opposition  
The Hon Dr J J Garcia  
The Hon J L Baldachino  
The Hon Miss M I Montegriffo  
The Hon Dr R G Valarino  
The Hon J C Perez  
The Hon S E Linares

### 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 23<sup>rd</sup> February 2000, having been circulated to all hon Members, were taken as read, approved and signed by Mr Speaker.

### DOCUMENTS LAID

The Hon the Chief Minister laid on the Table the Financial Services Commission Annual Report and Financial Statements for the year ended 31<sup>st</sup> March 2000.

Ordered to lie.

The Hon the Minister for Trade, Industry and Telecommunications laid on the Table the Town Planning (Environmental Impact Assessment) Regulations 2000.

Ordered to lie.

The Hon the Attorney-General laid on the Table the Revision of the Laws (Supplements Nos. 12 and 13) Order 2000.

Ordered to lie.

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

1. The Accounts of the Government of Gibraltar for the year ended 31<sup>st</sup> March 1998 together with the Report of the Principal Auditor.

2. The Report and Audited Accounts of the Gibraltar Broadcasting Corporation for the year 1997/98.
3. Statements of Consolidated Fund Reallocations approved by the Financial and Development Secretary (Nos. 2 to 4 of 1999/2000).
4. Statement of Improvement and Development Fund Reallocations approved by the Financial and Development Secretary (No. 2 of 1999/2000).
5. Statement of Supplementary Estimates (No. 1 of 1999/2000).

Ordered to lie.

#### ANSWERS TO QUESTIONS

The House recessed at 5.30 pm.

The House resumed at 5.50 pm.

Answers to Questions continued.

The House recessed at 8.30 pm.

The House resumed at 8.40 pm.

Answers to Questions continued.

The House recessed at 11.10 pm.

The House resumed at 11.20 pm.

Answers to Questions continued.

The House recessed at 11.55 pm.

**FRIDAY 10<sup>TH</sup> MARCH 2000**

The House resumed at 9.35 am.

Answers to Questions continued.

The House recessed at 11.00 am.

The House resumed at 11.10 am.

#### BILLS

#### FIRST AND SECOND READINGS

HON CHIEF MINISTER:

Mr Speaker, before we move on to the next Question, I would like to take this Bill before the recess, so I beg to move under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the First and Second Readings of a Bill.

Question put. Agreed to.

#### THE SUPPLEMENTARY APPROPRIATION ORDINANCE 2000

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31<sup>st</sup> day of March 2000 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. The Bill deals with further sums to be appropriated in the current financial year. Part 1 of the Bill seeks the appropriation of an additional £1.8 million from the Consolidated Fund and Part 3 of the Bill an additional £19,016,000 from the Improvement and Development Fund. The requirements that give rise to the need for the further sums to be voted by the House are set out in the Statement of Supplementary Estimates No.1 which were laid in the House earlier this week.

Mr Speaker, with regard to the Improvement and Development Fund Head 101, I have given notice that I will be moving an amendment at the Committee Stage. The amendment was to increase the amount of money in Head 101 in respect of Subhead 3 Harbour Views from £750,000 to £1 million. I need to revise this figure now and in fact we will be seeking £1.5 million in that Head. Unfortunately, in the Treasury we have no control over the flow of invoices from contractors and I have seen the architects certifying the bills who are aware that we are putting a motion to the House. They have been very quick on their feet in presenting their bill.

The total Improvement and Development appropriation as a consequence of the amendment will be that we will be seeking £19,766,000. Provision is made in Part 2 of the Bill for financing the increase in the Improvement and Development Fund expenditure and consequent to the amendments I have just made we will be seeking in Head 15, Part 2 of the Bill, £20.5 million. The final part of the Bill, seeks to regularise two small excesses of expenditure of £1,411 and £60,583 in respect of the financial years 1996/97 and 1997/98 respectively. This excess expenditure, as the Principal Auditor states in his Reports on the Accounts for those two years, requires to be approved by way of Supplementary Appropriation.

Before giving way to the Chief Minister to explain in more detail the Government's proposals, I would like to just make three small points which may be helpful to hon Members in their consideration of this Bill. First, from the statements I laid in the House earlier this week, hon Members will be aware that we have used up about £0.5 million of the supplementary funding head in the Consolidated Fund which leaves a further £2 million to be allocated. The reason why we require the additional appropriations in the Consolidated Fund is the remaining £2 million are already committed for other purposes and we are simply waiting the finalisation of figures before actually awarding the re-allocation. Second, should all the £1.8 million be required this would largely be offset by higher revenues than estimated and anticipated savings within some Heads of Expenditure and so at the year ended 31<sup>st</sup> March 2000, I estimate that the surplus of revenue over expenditure will be broadly the same as set out in the Government's Approved Estimates. My third and final point, Mr Speaker, is excluding the two new projects which the Chief Minister will be addressing, the latest indications from all the Government Departments are that the total Improvement and Development expenditure for the year will be broadly around the size we provided for in the Estimates, around £25 million.

I commend the Supplementary Appropriation Bill 2000 to the House and give way to the Chief Minister.

### HON CHIEF MINISTER:

Mr Speaker, I ought to say, for the benefit of the hon Members and of the House that the reason for having to suspend Standing Orders and interrupt Question Time to advance the House's consideration of this Bill is that under the terms of the agreement that the Government entered into both to settle the incinerator litigation and to purchase that part of Europort which the Government intend to use for the hospital, payments had to be made by 15<sup>th</sup> March and that the Government do not have appropriated funds with which to do it, hence the need to appropriate the funds before that date.



Mr Speaker, under the Consolidated Fund the £1 million in Head 3 relates to the Health Authority. Every year the Health Authority under budgets or spends more money than is envisaged. Normally this is dealt with through a suspense account and then it is corrected in the following financial year. As we were bringing a Supplementary Bill to the House anyway for the purposes that I have just described, on this occasion we have dealt with it on that basis. This is the provision through the mechanism of a Supplementary Appropriation Bill of the funding that the Health Authority is going to need extra for this financial year which would normally have been provided after the event in a following financial year. Head 4, Government Services and Sports - £400,000, relates to the purchase of electricity. That in turn arises from three different reasons. One is that there has been higher demand for electricity this year than the Department had estimated in Gibraltar. I think we estimated for 118,000,000 units of consumption and I think we have had 123,000,000. So there has been a higher purchase from OESCO. The massive rise in oil prices in the world has meant that OESCO have the contractual rights to do the FCA formula in the OESCO contract to recover that extra cost from Government and some of the increased demand for electricity has been provided by purchases from the MOD. The total of those three Heads explains the need for that supplementary funding. The increase in cost is more than the £400,000 than is thought. The extra is £656,000 but we are only seeking £400,000 by way of supplementary because the extra £256,000 can be met from supplementary funding funds already available. The hon Member should not think that because the figure that we are seeking is £400,000 that that is the excess expenditure over Estimate, it is not. The actual excess is higher.

Mr Speaker, the Head for Social Affairs relates to the Elderly Care Agency and here the figure sought is hybrid. Part of it is, in effect, what would have been the John Mackintosh Trust shortfall in subvention had they carried on running the Home to the end of the financial year. Part of it is increased costs in running the Home - extra staff that has been employed, capital equipment expenditure, one-off set up expenditure that has originated from the Elderly Care Agency taking over.

Mr Speaker, I would like to mention and I am sure it will be obvious to Opposition Members but just for the record I would say that when we say we are taking £20 million from the Consolidated Fund and we are seeking to spend £19 million in the Improvement and Development Fund, that is not £20 million worth of expenditure, that is just a funding mechanism to get the money that is being looked for in Part 3. The £20 million in Part 2 is just a way of getting the money from the Consolidated Fund to the Improvement and Development Fund.

Mr Speaker, moving then to Part 3 of the Bill, the need for this supplementary funding, the Financial and Development Secretary has already alluded to Head 101 which is Housing. The hon Members are aware that the Government, through the mechanism of loans to Gibraltar Homes Ltd, are providing the funding for the execution of the building works under what is in effect a contract between Gibraltar Homes Ltd and Pitchmastic PLC, the company doing the works. Therefore, the Government, although keeping very close control of the works that are being done and the design specifications, but in the financial aspects the Government are just a funder of Gibraltar Homes. We are not in control of the certification of the contract works which is done by the architects appointed under the contract. Therefore, it is difficult, as the Financial and Development Secretary has explained, for the Government to programme, for the purposes of the Government's own appropriation mechanisms exactly when the Government are going to be called upon to provide funds to pay for all of that. What has happened here is that bills have come in which need to be paid before the end of the financial year and the Government do not have appropriated funds left that we can channel into Gibraltar Homes for the purposes of paying that. Of the new money that the Financial and Development Secretary has mentioned, the £1.5 million, we do not envisage all of that going out before the end of the year but in case new bills come in we are allowing ourselves a small amount of cover in case new additional bills, additional to the ones we already have in hand on our desks, come in before 31<sup>st</sup> March this year. The supplementaries on Head 102 are basically as a result of unforeseen structural problems in St Joseph's School that had to

be rectified immediately and which cost £250,000 when in fact we had only earmarked £25,000 for ordinary run-of-the-mill remedial annual works. That accounts for that and also the Laguna Social Club and the Adventure Playground cost more than was estimated. Under Head 104 the £17.9 million is made up of the £12.5 million that relates to the incinerator settlement, £5 million is the first payment for the purchase of Blocks 1 to 4 at Europort. The agreed purchase price is £8.5 million, £5 million is payable on 15<sup>th</sup> March. The balance is payable over three and a half years by three instalments of £1 million and one fourth instalment of £500,000 at 6 per cent interest rate. It may well be that that deferred payment does not survive because when the Government resolve how we are going to fund the hospital generally it may be refinanced and therefore we may pay down that deferred purchase price to the vendors sooner than three and a half years from now. There is £100,000 of elderly care equipment there for the Elderly Care Agency and the other aspects included in that figure is the cost overruns in relation to the Casemates projects due to the extension of that project. Of the amounts being sought in that figure £300,000 of it relates to the Casemates project of that figure of £17,900,000.

Finally, Mr Speaker, I would just wish to say that of course the existence of excess expenditure over appropriated funds which is Part 4 of the Bill is of course regrettable. Government take the view that Controlling Officers should not spend unappropriated funds. The hon Members know that it nevertheless happens historically every year. We are tightening up even further on that. What has happened in the past is that it was not corrected by a Supplementary Appropriation Bill so although the excess expenditure has taken place, the last time it was corrected by an Appropriation Bill after the events, so to speak, was 1989. In subsequent years it was not done. The Principal Auditor appears to believe that it should be done and as we are bringing an Appropriation Bill anyway we thought that we would do so. It is the view of the Principal Auditor that excess expenditure, in other words money spent without the appropriation of this House in excess of the monies voted by this House in the Budget which is technically of course a breach of Financial Regulations

nevertheless needs to be corrected in addition to any other consequence and it is corrected in this way and therefore if that is the Principal Auditor's view then we see no reason why we should not go along with it. I commend the Bill to the House.

Discussion invited on the general principles and merits of the Bill.

HON J J BOSSANO:

Mr Speaker, can I just say first of all that as the House knows, because we made the point the last time a Supplementary Appropriation Bill was brought to the House, we do not believe that the procedure that is being adopted which the last time it happened we were told was in accordance with established practice is in accordance with established practice because it was a procedure introduced the last time for the first time. The previous Supplementary Appropriation Bill was taken by the Financial and Development Secretary and I spoke on the basis that I was speaking as one hon Member and not that the Financial and Development Secretary was giving way to me as happens at Budget time. I made that point the last time and I am repeating the point because since the last time I have checked what happened in the past and that is what happened in the past so I am just saying that for the record.

HON CHIEF MINISTER:

But the hon Member still welcomes the new procedure?

HON J J BOSSANO:

Well, it does not bother me. When we have got notice of the House the first notice said that the Bill was going to be moved by the Chief Minister and we would not have objected to that. Subsequently it was changed to being moved by the Financial and Development Secretary. I am just pointing that it is not a procedure that existed before and my own judgement of the rules was that the rules made an exception for the Budget and not for any other time of the year and that is how it has been working in

practice until the Supplementary Appropriation Bill that was brought the last time. But of course there is nothing sacrosanct about the rules. The rules are made by the House and the House can make different rules if it wants to.

Coming now to the Supplementary Appropriation Bill itself, we will be wanting to ask more detailed information in the Committee Stage when we come to specific items as we would normally do if it was Estimates time. But on the general principles can I say that we will not be supporting the expenditure on the Europort Building because we do not believe that it should be used for a hospital. It might be worth buying it for that money but we do not agree with the use so we will be abstaining on that particular subhead. We accept that if there is a contractual agreement to make the payment it has to be made but we do not support the use for which the Government intend to put the building. I would have thought that it would be possible to make the payment, if it was that urgent, from Advances because the Bill would still be passed within the current financial year by 31<sup>st</sup> March. If Government feel more comfortable by doing it this way then fine. We have again no difficulty in interrupting Question Time in order to approve the money so that it can be paid on the 15<sup>th</sup> March if they have a contractual obligation to do so. When we come to the Incinerator subhead, I am giving advance notice that we would like to have a breakdown of what is involved in the payment which is the settlement of the difference of opinion with the contractor and what is involved in the actual purchase of the plant out of the £12.5 million because sometimes it is being called one and sometimes it is being called the other.

Coming to Part 4, and the comments that have been made, let me say that we accept that it is something that does happen and we accept that it is something that is regrettable and I would agree with the description that has been given on this occasion to the need to correct the oversight by approving the funds in the House. Certainly, we do not think that this is in fact unconstitutional or that it is illegal or that it is as awful as the Chief Minister thought in 1995 when he spoke in the 1995 Budget and he said "the Education Department where an excess expenditure has

occurred of £26,280 is the Executive without the sanction of the House has illegally, unlawfully and in breach of the Constitution spent £26,280 and the overall responsibility lies with the Chief Minister". All I can say is that if it was that awful that the Police and the Supreme Court should now be doing the same thing might be even worse but we do not see it as such an awful thing. We realise that people do this without any intention of criminal.....

HON CHIEF MINISTER:

I am not convinced of that.

HON J J BOSSANO:

I do not think they do it with criminal intent and I think it is right that we should correct it and we certainly do not think that the Chief Minister should be seen in as bad a light as he wanted to paint me when the Education Department did it for half the amount. We will be supporting obviously the element that corrects the anomaly.

HON CHIEF MINISTER:

Mr Speaker, starting with the last point first. I do not share the hon Member's views. I take a very strict view of Departments and Controlling Officers that spend money in excess of Vote, that we have reduced it to one or two items a year. It used to be a few more. This is a slow process. I am not convinced that it is an oversight. I believe that Controlling Officers have got to understand that they cannot spend money in excess of that which Parliament has provided. The law actually imposes severe sanctions on the Controlling Officers that break this rule which are never enforced against them, of course, but I completely endorse and adopt against myself all the things that I said against him when I was in Opposition. My only regret is that we have only been able to reduce it to two instances, one in 1996/97 and three in 1997/98. Our target is that there should be no instances and it is not acceptable to the Government to take the view that it is not

particularly serious and that there is only one or two. Controlling Officers cannot go about their business in the expectation that unauthorised expenditure will simply be corrected as a matter of routine course. It prejudices financial discipline. It prejudices financial transparency, all the things which we have invested and devoted much effort and resources in the last four years. We have in fact met our target in respect of the 1998/99 financial year in which there are zero cases of excess expenditure for the first time in many, many years of public accounting in Gibraltar.

Mr Speaker, I do not know whether the hon Member wants to do it at Committee Stage, there is not a breakdown as such. The settlement was not divided into purchase of plant and damages. We have had this out in press releases. The fact of the matter is that the Government were not after buying the plant. Hon Members described it as an investment to renew its condition and the amount of money that it needs spending on just to make it safe to operate he would not regard it as an investment. What the Government have done is two things, one is we have seen fit to settle what is a £35 million damages claim in respect of lost revenue up to now. In addition to that, the Government have taken the view that this is a contract that has 13 years left to run and it is simply too onerous for Gibraltar. It makes us pay for the burning of refuse that we do not burn at rates which are rising every year way in excess of the rate of inflation and we thought that it would be worthwhile buying that contract back, the contract which commits the Government to buy the water, buy the electricity and burn the refuse at those prices. All of that, that is to say the historical damages claim and the buying out of the contracts for the future so that we do not all have to carry on grappling with it for the next 11 or 12 years, all of that has been acquired, obviously with the plant because by buying out the contract for the next 13 years one can only achieve that by buying back the plant, otherwise by ending up with the plant in one's hands it is what is envisaged to happen at the end of the contract. At the end of the existing contract the plant would have reverted to the Government so by buying back the contract in a sense the plant comes with it. Otherwise the owner would have to keep the plant and have no revenue stream for it, but there is no

breakdown. All of that, the £35 million litigation plus the buying back of the contract which brings the plant with it and a lot of headaches, all that has been settled for the sums of money that the hon Members are now aware. Therefore, Mr Speaker, it would be wrong and I do not think the Government ever said anything publicly that could have led the hon Members to believe that there is somehow a breakdown of the figures. There is not a breakdown of the figures as such. What there is is a global settlement which results in the plant coming back.

Question put. Agreed to.

The Bill was read a second time.

HON CHIEF MINISTER:

Mr Speaker, with the leave of the House I would like to proceed to take the Committee Stage now.

Question put. Agreed to.

### COMMITTEE STAGE

HON ATTORNEY-GENERAL:

I have the honour to move that the House should resolve itself into Committee to consider the Supplementary Appropriation Bill 2000, clause by clause.

### THE SUPPLEMENTARY APPROPRIATION BILL 2000

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

### Clause 3

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I beg to move that Clause 3(1) be amended by deleting the figure "£20,000,000" and inserting the figure "£20,500,000". Consequential to the changes of Clause 3(1) it is necessary to change the Schedule as well and so in changing Clause 3(1) to £20,500,000 we also need to change Part 2 of the Bill to £20,500,000.

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

### Clause 4

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, the second amendment I referred to at the Second Reading arises in Clause 4 and I beg to move that clause 4(1) be amended by deleting the figure "£19,016,000" and substituting the figure thereof of "£19,766,000". If I can just explain so that we are all clear, the consequential amendment, in Part 3 of the Schedule Head 101 Housing, delete the figure "£750,000" and insert the figure "£1,500,000". In the total delete the figure "£19,016,000" and insert the figure "£19,766,000".

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

Clauses 5 and 6 were agreed to and stood part of the Bill.

### Schedule

#### PART 1 - Consolidated Fund Expenditure 1999/2000

HON MISS M I MONTEGRIFFO:

The Leader of the Opposition stated in the general principles of the Bill that the Opposition would like the Government to provide us with a breakdown of the £1 million for the Gibraltar Health

Authority under Head 3 and also a breakdown of the £400,000 under Head 5 Social Affairs.

HON CHIEF MINISTER:

Mr Chairman, the hon Lady is experienced in these matters and therefore she is not allowing herself to be misled. These figures are selected, we could have bought any items, in other words, there is a shortfall in Health Authority of Revenue over Expenditure. Some of it is dealt with by the application of supplementary funding. Some of it we need to ask for additional funding by way of this Bill. We have chosen at random, it is not particularly important which items were paid out of supplementary and which increased expenditure was paid for out of supplementary funding which is not in this Bill, this is supplementary appropriation, there is a supplementary funding vote in the ordinary Budget. The £400,000 worth of Health Authority revenue will come out of the supplementary funding Head of the annual budget. This is in addition to that but I will give the hon Member the information that she seeks. I just do not want, in receiving the information, to think that this is the only items of expenditure in respect of which there is expenditure in excess of the Estimate. Does the hon Member follow me?

HON J J BOSSANO:

If we look at the contribution to the Gibraltar Health Authority, the Approved Estimate was £5,184,000 and the revised is £6,184,000 and that is £1 million difference, so if in fact £400,000 has been paid out of the block vote of supplementary funding, then the revised contribution would be higher?

HON CHIEF MINISTER:

No, because that part of it which is being funded from the supplementary funding head presumably goes directly.

HON J J BOSSANO:

No, it cannot.

HON CHIEF MINISTER:

We have appropriation for it already.

HON J J BOSSANO:

Yes, but if there is an appropriation already in the Estimates and that appropriation is increased then there would be a revised amount shown.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I apologise if I did not make the point clear at the Second Reading of the Bill. I did explain that I laid in the House on Wednesday reallocation statements from the Supplementary funding Head which totalled about £495,000. Government still have a further £2 million of supplementary funding to allocate which is fully committed. Of those commitments we are expecting the Health Authority to consume, give or take, £400,000 worth in addition to the £1 million that we are seeking in this Bill to appropriate. The total excess expenditure over Revenue of the Health Authority in 1999/2000 when we looked at this in February we expect to be around £1.4 million.

HON CHIEF MINISTER:

This mechanism is about appropriation not about expenditure. Having said all that, Mr Chairman, this particular £1 million is earmarked for pay awards £600,000; GPMS prescriptions £300,000 and Ambulance Service an additional £120,000.

HON MISS M I MONTEGRIFFO:

Mr Chairman, can I just ask the Chief Minister whether the £600,000 pay award includes the administrative grades of the Gibraltar Health Authority?

HON CHIEF MINISTER:

That is accounted for under the Civil Service pay settlement section, also in Head 15 of the ordinary Estimates.

HON J J BOSSANO:

Mr Chairman, the Personal Emoluments in the Gibraltar Health Authority shown in Appendix C of the Estimates, in the Salaries will be included, presumably, the salaries of the administrative grades as well? Therefore, if the payments comes out of that there must be a receipt in the contribution from the Government to the Health Authority for the payment to come out of that.

HON CHIEF MINISTER:

Yes, but the reason why the answer to the first supplementary was no, was because they had not had their pay award yet and will not get it this financial year now. Had it happened it would have happened as the hon Member was getting at in his supplementary.

HON J J BOSSANO:

That is right, it would come presumably from Head 14 Pay Settlements as a reallocation of those Funds to the Head that is the contribution to the Health Authority. The GPMS prescriptions, the amount that was put in the Estimates was £4 million. What we are getting then is really a sum which is very close to the forecast outturn of the preceding year, is that correct? Given that the savings in the cost of that subhead was supposed to be the introduction of the new generic prescribing, is it that it is now more or less stabilised at that level?

HON CHIEF MINISTER:

Yes, subject to telling him that one of the reasons there is this increased expenditure is that the scheme was introduced just before the beginning of the financial year. It took a little bit of time to settle down. The payments for March were not made until this financial year and in effect therefore in this financial year they have absorbed 13 months' worth of prescription payments.

Mr Chairman, it is very much a transitional time for the Elderly Care Agency. One must remember that in this financial year we have had nine months' worth of running of the Home by the John Mackintosh Homes and that that requires Government subvention. In respect of the nine months that they were running it they overspent. They needed more Government subvention than had been provided for. The Elderly Care Agency then took over at the beginning of the year. There was additional staff recruited. There was some staff seconded from the GHA. There was some expenditure incurred which would not be of a recurring nature and therefore the hon Members should not draw any conclusions from how that £400,000 was earmarked but they should draw no conclusions from it as to the cost of operating the Elderly Care Agency on an annual basis. They know that in the new presentation of the Budget booklet even though the subvention to the Health Authority, the contribution from the Consolidated Fund to the Health Authority is not a Departmental expenditure and therefore we do not have to set out a breakdown of how the Revenue and Expenditure of the GHA, that we are doing so on an Appendix basis. It is our intention to do the same in respect of the Elderly Care Agency so that when they get the Budget booklet for the forthcoming financial year there will be an Appendix to it which will in effect contain the annual operating budget for the Elderly Care Agency presented in the same way as that of the Health Authority. That is really the opportunity that the hon Members should take to address the question of costs. All that said, the £400,000 are actually allocated as £200,000 which was the expected deficit on the basis of the way that the John Mackintosh Homes were running the Homes. If the John Mackintosh Governors had carried on running the Home on the basis that

they were running it, with the cost structures that they were bearing, until the 31<sup>st</sup> March, they would have needed an additional £200,000 subvention from the Government. Therefore, we are going to need that as well because we have increased the cost, not decreased the cost, so that is £200,000 of it and £200,000 is enhancement of services. Not all of that is recurring. If the hon Members will accept that information for now in the knowledge that they will have the full picture of the Elderly Care Agency as soon as they get copies of the Estimates.

Part 1 of the Schedule was agreed to and stood part of the Bill.

#### Part II - Consolidated Fund Contributions 1999/2000

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, in Head 15, Contributions from Consolidated Fund – Reserve, delete the figure “£20,000,000” appearing therein and insert “£20,500,000”.

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

Part II, as amended, was agreed to and stood part of the Bill.

#### Part III - Improvement and Development Fund 1999/2000

##### Head 101 Housing

HON J J BOSSANO:

The question of the provision of loans to Gibraltar Homes, where the payments that were made before, not out of the I&D but of the companies, were they also loans?



HON CHIEF MINISTER:

We did provide £1 million in the current year's Budget for this but before that £1 million, company balances were being used.

HON J J BOSSANO:

My question is, was the use of those company balances also by way of loans?

HON CHIEF MINISTER:

Yes, all the funding that flows out of Government and Government-owned companies is channelled through the Westside Co-ownership Ltd. From wherever it comes it goes into that Government owned company first and then there are very comprehensive loan agreements between that company and Gibraltar Homes Ltd.

HON J J BOSSANO:

So in fact the money we are voting now initially goes to the Government-owned company and then from the Government-owned company to Gibraltar Homes and then to the contractor?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, an amendment in Head 101, delete the figure "£750,000" and insert "£1,500,000".

Head 101, as amended, was agreed to and stood part of the Bill.

Head 102 - Schools, Youth and Cultural Facilities

HON S E LINARES:

Mr Chairman, can we have a breakdown of why there has been this doubling up of expenditure on St Joseph's School?

HON DR B A LINARES:

As the works of painting the School which is part of the minor works programme ensued they found there were structural problems particularly to the rendering of the walls that was falling off so before painting they had to repair the structural side and that is the increased expenditure.

Head 102 was agreed to and stood part of the Bill.

Head 104 - Infrastructure and General Capital Works

HON J J BOSSANO:

Mr Chairman, we are abstaining on Subhead 22(a) in Head 104 Infrastructure not on the rest of that Vote.

HON CHIEF MINISTER:

If the hon Members want to abstain they should. I heard the hon Member saying that he was abstaining not because he minded the Government buying the building but because of the use it would be put. We are not voting on the use, we are voting on the acquisition.

HON J J BOSSANO:

But presumably the Government would not buy it if they did not intend to use it for a hospital. If I can be told that it may be used for something else we shall review our position.

Subheads 15, 17A and 25 were agreed to and stood part of the Bill.

Subhead 22A (new) Hospital – Europort

Question put. The House voted.

For the Ayes:           The Hon K Azopardi  
                              The Hon Lt-Col E M Britto  
                              The Hon P R Caruana  
                              The Hon H Corby  
                              The Hon Mrs Y Del Agua  
                              The Hon J J Holliday  
                              The Hon Dr B A Linares  
                              The Hon J J Netto  
                              The Hon R R Rhoda  
                              The Hon T J Bristow

Abstained:            The Hon J L Baldachino  
                              The Hon J J Bossano  
                              The Hon Dr J J Garcia  
                              The Hon S E Linares  
                              The Hon Miss M I Montegriffo  
                              The Hon J C Perez  
                              The Hon Dr R G Valarino

Subhead 22A (new) Hospital – Europort stood part of the Bill.

Part III, as amended, stood part of the Bill.

Part IV - Consolidated Fund Excess Expenditure 1996/1997 and 1997/98 was agreed to and stood part of the Bill.

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

THIRD READING

HON ATTORNEY-GENERAL:

I have the honour to report that the Supplementary Appropriation Bill 2000 has been considered in Committee and agreed to, with amendments, and I now move that it be read a third time and passed.

Question put. Agreed to.

The Bill was read a third time and passed.

HON CHIEF MINISTER:

Mr Speaker, I beg to move under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with Questions.

Question put. Agreed to.

ANSWERS TO QUESTIONS continued.

MOTIONS

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move the motion standing in my name and which reads:

“There be hereby constituted a Select Committee of this House comprising three Members nominated by the Chief Minister, namely, the Hon P R Caruana, the Hon K Azopardi and the Hon B Linares and two Members nominated by the Leader of the Opposition, namely, the Hon J J Bossano and the Hon J Garcia to review all aspects of the Gibraltar Constitution Order 1969 and to report back to the House with its view on any desirable reform thereof.

**THURSDAY 13<sup>TH</sup> APRIL 2000**

That the said Committee be at liberty to adopt and continue the work of the Committee of the House constituted by motion dated 7<sup>th</sup> July 1999”.

Mr Speaker, as the Leader of the Opposition has indicated I do not think there is any great need to debate this. The first paragraph is identical language to the motion we adopted last year and the second paragraph is just to give cover for us picking up where we left off.

HON J J BOSSANO:

Obviously we are supporting the motion.

Question put. The motion was carried unanimously.

ADJOURNMENT

The Hon the Chief Minister moved the adjournment of the House to Thursday 13<sup>th</sup> April, 2000, at 10.30am.

Question put. Agreed to.

The adjournment of the House was taken at 1.25 pm on Friday 10<sup>th</sup> March, 2000.

The House resumed at 10.30 am.

PRESENT:

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

GOVERNMENT:

The Hon P R Caruana QC – Chief Minister  
The Hon K Azopardi – Minister for Trade, Industry and Telecommunications  
The Hon Dr B A Linares – Minister for Education, Training, Culture and Health  
The Hon J J Holliday – Minister for Tourism and Transport  
The Hon Lt-Col E M Britto OBE, ED – Minister for Public Services, the Environment, Sport and Leisure  
The Hon H A Corby – Minister for Employment and Consumer Affairs  
The Hon J J Netto – Minister for Housing  
The Hon Mrs Y Del Agua - Minister for Social Affairs  
The Hon R Rhoda QC – Attorney-General  
The Hon T J Bristow – Financial and Development Secretary

OPPOSITION:

The Hon Dr J J Garcia  
The Hon J L Baldachino  
The Hon Miss M I Montegriffo  
The Hon Dr R G Valarino  
The Hon J C Perez  
The Hon S E Linares

ABSENT:

The Hon J J Bossano – Leader of the Opposition

IN ATTENDANCE:

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

DOCUMENTS LAID

The Hon the Chief Minister moved under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the laying of various accounts and documents on the Table.

Question put. Agreed to.

The Hon the Chief Minister laid on the Table the Gibraltar Land (Holdings) Limited Accounts for the years ended 31<sup>st</sup> December 1997 and 31<sup>st</sup> December 1998.

Ordered to lie.

The Hon the Minister for Tourism and Transport laid on the Table the following documents:

- (1) The Air Traffic Survey 1999.
- (2) The Tourist Survey Reports 1998 and 1999.
- (3) The Hotel Occupancy Survey 1999.

Ordered to lie.

The Hon the Minister for Employment and Consumer Affairs laid on the Table the Employment Survey Report – October 1997 and April 1998.

Ordered to lie.

The Hon the Attorney-General laid on the Table the Revision of the Laws (Supplement No.14) Order 2000.

Ordered to lie.

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

- (1) Statements of Consolidated Fund Reallocations approved by the Financial and Development Secretary (No. 5 to 7 of 1999/2000).
- (2) Statement of Improvement and Development Fund Reallocations approved by the Financial and Development Secretary (No. 3 of 1999/2000).

Ordered to lie.

### MOTIONS

HON CHIEF MINISTER:

I beg to move the motion standing in my name and which reads:

“That this House approves by resolution the making of The Indonesia (Supply, Sale, Export and Shipment of Equipment) (Penalties and Licences) (Revocation) Regulations 2000”.

Mr Speaker, these Regulations revoke the Indonesia (Supply, Sale, Export and Shipment of Equipment) (Penalties and Licences) Regulations 1999, which were approved by resolution of this House on 18 November 1999. Those Regulations were made to give practical effect to Council Regulation 2158/1999 in the form of making it an offence to infringe the prohibition in the Council Regulations providing for the licensing of sales, supplies, exports and shipment of equipment in accordance with the Council regulation; and making provision for enforcement.

Mr Speaker, Council Regulation 2158/1999 was in operation until 17 January 2000 and consequently, there is no longer a need to keep our local regulations, which gave the Council Regulation practical effect, in operation. I commend the motion to the House.

Question proposed.

HON DR J J GARCIA:

Mr Speaker, Opposition Members will be supporting the motion, although a number of points have to be made. When the original motion seeking approval from the House for these regulations was brought on 18<sup>th</sup> November 1999, Opposition Members voted against it. The Leader of the Opposition explained then that this was not out of solidarity for the actions of the Indonesian regime against the people of East Timor, but for other reasons.

The first thing we questioned was the procedure. This was the third time that we were asked to vote on a motion approving a European regulation which had direct effect in all the territory of the Union anyway, whether we passed the motion or not. The Opposition expressed reservations at the time at the use of this methodology.

Mr Speaker, the EU Regulation included an expiry date of 17<sup>th</sup> January 2000 in which the measure ceased to have legal effect. Perhaps the same expiry date could have been written into our own regulation so that the same thing happened.

The position, Mr Speaker, is that we are now being asked to vote on a measure which ceased to have legal effect nearly three months ago in the EU.

The second point we wish to make relates to the question of competent authorities. Annex II to the original regulation listed the competent authorities in the European Union and it did not include the Gibraltar Collector of Customs. The suggestion was made that it could be ultra vires to name the Collector of Customs in our regulation when the EU Regulation only named the Export Policy Unit of the Department of Trade and Industry in respect of the United Kingdom. The suggestion, Mr Speaker, is that the House could now be putting right what was done wrong then. In Question No. 274 of 2000 last month the Leader of the Opposition asked whether the European Commission had now been notified that

the competent authority for Gibraltar was the Collector of Customs. In reply, the Chief Minister said that the UK had notified the Commission on 23<sup>rd</sup> November 1999 but that the listing of the Collector of Customs had still not taken place. It would be useful to know whether that has now happened.

The last news Opposition Members have and perhaps it would be pertinent to find out exactly what has happened is that the United Kingdom did request the Commission to include Gibraltar as a competent authority and the last time when the Question was asked on the 6<sup>th</sup> March 2000, there was no news as to whether the Commission had actually included Gibraltar or not. I think it is important to make the point that the issue is not academic. It is a matter of principle which is very topical and very relevant at present. When the original Regulation was being discussed in November the Chief Minister said that Spain attaches an overriding importance to the question of competent authorities in Gibraltar, not being recognised, much more so than to the substance of the measure. For the record, the Opposition also attaches overriding importance to the recognition of our competent authorities and although we will be supporting the motion I think that these points needed to be made. The Chief Minister said at the time that we should find other issues on which to make our political stand in relation to this question of competent authorities. We know what those issues are and we hope that a political stand is being made. We will be supporting the motion.

HON CHIEF MINISTER:

Mr Speaker, I am delighted to hear that Opposition Members are supporting the motion. As to the rest of what the hon Member has said which is a repetition of the speech made by the Leader of the Opposition at the time that we last debated this, it may or may not be of general academic interest. It certainly is entirely academic on a debate on this motion which is to debate the approval of the revocation of a Gibraltar piece of legislation that does nothing more than impose criminal sanctions in Gibraltar for the breach of directly applicable EU sanctions on Indonesia. Therefore, nothing

of what the hon Member has just spoken about arises on a debate on this motion but I am nevertheless grateful for the hon Members' support on the motion.

Question put. The motion was carried unanimously.

## BILLS

### FIRST AND SECOND READINGS

HON CHIEF MINISTER:

I beg to move under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the First and Second Readings of Bills.

Question put. Agreed to.

### THE CRIMINAL OFFENCES ORDINANCE (AMENDMENT) ORDINANCE 2000

HON CHIEF MINISTER:

I have the honour to move that a Bill for an Ordinance to amend the Criminal Offences Ordinance and for matters consequential thereto, be read a first time.

Question put. Agreed to.

### SECOND READING

HON CHIEF MINISTER:

I have the honour to move that the Bill be now read a second time. Mr Speaker, the Bill is very short, as hon Members will have noticed and its effect is very straightforward. It is the policy of the Government of Gibraltar which hon Members that sit on the Select Committee on Constitutional Reform will have noticed that the death penalty should be abolished in Gibraltar in all its

applications. There are death penalties in Gibraltar still theoretically on the Statute Books for three things. One is for treason and the others are for piracy and arson. The extension of the criminal sanction of the death penalty for piracy and arson in Her Majesty's Dockyard does not arise from any law of Gibraltar. It arises from the laws of the United Kingdom and the Government of Gibraltar have requested the United Kingdom to repeal those United Kingdom instruments that extend the death penalty to Gibraltar for those two. The only instance where the death penalty exists in the law of Gibraltar is under the Criminal Offences Ordinance for treason. The effect of this Bill is to repeal the availability of the death penalty for treason and its replacement with the slightly less painful but almost as draconian penalty of imprisonment for life. I hope hon Members will resist the temptation to ask me what is meant by treason for these purposes. I commend the Bill to the House.

Discussion invited on the general principles and merits of the Bill.

HON DR J J GARCIA:

Mr Speaker, it is very welcome that this Bill is being brought to the House because certainly those of us in the Opposition and obviously the Government because they are bringing the Bill agree on the principles of the right to life, as well as in other Parliaments and places like the United States and the United Kingdom. There is great controversy on this particular point. I think here there is a measure of unity on it. It is something which in a sense is long overdue. It is anachronistic that this should still be on the Statute Books and it is a question of human rights in a general sense.

The Chief Minister has remarked on the question of piracy and on this UK Instrument. It is also very interesting because obviously it is something which is in line with this and we would like to see it removed completely. We therefore will be supporting the Bill and although we will not be asking what treason is, we certainly hope

they are not introduced in this amendment because any Government Member plans to do anything which may seem reasonable.

Question put. Agreed to.

HON CHIEF MINISTER:

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

Question put. Agreed to.

### **THE INCOME TAX ORDINANCE (AMENDMENT) ORDINANCE 2000**

HON CHIEF MINISTER:

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

Question put. Agreed to.

### **SECOND READING**

HON CHIEF MINISTER:

I have the honour to move that the Bill be now read a second time. Mr Speaker, although this Bill is short it deals with a highly technical matter which I will do my utmost to explain to hon Members in terms that simplify it as much as possible. Hon Members will recall that at the last year's Budget we introduced a small company rate of tax. The Income Tax Ordinance also provides that when a company pays a dividend the receiving shareholder, in effect, gets a tax credit at the rate of Corporation Tax. If the company has paid tax at 35 per cent that money is not taxed at 35 per cent again in the hands of the shareholder. It is

deemed already to have been taxed at source, namely in the hands of the company through Corporation Tax. Otherwise the same income would be taxed twice. Once when it is earned by the company and then again in the hands of the shareholder when he receives it as dividends. But of course that begs the question of at what rate does a shareholder get that tax credit. In circumstances where a company pays dividends from a pot of distributable reserves some of which has paid tax at 35 per cent and some of which has paid tax at 20 per cent because of course a company could switch from being a smaller company or not a smaller company from year to year depending on the size of profit that it has made. A company could make more than £35,000 profit less profit than the other and therefore it will have in its accounts profits distributable as dividends some of which will have paid tax at 35 per cent in the year in which it was earned, some of which will have paid tax at the smaller company rate of 20 per cent in the year in which it was earned. The company then distributes this as a dividend to shareholders. Question? Then at what rate should the shareholder get a tax credit? In the terms that I explained at the outset. The device that this amendment introduces is in effect the first in first out rule so that when a company distributes a dividend it will be deemed to have distributed from the income that has been in the pot for longest. The Commissioner of Income Tax looks at when that income was earned, at what rate of tax that income was taxed and gives the shareholder credit for it at that rate. That is the effect of the Bill. Then there is a section which simply allows the Commissioner to give the company such information as in the opinion of the Commissioner may aid the company with its duties under the provisions of this section. Basically it allows the Commissioner to give information back to the company to enable the company to calculate the first in first out rule. I commend the Bill to the House.

Discussion invited on the general principles and merits of the Bill.



HON J C PEREZ:

Mr Speaker, first let me say that whereas the Opposition have no problems in receiving Bills in time when they come from the House of Assembly, when the Bill is sent to us through any other Department it seems to take a long time in getting and this has only met the five days' notice criteria by, I think, half an hour, notwithstanding the fact that it was published a week before we received it. I would like the Government Members to look at that mechanism because we have no problems when receiving things from the House but when they come from either the Attorney-General's Chambers or wherever it comes from there seems to be a slight delay.

Secondly, Mr Speaker, I understand exactly what the Chief Minister is saying in respect of the withholding tax by the company on dividends paid to shareholders but the net effect to the Tax Office is the same in that although the tax is withheld at the rate which the company is paying tax, the difference between that and the rate that the individual shareholder pays is then retrieved by the Income Tax Office, that is to say, that if the company withholds 30 per cent tax and the individual is taxed at 50 per cent then the Income Tax Office assesses the individual and takes into account the tax that is already withheld by the company. So in effect the net effect to the Tax Office should be the same. Secondly, I think that the wording of Clause A opens up the Bill to interpretation in that for the first time since I have been in the House of Assembly we are talking about taxing income and there is no definition of income in the Income Tax Ordinance. Therefore, unless we do not describe that as taxable income or as profit, taxable income seems to me to be a fairer definition, then what would happen, for example, with companies with non-taxable income because they have got a Development Aid Licence or because the company might have money in Government Debentures and the income from that is non-taxable and if they then pay dividends out of that money? If one describes that as income alone and not taxable income then there is no distinction and I think that if one looks at Section 39 it does not talk about income or profits and we are talking about taxable or

assessable income. I think that that needs to be explained better or perhaps the hon Member can explain to me what happens in respect of the other company. At first hand I would have thought that it is an explanation of the mechanism to withhold tax but it is very explicit in saying that the rate paid or payable by the company of the income and I think that that needs to be looked at.

HON CHIEF MINISTER:

Mr Speaker, just so that we do not lose the thread of that quite technical point, perhaps it would be helpful if I start with the last point that the hon Member makes. I think except for his very last words the hon Member has been misreading the Section. This is a mechanism, it is not a charging section. This section does not charge tax. Almost the last words that the hon Member used he made a reference to the rate payable. This section does not impose a tax on anybody. He is absolutely right when he said towards the end of his contribution that this is purely a mechanism. When a company pays a dividend, as a matter of law it can only be paid out of what is called "distributable reserves". Distributable reserves is necessarily income that has already been taxed in the hands of the company. There is no question of this subjecting to tax any income that would not otherwise have been subjected to tax under Section 39 which the hon Member mentioned which is the charging section. This section does not charge anybody to tax, either the company or the receiving shareholder. All it says is that it is a section that causes a withholding of tax from the shareholder, not from the company. The withholding is for the benefit of the shareholder. It is not for the benefit of the Income Tax Office. The Income Tax Office has had all the tax that it is going to get from this situation when it subjected the company to Corporation Tax before the company dropped what was left into the basket called "Distributable Reserves" out of which it then pays the dividend. This regime exists for the benefit of the receiving shareholder who gets a credit. The hon Member is absolutely right when he said at the beginning of his contribution that it made little difference to the Income Tax Office because they had already got or would get in any case all the tax when the company eventually pays its tax,

that it was going to get and that is absolutely right. Of course, it is not all the same to the shareholder who wants to get a 35 per cent deduction. The hon Member may not understand exactly how this works. Although the receiving shareholder gets a credit he still has to declare it with his income because he may be liable to tax at a higher rate than 35 per cent. But, of course, in calculating that balance on which he has got to pay tax, it is very important for him that he gets the right level of set-offs. The receiving shareholder will always want to get 35 per cent as opposed to 20 per cent and therefore ultimately it does make a difference to the Tax Office not vis-a-vis the company as a taxpayer but vis-a-vis the receiving shareholder as a taxpayer because if the receiving shareholder is paying tax at the marginal rate, at a higher rate of 50 per cent, if he gets a deduction from his company dividend at 35 per cent his own personal tax bill will then be lower than if he gets the deduction at 20 per cent and therefore in the first case the Income Tax Office gets more money than it would from the personal receiving shareholder than in the previous case.

I am sorry to hear that the hon Members have had this Bill late. I was not aware that Bills are sometimes distributed to them through Departments. I thought that they always came to them through the House. Certainly I will ensure that that shall always be the case in the future so that the hon Members have as long as possible and certainly the minimum which for some Bills..... I remember when I was sitting in the Opposition that I thought - I am not sure that the hon Members were terribly sympathetic then when the boot was on the other foot - but I recall thinking that certain Bills, especially the longer Bills and the Bills that deal with technical issues, seven days really is very short notice to digest, consider and prepare for a debate on a complicated Bill. As far as the Government are concerned, this is one of the issues that we will be happy to look at jointly with the Opposition when and if, and I have already made the suggestion to the Leader of the Opposition, we get together to see whether the Standing Orders of the House can be improved which I am absolutely certain they can and should be improved.

Question put. Agreed to.

The Bill was read a second time.

HON CHIEF MINISTER:

Mr Speaker, at the Committee Stage I intend to move a short amendment to that Bill. Hon Members may have not have noticed that the commencement date has been given as the 1<sup>st</sup> July 2000. That, of course, should be the 1<sup>st</sup> July 1999 to make it co-extensive from the date that the Small Company Tax Rate was introduced, which was on 1<sup>st</sup> July 1999. Subject to that, I beg to give notice that the Committee Stage and Third Reading of the Bill be taken later today.

Question put. Agreed to.

#### COMMITTEE STAGE

HON ATTORNEY-GENERAL:

I have the honour to move that the House should resolve itself into Committee to consider The Criminal Offences Ordinance (Amendment) Bill 2000, and The Income Tax Ordinance (Amendment) Bill 2000, clause by clause:

#### **THE CRIMINAL OFFENCES ORDINANCE (AMENDMENT) BILL 2000**

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

## THE INCOME TAX ORDINANCE (AMENDMENT) BILL 2000

### Clause 1

HON CHIEF MINISTER:

I beg to move the amendment, and I apologise for not having given notice in writing, that the commencement date in the title be amended to read on the second occasion that the figure "2000" appears that that should read "1999".

HON J L BALDACHINO:

Mr Chairman, we are giving effect to this Bill backdated to 1<sup>st</sup> July 1999. Is there any reason why we are doing this on this occasion?

HON CHIEF MINISTER:

Yes, Mr Chairman, it is not so much that we are giving effect to it backdated but rather that it should be deemed to have come into effect. The hon Member knows that most income tax techniques are divided into two different things. One is called the period of assessment and the other is the period on which the income arises. It is very important to the enforcement and administration of the Small Company Tax Rules that the Commissioner of Income Tax has available to him the necessary law to deal with the issue of at what rate to deduct tax in respect of the same period. In other words, commencing from the same date as companies are able to pay tax at a lower rate otherwise there is a gap in between during which he is unclear as to how to deal with that problem. It is not that we are giving anybody a benefit which is backdated. No one will have yet paid tax on a dividend received under the Small Company Rules because no company will yet have reported since 1<sup>st</sup> July and paid the dividend and the shareholder sent in his assessment. It is not that we are giving anybody a backdated benefit but we are starting the benefit in respect of the income period which is co-extensive with the coming into force of the Small Company rate of tax.

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

### Clause 2

HON J C PEREZ:

Despite the Chief Minister's explanation of this, he was not able to explain to me what happens on non-taxable income. That is to say, if there is a dividend payment to shareholders deriving totally from non-taxable income then the tax paid by the company is zero and one would presume that this would not give any credit at all to shareholders on the dividend paid and therefore they would be liable for the whole of the income tax on a personal basis because there would be no withholding whatsoever because the clause says that the amount paid would be the amount paid by the company in that year and if the company pays zero in that year then they would have no credit whatsoever. Can the Chief Minister understand what I am trying to say?

HON CHIEF MINISTER:

I think I can understand what the hon Member is trying to say. The hon Member is saying what happens if the company pays a dividend out of income that has not been taxed.....

HON J C PEREZ:

No, not taxed, non-taxable income that does not need to be taxed.

HON CHIEF MINISTER:

There is no income that is exempt from tax in the hands of a company except under the Companies (Taxation and Concessions) Ordinance, in other words, tax exempt companies and that deals separately with what happens to shareholders with dividend income. This does not override that exemption or the company could have income which enjoys Development Aid

protection and the Development Aid Ordinance and the Income Tax Ordinance also says what happens to such income in the hands of shareholders and this does not override that either.

HON J C PEREZ:

It does not override that either in respect of the tax that the company pays but if we are relating what the company withholds from the shareholder at the time of the dividend payment in relation to what the company pays and it could be in a given year that the company pays zero tax because of Development Aid Licence or because it has got investments in Government Debentures the income of which is tax free, then there is no withholding on dividends paid from that money as the law stands now.

HON CHIEF MINISTER:

Mr Chairman, if the point that the hon Member is making is valid, it has been valid all these years because as far as I am aware there is no change in this part of the Ordinance. This establishes the same regime as there was. If a company, for any reason, enjoys income that is not subject to tax because it is the beneficiary of tax free Government income. It has not paid tax on that. Therefore there is no credit for the shareholder in respect of that income. The Income Tax Office only gives a shareholder credit for income that has already suffered tax in the hands of a company unless some other law or some other part of the Income Tax Ordinance also protects that income from tax when the company passes it down to the shareholder. That is absolutely the intended situation. I hear what the hon Member is describing but I do not think it is an unintended situation.

HON J C PEREZ:

Fine. Mr Chairman, the other point I wanted to make is that I understood perfectly what the Chief Minister said in respect of the credit that the shareholders get. The point I was making in the second reading of the Bill was that the net effect to the Tax Office

is the same whether the deduction is by the company 20 per cent or 35 per cent on the income that the shareholder receives because then there is an adjustment made in relation to that withholding tax on the shareholders' personal income by the Income Tax. Therefore, if there is benefit initially in that less tax is to be deducted by the individual the only difference being that the Tax Office would get the company withholding tax quicker and that the residue of the individual's tax would take a bit longer and might be more difficult in recovering. I think that the benefit really is to a shareholder that is not resident in Gibraltar and would therefore not be liable to personal taxation in Gibraltar but that in effect the equation is the same one because the individual's tax is then assessed depending on whether the withholding tax has been 20 per cent or 35 per cent.

HON CHIEF MINISTER:

No, Mr Chairman. I regret that the hon Member I do not think is right because in the hands of a shareholder who pays tax at 50 per cent that is higher than the 35 per cent rate which is the highest that the company can be made to pay. Therefore, the amount of credit that the shareholder gets or does not get determines how much of it is subjected to tax at 50 per cent not at 35 per cent. So by the mechanism that the hon Member describes it does not leave the Income Tax Office because in the case of a 50 per cent taxpayer the amount that does not get credit is then taxed at 50 per cent, not at 35 per cent. Therefore, there is an issue here of quantum for the Income Tax Office.

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

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

### THIRD READING

HON ATTORNEY-GENERAL:

I have the honour to report that the Criminal Offences Ordinance (Amendment) Bill 2000 and the Income Tax Ordinance (Amendment) Bill 2000, 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.

### PRIVATE MEMBERS' BILL

#### FIRST AND SECOND READINGS

#### THE ABBEY NATIONAL ORDINANCE 2000

HON K AZOPARDI:

I have the honour to move that a Bill for an Ordinance to make provision for and in connection with the transfer of the business of Abbey National (Gibraltar) Limited to Abbey National Treasury International Limited 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. Mr Speaker, this is the fourth time that these Bills have come before the House. My predecessor Mr Montegriffo had presented similar Bills in relation to BBV, NatWest and ABN Amro. Again, this stems from similar reasons. Those had been fully ventilated, certainly the conceptual reasons had been fully

ventilated in this House before so I will not really go at length on that because hon Members have had the benefit of hearing at least the conceptual side to the reasons for these types of Bills coming before the House before. What I would say is in relation to Abbey National specifically is that certainly the purpose of the Bill is self-explanatory in the Memorandum, to transfer the business of Abbey National (Gibraltar) to Abbey National Treasury International which is a Jersey company. The basic reason for that is the decision of Abbey National to restructure all its offshore business through the Jersey operation. It is not jurisdiction driven in the sense that it has taken a particular decision to downgrade operations in any other jurisdiction. The restructure is affecting Abbey National operations in all jurisdictions where they conduct offshore business and so, for example, they are doing so also in the Isle of Man and elsewhere.

The reason that the Bill is before the House is because it is easier to restructure in the sense of securities. If I give the hon Members a flavour of what type of business we are talking about, Abbey National currently operate two licences out of Gibraltar, Abbey National Gibraltar and ANTIL had a licence, most of the deposits now are held through ANTIL and there is only about 350 accounts and deposits totalling about £1.6 million which are held through Abbey National Gibraltar. So that degree of transfer is fairly small. The more important transfer in respect of which this Ordinance is necessary is the mortgages. I am told that there is about 750 mortgagors with mortgages totalling about £33 million and the reason, of course, as has been explained before, is that this Ordinance is necessary because were the House not to pass legislation automatically transferring the business of Abbey National (Gibraltar) to ANTIL on a certain date, Abbey National would need to seek the consent of every individual mortgagor, get them to sign Deeds of Transfer and of course the cost to the operation and inconvenience to the mortgagors would be fairly substantially when all that is happening is really a paper transfer and the customers are dealing with the same people. The finance jurisdictions in other territories have taken the view of course that is a good method of transferring undertakings and Gibraltar takes the same view as we have done so previously.

Hon Members may be interested in the consequences of this and I can tell and assure the House that Abbey National have assured the Government that there are no employment consequences from this. No one is going to lose their jobs as a result of this transfer of undertakings. Indeed, Abbey National point out that the contrary has been the case. Since the time that they have been lobbying the Government for the transfer of undertakings from Abbey National (Gibraltar) to ANTIL the total complement of Abbey National has risen by eight, to about 31 and indeed they are creating different posts.

The second point the House may be interested in is in relation to tax. ANTIL are tax exempt. Abbey National (Gibraltar) Ltd are a qualifying company and pay a certain amount of tax. Again the Government have obtained an assurance that this transfer of undertaking will not represent a loss of revenue to the Government and that Abbey National, notwithstanding the transfer, will continue to pay an equivalent amount of tax to the Government so that the revenues of Gibraltar do not suffer as a consequence of this transfer. Other than that, Mr Speaker, on the general principles, I think the sections in particular are quite clear because they are fairly similar to other previous occasions and I would commend the Bill to the House with the caveat that because this Bill has not been taken prior to the 31<sup>st</sup> March and that is the change of the date that the Government identified with Abbey National, certain amendments are necessary purely to clarify that matter but it has no substantive effect.

Discussion invited on the general principles and merits of the Bill.

HON DR J J GARCIA:

Mr Speaker, Opposition Members will be supporting the Bill. The Minister is correct when he says that it is a procedure which has been used before so it is a straightforward measure. But there are a number of questions which arise from this which perhaps the Minister might care to answer. One of them is that being a transfer of undertaking, the terms and conditions of the workforce, might be a pertinent question to ask. Secondly, the hon Member

mentioned the restructuring of the offshore business to the Jersey operation and that what is happening here today has happened already in the Isle of Man and in similar jurisdictions. Does the Minister have any information as to why it is that they chose to do this from Jersey over the other jurisdictions and how long have Abbey National been lobbying the Government for this to happen? Generally, as I said, we will be supporting the Bill. It is a straightforward measure and it has happened before.

HON K AZOPARDI:

Mr Speaker, I will answer the questions the hon Member puts with a degree of inside information. My wife works at Abbey National so I know that the employees have all received a letter telling them that the company's intention is to transfer its undertaking to ANTIL, that it does not affect their current terms and conditions and that their new employer will be ANTIL in name but that they are not affected. I think that has been done with most employees and I would suspect that there is no consequence on that. There have been letters to that effect. Why Jersey? Well, it is a corporate decision. My information, and I am aware indeed that Abbey National has for many years run the substantial and principal amount of offshore business through Jersey and I think they have just taken a decision to restructure on that basis purely as a result of convenience. The letter that one of their Directors sent to the Government explaining the reason stipulates that the reorganisation is to bring the many legal entities of the offshore group under the more efficient corporate structure. That they want to give it a consistent public face regardless of location which provided consistency of contracts for staff et cetera. ANTIL have for many years been the Jersey-based bank that have operated as a branch in Gibraltar and I think they have chosen Jersey because of their principal business but it does not mean anything in relation to the employment, the tax revenue or, indeed, Abbey National have been at pains to point out that no jurisdiction should think that because they have taken a purely corporate restructure decision for this transfer of undertaking that any particular jurisdiction is being downgraded in that effort because their commitment, and they have gone down in writing to state that, to

particular jurisdictions continues, in particular to Gibraltar and that is evident by the fact that they are indeed increasing their employment complement in Gibraltar.

How long have they been lobbying the Government? I am aware that there is correspondence with the previous Minister going back to June last year. That is when they first started to discuss the terms whether Government would support a Private Members' Bill on that basis. A decision was taken to do so. The drafting was done substantially by Abbey National's lawyers so that the cost would be borne by them. A Bill was fairly ready to be presented just after Christmas and the delay has been because of the intervening election which has meant that we needed a bit more time to get things together. Of course, as the hon Member knows, the Private Members' Bill also has to be published twice which also involves a degree of delay under Standing Orders. I hope that that answers the question that the hon Member raises and perhaps we can deal with the issue of the dates at Committee Stage.

Question put. Agreed to.

The Bill was read a second time.

HON K AZOPARDI:

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

Question put. Agreed to.

#### COMMITTEE STAGE

HON ATTORNEY-GENERAL:

I have the honour to move that the House should resolve itself into Committee to consider the Abbey National Bill 2000, clause by clause.

#### Clause 1

HON K AZOPARDI:

Mr Chairman, I had given notice of certain amendments. A lot of them are fairly innocuous. In relation to Section 1, I would move the amendment standing in my name of leaving out "and comes into operation on 31<sup>st</sup> March 2000" and inserting paragraph 3 which reads: "(3). Insofar as the changeover date falls before the passing of this Ordinance, any reference in the following provisions of this Ordinance to something occurring (whether it is expressed as vesting, becoming, continuing or otherwise) on or by reference to the changeover date shall be construed as a reference to that thing being deemed to have occurred on or by reference to that date".

The background to this is, indeed the changeover date is still 31<sup>st</sup> March in the sense that the restructure arrangements were put in place for that purpose. Because we are taking the Bill subsequent to that the legal advice of both Abbey National's lawyers and, indeed, the Legislation Unit, has been to replace that to give it legal effect without any serious consequences.

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

#### Clause 2

HON K AZOPARDI:

Mr Chairman, I wish to put an amendment in subsection (1) to delete the word "is" and insert the word "was".

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



Clause 3

HON K AZOPARDI:

Mr Chairman, an amendment to subsections (1), (2), (3) and (5), delete the word "is" and insert "was".

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

Clause 4

HON K AZOPARDI:

Mr Chairman, in subsection (1)(a) delete the word "is" and insert "was"; in subsection (1)(c) delete the word "has" and insert "had"; and in subsection (2) delete the words "passing of this Ordinance (whether before, on or after the changeover date)" and insert "changeover date".

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

Clause 5

HON K AZOPARDI:

Mr Chairman, delete the words "pension scheme which is in existence immediately before the changeover date" and insert "existing pension scheme".

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

Clauses 6 and 7(1) were agreed to and stood part of the Bill.

Clause 7(2)

HON K AZOPARDI:

Mr Chairman, delete the first "is" in the second line and insert "was"; and delete the word "is" in the third line and insert "was".

Clause 7(2), as amended, was agreed to and stood part of the Bill.

Clause 8

HON K AZOPARDI:

Mr Chairman, in subsection (4) delete the word "are" and insert "were"; and in subsection (5)(b) delete the word "is" and insert "was".

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

Clauses 9 to 11 and the Long Title were agreed to and stood part of the Bill.

THIRD READING

HON ATTORNEY-GENERAL:

I have the honour to report that the Abbey National Bill 2000 has been considered in Committee and agreed to with amendments. I now move that it be read a third time and passed.

Question put. Agreed to.

The Bill was read a third time and passed.

The House recessed at 11.35am.

The House resumed at 11.50am.

## ADJOURNMENT

The Hon the Chief Minister moved the adjournment of the House to a date to be notified.

Question put. Agreed to.

The adjournment of the House was taken at 11.55 am on Thursday 13<sup>th</sup> April 2000.

## WEDNESDAY 19<sup>TH</sup> APRIL 2000

The House resumed at 10.00 am.

### PRESENT:

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

### GOVERNMENT:

The Hon P R Caruana QC - Chief Minister  
The Hon K Azopardi - Minister for Trade, Industry and Telecommunications  
The Hon Dr B A Linares - Minister for Education, Training, Culture and Health  
The Hon J J Holliday - Minister for Tourism and Transport  
The Hon Lt Col E M Britto OBE ED - Minister for Public Services, the Environment, Sport and Leisure  
The Hon H A Corby - Minister for Employment and Consumer Affairs  
The Hon T J Bristow - Financial and Development Secretary

### OPPOSITION:

The Hon Dr J J Garcia  
The Hon J L Baldachino  
The Hon Miss M I Montegriffo  
The Hon Dr R G Valarino  
The Hon J C Perez  
The Hon S E Linares

### ABSENT:

The Hon J J Netto - Minister for Housing  
The Hon Mrs Y Del Agua - Minister for Social Affairs  
The Hon R Rhoda QC - Attorney-General  
The Hon J J Bossano - Leader of the Opposition

### IN ATTENDANCE:

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

### OATH OF ALLEGIANCE:

The Hon Albert Trinidad took the Oath of Allegiance.

### MINISTERIAL STATEMENT

#### HON CHIEF MINISTER:

Mr Speaker, I wish to make a statement to the House in relation to the mooted discussions leading to agreement on several issues relating to Gibraltar on the European Union which have been ventilated in the local press in recent weeks and months.

As is already well known, discussions have been taking place to try to resolve the difficulties that have arisen over the years relating to three issues - Gibraltar ID cards, formal police co-operation with Spain and the recognition of Gibraltar's own competent authorities within the European Union. I am pleased to inform the House that agreements which the Gibraltar

Government have been happy to support, have been concluded this morning on all these issues. From the very outset of the discussions, the British Government made it clear to me that it would not enter into agreements on these issues without the Gibraltar Government's support. We have therefore been very closely engaged with the United Kingdom Government at all stages of these very intense negotiations. The Gibraltar Government are well satisfied with the outcome.

From the very outset, also, the Gibraltar Government made it clear to the British Government that we were happy to negotiate solutions to practical problems affecting Gibraltar subject to certain overriding conditions. The principal conditions were firstly and obviously that the agreements should not affect Gibraltar's sovereignty in any way, and secondly, that the arrangements should not roll back our Constitution, that is to say, that Gibraltar should continue to issue documents, make decisions and implement EU directives and other obligations acting exclusively through our own local, constitutional authorities, and that our level of self-government should not be diminished. These have been the key issues for us. We have not, however, tried to uphold the false proposition that Gibraltar is somehow what was referred to in the past as "the 13th Member State of the European Union", or a separate Member State in its own right. We fully recognise the indisputable political and legal reality which is that the United Kingdom is the Member State responsible for Gibraltar within the European Union and that the European Community Treaty obligations are ultimately the United Kingdom's. But, of course, this does not make us administratively or politically part of the United Kingdom, so our objective has been to ensure that this distinction is properly saved, that is to say, the fact that we recognise that the United Kingdom is the Member State responsible for Gibraltar within the European Union does not mean that our Constitutional autonomy to govern and administer our own affairs can be diluted or reduced, or that the United Kingdom can take over competence for the implementation of EU directives in Gibraltar. I am delighted to be able to say that the agreements fully uphold and respect our political and

constitutional position and that they bring for us important benefits without conceding any constitutional ground whatsoever.

Some people have asked me, if these agreements are good for Gibraltar, why has Spain agreed to them? The answer is simple. Spain, as well as the UK, is under enormous pressure from its EU partners to overcome these and other Gibraltar-related difficulties within the European Union. Other Member States are no longer willing to allow European Union measures to be blocked indefinitely because of the Gibraltar issue. It is therefore in everyone's interest, including Spain's, to resolve these issues in a way which works for all three sides. It is worth remembering though that it is not just Spain that has had difficulty dealing directly with our competent authorities or recognising our identity cards. The majority of the other Member States have adopted a similar position, albeit as a result of Spanish lobbying.

In addition to these three agreements, I can now also announce that the way is clear for Gibraltar to be included in all parts of the Schengen acquis in which the United Kingdom is itself opting to participate except, as already announced, the Schengen Information System and an article relating to cross-border police surveillance. Whilst welcoming Gibraltar's participation in the Schengen Convention, we have expressed to the British Government our disappointment at and objection to our exclusion at this stage from one part of it, namely the Schengen Information System. The Schengen Information System is a computer network relating to law enforcement and border controls. The Gibraltar Government's objection to our exclusion is not based on the practical importance of this system to Gibraltar but on the principle that we should not be excluded from any EU measure against our will, especially not under pressure from Spain. In this case Spain's objection to our inclusion in the Schengen Information System reflects her general position in relation to Gibraltar and external frontiers even though the United Kingdom is not joining the external frontiers part of the Schengen Convention and is itself not participating in the Schengen Information System for frontiers purposes. It is, nevertheless, welcome that the United Kingdom has been able to overcome

Spain's veto in respect of our inclusion in the great bulk of Schengen.

So, Mr Speaker, what are the agreements that have been reached? There are three agreements and I would like to explain each of them to the House in some detail. The first agreement relates to the recognition of Gibraltar identity cards as valid travel documents in the European Union. Of the 15 EU Member States, only the United Kingdom and Sweden presently recognise our identity cards as valid travel documents, that is to say valid for use instead of a passport. The reason that they give for this is that the cards are not associated or connected with the EU Member State responsible for Gibraltar, that is, the United Kingdom. Government had made it clear to the United Kingdom nearly two years ago that we were very happy to associate our ID card with the Member State UK which properly reflects our status within the European Union as we did of our own volition with our driving licences in January 1997 but that we would not under any circumstances give up the right to issue the identity cards ourselves as a local document issued under our own law, namely the Civilian Registration Ordinance, nor would we agree to make our identity cards a United Kingdom-issued document, nor a document issued in Gibraltar but on behalf of the United Kingdom. This position has been fully upheld under the agreement concluded today. The card will continue to be issued in Gibraltar by the Gibraltar Government under the laws of Gibraltar. We have agreed to introduce some slight changes to the card. The words "United Kingdom" will be placed over the word "Gibraltar" on the front of the card, in the same way that they appear on our driving licences issued after 1<sup>st</sup> January 1997. The card will also state that it is issued by the Civilian Registration Officer, Gibraltar, who is the person who has in fact always issued them under our Ordinance. Finally, the card will state that it is validated for EU travel purposes under the authority of the United Kingdom. Following these minor changes, all Member States, including Spain, will accept Gibraltar's identity cards as valid travel documents which means that holders may use them for travel to Spain and throughout the European Union instead of a passport. From now on, identity cards will be issued by the Gibraltar

Government in the new format. Existing cards will remain valid for all local purposes but will not be accepted instead of passports in other EU countries. If any existing card holder wishes to change his card for the re-formatted card so that it can be used for travel in the European Union instead of a passport, the Gibraltar Government will exchange it free of charge. A public announcement will be made when we are ready to do this. We have therefore achieved our objective to secure full recognition of our ID card which will continue to be issued by us here in Gibraltar and on our own behalf.

The second agreement, Mr Speaker, relates to police co-operation. For many years Gibraltar has sought formal police co-operation arrangements with Spain. Gibraltar has always been willing to co-operate fully with Spain on police matters. The obstacle has been Spain's refusal to formally recognise the Royal Gibraltar Police. Our only precondition for a police co-operation agreement has been that it must recognise the Royal Gibraltar Police as the constitutional police authority of Gibraltar. Article 39 of the Schengen Convention provides specifically for cross-border police co-operation agreements. Accordingly, terms have been concluded under that Article agreeing arrangements for co-operation between the Royal Gibraltar Police and the Spanish Police, the Guardia Civil and the Policia Nacional. Under Article 39 of the Schengen Convention such agreements must be signed by the responsible Minister of the Member State. The agreement has accordingly been entered into on our behalf, at our request, and with our agreement by the Home Secretary. The arrangements envisage full co-operation in all those crimes identified by the European Union Heads of Government at their Tampere summit in 1999 as being of common interest and concern to all throughout the European Union. The arrangements also envisage the appointment by each police force of a formal liaison officer and the establishment and maintenance of direct telephone, radio, telex and other secure communication links between the Royal Gibraltar Police and the Spanish Police. The Gibraltar Government would very much have wished to enter into such arrangements at a much earlier date.

Mr Speaker, the third agreement relates to competent authorities. By far, the most far-reaching of the three agreements is the one relating to our competent authorities. "Competent authorities", as hon Members will know, is European Union jargon meaning Government department or other official authority with responsibility to implement and administer a particular law or activity. As is now generally known, Spain and other Member States, usually as a result of Spanish lobbying, have raised difficulty about recognising the competence of Gibraltar's constitutional authorities in the implementation of EU measures. As I said, it is obviously very important for Gibraltar that we should be able to implement EU directives and other obligations in Gibraltar ourselves, acting by our own competent authorities. Otherwise our EU membership would mean that we would go constitutionally backwards in time which is obviously unacceptable. Furthermore, it is important that when under an EU directive or agreement the act or decision of a competent authority has a direct and automatic effect in another Member State the acts and decisions of our competent authorities here in Gibraltar should also be recognised and accepted as having direct and automatic effect in any other Member State. An example of this is in financial services. Under EU directives when a bank is licensed in one Member State it can establish a branch in any other Member State without a separate banking licence from that other Member State, a process called "passporting". That is to say, the licence of the authorities in one Member State is recognised as effective in all the Member States. The agreement that has been concluded means that the United Kingdom will be able to designate Gibraltar's own authorities as the competent authority in Gibraltar for the purposes of EU measures and EU and related treaties without any other country raising objections. All other countries will recognise and accept the acts and decisions, that is to say, the competence of the Gibraltar competent authorities. We will thus be able to implement EU measures in accordance with our own constitutional self-government without others blocking the arrangements. Of course, even though we are a separate jurisdiction and have our own separate competent authorities whose acts, decisions and competence is recognised and accepted abroad, that does not

mean that we are internationally within the European Union a separate Member State from the UK. We have therefore agreed that when our competent authorities need to communicate formally with their opposite numbers in another Member State they will physically channel their letters and other written communications through a special office in the Foreign and Commonwealth Office known as the "post box" which will pass them on to the competent authority in that other Member State on behalf of our authority. Also, when the decisions of a Gibraltar authority are to be directly enforced by the Courts or other enforcement authority of another Member State without the need for such formal communication, the United Kingdom post box will certify the authenticity of the document containing the decision of the Gibraltar authority. The important point, of course, Mr Speaker, is that in all cases the acts and decisions, the letters and documents and the exercise of authority are exclusively those of the Gibraltar competent authority. The United Kingdom post box will not re-open or have any input into those acts and decisions. The new arrangement therefore simply establishes a procedure for conveying formal communications and decisions between Gibraltar authorities and their counterparts in other EU Member States. Annex 2 of the Competent Authority Agreement sets out the text of the language that Her Majesty's Government in the United Kingdom will use to designate Gibraltar authorities as the competent authorities for the purposes of EU directives and other measures. There is, therefore, Mr Speaker, no question of the United Kingdom taking over competence. This agreement is expressly about the very opposite. It is about the designation of our own authorities as competent and the acceptance of that by all the other Member States.

Mr Speaker, going back to my financial services example. This now means that all Member States will recognise the banking licences issued in Gibraltar by the Financial Services Commissioner who is our competent authority in this matter. Gibraltar banks and insurance companies will therefore and at long last be able to enjoy passporting rights into the rest of the European Union providing a significant boost to our Finance Centre and employment prospects in it without any loss

whatsoever of competence on Gibraltar's part. Our constitutional, jurisdictional and self-government position is therefore totally safeguarded and upheld and it will now be possible for us to exercise it without obstacle in the case of all EU directives, regulations and related treaties. Of course, as has always been the case, the Gibraltar Government recognise that the United Kingdom retains overall and ultimate Member State responsibility for Gibraltar in respect of treaty obligations. The Gibraltar Government are delighted with these agreements that resolve several long-standing problems, bring benefits to Gibraltar as well as to all other EU Member States without having to concede any political or constitutional ground. We obtain recognition of our own competent authorities to implement EU directives in Gibraltar as well as recognition of the external consequences of the acts and decisions of our competent authorities. In exchange, we agree to channel our formal communications to other Member States through a UK "post box". We obtained recognition and acceptance of our ID card for travel purposes within the European Union by all Member States. The card remains issued in Gibraltar, by Gibraltar and on behalf of Gibraltar. We benefit from a formal police co-operation agreement that recognises the RGP and establishes normal police co-operation arrangements. Finally, we participate in all parts of Schengen that the UK is joining except the Schengen Information System computer and cross-frontier surveillance.

Mr Speaker, these Agreements do not in any way affect passports or driving licences. Pre-1997 driving licences which do not say "United Kingdom" therefore remain valid as they have always been despite regrettable and isolated incidents which we have asked Her Majesty's Government, once again, to take up with Spain to ensure that they do not re-occur.

Mr Speaker, I am tabling the text of both the English and Spanish language versions of the Agreements with a copy of the Statement in the House for the benefit of hon Members. A great deal of work on the part of the Gibraltar Government has gone into securing these agreements. We have no hesitation whatsoever in commending them to the House as good

agreements for Gibraltar. I wish to take this opportunity to thank Ministers and officials in the Foreign and Commonwealth Office for their help and support in obtaining these agreements for Gibraltar. Thank you, Mr Speaker.

HON DR J J GARCIA:

Mr Speaker, although a lot has been said on the text of the Agreement both inside the House and outside it, I think there are areas of clarification which need to be raised by the Opposition Members. Firstly, let me just say the Opposition's views on some of the issues raised are well known. Secondly, that we would like to reserve our final judgement and position on the Agreement until we have had the opportunity to study it and we have not seen the text of the Agreement yet, it is only the Chief Minister's address and version of it. I would certainly like to take them away and study them before coming to a final judgement on the three Agreements. But there are certain areas of clarification and questions which we would like to raise. One of them is whether any of these agreements will require a change in the law so that the House will get an opportunity to debate aspects of the Agreement and to actually vote on them which we think would be important. Also, I think it is important to establish who will be entitled to the new identity card. I think it is another important area which needs to be addressed. We already know they will be re-issued but who will be entitled to them? Also it follows from that whether the United Kingdom's complaints before the European Commission because Spain does not recognise the existing identity card will now be dropped. Perhaps if we had clarification on these issues we would be able to then move on to other questions which I may have, or any of my Colleagues on the Opposition, may have.

HON CHIEF MINISTER:

Mr Speaker, I am delighted to answer the hon Member's questions but I take great heart from the fact that on a thorough reading and hearing of that statement he has not leapt to his feet to register immediate political objection to the terms of the

agreement which, if they were loud and clear, would have struck the hon Member immediately on a hearing of them. I understand what he says, that he wishes to reserve judgement until he has seen the detail and that strikes me as entirely reasonable.

Mr Speaker, the only sense in which any of these Agreements require a change in the law is that there will be a need to amend the regulation publishing the format of the local ID card to change the content in it. But that is a regulation and I believe does not require amendment to the principal legislation at stake. However, the hon Member has been in the House long enough to know that he does not need a change in the law to debate issues in this House and to cast his vote in favour or against. The hon Member is perfectly at liberty whenever he chooses to do so to bring a substantive motion, either praising or condemning the Government as he prefers on the basis of his views of these Agreements and he would have the opportunity to fully express his views and to cast his vote in accordance with it.

As to who is entitled to the new ID card, Mr Speaker, it is the same people who are presently entitled to benefit from freedom of movement within the European Community, namely British nationals resident in Gibraltar. They are the same people who presently get the red ID card. Nobody else gets the red ID card, everybody else gets ID cards of a different colour. Whether the UK's complaint will now be dropped, the answer is obviously yes. In the real world, when parties get together around a table and solve a dispute on terms that each says is acceptable to them they do not then carry on bickering about it in any other place. The answer is that the United Kingdom, with the Gibraltar Government's full support, will drop its complaint in respect of the present ID card non-recognition.

HON J C PEREZ:

Mr Speaker, can the Chief Minister state whether, when he said that the card would carry the authority of the Civil and Status Registration Officer in Gibraltar, whether those words will

supplement the words "Government of Gibraltar" where it says "authority" in the present ID card?

HON CHIEF MINISTER:

No, they will not supplement, they will replace because the present ID card is actually wholly incorrect. Under the Civilian Registration Ordinance the statutory authority for the issue of the card is the Civilian Registration Officer not the Government of Gibraltar but of course, as everybody knows the Civilian Registration Officer is part of the Government of Gibraltar and therefore the card will continue to be issued by the statutory authority of the Government of Gibraltar by whom it has always been issued except that he will now be properly described.

HON J C PEREZ:

But the words "Government of Gibraltar" were objectionable to Spain and that is why they have now been removed.

HON CHIEF MINISTER:

The words "Government of Gibraltar" were thought to be one of the inaccuracies that affected several parties, let me say, not just Spain I think the hon Member may wish to polarise this in relation to Spain but I would remind him that only two Member States of the 15 accept the card as it was issued and that was the United Kingdom and Sweden. The others may have been lobbied by Spain but they came to their own conclusion, albeit under lobbying from Spain. Yes, the hon Member is right that is instead of not in addition to.

HON J C PEREZ:

Mr Speaker, on the police co-operation agreement, will the Chief Minister say once we have got the telephone links subject to the availability of numbers, whether there is any provision in the agreement for police authorities on either side chasing a person into the territory of the other one and whether any provision has



been made on this and can he clarify whether the position of Spain in relation to their recognition of the Gibraltar Courts has changed? If this is not the case whether this will make the police co-operation less effective than it would?

HON CHIEF MINISTER:

Mr Speaker, the answer to the hon Member's questions are that there are provisions in the Schengen Agreement for what is called "hot pursuit". But, of course, it does not apply to controlled borders. Hot pursuit is when one strays from France into Belgium, across a field, where there is not a border. The Schengen Convention provisions relating to hot pursuit do not apply to this border just as they do not apply across the English Channel. A French policeman cannot hot pursue into the United Kingdom. There are, however, provisions in the Schengen Convention, not in the Agreement, the Agreement contains nothing about hot pursuit but there are in the Schengen Convention provisions relating to seeking each other's assistance to continue the pursuit of suspects under observation in each other's territory. The strict answer to the hon Member's question is that the Agreement does not say anything about hot pursuit. The hon Member will have noticed, I realise it was a small detail in the context of the overall statement but the hon Member may have noticed that one of the bits of the Schengen Convention into which we are not participating is precisely the cross-border surveillance provisions.

HON J C PEREZ:

As a result of the Agreement it is not possible, for example, for a Spanish launch to be in pursuit of another launch that comes into the Bay of Gibraltar and we finish up with an armed Guardia Civil on Eastern Beach, that is not possible?

HON CHIEF MINISTER:

Absolutely not. There are, as the hon Member knows, international understandings, not Gibraltar-related about that but certainly this Agreement would most certainly not permit that to

occur. If that is the hon Member's concern, I have to say that my view of whether we ought to allow Spanish police forces to chase criminals into our waters would depend on the gravity of the criminal and the gravity of the crime. Frankly, there are certain types of criminals in respect of which I would gladly allow the Spanish police to chase them in our waters if that would improve the chances of bringing them to justice. I take the hon Member's political point in relation to this Agreement and the answer is that it does not have the effect that the hon Member suggests.

As far as recognition of our Courts is concerned, these Agreements have not addressed that issue as indeed they have not addressed many other issues in relation to Gibraltar and Spain both inside and outside the European Union which also need addressing.

HON J L BALDACHINO:

Mr Speaker, the changes that we are making in our driving licences and identity cards is that it will carry the letters "UK". Yet, in his statement the Chief Minister said that the current driving licences do not need to have those letters and it is still valid. Why is it that we have to change now to the new ones? I am asking this because a lot of people are paying a lot of money to change their driving licences.

HON CHIEF MINISTER:

Mr Speaker, as I know that the hon Member never sets about trying to confuse public opinion I will assume that he has simply failed to understand or cohere what I had specifically inserted in my statement to clarify that very confusion. I have said that these arrangements do not in any way affect driving licences. The insertion of "United Kingdom" in the driving licences was done in January 1997. For the last three years we have been issuing driving licences with United Kingdom and this new format of driving licences was gazetted with the whole picture of the driving licence, all pages of the new driving licence, in the Gazette and anyone who has either renewed their licence or exchanged it

because they have lost it or taken out a new driving licence because they have just obtained their driving tests since the 1<sup>st</sup> January 1997 have obtained one in the new format with the "UK". But, of course, the hon Member and I who had our driving licences before 1997 still have the old GBZ format. That is unaffected by these Agreements and because they are unaffected by these Agreements they remain perfectly valid as they have always been. It is not the policy of the Spanish Government to withhold recognition from GBZ driving licences. It is, however, true and regrettable that individual officers in Spain occasionally - there has been one recent incident - subject holders of GBZ licences to completely unacceptable and outrageous harassment as if it were the policy of the Spanish Government to withhold recognition of GBZ. Thousands and thousands and thousands of Gibraltarians cross the frontier every day and show their GBZ driving licences and they are perfectly acceptable. If any Gibraltarian wants to change his GBZ licence for the one that has been issued from the 1<sup>st</sup> January 1997 he is free to do so. I would not encourage people to do that because our driving licence is not an EU document. Our driving licence is issued under international agreements and although there is going to be an EU format it is not necessary for people to change their driving licences in order to secure its acceptability.

HON DR J J GARCIA:

Mr Speaker, there are three more areas which I would be grateful for clarification. The first is whether the actual text of licences issued in Gibraltar by the Financial Services Commission to banks, for example, will change in any way as a result of these Agreements.

The second is, the Chief Minister mentioned that the Government wished to participate in the Schengen Information System and that we are not participating in it, what were the grounds for the Spanish objection on that particular area?

The third one was regarding the jurisdiction of the Supreme Court of Gibraltar, is their recognition in the Agreements when we finally

get to see them of the jurisdiction of the Supreme Court of Gibraltar?

HON CHIEF MINISTER:

Mr Speaker, there is absolutely no domestic change whatsoever in the licences or the exercise of competence by any domestic authority. These arrangements relate to how the documents, decisions, acts, exercises of competence, exercises of power or authority by our local authority how they are physically delivered to counterparts in other Member States. Therefore, there is no change in the text of a banking licence or in the text of a Supreme Court Judgement or in the text of the Health Authority Form E111, the one that we all take with us in case we fall ill in Spain, et cetera. There is absolutely no change in the way local authorities will carry out their competence. None whatsoever.

In respect to the hon Member's question where he said that the Gibraltar Government wished to participate in the SIS, I thought I had indicated that it is not so much that the Government wished to participate in the SIS. We do not think it is a particularly important thing. In a larger country perhaps, but our position is not based on the practical importance of this to Gibraltar. It is not the equivalent of financial services passporting or something which is of great value. The importance and the reason why the Government take the position is as a matter of principle. The hon Member will recall that I had explained to this House already in the past that the reason why the Government attach importance to this point is twofold. First of all as a matter of principle that we should not be excluded from any EU measure against our wishes and certainly not under pressure from Spain and this I have said again this morning. When we broached this subject last in the House I also said that it was clear to us, although they have not said so, that Spain's objection is based on the fact that these computers are external frontiers sensitive and that if the United Kingdom agree to exclude us from this because it is linked to external frontiers, it might set an unhelpful precedent if and when, which is not yet the case, the United Kingdom decided, although they are constantly saying they will never decide to do it, but

when they decide to join the External Frontiers Regime in Schengen. The reason why we have come to that conclusion is that it is envisaged that these computers will be located principally at external borders. Because they are to check fingerprints or asylum seekers and they are to identify the identity of people gaining access into the Schengen area. Therefore, the Spaniards objection to Gibraltar participation in the Schengen Information System must relate to the fact that this bit of kit has all the trappings of an external border post and that if we locate one at our airport and if we locate one at our harbour they would think that this is losing ground in terms of their contention that our airport and our port are not external frontiers of the European Union. That is why the Gibraltar Government, although we have happily agreed to the three Agreements and although we are very happy that the United Kingdom has been able to overcome Spain's veto in respect of Schengen generally, we have therefore not agreed and indeed expressed our deep disappointment and have recorded our objection to the fact of our exclusion from the Schengen Information System which we think Gibraltar has the right to be offered participation in together with everything else and then it would be up to us to decide whether we wanted to participate in it or not as opposed to not being given the choice.

Amongst the many good effects for Gibraltar of these Agreements is that Judgements of the Supreme Court will be fully recognised and enforceable under the applicable international and EU-related Conventions relating to the mutual recognition of Judgements.

HON DR J J GARCIA:

Just to make a final point, the Opposition are reserving their position until we have actually seen the text of the Agreement.

ADJOURNMENT

The Hon the Chief Minister moved the adjournment of the House to Friday 28<sup>th</sup> April 2000, at 10.30 am.

Question put. Agreed to.

The adjournment of the House was taken at 10.45 am on Wednesday 19<sup>th</sup> April 2000.

**FRIDAY 28<sup>TH</sup> APRIL 2000**

The House resumed at 10.30am

PRESENT:

Mr Speaker.....(in the Chair)  
(The Hon Judge J E Alcantara CBE)

GOVERNMENT:

The Hon K Azopardi - Minister for Trade, Industry and  
Telecommunication  
The Hon H A Corby - Minister for Employment and Consumer  
Affairs  
The Hon J J Netto - Minister for Housing  
The Hon R Rhoda QC - Attorney-General  
The Hon T J Bristow - Financial and Development Secretary

OPPOSITION:

The Hon Dr J J Garcia  
The Hon Dr R G Valarino  
The Hon J C Perez  
The Hon S E Linares

ABSENT:

The Hon P R Caruana QC - Chief Minister  
The Hon Dr B A Linares - Minister for Education, Training, Culture  
and Health  
The Hon J J Holliday - Minister for Tourism and Transport  
The Hon Lt-Col E M Britto OBE ED - Minister for Public Services,  
the Environment, Sport and Leisure

MONDAY 8<sup>TH</sup> MAY 2000

The Hon Mrs Y Del Agua - Minister for Social Affairs  
The Hon J J Bossano - Leader of the Opposition  
The Hon J L Baldachino -  
The Hon Miss M I Montegriffo

The House resumed at 12.10pm.

IN ATTENDANCE:

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

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 a document on the Table.

Question put. Agreed to.

The Hon the Financial and Development Secretary laid on the Table the Draft Estimates of Revenue and Expenditure 2000/2001.

Ordered to lie.

ADJOURNMENT

The Hon the Minister for Trade, Industry and Telecommunications moved the adjournment of the House to Monday 8<sup>th</sup> May 2000 at 12 Noon.

Question put. Agreed to.

The adjournment of the House was taken at 10.40 am on Friday 28<sup>th</sup> April 2000.

PRESENT:

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

GOVERNMENT:

The Hon P R Caruana QC - Chief Minister  
The Hon K Azopardi - Minister for Trade, Industry and Telecommunications  
The Hon Dr B A Linares - Minister for Education, Training, Culture and Health  
The Hon J J Holliday - Minister for Tourism and Transport  
The Hon Lt-Col E M Britto OBE ED - Minister for Public Services, the Environment, Sport and Leisure  
The Hon J J Netto - Minister for Housing  
The Hon Mrs Y Del Agua - Minister for Social Affairs  
The Hon R Rhoda QC - Attorney-General  
The Hon T J Bristow - Financial and Development Secretary

OPPOSITION:

The Hon Dr J J Garcia  
The Hon J L Baldachino  
The Hon Miss M I Montegriffo  
The Hon Dr R G Valarino  
The Hon J C Perez  
The Hon S E Linares

ABSENT:

The Hon H A Corby - Minister for Employment and Consumer Affairs  
The Hon J J Bossano - Leader of the Opposition

IN ATTENDANCE:

J L Alvez Esq - Clerk of the House of Assembly (Ag)

COMMUNICATIONS FROM THE CHAIR

MR SPEAKER:

I would like to welcome Members of the European Parliament who are present in the House today.

MOTION

HON CHIEF MINISTER:

Mr Speaker, I beg to move the suspension of Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with a motion.

Question put. Agreed to.

HON CHIEF MINISTER:

Mr Speaker, I beg to move the motion standing in my name and which reads:

“This House –

(1) Notes with satisfaction the judgement of the European Court of Human Rights declaring Gibraltar’s disenfranchisement from elections to the European Parliament to be a violation of the European Convention on Human Rights.

(2) Notes the provision in the judgement that “The United Kingdom, together with all the other parties to the Maastricht Treaty is responsible *ratione materiae* under Article 1 of the Convention and, in particular, under Article 3 of Protocol No.1, for the consequences of that Treaty”.

(3) Therefore records the expectation and entitlement as a matter of human rights of the people of Gibraltar to vote in Gibraltar in the next European Parliamentary elections for the election of an MEP whose constituency will comprise Gibraltar.

(4) Resolves that in the meantime the following British Members of the European Parliament, having expressed their willingness to represent the interests of the people of Gibraltar in the Parliament, are formally recognised by this House, on behalf of the people of Gibraltar, as representing their interests:

Lord Nicholas Bethell  
Mr Roy Perry  
Mr Charles Tannock  
Baroness (Emma) Nicholson  
Mrs Mel Read  
Mr Brian Simpson

(5) Wishes to express the thanks and appreciation of the people of Gibraltar to the aforesaid Members of the European Parliament for their interest, for their goodwill and for their initiative in ensuring that Gibraltar is represented in the European Parliament, as an interim arrangement, in an indirect way.

(6) Warmly welcomes those Members of the Gibraltar in Europe Representation Group who are currently visiting Gibraltar”.

Mr Speaker, it has been Gibraltar’s good fortune since the early 1980s to always have enjoyed the support of a group of British Members of the European Parliament who, despite the democratic deficit represented by the fact that we are not included in elections for the European Parliament ourselves, have nevertheless taken it upon themselves to support and look after the interests of Gibraltar in the European Parliament. A particular word of gratitude is owed because even at its most cynical, voters, citizens, think that politicians pay most attention to those issues which favours them electorally under which they have to gain personally at an election level. Here is a group of people who

have absolutely nothing to gain personally by dedicating time and energy to the representation of Gibraltar's interests because none of us are able to vote for them in their constituencies in their elections for the European Parliament. It is therefore important to recognise the selflessness and the lack of self-interest that motivates the group of British MEPs that provide this invaluable service for us.

It is well known by everybody in Gibraltar, not so well known by others in the United Kingdom and still less well known by many in the European Union itself, including amongst its institutions, the extent to which Gibraltar is in need of representation and minding of our interests in a European Union context. This House knows well the extreme burden, both financially and economically and administratively, legislatively, that membership of the European Union represents to this small country of ours. We also know that we are compliant Europeans in the sense that it is the policy of the Government to comply with the spirit as well as the letter of our European Union obligations. That gives us a moral legitimacy to demand that as a quid pro quo others honour their EU obligations towards us and respect our EU rights and when the United Kingdom Government rightly look to us to honour our EU obligations to avoid embarrassment to the British Government and we do so, it gives us a renewed moral and political entitlement to expect Her Majesty's Government to discharge her political and constitutional duty towards us to ensure that our own EU rights are respected and that when other Member States systematically flaunt our EU rights and their obligations towards us, they should be brought to task. When EU institutions, primarily the European Commission, but also the Council of the Parliament, turn a blind eye to the systematic breach of our EU rights, that they should be aware of their obligations and their duty to ensure that the treaties are applied evenly and fairly throughout the entire territory of the whole Community and that includes Gibraltar. There are no exceptions to the universal applicability of European Union Treaty obligations and laws that flow from it. It is a matter of regret to us all in Gibraltar that in these circumstances all too often our neighbour, Spain, is allowed to get away with impunity, with the most un-European of behaviour. Border regimes, even

allowing for Spain's undoubted legal rights to exercise immigration controls because the UK and Gibraltar are not in the frontiers bit of Schengen, and even allowing for our right to exercise customs controls, because Gibraltar is not part of the Customs Union, they still do not apply those rights that they have in a manner consistent with their overriding Community obligations which are not negated, still less superseded, by the Schengen right that Spain has which is not to interfere with the right of free movement of peoples under the European Union Treaties which is supreme over the Schengen provisions that gives Spain powers to exercise frontier controls and customs controls. Therefore, customs controls, yes but for goodness sake, how many customs controls in Europe are there without a Red and a Green Channel where every single vehicle is systematically subjected to a ritualistic routine search simply to chalk up a few more minutes of delay? I have never been, not even when I travelled to Hungary when it was still on the wrong side of the Iron Curtain, I have never been through a Customs post that does not have a Red or a Green Channel and that is something the European institutions need to look at. By all means immigration controls because we are not in Schengen but immigration controls that are allowed to carry out are immigration controls to ensure that the holder is an entitled person. In other words, in this House we are all British passport holders and therefore European Union citizens. The immigration control that Spain is allowed to carry out is a measure to establish that I am a European Union passport holder or not. But if I am, they cannot impede my entry. Therefore, any system which either goes beyond those minimal requirements or which are deployed and implemented in a way which causes delay because of lack of resources applied or implemented then is a breach of our European Union right of free movement. Single file across the Customs post. Single file across the immigration post. Therefore, even though we recognise Spain's right to apply immigration and customs control to the proper extent, in the proper measure and in the proper manner, there is still much about the way she does it in fact at this border which should attract the interest of European Union institutions and which should cause Her Majesty's Government in the United Kingdom in discharge of her constitutional obligations to look after our

external affairs to ensure that maximum pressure is brought to bear on Spain to ensure that she discontinues behaviour which is unjustifiable in the context of the European Union and possibly even otherwise.

There is the question of the lack of maritime and the lack of air links. Here we are, creating a single market, and one cannot fly or catch a ferry between two integral bits of the European Union. There is the telephone numbering issue which we so often debate in this House. The refusal of the Spanish Government to enter into allowing telephone operators to enter into a mobile telephone roaming agreement with the result that their telephone company can compete in our territory but ours cannot compete in theirs. These are basic anti-competition measures. I am sure DGIV in Brussels has formed the view that there is a flagrant breach of competition regulations. For three years now they have been on the verge of taking Spain to court, but has it ever happened? No, because the moment it gets to the Commission it becomes politicised and the question is whether the Commission wishes to sanction legal action against Spain given that there is the political problem? What is not acceptable to Gibraltar is that we should not have justifiable rights in the European Union. When Spain joined the European Community and she signed up to the Treaty of Rome, she did not enter a reservation. She did not say "well, hang on chaps, I am signing the Treaty of Rome but I am not bound by it if I think that what I have got to do or not do under it prejudices my sovereignty claim over Gibraltar". European Union institutions have an obligation to police, not only the respect for our European Union rights but also the discharge by Spain of her European Union obligations towards us generally. It is not just Gibraltar residents that get snarled up in that border. It is not just Gibraltar residents that pay an economic price for the telephone numbering problem, or for the lack of maritime and air links, it is also European Union citizens of all nationalities who have the right to free movement, who have the right to unrestricted travel and who have the right to exploit commercial opportunities throughout the whole territory of the European Community without impediments of the sort that Spain erects in our path.

These are just some of the reasons why we need the support of all institutions, including the Parliament and within that context the support of a group such as this, to help abate many of these issues which constantly affect our day-to-day life in Gibraltar.

In expressing our endorsement to them and our gratitude for their efforts on our behalf I know that as democrats through and through, each of them, they do not begrudge us the fact that we describe these as interim arrangements in an indirect way because they understand what we understand and that is that there is no substitute for the respect for the principle of participation in direct elections. This is not a question of having a minder in the European Parliament. I believe that we will always have as many minders as there are British MEPs and eventually we will have as many minders in a greater number than British MEPs because when one has right on ones side eventually it prevails. Democrats throughout Europe will increasingly see the Spanish aspiration to take Gibraltar contrary to the wishes of its inhabitants as an untenable aspiration to be espoused by any member of the European Union democratic family. Therefore, we say to our colleagues from the European Parliament here present and to the world at large that Gibraltar will not countenance another European Parliamentary election in breach of our European Convention of Human Rights. Nor do we think it is conceivable, Mr Speaker, that the United Kingdom should wish to persist with its violation of its obligations under the European Convention of Human Rights about which the UK and other Europeans literally lecture people from all over the world, need and importance of compliance of human rights and here is a human right that the United Kingdom is in violation of. We fully expect, as is our right and the United Kingdom's obligation, to have been fully enfranchised before the next European Parliamentary elections which are scheduled to take place in 2004. It will not be enough for us to be enfranchised as people in a United Kingdom constituency. The territory of Gibraltar must be enfranchised and we can talk about whether the mathematics works, about whether Gibraltar can have its own MEP to the exclusion of other territories or whether the mathematics do not work. Even if the solution is ultimately that we have to join forces

with the United Kingdom for electoral purposes, it has to be in a constituency the territorial definition of which includes Gibraltar so that people in Gibraltar vote in Gibraltar in what is part of the physical constituency which includes Gibraltar and we do not vote in the United Kingdom as part of the United Kingdom constituency which does not include the physical territory of Gibraltar. It is absolutely essential that these matters are dealt with in good time. The United Kingdom Government have already given notice to its European partners that it wishes to amend the European Union Act on Direct Elections of 1976 to amend its Annex II, to add the words "and Gibraltar" where it says that in the case of the United Kingdom these provisions will only apply to the United Kingdom itself. The United Kingdom has therefore said the right thing. Gibraltar now awaits for those words to be converted into action.

Finally, of course, in relation to European voting I will just say one more thing. We will only accept to participate in European elections as part of the British Member State, as part of a British constituency. I say that or I just flag the issue because I notice that there is in its infancy a European proposal to allow for cross-border constituencies in future European Parliamentary Elections. I think that cross-border constituencies are fine in the Benelux countries and other places where they do not have territorial sovereignty disputes. It would obviously be wholly unacceptable for some bright spark to come up with the idea that the way to resolve the Gibraltar enfranchisement problem is that when these cross-border constituencies are invented that we should just be tagged on to the nearest Spanish constituency. That would be an act of extreme provocation, unacceptable. I have absolutely no reason to believe that anybody in the United Kingdom would even contemplate such a thought but it is just as well that this House is aware that that proposal for cross-border constituencies is on the radar screen. That it will emerge one day pursuant to the regionalisation as opposed to the nationalisation of Europe and that we have to be on our guard to ensure that no one harbours Machiavellian thoughts in that respect when it comes to Gibraltar.

I hope that the motion will enjoy as is traditional, the support of all Members of the House. It is obviously to be noted and regretted

that the present group of visiting Members of the European Parliament does not include its two Labour Members who are otherwise engaged on commitments that they could not re-schedule but everybody in this House knows Mel Reed and Brian Simpson and they know the extent of their personal and political commitment to Gibraltar and its cause. They are well known to the Government, to the other Members of the House from the days that they were on this side of the House and to many people in Gibraltar. I therefore commend the motion to the House.

Question proposed.

HON DR J J GARCIA:

Mr Speaker, certainly it is an honour to be able to support the motion on behalf of the Opposition Members who will gladly vote in favour. Although I think there is one point which needs clarification which I will come to later on. The Chief Minister has already touched upon it at the end of his address.

We are grateful to the group of Members of the European Parliament those here now and those in the past who so generously give and have given of their time to keep an eye on the interests of Gibraltar. In the name of the Opposition I take the opportunity to thank those friends of ours present in this House today. Having said that, Mr Speaker, I need to make clear that the effect of this motion represents as has already been said an interim arrangement. The preferred option for all of us here is for the people of Gibraltar to elect their own MEP here in Gibraltar. Nevertheless, we remain grateful. The issue of voting rights for the people of Gibraltar in Euro Elections is a fundamental, democratic, principle. It is a right exercised by citizens of the European Union all over the Continent and also in certain overseas territories which are not even in Europe. Tomorrow, and it is quite pertinent that this should be the case, is Europe Day. It is therefore very appropriate that on the eve of that Day this subject comes before this House once again. In its literature on Europe Day the European Commission says it is a day to celebrate the fact that the people of Europe co-operate together in



order to solve problems and create peace. I do not think that whoever wrote that has been to our part of the world nor does the hostile neighbour to the north seem aware of this as they remain in serious need of a lesson in peacemaking.

The House will forgive me, Mr Speaker, if in going back to the motion I concentrate on a historical exposition of this case, though some of the points have already been well covered before. As we know, the European Parliament was initially made up of appointed representatives of the national parliaments of the individual Member States. In December 1974 the go-ahead was given for direct elections to the parliament to take place and the first of these took place in June 1979. The citizens of Europe were given a direct say on who their MPs were going to be for the first time. There have now been a total of five elections, the most recent of which took place eleven months ago. When the system of representation was changed from a nominated to an elected one, Gibraltar was left out. The people of Gibraltar have been unable to vote in any of those five elections even though two of those took place before Spain joined the European Community. This, in itself, Mr Speaker, was a glaring act of omission. A national of any other EU country who resides in Gibraltar cannot vote in Gibraltar either and this is, as the Chief Minister has already explained, because it is a territory and not the people that is disenfranchised. Any of us could go to Britain or to any other Member State and vote but that is not the point. As the Chief Minister has already said what we wish to do is to vote here in Gibraltar, in our country.

Mr Speaker, this is a territory of the Union and we are citizens of the Union. Therefore the case could not appear to be simpler. However, I am sorry to say that whenever it comes to Gibraltar and EU matters, as recent events will testify, everything is far from being simple. From 1976 to 1986, for 10 years before Spain joined the European Community as it was then, no attempt was made to correct this travesty of democracy. A call by the Petitions Committee of the European Parliament that all EU citizens have a right to vote in European Elections fell on deaf ears. Moreover, there were plenty of opportunities to right this wrong both before

and after Spain joined the EEC. Firstly, and perhaps most obviously, the position of Gibraltar in Europe was not safeguarded before Spanish entry. Another opportunity arose with the redistribution of seats that followed German unification after the Maastricht Treaty when Britain was allocated six new seats. This would have been the ideal time to grant Gibraltar a separate seat from within those allocated to the Member State UK without necessitating a general redistribution of British seats. This opportunity was also missed. It is worth noting that the German Government made provision immediately for 18 observers from East Germany to be present in Strasbourg and Brussels soon after the unification of Germany. We were not given our own seat. We were not given an observer status and the opportunity was also missed. The history of this case is a catalogue of failures and of blunders of which the people of Gibraltar are and continue to be the tragic victims. Not surprisingly, the people of Gibraltar are now fed up. The prime responsibility for this exclusion rests with the United Kingdom. The reason given by the mandarins in Whitehall and echoed by the political masters were as varied as they were interesting and at times even comical were it not for the seriousness of the matter at stake. We were told that Gibraltar could not participate in European Elections because we did not belong to the Customs Union or because we did not levy VAT, never mind the fact that Britain itself to this day continues to participate in Europe a la carte. They told us that geographically it was very difficult to find a British constituency to which Gibraltar could be tagged as we had no strong cultural or historical links with any of them. This ignored the point that during World War II thousands of Gibraltarians were evacuated to London and to the south east. The Foreign Office then unabashed also paraded the numerical argument which the Chief Minister has already referred to saying that size was a problem as our electorate was too small and could never aspire to an MEP of our own. They conveniently looked the other way instead of looking at Luxembourg, then with six seats, at the Portuguese Atlantic island of Madeira with two seats, at countries like Malta and Cyprus on the verge of EU membership which no doubt will also be well catered for in this department. Then, quite unexpectedly, all these poor excuses were exposed for what they were when Britain departed from the

traditional constituency system into regional lists and proportional representation for electing MEPs. What then could possibly be the reason for excluding Gibraltar from such reforms? What imaginative excuse will they think of next? It was then that they found the Acts. The infamous EC Act on Direct Elections of 1976 which the Chief Minister already alluded to which declares in Annex II that it applies only in respect of the United Kingdom. This new argument, which had never really been paraded before, now became the new stumbling block being used to deny the people of Gibraltar their legitimate right to vote and to participate in elections to the European Parliament, never mind democracy, never mind human rights, never mind anything. Here, then, Mr Speaker, was a new obstacle. It was then that the Government, led by my hon Friend the Leader of the Opposition backed a Court case accusing Britain of being in breach of our human rights. It is that Court case to which this motion refers. Gibraltar, in the person of Miss Denise Matthews, took Britain to Court and won. Our exclusion was declared illegal. The Customs Union, the VAT, the geographical argument, the size argument, were all thrown out of the window in that landmark judgement by the European Courts of Human Rights. Soon after the judgement the UK tabled the amendment to the Act and there it remains tabled to this day nearly a year later. We understand that Spain is already blocking the implementation of that judgement and of that amendment in the EC General Affairs Group.

Mr Speaker, on the voting rights issue we have seen it all and we have heard it all. It is shameful that it has taken a court battle for the Foreign Office to act and to table the necessary amendment, yet for the cynics amongst us the current stalemate hardly comes as a shock. The European Commission passed the buck to Britain. Britain pleaded innocence in turn and pointed to the Act whilst it has come as no surprise to us that all the time the real reason lurking behind the scenes was the shadow of the Palacio de Santa Cruz, the Spanish Foreign Ministry in Madrid. This blockage of our democratic right to vote by Spain does little to enhance their supposed democratic credentials and is an issue which our friends in Europe could pursue. This goes along with our long catalogue of unfriendly, un-European and undemocratic

actions undertaken against us by Madrid, amongst which are maritime and air restrictions which remain in force, restrictions by land which also continue to operate. Even last week the Spanish team at the international fishing event that took place in Gibraltar withdrew on instructions from the Spanish Government. Mr Speaker, Madrid does not recognise the existence of the Government of Gibraltar as a distinct entity or of the Gibraltarians as a distinct entity and they seek to undermine that at every possible opportunity.

I said at the beginning that the Opposition would seek to clarify one aspect of the motion and it was something which the Chief Minister has already referred to and perhaps this is the appropriate place to air those concerns. Without wishing to be controversial, Mr Speaker, in the light of recent events where a bilateral deal between Britain and Spain was decided that a whole range of European issues should apply to Gibraltar and Opposition Members are concerned that this may be extended to the voting rights issue as well which is something which the Chief Minister has referred to to which there would appear to be general provision in those agreements.

Clause 2 of the motion, Mr Speaker, in the view of Opposition Members reflects the view of the judges in the Strasbourg Court but the Judgement was binding on all parties to the Treaty. This includes Spain. Therefore, in order that we end up voting in a constituency of the Member State that is responsible for our external affairs and not of the Member State that continues to pursue its territorial claim over us, we would urge that Clause 3 of the motion be tightened up. The Opposition would therefore like to see the addition of the words "United Kingdom" inserted before the word "Constituency" in Clause 3 of the motion. This would make it clear that this House wishes that the Gibraltarians exercise their right to vote with one of the British constituencies as opposed to with those of any other country. As far as we are concerned the MEP must be a UK MEP which the Chief Minister in any case has already said. However, for the avoidance of doubt I repeat that this is in itself a second best to a dedicated Gibraltarian MEP. If this small change could be done by

agreement I would be very grateful to the Chief Minister when he replies.

Mr Speaker, in conclusion, the powers of co-decision given to the European Parliament and the increasing say which it continues to have in the light of the nationals who live in Gibraltar means that the present situation has become untenable. We cannot continue to have no direct voice in the Parliament that has an influence in decisions that affect us and Britain cannot allow Spain to continue to block the judgement of the Courts. This goes against the very foundations on which the European Union is built. There are suggestions that Gibraltar could be enfranchised by amending British law alone. Indeed, the Gibraltar Government have claimed in the past to have a Legal Opinion to that effect. Perhaps that Legal Opinion could be made available to all of us so that in addition we can now push for that as another possible way forward.

Mr Speaker, we thank our friends present here today and look to them to support the cause of Gibraltar and its people in the new battleground of Europe. A front that has been opened by Spain. From the moment they joined the EU 14 years ago Spain continues aggressively to use it as a vehicle to advance their claim to Gibraltar. Against this background we urge our friends here to bear in mind that Europe cannot be just about the national interests of the 15 Member States. Europe, Mr Speaker, is about people. The Opposition will be voting in favour of the motion and would welcome if the small change that we have highlighted could additionally be taken on board.

HON CHIEF MINISTER:

I am grateful to the hon Member for his support of the motion. I assume that when he said that he would support it if his amendment was agreed, he did not mean that. What he meant was that his support for it would be even more enthusiastic if his amendment was agreed.

It is actually an issue that we very nearly put in ourselves and early drafts of this motion have a number of formulae to cover precisely that point. In the end I decided not to include it so as not to concede at this stage the principle that Gibraltar might be entitled to a constituency of its own, given that we are not part of the United Kingdom for EU purposes. If we now pass a motion calling to be included in a UK constituency we are converting what is a fall-back position into our original demand. Having said that if the House is minded to cede that point which in my opinion is unnecessary I have no objection in including it, I would suggest that the point be covered by converting the full stop after the word "Gibraltar" substituting it for a comma and adding the words either "in a constituency of its own" or "as part of a constituency comprising Gibraltar and part of the United Kingdom" which at least has the virtue of asking for both things and not only for one of them. Paragraph 3 would read, "Therefore records the expectation and entitlement as a matter of human rights of the people of Gibraltar to vote in Gibraltar in the next European Parliamentary Elections for the election of a Member of the European Parliament whose constituency will comprise Gibraltar..." either "in a constituency of its own" or "as part of a constituency comprising Gibraltar and part of the United Kingdom". I am happy to move such an amendment, Mr Speaker.

The other point that I would make because of course none of this is necessary because the only thing that happened last week was what he calls bilateral agreements. I notice that he mentions in passing that for which there is general provision in the Agreement. I shall explain this to the hon Member in relation to other aspects of the Agreements. There is no provision in the very good agreements that the Gibraltar Government have supported, entered into during the last few weeks. There is nothing in them, however, which consists of a general provision that is capable of extending to frontier controls or to voting rights or to the shape or size of even the national colour of constituencies. The arrangements, and I assume that the hon Member is not talking of identity cards or police co-operation but he is talking about the competent authority arrangement, the

competent authority arrangements are limited in their application to those aspects of EU measures which require the transfer, the conveyance, of formal communication between the competent authority in one Member State to the competent authority in another Member State. That is the beginning and the end of the arrangements. The Government of Gibraltar are delighted that it is of universal application within that limited context, in other words that never again will Gibraltar's competence to act through its own constitutional authority in the implementation of EU measures acting by its own constitutional authority never again will this be challenged by any other Member State of the European Community. This is a very significant step forward because at last it has been possible to reconcile our bilateral constitutional relationship with the United Kingdom with the multilateral legal structure of which the United Kingdom is a part within the European Community and frankly the hon Members may wish to find minor faults with it and I suppose it is understandable that they would wish to do that given the role that they need to serve as an Opposition but they ought not to make wild generalisations of an inaccurate nature about what the agreements relate to. There are no general provisions in the agreements capable of impacting positively, which would be positive, or negatively even on any of the issues that he addressed in his contribution to the House. Nor is our enfranchisement now a matter for bilateralism between anybody. It is not even a European Union matter any more. It is now a matter of the compliance by the United Kingdom with her obligations under the European Convention of Human Rights. It has even been taken out of the European Union context altogether.

The hon Member gives me a welcome opportunity, albeit unexpected, to repeat that the important thing for Gibraltar in the European Community is not to pretend that we are the 13<sup>th</sup>, 14<sup>th</sup> or now the 16<sup>th</sup> Member State or a separate Member State of the United Kingdom. If the hon Members wish to waste their time in continuing to run with that proposition as they used to when they were in Government, it is an unsustainable, disreputable proposition which nobody in Europe or even in Gibraltar is going

to take seriously. They can do so. They will not succeed in distracting the Government from the fact that the real issue is not to try and pretend something that we are not but to prevent Spaniards from eroding what we are and what we have under the guise of European Unionism. These Agreements completely achieve that goal. Not only does it achieve it defensively but it achieves it pro-actively because it finally secures what the hon Members say does not secure but the fact of the matter is that the Spaniards have now agreed that they will accept Certificates, Licences, decisions of the Gibraltar competent authorities designated as such on the face of European Union Instruments. From now on, when a European Union directive says the competent authorities are listed in Annex II it will say "for the United Kingdom, the Department of Labour and Social Security and for Gibraltar, the Department of Labour and Social Security" of Gibraltar. That is an important step forward. The hon Members may not wish to recognise it but it is a vital step forward in achieving recognition by the European Community, including Spain, of the realities of a bilateral constitutional relationship with the United Kingdom which creates a separate jurisdiction, which creates separate institutions, which creates a separate government and, frankly, I do not think it is a price at all because it only reflects the reality of our position in our international status. But if the hon Members want to consider it a price to pay that we get all that in exchange for the simple expediency of channelling our communications physically through a unit in the Foreign Office, I do not think it is a price at all but if it were a price I want the hon Members to understand that it is a price that the Government consider a very small price and which we will happily pay to solve many more issues of that sort. We will happily pay to solve as many such issues as we can resolve because they may think that there is virtue in Gibraltar constantly living under the strife of unnecessary problems but we do not. We regard our function as protecting the fundamental interests of Gibraltar in terms of our Constitution, in terms of our sovereignty, in terms of our European Union rights, but then to solve as many issues as possible in a way that does not prejudice that fundamental goal that I have just described. We think there is a virtue in problem-solving. The hon Members think that there is not because they

think that by having Gibraltar constantly emersed in perfectly soluble problems, that this creates the political oxygen which they think favours their political approach to the conduct of Gibraltar's affairs.

I think that the hon Member rightly draws a distinction in political policy and approach and philosophy between that side of the House and this side of the House in the proper conduct of Gibraltar's affairs and at least for the next four years it will be conducted in accordance with ours.

Question put on the motion, as amended. Passed unanimously.

#### ADJOURNMENT

The Hon the Chief Minister: moved the adjournment of the House to Wednesday 31<sup>st</sup> May 2000, at 3. 00 pm.

Question put. Agreed to.

The adjournment of the House was taken at 1.00 pm on Monday 8<sup>th</sup> May 2000.

**WEDNESDAY 31<sup>ST</sup> MAY 2000**

The House resumed at 3.05 pm.

**PRESENT:**

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

**GOVERNMENT:**

The Hon P R Caruana QC – Chief Minister  
The Hon K Azopardi – Minister for Trade, Industry and  
Telecommunications  
The Hon Dr B A Linares – Minister for Education, Training,  
Culture and Health  
The Hon J J Holliday – Minister for Tourism and Transport  
The Hon Lt-Col E M Britto OBE, ED – Minister for Public Services,  
the Environment, Sport and Leisure  
The Hon H A Corby – Minister for Employment and Consumer  
Affairs  
The Hon J J Netto – Minister for Housing  
The Hon Mrs Y Del Agua - Minister for Social Affairs  
The Hon R Rhoda QC – Attorney-General  
The Hon T J Bristow – Financial and Development Secretary

**OPPOSITION:**

The Hon J J Bossano – Leader of the Opposition  
The Hon Dr J J Garcia  
The Hon J L Baldachino  
The Hon Miss M I Montegriffo  
The Hon Dr R G Valarino  
The Hon J C Perez  
The Hon S E Linares

**IN ATTENDANCE:**

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

**DOCUMENTS LAID**

The Hon the Attorney-General moved under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the laying of a document on the Table.

Question put. Agreed to.

The Hon the Attorney-General laid on the Table the Revision of the Laws (Supplement No.15) Order 2000.

Ordered to lie.

**BILLS**

**FIRST AND SECOND READINGS**

The Hon the Financial and Development Secretary moved under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed to the First and Second Readings of a Bill.

Question put. Agreed to.

**THE APPROPRIATION (2000-2001) ORDINANCE 2000**

**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 31<sup>st</sup> day of March 2001, 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.

I will, as usual, Mr Speaker, be confining my contribution at this stage to an outline of the content of the Appropriation Bill for the financial year 2000/2001. The Chief Minister will then present the Government's budget.

The Appropriation Bill is in three parts. First, the House is being asked to appropriate an amount not exceeding £105,897,000 for departmental expenditure as set out in Part I of the Schedule to the Bill. A further £21,331,000 of Consolidated Fund charges, not requiring a vote of the House, brings the total estimated expenditure from the Consolidated Fund to over £127,000,000. Hon Members will see from the Government's detailed estimates laid in the House previously that the recurrent revenue for the year is projected to be in the region of £143.5 million producing a surplus in excess of £16 million.

This takes us, Mr Speaker, to the second part of the Bill. The Government are seeking the appropriation of £16 million as set out in Part II to the Schedule from the Consolidated Fund reserve. This is to finance the Improvement and Development Fund and a small provision for any residual spending on the Moroccan resettlement scheme.

Part three of the Bill seeks to appropriate an amount not exceeding £26.8 million from the Improvement and Development Fund for capital and economic projects. The sources of finance include the £15.9 million of the £16 million I referred to earlier; £6 million of borrowing and the remainder coming from various receipts including EU grants.

I will be content to deal with any queries on the estimates at the Committee Stage. With that said, Mr Speaker, I conclude and give way to the Chief Minister and in so doing I commend the Appropriation Bill to the House.

MR SPEAKER:

I now call on the Chief Minister to proceed with his speech.

HON CHIEF MINISTER:

Mr Speaker, in the Government's view the condition of the Gibraltar economy is currently very good and this assessment of the economy made by the Government is shared by many other objective observers in the community. The Chamber of Commerce President said in his report out earlier this year in respect of 1999, "The Gibraltar inc is on the crest of a wave"; the Chairman of the Finance Centre Council said that in 1999 Gibraltar had its best ever year in financial services; Cammell Laird reports strong and growing activity and the statement that the economy of Gibraltar is currently in good shape is also reflected in such economic indicators as exist. The employment market and employment prospects, unemployment levels are at levels which are historically low. Increasing income tax yields to the Government, personal taxation yields have risen from £45 million in the year ended March 1998 to £49.6 million in the year ended March 2000, despite the substantial cuts in taxation that the Government have delivered during each of the last four years. The yields to Government from company tax has risen from £10.5 million in the year to March 1998 to £13 million forecast to be the outturn in respect of the year to March 2000, and there is rising international telecoms traffic. The reasons to which the Government attribute the state of the economy is a number of things. Firstly, it is the fruit of Government's reputational repositioning of Gibraltar over the last four years. Secondly, it is the fruit of Government's investment in Gibraltar's physical fabric - streets, roads, squares, terminals et cetera, et cetera. Thirdly, it is the Government's focus on tourism and financial services, promotion, quality and marketing. It is also the result of the growth

in the offshore gaming industry, and of the success of the Cammell Laird operation in Gibraltar, and of the success of the Government's focus on quality training programmes. There is, however, no room for complacency and Government are well aware of the need that there is to stay on-the-job to continue the policies that have, during the last four years, delivered this success.

The objective of Government's economic policy is two-fold; the first objective is to create the climate in which the private sector can prosper thus not only creating new jobs but equally important protecting the security of existing jobs and in that way ensuring the prosperous personal economies of the citizens of Gibraltar. The second objective of Government's economic policy is to use the revenue and the wealth created to invest in the physical environmental and social improvement of Gibraltar and the quality of life here. Everyone therefore has a stake in the success of the private sector which is the sole creator of that wealth in our community and in our economy. This twin-track objective approach is reflected in our manifesto at the recent general election as it is in this Bill which is to move Gibraltar forward steadily on a broad number of fronts. Investments to ensure our continued economic prosperity; investments in upgrading educational and health infrastructure and services; investment in the urban renewal of Gibraltar, in housing estate refurbishment, in lift installation programmes, in things that affect the quality of life of ordinary citizens; in the elimination of all manner of discrimination at work; in sport and in leisure facilities; in green and open spaces and in recreational facilities; in a new public transport system; and in the social infrastructure of Gibraltar, care for the elderly, improved social services, improved probation services, care for the disabled, children with special needs and improved social security support for the most vulnerable members of our community.

Government are failing some sector or other of this community if we do not move Gibraltar's position forward in all of those areas. This generates a competition for the limited financial resources that are available to the Government and it is therefore necessary

for people who rightly have had their expectations raised by what the Government have already done, it does require patience, there is a need to pace and to programme the unfolding of the Government's programme of policies, package of policies in this wide fronted areas. It must be done in a prudent manner consistent with not making public finances vulnerable to economic downturn or external influences and consistently also with the policy of gradual reduction in the personal tax burden. Ours is a four year programme and much as we would like to deliver it all immediately, the reasons that I have indicated, the need to marshal the resources in a prudent manner to couple it with reduced taxation burden and to move forward on a broad front of issues means that it will take four years to implement the whole of the programme. In devising our policies and indeed in the implementation of our policies, the Government recognise the importance of the role of our social partners, the Trade Unions, employer representatives, health education and social services professionals and other Government officials. We rely on their help, guidance and support; they participate actively, meaningfully and constructively in the Economic Advisory Council, in the Labour Advisory Council, in the Trading Advisory Council, in the Sports Advisory Council, in the Arts Advisory Council, in the Tourism Advisory Council, through these mechanisms there is a genuine process through which not only do social partners get the opportunity to make their views known to Government, but actually to participate in a direct and meaningful manner in the formulation and Implementation of Government policies, in addition of course to numerous bilateral meetings that I and other hon Colleagues in Government have with all the representative organisations in Gibraltar. It is the policy of the Government to factor into our policy as much as is possible and affordable of the legitimate agendas of our social partners. We have considered their pre-electoral manifestos. In our own election manifesto we said, "We have read and heard with interest the views of the 'Trade Unions and the employers' representatives as to the concerns and interests of their members, we will in Government be committed to continue meeting regularly with them to pursue such of their suggestions as are legally viable, financially affordable and politically acceptable", these, Mr Speaker, are not



just empty words. The Unions and the employers' representative organisation and other social representatives are not regarded by the Government as opponents or threats, we regard them as genuine social partners, invaluable sources of guidance and advice in the economic and social engineering of the new modern Gibraltar. Many of our policies respond to their agendas and to their requests and that will continue to be the case in what all parties will hopefully regard as a genuine and worthwhile partnership.

The Government will legislate this year to provide for a new statutory minimum wage for all workers established at £3.75 an hour, this will apply regardless of whether employees are weekly or monthly paid or at any other interval of time. This measure will provide an impetus to address genuine aspirations of the lowest paid workers in our community and in our economy. We will also legislate this year to establish statutory redundancy payments and insolvency fund cover for all workers in the economy. Government are committed to continue our policy of product development, marketing support, promotional work and investment in all sectors of the private sector as we have done hitherto - in tourism, in financial services and in the port sectors. We will continue to work closely with those sectors to deliver a continuing and improving climate for prosperity in those industries. We are no less committed to the vital small business wholesale and distributive and retail trade sectors which are vital to our economy. We will this year engage business representative organisations in detailed discussions to identify things that Government can reasonably and affordably do to help those sectors which are suffering particular problems of international competitiveness in the climate that presently prevails. Government are not in favour of erecting protectionist trade barriers which we believe would ultimately operate contrary to the interests of Gibraltar. However, it is important that competition works both ways across the border, we are therefore especially committed this year to take measures to ensure that as far as possible an international level playing field exists for port operators, road hauliers and wholesale and distributive trades operating in Gibraltar. With effect from the 1<sup>st</sup> January 2001, the payment of social insurance contributions

will move from a stamp system to a cash system and will be unified with the PAYE and income tax system therefore considerably reducing the administrative burden that administering those two systems separately presently imposes on business and especially small businesses. We will also this year be introducing legislation to update our alcohol sale licensing hours and laws. Import duty will be reduced within the next few days from 12 per cent to 6 per cent on all items remaining at 12 per cent in Chapter 63 of the tariff namely fabrics, beds, kitchen and table linen, awnings et cetera, as also it will be reduced to 6 per cent on footwear. These particular items have been selected on the basis of representations made to the Government over a period of time by traders in those commodities who consider that they are particularly adversely affected by the uncompetitive position in which the strong pound, or more accurately put, the weak peseta and euro has placed them. Finally, in relation to business, with effect from today and for a period of seven months ending on the 31<sup>st</sup> December 2000, import duty on commercial goods vehicles for use exclusively in trade will be exempted from import duty. This will give local businesses a window of opportunity for seven months to renew their fleets of commercial vehicles at very substantially reduced cost. Hon Members will know that import duty on commercial vehicles is presently 18 per cent which represents a considerable cost to all businesses in the replacement of that important part of their plant and equipment.

We warmly welcome in Gibraltar the leading gaming companies that have set up here. Government will sympathetically consider applications from them to expand their operations here and the gaming products that they can offer. However, Government will not allow Gibraltar to become a free for all jurisdiction in international gaming. The number of operators will be strictly controlled as well as their quality. We will only host reputable established blue chip responsible operators in this industry. We believe that that is necessary not just to protect Gibraltar from developing an economic over-dependency in this activity but also to protect the good name of Gibraltar as a jurisdiction.

The Finance Centre is a vital sector of our economy. There is a tendency in some quarters, Mr Speaker, of our community to regard it as the detached preserve of a privileged elite. We have recently announced with considerable satisfaction the conclusion of what we regard as favourable arrangements relating to what is commonly known as post boxing. I take this opportunity to repeat what I have said on numerous occasions, that the post boxing arrangements do not give to her Majesty's Government in the United Kingdom or any department Ministry thereof or any other authority in the United Kingdom, any role or say whatsoever in the regulatory process in the decision-making process of Financial Services Regulatory Authorities or any other executive or administrative or governmental authority in Gibraltar to which the post boxing arrangement may be applied. But when Government announced the post boxing arrangements which this and the previous Government of Gibraltar at least insofar as the ultimate objective is concerned which is passporting have been trying to achieve for many years, post boxing delivers that which is valuable and long awaited benefits to the Finance Centre. One local journalist wrote in commentary to the post boxing agreements in terms which suggest to me that there is a misunderstanding of the importance of financial services to this Community. "There is always the nagging suspicion that behind all this political 'palabreria' this agreement is merely the vehicle which opens up the lucrative finance market for locally based banks and insurance companies whilst the frontier queues which affect normal people are set to continue. It can be considered the typical 'pasteles' where political engineering becomes the instrument to accommodate and further the interests of the big financial and corporate interests, the finance industry, the focus of constant negative publicity and headaches for Gibraltar is being sold to public opinion as the panacea for all our ills. Ask yourself, is it right that we the residents of Gibraltar should be paying 30 per cent or 40 per cent tax on modest salaries whilst high net worth individuals or wealthy non-residents outsiders pay meaningless sums whilst generating astronomical profits?" Mr Speaker, this is, with the greatest of respect to the author of those comments, a seriously misconceived view. If, which is not the case, but if it ever came to a choice between slightly shorter

frontier queues and the continued existence in Gibraltar of a Finance Centre frankly, I think there is no choice and I would unhesitatingly choose the survival of a prosperous financial services centre in Gibraltar. The Finance Centre provides about 2000 direct jobs in this community. It has become infinitely more important than the Ministry of Defence as an employer in Gibraltar; the Finance Centre provides 2000 direct jobs and probably as many again in indirect support jobs. It provides an important slice of Government revenue, it also generates activity and therefore jobs in hotels, shops, restaurants and other businesses. Without it the Gibraltar economy is not viable at current levels of personal prosperity. Without it Government would lack the financial resources to maintain the public services and to invest in physical and social projects in Gibraltar. Everyone in Gibraltar, whether they work in the Financial Services sector or in related industries or not, has a crucial stake in the Finance Centre and its success. Everyone should regard it as an important part of what is important to the community of Gibraltar and should hope and work for its continuing success. The Finance Centre, Mr Speaker, is currently buoyant, it faces however in common with all other Finance Centres many threats and challenges as well as opportunities. The Government have no doubt that the Gibraltar Finance Centre based as it is on international compliance, good reputation, good regulation and excellence of professional expertise, will emerge successful and prosperous from the various international initiatives and agendas that are in progress. The Government are determined to reposition our Finance Centre, and to the extent that it may be necessary, our tax system to ensure that the Finance Centre survives and prospers. We will not trailblaze, we will not move ahead of our reputable competitors, we will do everything possible to protect our business, however we must ensure that we take the action necessary to prepare ourselves for change if it must happen. Central to the Finance Centre's survival will be the elimination of tax discrimination between residents and non-residents for this lies at the root of all the international initiatives which are presently in progress. This, Mr Speaker, will require wholesale change and reform to our tax system and to the way in which Government raise the revenue that we need. It will require

boldness and imagination as a community and as a Government we must show boldness and imagination or pay a massive price in years to come in terms of jobs and economic prosperity. The post boxing agreement as I have said publicly already, becomes operative on the 1<sup>st</sup> June 2000. It will provide Gibraltar licensed banks and insurance companies at last with full access to the European Union Single Market and Financial Services. Government will now prioritise efforts to obtain passporting rights in investment services which is, in practice, the biggest prize of them all.

Mr Speaker, the estimates book shows salaried staff in the public sector numbering 1,612 compared to 1,595 last year, an increase of 17 posts. It also shows 578 industrial staff compared with 580 last year, a decrease of two. The Gibraltar Health Authority has 649 employees as at April 1<sup>st</sup> this year compared to 636 at April 1<sup>st</sup> last year. The Gibraltar Development Corporation is not part of nor analogued to civil service or the public service, their terms and conditions of employment are different even though the Gibraltar Development Corporation is committed to pursuing best employer practices for its staff which now number 143 as at the 1<sup>st</sup> April compared to 124 as at 1<sup>st</sup> April last year. These 143 employees are mainly ex-employees of Government companies and contractors who have been transferred to the GDC in the restructuring of activities that took place in the last two or three years.

Mr Speaker, the 1999 pay review for clerical and administrative grades is providing a complex challenge to both Government and the Staff Side. Given the new UK pay and grading system that is now so different to ours in Gibraltar, mainly due to our lack of an assessment and performance pay system which is how all pay increases are now delivered in the UK. Mr Speaker, hon Members may not be aware that in the UK Civil Service, I think it is true of the whole of the UK Civil Service, it is certainly true of the MOD to which we are analogued, there is no longer such a thing as an automatic annual pay review to civil servants nor are there incremental scales at which officers progress on a year-to-year basis. What happens in the UK is that the Government put on the

table a sum of money, this year 4.7 per cent, which they are willing to spend in increased pay for the civil service, that is then distributed in accordance with a system of box marking, in other words, assessment of officers, some officers could get up to 11 per cent, other officers may get zero, the bulk of the officers get somewhere in between. No officer gets an automatic annual pay review. The problem that we are now facing in Gibraltar is that whereas both the Government and the Union are committed to the principal of parity, that to which we seek parity now arranges pay in a very different way to that which is our system here in Gibraltar. As I have said, both the Government and the Staff Association remain completely committed to the principal of parity of wage levels and constructive discussions continue, Mr Speaker, to find a fair way of matching the UK pay awards to our very different circumstances here.

The Government remain committed to the modernisation of our public services, the programme of computerisation, upgrading of offices and workshops and working conditions in offices and trading opportunities will continue in the vein that they have already been in process during the last several years. This year should see the Orange Bastion Distribution Depot, the Buildings and Works North Depot, and the Road and Sewers Section move to new depots. Work can therefore start on accommodating the Customs Department in proper facilities at British Lines.

Mr Speaker, the community rightly looks to ever increasing efficiency and quality of service on the part of the public sector, the Government, the staff and the Trade Unions are committed to this objective. With Union support and participation, complete and in-depth reviews are being carried out of the Electricity Department, the Buildings and Works Department and the Post Office. The electricity review is in process of discussion leading to implementation, it will eliminate all discriminatory conditions of work that have developed in that department over many decades as well as secure the future of the electricity industry for the future. All three departments will emerge in a modern form that delivers the best possible service to the community, value for money to the taxpayer and a secure and prosperous future for the

workforce in a well resourced, well structured publicly owned organisation.

The Transport and General Workers Union, Mr Speaker, has pointed out to Government that there exists in Government unfair conditions affecting long-term supply workers in Government, we will entertain entering into discussions with the Union to redress any such prevailing unfair practices that may exist and we commit ourselves to doing that this year.

Mr Speaker, as set out in his report to the 1997/1998 accounts, Government have agreed to various measures to strengthen the audit function and to enhance the independence from Government of the Principal Auditor. Since Gibraltar's audit capability was last reviewed there have been seen changes in the principals of public auditing in almost the whole of the rest of Western Europe. It is the Government's view, not in accordance with best modern practice, for the Principal Auditor to be an ordinary department of the very organisation which it is his statutory duty to audit. In addition successive Principal Auditors have complained that because the office of the Principal Auditor has been regarded for the purposes of staff transfers as just an ordinary Government Department like Trade and Industry or Tourism or Health, there has never been that degree of permanence and continuity of staff necessary to ensure that the Principal Auditor has available to him in sufficient quantity the necessary expertise to exercise his function in accordance with modern principles in this very complex and technical area. Therefore the Government have agreed, not only to substantially increase the human and technical resources available to the Principal Auditor but indeed to ring fence the Principal Auditors Department so that the staff in it, who of course are all volunteers, are not regarded as transferable civil servants, are not open to apply for promotion out of the department and in exchange for that the staff who, as I say, have all volunteered for this are being compensated by being made the subject of a special remuneration regime which compensates them for the obviously reduced promotion prospects that flow from being in a small department which is ring fenced in that way. The Government are

also looking at new audit legislation which the Principal Auditor considers would further enhance the modernisation and independence of the audit function in Gibraltar and finally the Government are looking to re-accommodate the Principle Auditor in offices which are separate to the Treasury which is the principal department that he audits. It is a matter of satisfaction to the Government that the Principal Auditor has commented in his report this year so favourably of the Government's willingness and approach to accommodate this ambition on his part to modernise the public audit function in Gibraltar.

Mr Speaker, the Consolidated Fund forecast out-turn for the year ended on the 31<sup>st</sup> March 2000 shows a forecast out-turn for revenue of £139 million. The Bill before the House estimates that Government will, during the current financial year just after the 1<sup>st</sup> April 2000, spend in the order of £143.5 million. We forecast to have collected £139 million this year and estimate that we will collect £143.5 million this year, we are therefore estimating an increase in revenue to the Government of £4.5 million which represents an increase of 3.2 per cent. On the expenditure side we forecast that we have spent in the year ended 31<sup>st</sup> March £121.9 million, we estimate that we will spend in this financial year the subject of this Appropriation Bill, £126.7 million, that is an increase of £4.8 million which represents an estimated increased expenditure over forecast outturn of 4.6 per cent. Making allowances for a forecast out-turn debt repayment of £0.9 million in the last financial year debentures, and a provision for about £0.6 million in this financial year of debenture repayments, there is a forecast outturn surplus of £16.2 million in respect of the last financial year and an estimated surplus of the same order for the current financial year.

Mr Speaker, the Improvement and Development Fund expenditure forecast outturn for last financial year is £42.2 million and hon Members have to bear in mind that that includes two one-off items of capital expenditure, namely £5 million down payment on the purchase of blocks 1 - 4 Europort for the new hospital and £12.5 million for the incinerator settlement. Hon Members will recall that we had estimated this time last year that

we would spend a figure in the order of around £25 million and if one strips out the two extraordinary items that I have just described, hon Members will find that for the first time in four years, last year we managed to spend almost all, if not all, the capital projections that we had estimated at the beginning of the financial year. The estimated expenditure on capital projects this year is £26.8 million and as hon Members will have seen from the booklet, that breaks down into £6.2 million on housing projects which includes of course the continuing funding of the Harbour Views repairs; £1.6 million on educational and cultural facilities; £5.5 million on tourism and transport projects; £10 million on infrastructure and general capital works; £0.8 million on electricity capital projects and £2.7 million on industry and development projects.

Mr Speaker, the Government's reserves at the 1<sup>st</sup> April 1999 stood at £48.8 million, at the 1<sup>st</sup> April 2000, they are forecast to stand at £30.8 million and of course the reduction is due almost entirely to the £17.5 million that I have just described in the incinerator and in the hospital although not entirely because part of that was also funded out of an increase in public debt. The public reserves projected at the end of the current financial year, that is to say, at the 1<sup>st</sup> April 2001, we are projecting that public reserves will stand at £31.2 million. Insofar as concerns public debt it stood at the 1<sup>st</sup> April 1999 at £61.4 million, we forecast that on the 1<sup>st</sup> April 2000 they stood at £70.6 million and that on 1<sup>st</sup> April 2001, that is to say, at the end of the current financial year just started, they are expected to be at £76 million, that is to say, we are expecting to partly finance part of our capital investment programme this year to the tune of £6 million from an increase in public debt. Mr Speaker, the House should be aware.....

HON J J BOSSANO:

If the Chief Minister would give way.

HON CHIEF MINISTER:

Mr Speaker, it is most unusual to interrupt in the middle of the debate but I am happy to give way.

HON J J BOSSANO:

Mr Speaker, since the term 'public reserves' is not one that he has been using before I would like to know how he gets from the Consolidated Fund balance to the public reserves?

HON CHIEF MINISTER:

Mr Speaker, the hon Member is not free to interrupt me in order to initiate a process of cross examination. If he wishes an answer to that question he should raise it in his own address on the Second Reading and I will be very happy to respond to him when I wind up the debate. Alternatively, he can raise it at the Committee Stage which is what it is for and therefore that will give him the opportunity to engage in that sort of detailed discussion which is not what my speech of Second Reading of the debate is about.

Mr Speaker, the House should be aware that there are major calls on public funds in the pipeline. There is not just the continuation of the Harbour Views repair projects but there is also the new hospital project and the incinerator which now requires very substantial capital works on it and there is a need for Gibraltar in the not too distant future, indeed we will soon be in arrears of it, to build an urban waste water treatment plant which complies with the applicable EU Directives in that regard. Therefore, Mr Speaker, the Government's budget surplus policy coupled to our capital investment programme the first as reflected in the Consolidated Fund, the second as reflected in the Improvement and Development Fund is calculated to keep powder dry and to operate the sort of surpluses that we judge will be necessary if this community is to afford the major investment in public service infrastructure that it faces during the next four years.

Mr Speaker, moving into the area of taxation, the Government are committed to a prudent policy balancing sound reserves in public debt, public investment, improvement in public services and social services and the gradual reduction in the high level of personal taxation. In May 1996, we committed ourselves to restoring the value of personal allowances to 1988 levels. Hon Members will recall that because the administration then in office, specifically the Opposition Members between 1988 and 1996, did not increase personal allowances in line with inflation, the value of these in relation to earnings was eroded, therefore in effect delivering annual increases in taxation. Between 1988 and July 1999 the retail prices index in Gibraltar had risen by 45.7 per cent that is from 1988 to 1999. During the last four years of our first term in office we have increased the value of personal allowances by between 45 per cent and 50 per cent, it varies between one personal allowance and the other, and therefore we have now already restored the value of personal allowances to their real 1988 levels, and in keeping with our on-going commitment to ensure that personal allowances will at least keep up with inflation, all personal and other allowances are increased this year by at least 2 per cent rounded upwards as follows:

A single person by up to £50; The married couple by £85; The child allowance by £20; And all other allowances by 2 per cent.

Mr Speaker, in our recent election manifesto we promised to exempt from tax all old age pensioners with an income less than £7,600 per annum which is the new statutory minimum wage. As of the tax year commencing the 1<sup>st</sup> July this year therefore all men aged 65 years or over and women aged 60 years or over with incomes less than £7,600 will be totally exempt from income tax. There will be a tapering off system of relief for those over £7,600 income who will therefore still benefit from significant but gradually reducing reductions. The details of the scheme will be announced prior to the 1<sup>st</sup> July but it will be delivered through the PAYE system to ensure that those who until now have suffered deductions of tax from their occupational pensions and who are now eligible under this new exemption will benefit immediately by not having the tax deducted and will not, as they do now, have to

wait years for a tax refund when the Income Tax Office eventually gets round to working out their assessment, calculating their refund and sending them a cheque. Measures will of course be included in the scheme to ensure that income is not sheltered by other taxpayers under this allowance by transferring it to their elderly relatives. Mr Speaker, with effect from the tax year commencing 1<sup>st</sup> July 2000, a parent will no longer lose a child allowance because that child, being in full-time education, has income of his own from temporary employment during holidays. Further, Mr Speaker, in relation to the child studying abroad allowance and the first child allowance, hon Members may be aware that at present if one's first child is also the child that is studying abroad so that the parent is in receipt of the child studying abroad allowance, the parent cannot transfer the first child allowance to another child living and studying in Gibraltar so that a parent could opt either for the child studying abroad allowance or for the ordinary child allowance but if he had some children abroad and some children in Gibraltar, he could not have both. This will change with effect from the 1<sup>st</sup> July 2000 so that a parent will be entitled to a child studying abroad allowance in respect of a child studying abroad and in addition to an ordinary child allowance in respect of a child who is living and under education here in Gibraltar. Hon Members may recall that the child allowance is £725 and that the child studying abroad allowance in respect of the first child studying abroad is £810, in respect of the second child studying abroad is £650 so that in effect for a taxpayer with a child studying abroad and with younger children or older children for that matter not studying abroad, they will receive in effect an additional child allowance of £725 increased by the 2 per cent that I have just announced.

Mr Speaker, in addition with effect from 1<sup>st</sup> July 2000, medical and health insurance premiums paid in respect of a tax payer his or her spouse and dependent children up to the sum of £300 per annum will enjoy tax relief. If paid by the employer they will not up to that amount be regarded as a benefit in kind.

Mr Speaker, in respect of private estate management companies also from effect of 1<sup>st</sup> July 2000, the investment income enjoyed

from the investment by private estate management companies of their accumulated fund derived from service charges paid by home owners will be exempt from tax therefore maximising the amount of invested and accumulated service charges that will be available to management companies for investment in their property.

Mr Speaker, in the sphere of family support, maternity grants with effect from 10<sup>th</sup> February 2000, that is to say, the date of the general election, be increased to £350 from the present level of £36 and that will apply to any child born after midnight on the night of 9<sup>th</sup> and 10<sup>th</sup> February and it will apply at the level of £350 to parents on joint incomes below £30,000. The allowance will be paid on a reducing basis to tax payers on joint incomes above that level, the level of the grant will reduce by 35 per cent for every £1,000 earned jointly above £30,000 and therefore at the joint income level of £40,000 no amount of grant will be payable. Therefore it is £350 for people on joint income of below £30,000 and reducing at the rate of £35 per £1000 for people on joint incomes between £30,000 and £40,000 and in case any of the hon Members may be wondering whether I have backdated this maternity grant in order to benefit from it myself in respect of the recent addition to my family, they should be aware that the salary increase which we awarded ourselves and which they so much criticised me, has put me beyond the scope of entitlement to receive this allowance at any level.

Mr Speaker, the death grant which is currently and has not been changed since 1979 at £72, will also be increased to £350 with effect and therefore in relation to deaths occurring after midnight on the night of 9<sup>th</sup>, and 10<sup>th</sup> February 2000. Finally, Mr Speaker, hon Members will recognise in all of these announcements which I have made, compliance with specific election manifesto pledges and the last announcement that I make today is also in deliverance of an election manifesto pledge and it is this, as of the 1<sup>st</sup> September 2000, additional social assistance payments will be available to ensure that every old age pensioner household can enjoy an income of at least 75 per cent of the new statutory minimum wage of £7,600. That is to say, £110 a week income for

a married couple; £85 a week minimum income for a single person after taking account of their income or potential income from all other sources. Details of how to apply for this social assistance will be announced shortly and during the summer.

Mr Speaker, in our recent election manifesto I said that ours is a realistic and affordable package of policies that represent a prudent balance between improvements in public services; social care; necessary investment in our city and in our future; increased help to those who really need it; and a continuation of our policy of cutting taxation.

Mr Speaker, the announcements that I have made today, others that will be made by my hon Colleagues in their addresses to the House and this, our first budget since we made those election pledges, represents another important step in all those directions. It gives me the greatest pleasure therefore to commend the Bill to the House.

Discussion invited on the general principles and merits of the Bill.

HON J J BOSSANO:

Perhaps I can start, Mr Speaker, by dealing with the interruption which so upset the Chief Minister that he described it as cross examination. Let me say that I was seeking clarification of the term 'public reserves' because the term 'public reserves' does not appear anywhere in the printed book in front of us and I was not sure what he was talking about and it seemed to me entirely reasonable that if he says, "The public reserves are going to be £31.8 million at the end of the year", I should ask him if the public reserves is the forecast Consolidated Fund reserve of the 31<sup>st</sup> March which is shown as £28.65 million plus something else, what is the something else? Obviously if I have to wait later on in the proceedings to find out the answer I will have had to wait until everyone has spoken and I will not be able to take that figure into account. So I will now proceed to ignore the figure and stick to what there is in the book.



Mr Speaker, the Chief Minister has spent less time this year than he did last year on the technical side of the estimates in terms of the figures that it contains particularly on the revenue side, but he has made some references to it. I, last year, spent quite a deal of my contribution in analysing the figures as we read them and in trying to assess the kind of picture that they painted and I will be doing the same this year. But since he has raised some of the issues of the recent election and obviously the election result means that the Government that have been elected have got a mandate to carry out their manifesto and not ours, we are not asking them to overrule the electorate by giving them things they do not want. However, we started in the debate we had the day before the election what was almost a pre-budget debate which I think fits into the picture we have got today and fits into the picture we had 12 months ago when we debated last year's estimates.

The importance of the figure of the reserves is that, of course, what we have shown on page 4 of the estimates is that the Consolidated Fund balance as at the 1<sup>st</sup> April this year is estimated to have been just over £28 million and that it is estimated to be not very different a year from now. That would indicate that the Government consider that £28 million which must be the equivalent of two months of expenditure is a very prudent and safe level but £14 million, which is the equivalent of one month of expenditure, is irresponsible, foolhardy and catastrophic because when we used to quote the figure £14 million a few months ago it was described like that and here we have got a figure of £28 million over which nobody is having nightmares. Of course, the Hon Mr Azopardi actually thought it was even worse than that because he thought that the £14 million represented one month's wages never mind one month's total expenditure but I accept that it was a slip of the tongue.

In the debate we had on television just before the election, Mr Speaker, I said that in fact the expectation of finishing with reserves of £14 million ought not to be seen as such a horrifying prospect because in fact it was in the Government's budget, the first budget they presented in the House which was of their making which was the 1997/98 budget when they projected a

figure of £13,940,000 as the estimated Consolidated Fund reserve for the year ending March 1998. In fact, the Minister insisted in that debate that this was not the case because it was before they had restructured Government finances. If he looks at the relevant page of the estimates for that year he will see that the figure of under £14 million was projected after the transfer into the Consolidated Fund of the Special Fund balances and of the reserves of the Savings Bank. So that, in fact, it is not correct and I am saying it simply for the record, that the Minister was wrong and I was right when I said in that television programme that he had projected £14 million before and he had not thought it was such an irresponsible thing when he had projected it and that therefore all that we were doing was saying that within the parameters of never allowing it to fall below £14 million it was possible to have a more adventurous attitude to reducing taxation than the one we have seen today which is giving people a £50 allowance a year. Because certainly if he is going to close the gap between the tax that residents pay and the tax that high net worth individuals pay, which he says requires boldness and courage at £50 a year is going to take half a lifetime. So I think he needs to be a bit more adventurous than he did if he really wants to close the gap. *[HON CHIEF MINISTER: At least we have started.]* Yes, at least they have started. Let me say that certainly our approach is that people are better off not by £50 increases in their tax allowances but giving them tax incentives which produce economic activity and that therefore if they reward home ownership by improving the tax deduction for home ownership they are helping the home owner just like they are protecting the Government tenant by freezing their rents, so one they help through the consumption side of the equation and the other one they help through the income side of the equation. Effectively they are forsaking potential revenue by freezing rents and forsaking potential revenue by giving capital allowances. It so happens that that goes directly to the residents of Gibraltar and that therefore if they have got a pool of money they are concentrating the pool of money on the people who are paying their money here. We believe that is a better approach in order to produce the benefit that was produced in those years when, as the Chief Minister has said, the tax allowances as personal deductions did not go up but



a £10,000 deduction for home ownership produced a huge increase in the level of home ownership and, of course, had its effect as has been demonstrated in successive Auditor's Report of reducing the tax yield. We have today a position where the amount of income tax being paid goes up and this is now a virtue instead of being a sin. Is it that the amount of tax is going up because there are more people in the workforce as we are being told and have been told now for a number of years or is it that they are paying more tax because there are huge pay reviews taking place? The evidence is neither one nor the other and therefore it can only be that the incidence of tax, notwithstanding the 2 per cent increases and the £50 a year is being more than offset by the loss of the huge amount of money that was involved in the support for home ownership. It is difficult to see what other explanation one can come up with. In looking at this we really are interested in being able to obtain an answer to how this is happening from the point of view of being able to assess what is the performance of the economy because, frankly the fact that the Chamber of Commerce thinks that we are on a crest of the wave is not sufficient to substitute for hard figures in support of the evidence of what is happening economically. Nevertheless I am sure that the Trade Union will be delighted to know that the business community thinks we are on a crest of a wave when they need to negotiate the pay review and they will not pay any attention to the argument that we need to have pay freezes in the middle of crests of waves. If we look at the state of the public finances today, and we have always accepted that the state of the public finances today are a reflection of the economy although not 100 per cent relationship, it would appear that whatever may be influencing Government revenue has been of very recent and of that the only thing that we can identify is the influx of the gaming operations that came in the latter part of 1999 which have not yet worked their way through the statistics that we get so late in the day. Certainly if indeed the Finance Centre is prospering it is something that we welcome very much and let me say that I do not know why the Chief Minister thought that particular article by whoever that particular journalist may have been merited so much attention. I can say that we certainly do not share the view that there is anything wrong with attracting people who would not

otherwise come here by giving them tax breaks. They do not have to live here, this is our home, we have to live here and we pay the taxes that are necessary to maintain the public services but if we want people to come here instead of going to Bermuda or going to the Channel Islands or going somewhere else, then the only way they are going to come here is if we make it attractive for them to come here. Indeed, that was our view in Government and indeed we introduced the high net worth individual legislation precisely based on that idea and as far as I can remember, the only people who rubbished the high net worth individual concept were the GSD members in the Opposition in the House of Assembly who argued the same as in that article that there was discrimination and why should the residents pay 30 per cent or 40 per cent whilst fat cats from outside were coming in and being told that they could pay a flat rate of £5,000 or £6,000. That was said, it must be in Hansard in one of those years, by a Member of the GSD from the Opposition so maybe if the writer of that article is writing under a pseudonym for all we know it may be one of the former colleagues of the Government who has expressed similar views in this House when the GSLP was in Government. But certainly to put his mind at rest let me make it absolutely clear that the expansion and the protection of the finance centre comes with our full support. That does not mean that we agree necessarily with the way they go about it, sometimes we may and sometimes we do not but as a matter of philosophy, in terms of what is good for Gibraltar it is good for Gibraltar to have a strong viable effective finance centre and if it requires that the people who are coming here as opposed to going somewhere else have to be given fiscal incentives then either we give it to them or we do not get them, it is as simple as that.

We are told, Mr Speaker, in that same contribution by the Chief Minister that the finance centre employs 2,000 directly and probably the same number indirectly. I must say I am surprised at those figures because the whole of the private sector, including Government-owned companies and including Government finance contractors which are an extension of the public sector, not the private sector which is supposed to be the engine of the economy, all those jobs come to less than 9,000. Therefore if the

finance centre alone is 2,000 direct and 2,000 indirect, we are really talking about a situation where 50 per cent of the private sector is the finance centre and I am surprised it should be that large if that is indeed the case. Let me say that the figures that I am quoting as to the size of the private sector, of course I am relying on the Employment Survey for April 1998 which finally has been tabled in this meeting of the House. Better late than never and I regret that it will be the last time that it is tabled in the format which reflects the numbers employed who pay PAYE because it means that when we eventually get figures for 1999 they will not be directly comparable with the 1998 ones because they will have been arrived at by a different methodology and consequently, regrettably, because the Government – I remember that in answer to a question the Chief Minister almost gave me the impression that it had been discontinued not as a policy decision but because somebody had decided to discontinue it, well if that is indeed the case I urge them to reinstate it because I think it would be valuable, at least for a couple of years, to see what the response of the employers in survey show and what the return of PAYE shows, they ought to show the same figure but unless we have the two sources for the same date we will never know. Therefore if we get as a result of the survey, less people or more people than we had in 1998 we will not be able to make a scientific objective judgement as to whether that reflects a real change, unless there are other factors which support one view or the other, or whether it simply reflects that whereas employers have no choice but to declare who they have got paying tax because they are paying tax, they are less likely to be so rigorous in the filling in of questionnaires. So we take that the last survey based on PAYE returns that we have is the one that was tabled earlier in the House. That shows, Mr Speaker, that in the month of April 1998 there were 12,840 persons in employment in Gibraltar and that is less than there were in 1997 and less than in 1996. So, in fact, in the budget of a year ago I was saying I had to rely on 1997 figures in the year 1999 and this year I have to say I have to rely on 1998 figures in the year 2000 because that is the last set of figures which have been finally put together and all the information prior to that is based on estimates given in answer to questions which always carries the caveat that it may be subject

to changes. So we have a position where between April 1996 and April 1998 the economy did not increase the numbers in employment and therefore the increase in PAYE between 1996 and 1998 cannot be because more people were employed because these people are the people paying the PAYE. There were less people paying PAYE in April 1998 than in April 1996, according to the Employment Surveys tabled in this House, produced by the Statistician on the returns received by the Tax Office. We have to be accurate because it is the return that has the numbers and the return that has the money so the same return that produces the £40 million-odd produces the number of people who pay for it. So the position is that certainly up to April 1998 there is no evidence, in fact, the contrary is true; there were less people employed at the end of the two years than at the beginning of the year within that total, in fact, the private sector shrunk more than the total. That is, the percentage of persons employed in the private sector in April 1998 is smaller than the percentage employed in 1996. So we may all agree here that the engine of the economy is the private sector, that it has to give the impetus to grow, that it must be buoyant and all the rest of it but it was certainly a stalled engine for two years. That must have been when we were all being repositioned no doubt. But then all the claims that were being made in the previous budgets were all totally wrong about the growth that was taking place because it was not taking place. We welcome that in the figures that were published recently, in the press release of the employment and unemployment statistics for January, February and March, on this occasion unlike all the previous ones, we just had the figures produced without an evaluation of its significance. Of course, as long as we do not get an evaluation of its significance we do not feel that there is a need to challenge that evaluation. We think that putting the figures is fine because we have never challenged that the figures are what it says they are. If the ETB says that in the first quarter of this year, 1,242 contracts were opened then we accept they were opened. What we cannot accept is the implication drawn from that in previous occasions. For example, where in April 1999 we were told that the fact that 1,160 vacancies were opened and 898 were filled represents an expansion of the economy. Well, what we found when we looked

at 1998 was that in the course of the statistics produced by the Tax Office up to April there were less people employed than in April 1996, two years earlier. So therefore if there had been an expansion in January, February and March 1998 it would imply that the figure in December 1997 must have been even lower and there is no indication of that. What there is an indication of is that there is an enormous turnover of labour. We have, in the answer given to a question earlier in the House, that the position in 1998 was that 4,021 persons became employed in 1998. We have already established that in April 1998 there were 12,840 having previously been at the level of 13,000. So in fact we have a situation where the number of jobs in the economy was down by 160 at that stage. Is it that it recovered in the rest of 1998? Does that explain the results of the outturn for the financial year 1998/99? Well, the evidence is against that according to the ETB, according to answers given to questions in this House. During 1998, 4,021 people started working and 3,995 got sacked or retired or left so the net result was that 26 people more were employed at the end of 1998 than at the end of 1997, according to those statistics, 26 and to increase the workforce by 26 took the starting and the finishing of 4,000 in an economy that we are told half of the 9,000 are in the stable finance industry which is so solid and growing therefore they cannot be sacking people every other day. That represents almost 100 per cent turnover in the remainder of the private sector because certainly this kind of turnover does not happen in Government services, does not happen in JBS, does not happen in Government companies. So if in fact, Mr Speaker, we have a position where in April we are employing 160 less than two years before and during the whole year the ETB confirms that the excess of people commencing over people terminating is 26, it means that at the end of 1998 we are still below April 1996. How has that changed in 1999 as we get closer to the figures we have before the House on PAYE. In January 2000 the Government Press Release No.2/2000, gave us an analysis of what had happened during 1999. An analysis that would suggest that whoever drafted it does not have a clue because we were told that during 1999, 5,267 vacancies were filled as compared to the 4,021 the previous year. As I have already pointed out, the 4,021 the previous year meant 26 jobs

being filled because it was plus 4,021 and minus 3,995. And then we are told that in the case of 1999 the terminations came to 3,158, a figure that I have no doubt will be revised upwards. But taking the figure that was given in January this year just before the election, we were told that the difference between the 5,267 commencements and the 3,158 terminations, which of course is the difference of 2,109, represented a combination of new jobs and staff turnover in existing jobs. Well that is nonsense, it cannot possibly be that, it is quite simple because, Mr Speaker, if instead of talking about thousands we talk about units, if I say, five people have started work this week and three have terminated the staff turnover is the three that have terminated and restarted and the new jobs are two, the two cannot be staff turnover because that is already part of the three because the 3,000 that have ended have ended and started because we are not talking about 5,000 new people coming into work in Gibraltar or 5,000 leaving school; what we are really talking about is somebody working three weeks and then being unemployed two weeks and then working another one week and then losing his job a week later and therefore when we talk about 1,000 jobs have been filled in the first three months of this year and there will be another 1,000 jobs filled in the second three months but it is quite possible that 800 of the people who fill the jobs in the second quarter will be the same 800 who got employed and laid off in the first three months. That means that there is a level of turnover and a level of insecurity in employment in the private sector which has never existed before in those high numbers. *[Interruption]* Mr Speaker, I am sure the Minister will have an opportunity to address these questions when he has his opportunity to speak although I will give way to him if he prefers. If the Minister wants me to give way I am happy to do so.

HON J J NETTO:

Yes, Mr Speaker, the Leader of the Opposition seems to be giving the impression that this is a new phenomenon in terms of staff turnover resulting in the last three years. He has been here long before I have and knows much more on the economy than I do and he knows that ever since the date of the dockyard closure in

1984 there has been in Gibraltar, an enormous amount of staff turnover, it is nothing new.

HON J J BOSSANO:

Mr Speaker, I will tell him what is new in case he does not know it. The staff turnover in 1998, according to the release which he issued of the 6<sup>th</sup> January this year, was 4,000 and the staff turnover in 1999 was 5,000 and that is a 25 per cent increase in the volume of staff turnover. I am not saying it never existed, I am saying it has never existed in such numbers and that therefore to try.....

MR SPEAKER:

No, sit down, unless he gives way you have got no right to stand up.

HON J J BOSSANO:

Good advice that, sit down and shut up. The corollary to that is before you put your foot in it. So we have, Mr Speaker, an increase in the level of staff turnover and in the first quarter of this year, in fact, what we have is 1,242 vacancies being filled. Frankly, we would like to see Gibraltar being able to employ 1,000 extra people every three months although I do not know what we were going to do with them if it kept going at that rate but the evidence that we have got is that in 1998 the margin was 26 between people starting and people finishing and we cannot possibly believe that from 26 in 1998 the margin increased as the Government would have it to 2,109 in 1999 because that would mean that the figure for the next Employment Survey would show that the workforce had increased from under 13,000 to over 14,500 by 1999. But, of course, we will never be able to judge that because the figure of under 13,000 is the people who pay PAYE and the figure we are going to get the next time round has got nothing to do with the people who pay PAYE, it is the people that are put down in the surveys and I regret that whether that figure is up or down we will no longer be able scientifically, statistically to

compare one with the other. Let me say that in that debate the Minister had with me when I questioned why this particular year's survey was taking so long to come out and when I was saying I have to rely on the 1997 figures but I am assuming that the position has not changed and really it has not changed all that much. A drop of 100 jobs in the economy or one way or the other on a year-to-year basis is not an indication of the trend one way up or down. So although it is perfectly legitimate to make the point politically that the figure is lower than the year before and that it only increased by 26 according to those statistics, it does not mean that we are suggesting that the economy was collapsing. What we are suggesting is that whatever was happening in the economy it was not being reflected in more jobs. There is no doubt that there has been a change in the composition. That is to say, that there have been, perhaps, expansion in some areas which have compensated for decline in others and that we will finish up with a relative stable figure because the movement through the private sector of people in and out will also no doubt be a reflection of some areas of economic activity contracting while others are expanding and that necessarily requires a level of movement but not of this magnitude. But the explanation I was given in that debate by the Minister was that the reason for the delay was because the Statistician was going to be producing the report in a new way. Let me say that the report is exactly the same as it was in all the previous years so the fact that it took him almost a year longer to produce in a new way he has put an awful lot of hard work and effort into the new way and has very little to show for it.

If we now look at the other elements, Mr Speaker, in the extra revenue that is coming into the Government coffers this year and unless we have got a surge very recently, I would say since last October because of 300 or 400 jobs or whatever it is that now exists in the gaming industry which did not exist before and even that, I would say, that kind of level might produce maybe £3 million from PAYE. We are now talking about collecting £52 million in income tax in the next year. This compares with £40 million in 1996; we are now talking about the 'hard pressed taxpayer', to use the terminology of the Chief Minister, forking out

£1 million more every month as compared when they were paying tax through my draconian administration, it is quite extraordinary. There is now a virtue in paying £1 million more. I think if there is an element of extra collection of arrears then it would be useful to know that because then that would indicate where the level is on a recurrent basis. When I have asked questions in the House, Mr Speaker, and I have asked for breakdowns I have always asked for the two bases, what is the yield in the financial year and what is the tax due in the tax year. Invariably the answer that we have got has been that we have been seeing a collection on a fiscal year basis running slightly above a tax due on a tax year basis. For 1996/97 and 1997/98 we have been running, speaking from memory, at something like £1 million more in collection for the fiscal year than the tax due in respect of the preceding tax year ending in July. I know that there is a nine-month gap and therefore that there will be an element of higher yield due to the fact that it is for nine months of the current one but nevertheless the pattern seems to be a slightly higher collection. If that is part of the explanation for this trend then obviously that is an explanation that necessarily carries with it its own death, as it were. Once one has caught up with arrears, this is what happened with company taxation in the year 1994/95 when it peaked at £15 million and it peaked at £15 million because there had been a backlog of assessments which were then all brought up to date and then it settled at a level of about £12 million. The other element from answers to questions that seems to be included there which may be showing a bigger increase than PAYE is the tax assessment made on the self-employed and on individuals which is shown as a separate figure in the audited accounts and I think an indication whether in fact the projected or the forecast outturn is more on the PAYE side or on the individuals would be a useful piece of information to have in order to try and assess what this revenue streams indicate of what is happening in the economy as a whole. It is difficult to extrapolate from this what is the total value of the output of Gibraltar. In 1996, in the first budget after the 1996 election, the Chief Minister said that the closest estimate that was available for the year 1995/96 of the gross domestic product was something like £330 million but that in fact he was not satisfied with the way that the calculations

were being made because the statistical information that went into the calculation was not reliable and that therefore he was having it looked at so as to produce more reliable and accurate figures. That is fine. But of course, if the alternative to not very accurate figures is no figure at all and that is the position that we have been in now for five years and if we were told a year ago in the budget, which has not been mentioned in this year's budget, that the Government were now bringing in consultants to do an input/output study, although I am not sure that an input/output study is necessary in terms of the methodology of national accounts, it may be necessary for other things, for building an econometric model but certainly not for national accounts but if it was a policy decision in 1996, if it was announced in the 1999 budget and if there was a press release recently then it seems to me we will be lucky to have the GDP figures just in time for the next election provided they are pointing in the right direction, presumably. I do not know, Mr Speaker, what the consultants that are coming are going precisely to be doing but certainly we would welcome, once they start working, an opportunity to have an input into the information gathering which they are doing to the extent that we can contribute from our knowledge of the situation it would help them in building in the parameters. Let me say that the previous attempts at an input/output model have proved to be worse than useless. They have given totally incorrect results with huge variations, they have assumed relations between different factors in the economy and from those assumptions, I think based on the UK methodology and on much bigger economies than ours, they build in consequences through assumptions about direct and indirect effects on the economy of income streams and they have said, "If an MOD worker gets sacked because he has spent so much of his disposable income that has this effect and that in turn means that two people will be sacked in the private sector" and at the end of the day there was hardly anybody left working by the time they finished. Fortunately those catastrophic pictures which frightened a lot of us and worried a lot of us because we did not know how we were going to deal with the situation never actually materialised in reality. I was sceptical when in last year's budget the Chief Minister said that it was the people who had been doing it before and I urged caution in using

the same people with the same method because the last time round – and it goes back to the dockyard closure study made by PEIDA which was the first input/output model – it was a complete disaster. The latest press release where the Government have said that the people who are going to come in and do it, we do not seem to be talking about the same people that were mentioned in last year's budget and I would welcome confirmation of that when the Chief Minister exercises his right of reply.

Mr. Speaker, the corporation tax, as I have mentioned, increased at one stage to £15.6 million or £15.4 million and I think it was in 1994/95 and then it started coming down and, in fact, the Auditor's Report mentions that it was because it was the collection of a backlog of arrears, eventually that was now running out of the system and there was a level of stability. What we have seen in answers to questions in fact was that in the tax year 1996/97, there was not much difference between the position that had been in existence in the tax year 1995/96. I think we are talking about something like £14 million or £15 million of original assessments with £3 million-odd of those tax liabilities discharged, presumably as a result of companies producing audited accounts which satisfied the department that in fact the assumed profits were not being achieved and that it settled at around the £11.5 million to £12 million mark. In all the years the collections have meant that there has been money collected over several years. In looking at the outturn we find that the estimate for last year was £11.5 million, I can only surmise that in the normal Treasury procedure that is because there is at the time the estimates were produced that is what was happening and therefore they projected a continuation of that. I take it that the fact that £13 million has been achieved in the last 12 months is what has led to the projection of £13 million for the next 12 months. However, in answer to a recent question the original assessments had, in fact, reached £18 million which is higher than it has been in any other year but, of course, that will still be subject to discharged assessments because of accounts coming in. I do not know whether that indicates that there is recent evidence of an absence in the profitability of the private sector which is why they are all on a crest of a wave because they like

having profits and which means, of course, that the private sector must be now having increased turnover if they are making more money. The import duty is higher than it has been for many years and the £28 million from the recent figures that I have been getting of the breakdown shows that the outstanding star export still continues to be the commodity that it has always been and that is in good and healthy shape and bringing us money which we all welcome being available and being put to good uses.

In looking at the revenue projections as a whole, it is quite obvious that it is in the field of direct and indirect taxation that the bulk of the change takes place. If we look at the results both between last year's estimates and the forecast outturn on the one hand, where we have got direct and indirect taxation, instead of £61 million, £66 million and instead of £25 million, £28 million, we have got there £8 million difference in Heads 1 and 2. The £8 million difference in the outturn for this year means that the explanation for the change from the draft estimates of last year where the revenue was shown at £133 million and this year is £139 million, it is quite obvious that the tax and import duty alone more than account for the whole of the change. Looking at other items in terms of revenue yield, I would like to point to some of them and ask the Government to give us an explanation either at the end of the Second Reading or if it is not possible then at some point in the Committee Stage although it is difficult at the Committee Stage since I am talking about revenue figures.

I would like to draw attention to the Head of revenue dealing with adult education fees because it seems peculiar that the fees for adult education in 1998/99 should have been £14,000; that in last year's budget the estimate was £15,000 which is close to the £14,000 and that the result was £20,000 and that for the next 12 months the Government are expecting to charge people who take adult education classes £100,000 which is five times the amount that they collected last year and seven times what they collected the year before that. *[Interruption]* Well, if it is expansion then, Mr Speaker, I would like to have the explanation that it is a 500 per cent expansion and not a 500 per cent increase. *[Interruption]* I would not have thought that training generated adult education

fees. My understanding of adult education fees is people going to evening classes, that is what it has always been. Training has been provided free, one does not charge the trainees, at least the practice used to be that one did not charge the trainees. So I would have thought that vocational training for unemployed people would hardly generate £100,000. If the unemployed people have got £100,000 to pay why do they need to be trained if they are so well off? So I think that although much of that might be the prepared answer, it may well not be the accurate one. I suggest checking the information before it is volunteered.

We have pointed out in previous years' estimates, Mr Speaker, the question of the collection of electricity and here there is an outturn which is in fact below the estimate of £9.2 million and a forecast of £9.8 million. Is that an indication of a 9 per cent increase in consumption or is it that the arrears have now, once again, started going up and it is the expectation that it will be brought down?

In Head 8, subhead 37, the Judiciary – and let me say I do not intend to go into any controversial ground in relation to the judiciary. *[Interruption]* Well, because there are so many other people doing it, why should I join the fray? The court fees, Mr Speaker, which were estimated to be £210,000, it shows that the outturn is more than double what was estimated originally and that that new level is expected to continue into the next year. It is, I think, the House will agree a significant enough change to warrant an explanation.

Finally, on the revenue side, Mr Speaker, the Head 7, subhead 20 – Circulating Coinage Surplus which presumably is the result of the profit we make by minting our coins and putting them into circulation instead of having UK coins circulating which one would have expected to be a relatively stable amount was £500,000 in 1998/99; it was estimated to be lower than for the last year but in fact it was only £5,000. £5,000 is an extraordinary small sum in the year 1999/2000 if it is compared to £500,000 in the preceding year and we are only expecting £50,000 in the next 12 months. Frankly, I would have thought if we make £5,000 by circulating

our own coins it would raise the question of whether it is worth the bother at all of circulating our own coins if the end result at the end of the year is a £5,000 profit. I am sure that there is going to be an explanation forthcoming which explains why there is that level of change from one year to the next. I take it, Mr Speaker, that the royalties on coin sales are unrelated to the circulating coins in that they are both special issues that are made and it is not that there is a shift between one subhead and the other because one is down and the other one is up. If we look at subhead 19 the trend of royalties on coin sales by Pobjoy Mint is on the uptrend in subhead 19 and downward in subhead 20. I do not know whether that is an indication that, in fact, some of the money was being shown in one subhead before and is now being shown on the other but certainly the royalties on coin sales would suggest to one that they are the commemorative sales that are sold to collectors.

The position in relation to the expenditure side of the estimates is that, of course, there has been no mention of renewed funding for Community Care and there is no provision for this in the Social Assistance Fund which is where we would expect to find it and obviously we regret this and we would welcome an indication as to whether the position in Community Care at the moment is that the investment income, I think this was something that we discussed in that debate we had where I said on the basis of the information that was available to us in the Opposition, we were projecting that they would start running into problems of having to eat into their capital this year and the Chief Minister said that that was not the case but that they were looking at it and since, in fact, it has not materialised I would welcome being told, when he exercises the right of reply, whether it is the case that in the next 12 months they will still have enough investment income.

The Chief Minister mentioned the pay review and the complex challenge that it raises and how both the Government and the unions are trying to find a way of dealing with the translation into pay reviews in Gibraltar of the system that has been introduced in the United Kingdom. It is a matter for the unions, who represent their members, to reach whatever agreement they think is in their



best members' interests, it is not the role of the Opposition to do that. But as a matter of policy, we are opposed to the system in the United Kingdom and the business of box markings determining performance and determining pay. This may be a tenable system in large countries or in large organisations where there is a degree of anonymity, we think in Gibraltar it would create enormous problems and lead to a serious deterioration in relations because it is very difficult, we all live so close to each other to say, "You are no good but the other one is now good and your job is going to get zero" and the other one is going to be able to say, "I am not expected to have to pay a price for that kind of judgement". So although the decision is not ours, for what it is worth, our view is that this would be a serious mistake which would not be in anybody's interest, in the Government's or in the union's or in the community's interest and we decided when that was first introduced in the United Kingdom and was introduced in the MOD in Gibraltar, we decided that we as an employer did not want it and therefore there was no problem with the union because we negotiated a way of giving people pay rises which satisfied them without setting up a system which pits one person against another. Obviously in the United Kingdom it does not find universal favour as is quite obvious from the reaction of the teaching profession to the attempt to introduce something like this into the educational system.

The announcement that has been made about the payment and the threshold of £7,600 for starting tax presumably has already been costed into the revenue and expenditure figures of these estimates because there is no indication that what has been announced today would require any change to the Bill before the House. So they must have an idea of what sums of money are involved and we would welcome that information if it is available to the Government although we accept that it can only be an estimate based on what we think is likely to happen because until it starts happening nobody will really know. I would just like to have confirmation that, or if it is not correct, I would welcome being corrected, as to what the threshold means in terms of the income that is included in arriving at the £7,600. Is the £7,600 starting point for paying tax inclusive of income that is currently

tax free or only in respect of income that is currently taxed? I think that makes a big difference. I do not know whether I need to elaborate it or whether the point has been understood. It would mean that the £7,600 would be, if it was all inclusive, inclusive of presumably Community Care payments, social security pensions and tax free debenture interest from the pensioner bonds which is already tax free. If these are not included then, of course, it means that the effect would be much greater and would reach many more people but I think it is important to know whether it is one or the other both for our benefit and certainly for the people who have been made aware of the introduction of the system and who may be listening. I note that in the case of the pensioner household it was specifically said that the 75 per cent means-tested social assistance related to the £7,600 is on the basis of income from all sources.

HON CHIEF MINISTER:

Mr Speaker, if the hon Member wants to give way I can answer that question now so that he does not develop the point. I think I did make this clear when I announced it, it is an income from all sources, this is pensioners with incomes, not taxable incomes, less than £7,600.

HON J J BOSSANO:

I think if my memory serves me right I think the Chief Minister said all sources when it came to the means-tested benefit but did not use the word "all sources" the first time round because I made a note in one place and not in the other. In looking at this question of income from all sources I think there is a problem particularly when one is talking about means tested benefits, not at all in the case when one is talking about taxation but when one talks about means-tested benefit somebody will have to decide whether if people have got a combination of tax free and taxable income whether the net or the gross amounts are taken into account. In cases where they may not be caught by the other element of the £7,600. I think that people could be in a situation where, I know that this happened with other means-tested benefits but at the



end of the day they go over the threshold because the income that they receive by the methodology used pushes them out of eligibility but in fact there is, what in the United Kingdom is sometimes called a poverty trap where the effective incidence of moving from one category to another is the equivalent of almost 100 per cent marginal rate of taxation and all I am doing is pointing that out so that the people who have to look at the technicality of the system may perhaps bear this in mind if it has not already been looked at or thought of.

HON CHIEF MINISTER:

Mr Speaker, I am grateful to the hon Member for giving way. It is precisely for that reason that I had announced that there would be a tapering off system so that the exemption does not slam shut in anybody's face at £7,600, that would make a person who earns £7,500 infinitely wealthier than the person who earns just a couple of hundred pounds more. That is why there is a tapering off relief to ensure that there is a gradual exit from the exemption so that people earning more than £7,600 will also be enjoying a decreasing higher exemption. In answer to the first point, it is income from all sources, it includes social security, et cetera, the whole range. This is a tax exemption specifically targeted at people on "low" income regardless of the source. It is not a general elderly persons exemption, it is an exemption for people on incomes from all sources less than £7,600 which is the other measure that I announced the Government would make up from social assistance subject to the tapering off precisely to avoid the problems that the hon Member identified.

HON J J BOSSANO:

In looking therefore at the expenditure, Mr Speaker, the provision for wages that was mentioned in the point made in the Chief Minister's contribution that the 1999 pay review is still going on and therefore presumably this means that the personal emoluments in many of these Heads may still be reflecting salary levels that will need to be eventually updated with retrospective effect. If that is the case then I think in the estimates, when we

have put the supplementary provision I seem to remember that in one of the previous meetings of the House some of the money was vired from pay settlements to the supplementary funding and then relocated to different heads of expenditure. Is the fact that we have got £1.5 million in the next 12 months being voted for pay settlements, in fact is that a reflection of the retrospective effect and therefore we are not talking about the anticipating increase in the annual wage and salary deals being £1.5 million? We are talking about the £1.5 million being what is a ballpark figure for more than one year, is that correct?

In the area of the Gibraltar Development Corporation, Mr Speaker, I note that the money from the Social Assistance Fund which was £1 million in 1998/99, estimated to be – I am talking now to Appendix B on page 116 - £1.8 million in the year just ended, actually we received £1.1 million less than estimated. That is, the ETB, the Gibraltar Development Corporation from the European Social Fund expected to be getting £1.8 million and only got £700,000. That is a tidy sum of money and I think that requires an explanation and presumably it is not something that may be arriving late because the estimate for the next 12 months is £1 million less than in last year's budget. So what we are talking about is receiving less money from the European Union and not simply the money coming in at a later date and therefore flowing into one financial year as opposed to another financial year, this is two years running. I see that it would appear that the consequence of the non-receipt of this money has been that the Government did not claw back previous years' expenditure as they had intended to do to which we objected very strongly in last year's budget and although we still object to the philosophy of clawing back money from the ETB from previous years' expenditure, in particular expenditure that took place even before 1996, I have to say that if the reason why it is not being clawed back is because the ETB were short of money because the European Union gave us less money then we regret that it should be for that reason although we are glad it did not happen. It would have been better for the ETB to have had the money and to have had it available for training and then maybe if the Chief Minister is right and the adult education fees as a result of training then they

might have been able to waive the adult education fees if it had the money there. The Gibraltar Development Corporation, Mr Speaker, we have been told, employs people who are not civil servants but who are clearly people who are nowadays doing virtually the full range of duties in terms of desk specific speciality that civil servants might be doing. I do not know whether their recruitment criteria are different, I know that most of them are people who were inherited because there was an obligation to give them continued employment but given that we have heard from the Government that they continue to be committed to the principle of parity, who precisely is the Gibraltar Development Corporation in parity with in the United Kingdom? That is, how are the salaries..... [Interruption] So the Gibraltar Development Corporation, notwithstanding the fact that we are voting the money to pay their wages and salaries like we are doing it for the rest, are not part of the public sector. Therefore I take it that the proposed conditions of service which purported to treat them as civil servants in what they could do or could not do, surely they cannot not be part of the civil service and part of the public sector when it comes to getting paid but still be part of the public sector when it comes to writing letters to the Chronicle. I am sure that frankly, popular though the Chronicle is, most people would be prepared to be paid more than write these letters but the very least if they cannot do one they should be able to do the other. I do not know, Mr Speaker, to what extent the salary structure of the employees of the Development Corporation is now a coherent one which has been developed for them but I imagine that since people were brought together into the Development Corporation from previously different employed entities which were unconnected when they first arrived, they must have brought with them different pays and conditions from their place of origin. If it is the case then that if they are not treated as part of the Government service and are not on civil service pay and conditions they have Gibraltar Development Corporation uniform pay and conditions or are they still with whatever it was they had when they came in the first place? I think it is useful to have that kind of information because when we are looking at the movement in the costs of the Development Corporation and the amount that is being provided by the money we are voting in the

House, then we want to know whether here there is still a payment due which has to go back over previous years. We know now that the £1.5 million that we are voting in this year's budget for the pay review of civil servants is not for one single year but it is intended to be for one single year plus whatever settlement is done in respect of the 1999 review which has not been finalised. Is the case of the Development Corporation analogous or are they, because they are not part of that structure, on annual pay reviews which they negotiate with the rest of the private sector or JBS or whatever their closest counterpart is and therefore when we are looking, for example, at a provision for salaries of £1,316,000 as opposed to a forecast outturn of £1,220,000 does that reflect the fact that the provision for the next 12 months is on the estimate of what salaries are going to up by in the next 12 months? Or is it based on static salaries and will the pay review funding, I suppose that in the Pay Settlements Head under supplementary provision I do not know whether the mechanism is still being used but it used to be the case that GBC pay awards were funded out of the Pay Settlement Vote. I do not know whether that would apply, for example, in the case of the Gibraltar Development Corporation or whether the figure that is being shown in the estimates for the salaries for the next 12 months means that their pay reviews are independent of the block vote and that provision is already there. We would like to know whether it is one or the other in order to make an assessment of those costs. Obviously, Mr Speaker, by signalling some of these things at this stage what I am seeking to do is to give the Government an opportunity to try and provide that information at the Committee Stage if it is not possible to do so before but clearly there may be other points that we may want to raise when it comes to that.

In terms of the overall assessment, we believe certainly that the level of revenue that is coming in which is above what was known to be coming in, at least by us, a few months ago indicates that more can be done and it can be directed more at particular sectors within Gibraltar so as to benefit the sectors which in turn will, in our view, generate income for the economy and income for the Government. We think that opportunity has not been taken

and it is, of course, the responsibility of the Government to exercise their judgement on these things and of us to scrutinise what they are doing and this is precisely the job that we are carrying out. But in evaluating this the fact that we are again working with 1998 figures as we were a year ago with 1997 means that it is only by piecing together the information we get from different questions that we can try to build up a picture. Obviously the words of caution with which these figures were introduced and the fact that we were being told that we must not be complacent would suggest that the buoyancy in tax collections and import duty yields is not something that is anticipated to continue on the same trend line upwards because if it was then certainly much more than is being done could easily be done without any worries. If it is not, then I submit to the House that it is only by establishing to what degree the element of recurrent revenue is really recurrent and to what degree it is more efficient collection, can we really project not just for the next 12 months but for the time after that the extent to which more can be done than is being done both on the reduction of payments in some areas and on the granting of benefits in others. But my hon Colleagues will be pointing areas where it seems to us that there is money that is being devoted in some areas do not appear to be consistent with the revenue yields and the level of reserves that exists and that therefore it is not even consistent with the objectives that have been marked by the Government and they will be dealing with that in their own contributions. As an overall thing all that we can say is that given that more tax is being paid than ever before today and that we are going to be hitting the £1 million a week mark in income tax collection over the next 12 months then the bits and pieces that have been announced collectively do not amount to very much because it seems to be the case that it is after these changes that there will still be a collection of £1 million a week and with an economy that yields £1 million a week in income tax, £28 million in import duty, and £13 million in company tax they should be able to do more than is being offered to the public on this occasion.

MR SPEAKER:

We are going to have a 15-minute recess.

The House recessed at 5.25 pm.

The House resumed at 5.40 pm.

HON J J NETTO:

Mr Speaker, in this new financial year, and in this new term of office, lie some significant changes and reviews taking place in the Housing Ministry. These events are intended to improve the quality of our services to tenants and the working environment of my staff.

The first of these changes is the reunification of the Housing Agency and Buildings and Works. In this short period in which I have been the Housing Minister, I have found many friends who have commented that such pooling together is common sense and natural, "the two sides of the same coin." I would as an aside, welcome in private to learn why the previous administration decided to split up this Ministry. But considering that politics is not about simple logic, but rather how the two departments integrate to provide a better service to its users, better value for money to the tax payer and satisfaction to Government over its allocation of resources, are key questions that a Housing Minister will be judged in retrospect.

Mr Speaker, there are quite a number of changes and reviews taking place at different levels. One decision will be to concentrate both the staff at the Housing Agency, and the Buildings and Works Head Office (currently in Town Range) under one roof at the City Hall. This makes sense (simple logic again) if we are to have a proper fusion of both departments within the Housing

Ministry. Such intermingling of staff will help to develop one common strategy and one set of priorities within the Ministry.

Unfortunately though, such transfer of staff will not happen overnight. At the moment we still have quite a number of public servants that need to be transferred out from the City Hall to their respective Ministries. Even then, as most hon Members of the House will know, the conditions of the offices have been allowed to deteriorate over the years. The offices and interior of the City Hall are in need of substantial restoration. This, of course, will need to be done taking into account the historic character of the building and the requirement of my staff to perform their duties in an environment comparable with other Government offices.

Mr Speaker, as Members of the House are aware, Buildings and Works is currently under review by a UK consulting firm, H L B Kidson. The need for such a review follows a mutual recognition by both Government and the TGWU during the course of a meeting held at the Chief Minister's office with the department's shop stewards just before the General Election. It was unanimously agreed to carry out a complete, in-depth review into all aspects of the department, including but not limited to management structure and methods, working practices, staff structure, terms and conditions, incentive scheme, productivity measurements, quality control et cetera.

Mr Speaker, it is true to say that with the introduction of the Incentive Scheme, Government have become aware that for some time now, moreso since the proper recording of works, that the department has been unable to meet its obligations. This is particularly apparent when the unquantified inherited backlog of outstanding works are taken into account. This plus the constant scheduling of new works into the department's programme means that the waiting time for some works have become unacceptable. It is therefore, Mr Speaker, the Government's main aim to seek advice with the aim of changing the structure and culture of Buildings and Works, thereby turning it into an efficient service orientated organisation. I do once again wish to take the opportunity to reassure the staff of the Government's policy

towards the Department. That is, that the Government are committed to maintain the department's Housing Maintenance functions and workload in the public sector. I might add that the Union recognises the need for the Department to contractorise major structural works and the refurbishment of pre-war housing.

Mr Speaker, when examining the financial year 1999/2000 and 2000/2001, there are a number of important features that need to be mentioned. Earlier on I made reference to the backlog of inherited works which is now being accounted for in the department's programme of works. Given that there has not been a thorough maintenance programme of works over the last 30 years or so, and that the housing stock is progressively getting older, this has placed a heavy burden in our capacity to provide an adequate response, amongst other factors. Additionally, over the last 12 months there has been a higher turnover of flats being allocated. In this process there has been a corresponding increase in the number of flats to be refurbished, thereby increasing the overall workload of the Department. Notwithstanding, the department has continued to deploy its in-house resources in responding to the ever-increasing requests for day-to-day minor repairs. Additionally major planned maintenance has been carried out on a number of buildings within estates in order to protect the fabric of the buildings.

We have seen for the third year running that no supplementary funds have been requested to finance overspending in the Buildings and Works Head. This yet again has been achieved by my senior management as a result of their strict financial control which they have exercised in the Department, thereby continuing to improve the use of its resources in order to achieve better value for money. In this context, Mr Speaker, it is significant to note that the Annual Accounts for the financial year 1997/98 laid before the House on the 8<sup>th</sup> March of this year, contained no 'mention at all by the Principal Auditor of previous years' criticisms of lack of financial and management control over labour and resources. May I take this opportunity to congratulate my senior management for their hard work and dedication in transforming

the finances of the department into a disciplined, transparent and accountable example to others.

In matters of major contracted works, we have seen the completion of Sandpits House and MacFarlane House. Works are also nearing completion on Willis's House and Edinburgh House, including the conversion of flats for disabled persons. During the course of this financial year we will see the completion of the beautification of Glacis Estate, including the installation of a number of lifts, and the construction of a purpose built brand new depot to replace the current North Depot. This will release the Landport ditch site for redevelopment. Work will commence this week on the replacement of balconies and general refurbishment of Anderson House. This entails an enormous amount of work, spread over into two financial years.

As regards Information Technology the Housing Agency over the last few years has undergone a period of updating its computer systems. The main reason to do this was principally because the system that was being used for the calculation of the waiting list was not Y2K compliant. Therefore the opportunity was taken to upgrade the computer system and integrate it with the rent collection programme. To date, the allocation programme is fully functional and totally Y2K compliant. This is a very flexible programme superseding in quality the previous one. The data will be interpreted more clearly so that trends can be assessed and will enable the Department to be able to predict the needs of the community much easier than now.

Additionally, since the Ministry of Housing now also encompasses Buildings and Works, a study is being undertaken into the possibility of integrating both Departments' computer systems. Hopefully, the benefits of this initiative will be that all data in respect of all Government properties ranging from rents, tenancy agreements, works orders et cetera will be held centrally. This will hopefully further streamline procedures in an effort to offer the public in general a better and more efficient service.

Mr Speaker, there are currently a number of projects that are being looked into. Shortly the Housing Ministry will proceed with the sale of flats that have become vacant at Sir William Jackson Grove. These flats will be sold under the Government shared home ownership scheme originally on a 50/50 basis. The advert to be drawn up for the sale of such flats, will state that it will be open to all persons entitled to be on the waiting list. Credit will be given to anyone surrendering a Government flat. Mr Speaker, in addition to my previous point regarding the sale of vacant flats in Sir William Jackson Grove, Government will also address the difficulties that are being encountered by Option C licensees at Sir William Jackson Grove. Firstly, there is a desire by some of the Option C licensees to be allowed to convert their Option C agreement into a 50/50 purchase. Government will make this possible. Secondly, there is a problem of those Option C licensees encountering financial hardship. They will be the subject of a thorough financial assessment. If it is ascertained that they are genuinely encountering financial hardship Government will allow the allocation of Government post-war accommodation. At that stage a filtering system running alongside the normal allocation to applicants on the waiting list will have to be established, depending on the fluidity of each corresponding list. The flats that will be released at Sir William Jackson Grove, will then be sold on a 50/50 basis with priority being given to those that release Government accommodation. Finally, on the aspect of arrears that are owing, these will be carried over by those moving into Government accommodation and be paid off by instalments as part of their weekly rents.

Mr Speaker, earlier on in my speech I made reference to the last annual accounts laid in this House. Hon Members would have noticed that rent arrears has been in the increase. This no doubt poses another challenge to my Ministry. Already we have had preliminary discussions with members of the Treasury Department and the Central Arrears Unit. We already have an outline strategy to ensure the recovery of such arrears. However, this is a subject in which new thinking and new methods are required to ensure that the overall size of what is owed to Government reduces in subsequent years.

Mr Speaker, as hon Members are aware, at the time of the General Elections the GSD made a commitment to the people of Gibraltar through our manifesto to review the Housing Allocation Rules. This is another area where a re-evaluation is taking place in my Ministry and by the Housing Allocation Committee members to assess the adequacy of the current rules, and any new factors which today manifest themselves by way of needs or pressures for social housing. This is something that we do not intend to rush through until we have fully exhausted the consultation process. Such review would also cover the Housing (Special Powers) Ordinance 1972.

Mr Speaker, there are indeed other manifesto commitments that we are reviewing at the moment. What has been very popular and innovative has been the construction of purposely built flats for the elderly. Credit goes to my predecessor my hon Friend, Hubert Corby, for recognising the need to house the elderly citizens of our community. It is unfortunate that the number of flats at Bishop Canilla are not enough to cater for all the deserving senior citizens who are in need of such type of accommodation. It is therefore our intention to investigate the possibility of further construction of this type of accommodation.

Equally, Mr Speaker, there appears to be a need for more 50/50 schemes to be developed by Government. Moreso, given the current state of prices in the housing market that clearly denies the opportunity for the first time buyer to climb the first run of the property ladder.

Mr Speaker, it is interesting to note some of the issues that have remained constant since the enactment of the Housing (Special Powers) Ordinance in 1972. Hon Members will note that when the Bill was debated in the House in 1972, the Hon Maurice Xiberras described the need for such an Ordinance. In his speech he described the swelling demand for Government housing as a result of the border closure in 1969 and the sudden influx into Gibraltar of the many Gibraltarians who had until then lived in Spain. According to him, at that time there was a total of 1,700 applicants who qualified for accommodation. Furthermore, the

Minister was not of the same opinion as those at the time who thought that with the coming on line of the new Varyl Begg Estate it would break the back of the housing problem in Gibraltar. It is ironic to note that today applicants in the various Government waiting lists plus those in the pre-list still amount to 1,200 despite the fact of the development of new private housing estates. Earlier on in my speech I have already alluded to the kind of demands and pressures from all directions that are placed on the Housing Ministry. The reality is that the supply of houses remains a scarce resource in comparison to the demands. It is for this reason that the Housing Ministry has two main goals: (i) to continually improve its services and (ii) to be seen to be fair to everyone. However this is not an easy task, since there is so much anti-social behaviour that affects all the staff in the Housing Ministry on a day-to-day basis. Is it right and normal that the Housing Allocation administrative staff is subjected to constant abuse, threats and harassment? Is it normal to have the Housing Manager's car vandalised or even someone knocking at the Minister's home at 10 o'clock at night in order to seek a flat without first bothering to fill in the forms at the Housing Agency? Manifestation of anti-social behaviour is also reflected in some of our estates be it vandalism, litter, dog fouling, incidents of drugs abuse or even nocturnal noise pollution. All of these are issues that are not normally aired or dealt with in a collectively responsible manner. Nevertheless, as we continue to evolve and mature in a modern society these are themes and issues that impinge on the whole of our community and which need to be addressed so that we may continue to live in a more harmonious and peaceful society.

Finally, Mr Speaker, I wish to take this opportunity to thank my previous staff at the Employment Ministry, for their dedication and loyalty in assisting and undertaking collectively the overall improvement which has benefited tremendously the services given to employers, unemployed and employed service-users. I am quite sure that the staff there will respond in the same positive manner to my successor. Thank you.

HON DR R G VALARINO:

Mr Speaker, speaking on the general principles of the Bill, on page 9 of the Draft Estimates it will be noted that Government's estimates of revenue for income tax and import duties alone will be £80 million for the coming year, an increase over the forecast outturn and estimated figures for 1999/2000 and that receipts from income tax, which was at £45.05 million for the financial year 1997/98, a decrease of £0.89 million from the previous year's figures, see page 29 of the Report of the Principal Auditor, are set to reach £52 million for the year 2000/2001. This means that despite Government income tax relief, the money has been clawed back through direct taxation.

In my opinion a major part of this is represented by the fact that the £10,000 tax relief given to homeowners has now been exhausted and that the amount of tax payable by them has risen accordingly. Our suggestion of increasing this tax by £1,000 per year over the next four years both to new and old purchases, hence makes sense considering, amongst other things, the depreciation of the pound since this measure was first introduced.

On house rent collection and arrears, the Principal Auditor states, pages 25 to 27 of the Report, "I have cause to raise for the fourth year in succession, serious concerns about the deterioration in the level of house rent arrears. Notwithstanding the fact that there have been no rent reviews since 1984 and no significant movement in the Government housing stock, rents owing continue to rise at an alarming rate". For the financial year ending the 31<sup>st</sup> March 1998, which are the latest figures we have, an estimated £1.5 million was owed. The increase in arrears of house rents is a longstanding problem. On average arrears have grown over the years by about £100,000 a year suggesting a static number of tenants failing to pay their rents. Since 1996 the growth in arrears has increased dramatically. This would indicate that more people have stopped paying rents after 1996. Is it that changes in the rent collection system have resulted in a poorer collection record? Is it that more Government tenants are facing problems even with frozen rents and cannot make ends meet? It

is important, and I agree with the Minister, that from a policy point of view it is important to know the causes. If we look at the estimates we see a projected revenue of £2.4 million for the last year and receipts of £2.2 million. This suggests that arrears continue to rise by £200,000 yearly. The rate of collection of £2.2 million is the same as for the year 1997/98 when arrears went up by over £200,000. I would welcome an indication of what the position is on arrears at the present moment. What is the current rent roll and whether the £2.4 million revenue projections this year assumes a reduction in arrears?

In particular, I would ask for the amount of revenue for rents of Edinburgh House and also confirmation that there are no plans to bring in rent increases in any other estate in the current financial year. Again on Edinburgh House, little was said about housing at the budget debate last year. The Opposition have complained both about Government's different tenancy agreement to those tenants living in Edinburgh House and the high level of rents which are not in keeping with rentals in other buildings of a similar age in Gibraltar such as Laguna Estate. Housing exchanges have already taken place and there are more in the pipeline as families who are being allocated flats at Edinburgh House cannot afford to pay such rents. Furthermore, there are, I believe, a host of families who are not paying rent and waiting to meet their landlord to discuss this question. I sincerely hope that Government listens to them and to Option C tenants at Gib 5 who are experiencing genuine difficulties in keeping up with their payments. Government have to understand that people need to live in adequate housing accommodation but that there is a section of society that need help with these payments. This has become evident with the passage of time and the issue must be addressed notwithstanding the fact that we remain committed to extend the scope of home ownership to all those who want it and can afford it. In the light of experience, we know that a proportion of those who take the opportunity to buy, even with an interest free loan which is really what Option C amounts to, many subsequently find they are unable to continue to pay and a safety net needs to be provided so that they can opt out.



Last year the Minister said, "Another landmark in this Government's social housing policy will unveil itself during the course of the year when Bishop Canilla House will be completed". In their manifesto the Social Democrats said in February, "Bishop Canilla House – 86 flats specially designed for the elderly have now been completed and will shortly be allocated". It is now almost summer and the veil has not yet been lifted. No allocation has taken place and at this rate we are now looking towards late summer or winter before any definite action is taken on this matter. In the meantime our senior citizens suffer in silence.

Talking about silence, I notice that noise control legislation is to be introduced. I hope that this is done as soon as possible, informed sources have told me that drafting is at an advanced stage. This will greatly help those people living in the neighbourhood of the MOD power station as the noise level and pollution emanating from this source are a constant cause of complaint and a health hazard especially to children living in these areas. Despite Government's refusal to acknowledge either of these problems, I know they have been drawn to the attention of the Chief Minister.

The present Government, in their manifesto, said they would implement a new means tested 50/50 scheme for low cost home ownership, the development to be carried out directly by Government as the developer. I can find no evidence of this in this year's draft estimates of revenue and expenditure. It seems that many of their manifesto promises have been frozen at least for this year or maybe longer, only time will tell. I have noted what the Minister has had to say about the lack of houses that still exist today. Well, Mr Speaker, he should be thankful for the impetus the GSLP gave to housing during a period of eight years otherwise his situation today would have been short of a nightmare.

My area of responsibility in the Opposition benches also covers the environment, heritage, urban renewal and beautification. On the Theatre Royal refurbishment, I notice that £550,000 under Head 102 of the Improvement and Development Fund with £2

million to complete. I understand that Government are to appoint a multi-disciplinary team to develop a design proposal for the refurbishment. Government have stated that the time limit for completion of the contract is for a period of three years and will commence this year on the 1<sup>st</sup> September. However, I notice with disappointment Spain's objection to Gibraltar being included in the UK Heritage List to bid for World Heritage Status. As has been said, "This is a measure of the extent to which consequences of Spain's political aspirations concerning Gibraltar pervades other areas". The Government have to stress to the British Government that it is time to stand up and be firm with the Spanish Government and not to give way again to them on the premise of progress which is what has happened of late with the wholesome support of the Chief Minister.

On the Moorish Castle, the Minister reaffirmed that Government was supportive of the project to relocate the Prison so that Moorish Castle can be dedicated as a purpose site. I sincerely hope that he means what he says and that both the Moorish Castle and the whole of the Upper Town of Gibraltar, under the heritage umbrella, will undergo the changes necessary to return this part of our city to its former character and use.

To finish, Mr Speaker, much has been promised for the next four years. We can only hope and pray that these schemes and promises will take place and be honoured. Thank you.

HON H CORBY:

Mr Speaker, as Members of the House are aware, I have recently taken over responsibility for employment from my hon Colleague, Mr Netto. I hope to be able to build upon and develop the tremendous good work that he accomplished during his four years as Minister for Employment.

Following on and working from the solid foundations set during this period, it will continue being the top priority of my Ministry to afford every possible assistance that will enable unemployed persons to take up their due position in the labour market. To this



effect I should wish to refer to two related initiatives on which much time, effort and funding has now been invested in order to offer the unemployed increased prospects of future employment.

The Jobclub is now a reality, having been officially opened by the Chief Minister earlier this year. Even if still not 100 per cent operational, given its relation to the introduction of the Job Seekers Agreement, it is nevertheless now able to offer and has indeed offered some of its resources by way of work groups and workshop sessions as well as work with individuals often arising from referrals from other Government agencies. The Jobclub is thus set to offer enhanced job seeking facilities and resources to the unemployed especially the long-term unemployed. For its part the Job Seekers Agreement has presented much work on aspects relating to changes required to the existing legislation. It is now almost complete and will be brought forward to this House in due course. It hardly needs pointing out that the introduction of the Job Seekers Agreement likewise meant a review of the procedures and working practices currently in place in order to assist job seekers into employment. Employment service staff in preparation for the introduction of the Job Seekers Agreement, are consequently also having to adapt to such a change involving, of course, no small measure of training. No doubt and not least, job seekers themselves will need to adapt to the new system. All in all, and as previously announced by my hon Colleague, the introduction of the Job Seekers Agreement will mark a new beginning in Gibraltar's employment history, moving from the current passive labour market policies to active labour market policies that will help ensure a more direct and comprehensive job search assistance programme while at the same time ensuring that the job seeker fully understands and fulfils the conditions for any possible receipt of social assistance. The whole initiative is one that certainly cannot be devised, let alone implemented, overnight. I therefore hope all will understand the necessary time factor.

As regards vocational training and wage subsidy measures as further assistance to job seekers, both measures have continued and continue to serve their dedicated purpose. The traditional

Vocational Cadet Training Scheme as had been operating in the past, is indeed now a thing of the past but such an aspect together with the broader vocational training concept and programmes I will allow my hon Colleague, the Minister for Education and Training to address.

In matters relating to wage subsidy measures, the already well-known and often stated Government policy on such an issue remains unchanged. Whilst forever considering possible new wage subsidy measures with a view to enhancing employment prospects of the long-term unemployed or other disadvantaged group, spending will continue being prudent and contained, as in recent years, with the aim of maintaining wage subsidy levels always in tune with real demand and, of course, long-term sustainable employment.

Mr Speaker, I have already referred to the legislation that will need to be brought forward in relation to the introduction of the Job Seekers Agreement, yet it is far from the only legislation that will need to be considered in terms of employment.

Just as this House fairly recently debated and transposed into our own legislation the EU Working Time Directive, further EU employment related legislation will require attention. Two examples of such a kind of legislation would be the Parental Leave Directive and the Part-time Workers Directive. Other legislation is also to be introduced as a result of Government's previously announced changes to redundancy payments and the statutory minimum wage. Government have further announced our commitment to bring about equalisation of pensions, gratuities and retirement age in the public sector as well as occupational pensions for private sector employees. In this connection appropriate legislation as may be required will also need to be considered. Still, any reference to employment legislation would not be complete without mention, at least, of the fairly recently introduced Employment Regulation (Offences) Ordinance brought about as a direct consequence of Government's commitment to combat illegal or unregistered labour, it has already enabled direct punitive action against a number of offending employers. It is still

more important, however, to consider the intended deterrent effect of this legislation achieved in no small measure by the enforcement powers that have been vested on Employment Inspectors and which reflect the seriousness with which the phenomenon of unregistered or illegal labour is generally viewed.

On the administration side, Mr Speaker, I should like to make mention of two important changes brought about as a direct result of the partnership approach adopted through the Labour Advisory Board with the business community and trade unions. Firstly, as from the beginning of this year, employers are no longer required to effect the annual contribution payment for each of their employees towards the Insolvency Fund which meant in most instances individual payments for each employee depending on start date of employment and on each anniversary. Instead such a contribution is now collected as part of the weekly social insurance contribution stamp. Much legislation has required amending and changes have had to be adopted, both these aspects should not be underestimated. The changes, which might otherwise seem simple and straightforward, do emphasise this Government's commitment to accommodate and facilitate business needs in relation to its set-up, whenever the possibilities allow. Secondly, very much in tune with the above commitment and again coming through the forum of the Labour Advisory Board, the announced and much awaited 'one-stop-shop' is also now a working reality. Employment registration, social insurance registration and PAYE registration is now possible, in most cases, through a single point, namely, the Employment Service.

Mr Speaker, I have already referred to the need for the unemployed and Employment Service to adapt to the changes that will be brought about with the introduction of the Job Seekers Agreement. Indeed the need to adapt to changes generally, particularly as a result of our own internal change and the self adapting local economy, hardly needs emphasising. Change affects us all to a lesser or greater extent. To this effect, I should like to insist on the need for both employers and employees alike, and indeed those unemployed as prospective employees, to make every effort possible to accommodate each other in terms

of flexibility and adaptability. I fully realise that this needs to happen in the face of often adverse circumstances brought about through no fault of the employer or the employee. Our diversifying and evolving economy cannot demand anything less. It is in Gibraltar's interest and to its direct benefit that local resources, including of course our resident labour resource potential, be maximised to the fullest. Of course, Government will endeavour to create the best possible conditions for businesses to thrive, for the economy to grow and for the creation of wealth and employment for the community at large. However, greater or lesser success will depend on the degree of flexibility of the labour market – and that means employers and employees being able to meet each other's expectations. Evidently then employers must, generally speaking, be more prepared to offer opportunities for employment to the local resident labour force and the local resident labour force must itself too, again generally speaking, be more prepared to take up such employment opportunities. The need for greater all round flexibility and adaptability must surely involve the social partners to the degree that together we may help achieve the awareness and sensitivity that is demanded by this prevailing climate of general change. Gibraltar, its community and its economy can ill afford to have it any other way.

Finally on employment, Mr Speaker, and as you no doubt are well aware yourself, much debate is provoked in this House as a consequence of unemployment figures. Not that I intend here to provoke any such debate and more so knowing full well that you would have none of it, at least during these proceedings of the House. I still wish to note that unemployment figures, as recently made public, continue to represent lowest ever unemployment levels over the last 10 years and quite simply speak for themselves.

Mr Speaker, turning now to other responsibilities under my Ministry, I should like to briefly report firstly on Bruce's Farm Rehabilitation Centre. The centre was officially opened on the 30<sup>th</sup> September 1999, has capacity to cater for 15 patients at any given time and with a complement of 14 members of staff, each employed in different capacities ranging from counsellors to

carers, cooks and house manager. The counsellors all hold professional qualifications and are responsible for specific parts of the programme offered. During the past six months, since the opening we have had 32 admissions, 26 of which have completed their programme. The programme consists of an eight to 12 week course but has been extended from 12 weeks to 20 weeks to cater for some patients who would benefit from further treatment. The counselling team have also offered their advice and guidance both in person and through telephone calls from distressed relatives in connection with drug misuse within their family circle. The centre has now established links with the Prison Board, Prison Officials, JPs, the Judiciary, Social Service, the Health Service and other bodies. The Health Authority provides nursing cover, easier access to the Primary Care Centre, communication with the psychiatrist, who attends at Bruce's Farm on a regular basis and who has been instrumental in the smooth running of the facility. I would like to take this opportunity to thank doctors, management and nursing staff for their co-operation with the centre. After-care is a very important part of rehabilitation and we are looking forward to having our own premises in the centre of town. However, we are now providing an extra evening of an After-Care Programme for those who have completed their treatment, where group therapy and personal counselling is provided. Ninety per cent of those who have left continue to attend on a weekly basis. On completion of their rehabilitation programme they are encouraged to liaise with the employment service and to attend courses to improve their skills in order to help them secure meaningful employment.

As regards my other distinct Ministerial responsibility as relating to consumer affairs, evidently this is an area which has been identified by this Government as one requiring much attention and development and has been publicly declared to be one of Government's new commitments. Our own national legislation in this domain would appear to be in need of review and even more so in the light of EU legislation which requires transposition. Preliminary work in this area is being undertaken in order to enable Government to introduce the necessary legislation in the

not too distant future alongside provision for the corresponding resources required.

To finish, Mr Speaker, I should just wish to place on record my gratitude for the valuable assistance that I have been afforded during this short period in my new Ministry, especially from my Director and all the staff at the Ministry of Employment. My thanks too for the dedication and most worthy work undertaken by the staff of Bruce's Farm Rehabilitation Centre.

HON MRS Y DEL AGUA:

Mr Speaker, pride and humility are considered to be as opposite to each other as black is to white, or for the sake of an even more appropriate comparison in these circumstances, as Opposition is to Government. Yet it is with a mixture of these two emotions that I deliver my first ever budget speech to this House. I feel proud and privileged to form part of this hon Institution, and to stand alongside all the members who form part of it. Some people might find this hard to believe, but there is something of much greater significance to me than occupying a red leather seat in this House: the knowledge that my fellow Gibraltarians have seen it fit to entrust me with the governing of their affairs. It is this realisation and the immense responsibility which it carries, that has taught me the meaning of humility and which, I feel no shame in admitting, has led to more than one sleepless night. Thankfully, during these first months in my new role, I have been able to count with the invaluable advice and guidance of my ministerial colleagues, whose integrity and sound judgement have proved to me beyond doubt that honest politicians do exist, despite the popular belief to the contrary.

My Ministerial portfolio gives me responsibility over Social Security and Social Assistance, Social Services, Care for the Elderly, the Disabled, Drugs and the Prison, the majority of which are very sensitive areas that require a very humane approach and delicate handling.

There is always a need to prioritise in order to work within the budget, and this in itself is no easy task when all the cases and projects appear to be as deserving as the next. There are two subjects, however, which are particularly close to my heart and to which I devote a large proportion of my time, and these are Care for the Elderly and the Disabled.

Mr Speaker, as this House is already aware, the end of 1999 saw the establishment by this Government of a statutory Elderly Care Agency. Since the 4<sup>th</sup> January of this year, the Agency has been delivering the service at both Mount Alvernia and the Jewish Home, funded by the Gibraltar Government at an annual cost of £2 million. This has been the first step in this Government's commitment to implement Gibraltar's first ever comprehensive, co-ordinated and managed elderly care provision, which will include a residential home, a nursing home, a day care centre, a short stay respite facility and a base from which to deploy extended community services, including domiciliary care and a meals on wheels service. Recruitment of new staff has already taken place in the form of six staff nurses, six nursing assistants, a nursing manager, an administration manager, a personnel officer, and a finance officer. Unfortunately, the post of Consultant Geriatrician has had to be re-advertised, but it is envisaged that this post will be filled very shortly. Interviews are being held next week for the new post of catering manager and the successful applicant will, assisted by the dietician, be introducing special and varied menu plans to cater more adequately for the dietary needs of the residents. New specialised equipment has been purchased, and in five short months residents are already visibly enjoying a much better quality of life. Works will be going out to tender next week for major refurbishment and modification of the internal layout of Mount Alvernia which will enable all currently unused parts to be brought into use. A nursing wing will be set up with a view of transferring patients from the geriatric wards in St Bernard's and other long-stay elderly patients, thereby significantly alleviating the current shortage of beds at the hospital. These adaptations will increase the bed capacity at the Home from 90 to 130 or 140. In short, the major refurbishment and brightening up programme of the site, the provision of staff

training, more dynamic management and different working practices will help break the institutional feel of the current residential home and will provide for a new, expanded, modern elderly care service.

On another topic relating to the elderly, the issuing of Senior Citizen Cards by my department is now in process. The card, which will be issued to women 60 and over and to men 65 and over, resident in Gibraltar, will aid identification and certification of that status and will enable the Senior Citizens Association to negotiate discounts and other benefits within the private sector. I am very happy to say that my department has established a good and cordial working relationship with the Association. I have met with the committee members on two occasions and will continue to do so on a quarterly basis. Also, as promised in our manifesto, and as part of our commitment to improve the quality of life of senior citizens, a free mini-bus service to and from the town centre will soon be in operation to assist elderly people who live in the upper town area.

I now turn to social services and the disabled. The advent of a single co-ordinated Social Services Agency brought with it a more generic professional and multi-disciplinary response to social care needs and prevention. Social Services encompasses the Dr Giraldi Home, Bishop Healy Children's Home, St Bernadette's Day Centre, Social Work and Probation Services and I am pleased to report that good and solid progress has been achieved in all these areas in the last few years.

Works for the unitisation of the Dr Giraldi home will be completed by August. The total cost, including the purchasing of new furniture, will be in the region of £235,000. Unfortunately, completion will take longer than envisaged due to unforeseen works which have been identified along the way. Unitisation will result in the establishment of three self-contained living units which will enable existing residents and users of the residential service to live more appropriately within normalised small group home environments. It will provide for an expanded service for respite care of up to three places, with separate respite units for

adults, children and sitting services. It will also allow for more specialist services for people with different degrees of learning disability and a more focused and specialised service provision to meet individual needs.

There are some individuals living in the Home and others in placements in the UK, whose challenging behaviour needs cannot be met within a mainstream residential environment for people with learning disabilities. A number of other persons still living at home and in some cases attending St Martin's School, have also been identified as needing the services of a specialist unit in the future. Whilst a highly professional and needs led service has been established for people with learning disabilities within Gibraltar, it is recognised that the current service is unable to provide specialist provision for people with extreme challenging behaviour. I am very pleased to say that Government have approved the establishment of a Challenging Behaviour Unit and that a possible location has already been identified. We will shortly be in a position to give more accurate details about the establishment of this much-needed service.

A fostering service for children and young persons in Gibraltar has also been approved by Government, which will provide six to 10 fostering placements initially, in addition to professional foster parents, at an approximate cost of £100,000 per annum. The relevant legislation, which has already been drafted and is very near completion, will allow for more contemporary and appropriate care arrangements for younger children and will better meet the demand for the care provision of adolescents who are deemed by the Courts to be in need of Care.

It is clear that the existing residential care unit for children, that is, Bishop Healy Home, has outgrown its purpose. It is currently full to capacity and provides for children of a wide variety of ages. Although this will be partially alleviated by the implementation of the fostering scheme, we are also exploring other options with a view to improving the current situation.

An area which has undergone considerable deterioration due to many years of neglect, and which this Government are committed to tackle, is the Government Hostel at Devil's Tower Road. Plans are already under way to re-site the hostel, and it is envisaged that the residents will be able to move to a newly refurbished building within a 12-month period. The site identified for relocation is in the area of the Buena Vista Hostel.

Another innovation in Gibraltar will be the availability to the Courts of Community Service Orders. This Order will require an offender to undertake unpaid work within the community, for example, outdoor conservation projects, painting and decorating for the elderly and other tasks as may be defined as appropriate. This will be undertaken in lieu of a prison sentence. The person concerned has to agree to accept Community Service as an alternative to prison. The working of the order falls to the coordinator of the scheme who will be based in the Social Services Agency. If the person fails to maintain the Order, he/she can be brought back to the court and sentenced for the original offence. Implementation of this scheme has been greatly welcomed by many sectors of the community, including the Courts, the Police and Probation Officers and will be beneficial to the community as a whole. Legislation has been completed and it is hoped to be enacted shortly. The cost of running this scheme will be in the region of £28,000 per annum.

The Social Security Department and the Department of Social Services have now moved to the newly refurbished Sergeant's Mess in Governor's Parade, catering for much improved pensions collection facilities. It is also hoped that facilities will also be made available for pensioners to pay house rents, electricity, water and telephone bills under the same roof. August of this year will see the commencement of the process towards the introduction of a modern and efficient computer system to service the Ministry of Social Affairs. Social Security will be the priority area within the ministry and the main beneficiary of its introduction. All aspects of the work of Social Security, which has been handled manually since the early 1950's, will now be computerised, catering for all phases from the receipt and recording of contributions through to

the payment of claims. Consultants proficient in the field are to undertake a study and produce the documentation necessary to invite tenders for the appointment of a software provider. It is envisaged that purchasing of the software, with subsequent set-up and staff training will commence once the Consultants have fully identified and assessed the department's specific needs.

There have been other significant developments within these two departments during the last year. A new benefit named "Child Welfare Grant" was introduced to replace Family Support Benefit in August 1999. By taking into account the combined parental income with an increase in the income limit to £30,000, as opposed to considering the income of the highest wage earner with a maximum ceiling of £20,000, a fairer system of means testing has been introduced. As a result of this change, more families are now eligible to the Child Welfare Grant. The monthly allowance was also increased from £30 to £40 in those cases where the combined parental income did not exceed £15,000. The grant became available to any person who satisfied a residence condition, regardless of nationality.

Maternity Allowance is also a new social security benefit which replaces the statutory maternity pay payable under the Employment Ordinance by employers. Legislation was also introduced so that no social insurance contributions are payable by either the employer or the employee during the 14 weeks of maternity leave. Credits are awarded during this period, representing a saving of £80 per week per employee on maternity leave, which over the 14 weeks entitlement amounts to £1120.

During this term of office, new and improved services will see the light of day. We shall review and develop the social security benefits and social assistance grants so that they provide greater financial assistance to those in genuine need, including the long-term unemployed, single parents, the elderly and those who are incapacitated through ill-health.

Finally, I would like to make a brief reference to the topic of drugs, as this area also falls within my department and is one which greatly concerns the whole community. I, together with other Ministerial colleagues, have been working very hard towards putting together a comprehensive and co-ordinated drugs strategy for adoption by Government. This anti-drugs strategy is Government's commitment to act vigorously to protect our society from the scourge of drugs and to help those citizens who are unfortunate enough to become dependent on them. The document will be finalised very shortly and will hopefully be launched in a couple of months. Its long-term objective is to create a better tomorrow for the younger generation and for society in general.

In concluding, I would like to give a special mention to the members of staff of my department, who have made me feel welcome from the very beginning and whose professional assistance has enabled me to find my feet under the desk sooner than I expected. I thank you, Mr Speaker, and the other hon Members, for your attention.

HON J L BALDACHINO:

Mr Speaker, before I start my contribution I would like to clarify something that was said by the Hon Mr Netto at the beginning of his contribution and that is when he said that now Buildings and Works and Housing is now unified as one department. Let me say that this was done by us in 1988, therefore it was stopped by a short period from July 1994 to January 1995 and then it was unified again so it is something that we supported. As a matter of fact, during my budget contribution last year I actually said to the Minister that it was better for Buildings and Works and the Housing Department to be together because we also experienced the decision of having two separate departments when one was complimentary of the other. I am glad that the Government have taken my advice and they have now unified the two departments. I fully appreciate that the Minister might have been called at 10 o'clock at night, I actually would have liked to have been called at 10 o'clock at night when I was Housing Minister and not two

o'clock in the morning like I was normally called but in any case I fully appreciate what he is going through and especially what his staff is going through, I understand that position.

Let me say, Mr Speaker, that in last year's budget the Government, and I am referring to the Employment Survey, said and as they announced it was a major change in what they were doing and that it would be quicker actually for the production of the Employment Survey the way they wanted to do it and that is by sending questionnaires to employers rather than what we had previously which was by the PAYE returns, that it would have been quicker, let me say at the outset, not only that it is taking longer to be produced than it previously was but also even the latest Employment Survey has also taken longer, even though it has been produced on the same format, using the PAYE returns. So as a matter of fact we were against at the time, the Minister knows that, when we brought the Statistics Employment Survey (Amendment) Order 1998 and we said that we did not agree because it would not be compatible to the one that we had been issuing before. Therefore I have got no option but to quote the employment figures as at April 1996, which is the latest because we have no other information whatsoever on how employment has been progressing in the economy after 1998. Let me say that if I compare the 1998 employment figures to those of April 1996, which is what I am referring to, that is April which is the latest one, like my hon Colleague, the Leader of the Opposition said before, there are 140 people less working in April 1998 than there were in 1996. As a matter of fact, there are 44 less Gibraltarians in employment in April 1998 than there were in April 1996.

There are even less British UK citizens working in 1998 than there were in 1996. As a matter of fact, there are even less Moroccan workers working in 1998 than there were in 1996, the only increase in employment is by Spanish nationals where there are 250 more. In the absence, as we do not know what is happening in 1999, Mr Speaker, and in the year 2000 because it still has not been produced, so therefore what the Minister was suggesting in April 1998 was as a matter of fact not correct when he said that this was because there was more job creation in the market. As a

matter of fact there was less job creation in the labour market at the time than what he was saying and obviously my hon Colleague, the Leader of the Opposition, has already explained. The Minister also referred that we are now in the lowest unemployment figure for the past 10 years. I have been asking in this House for confirmation because there was a reduction on female unemployed in the figures and I have still not had an answer, why there has been such a big reduction in those figures since April 1999. None of the figures actually show that there has been any employment of females anywhere for that reduction to occur. As a matter of fact it is not even reflected in the last figures. Therefore to compare like with like, to say that there are less Gibraltarians registered unemployed now, in the absence of that information which I have had no answer, it is difficult for me to compare if unemployment really went down to 273 at that time. But I see that it is now being increased, it has now increased slightly, the figure is now 307. It is always welcoming that we should get more people in employment. I have no difficulty whatsoever in supporting the Minister when he said, and I join him in that particular area in actually asking local employers to give preference to our people who are unemployed rather than others and I will not go any further than that. But I add my support to that call on local employers. Obviously we will have to wait for the 1999 and 2000 figures of the Employment Surveys to see how well and how many people actually have found employment in the two areas that the Minister mentioned and that is on the betting companies that have been set up in Gibraltar.

I intend to ask the Minister for Social Affairs and maybe she can answer me at the Committee Stage, when she says that the Child Welfare Grants, previously Family Support Benefits, which is on page 124, Appendix F, I see that there is an increase of £50,000. The Minister mentioned that this was something new, there is an increase of £50,000, is that the projection of what will be the expenses announced?

Mr Speaker, referring to Social Services, Head 5 – B, subhead 6, page 57, Milbury Care Services Ltd – Contracted Services, I see that there is an increase of nearly £800,000. I thought at the time



when it was announced that the contractorisation of Milbury was ring-fenced, that it would not cost anymore. Can she tell me why they intend to pay more to Milbury? In any case, in the Opposition, many people have approached me, families of users of Dr Giraldi Home who are not very pleased with the service that Milbury is providing and I intend to ask the Government if they are satisfied that the money that has been paid out of taxpayers money, they are satisfied they are getting a good service for the amount of money that they are paying, £1.2 million. There are a lot of people who are complaining about this service and I am asking the Government if they are satisfied seeing that the Minister in her contribution did not say anything about the service that Milbury is providing.

On Employment and Consumer Affairs, Mr Speaker, I give notice that I intend to ask on Head 2, Other Charges, subhead 3, Security and Messenger Services, what that entails and which is the company that has been contracted for that as there was no provision in the 1999/2000 Estimates, it is a new thing and on the forecast outturn for 1999/2000 there are £3,000 which shall be paid and now the Government are estimating that it will cost £12,000.

HON H CORBY:

Maybe I can clarify that, The £3,000 was for the quarter and this is for the year.

HON J L BALDACHINO:

I understand that. If the Minister can give me the information when we come to the Committee Stage, who is the company, did it go out to tender and what is the service they are providing for the security and messenger services and how many people are actually employed. Also under subhead 7(f), Office Cleaning, I also intend to ask, the £2,000, which is the company that has been contracted. In the same Head, on Personal Emoluments, I intend to ask the Minister how is it that they are projecting for less

in salaries when the forecast outturn was higher and the number of people employed is exactly the same.

The Minister said that in most cases pensioners would pay all in one area, the housing arrears and things like that. Why most? She mentioned most people. I think it was the Hon Mr Corby who said that most cases would pay all in one place. Why is it that it is most and not everybody? Who is exempt from that category?

HON MRS Y DEL AGUA:

Mr Speaker, if I said 'most', I do not think I did, but if I said it it is incorrect. All pensioners will be able to make use of the facility.

HON J L BALDACHINO:

I am most grateful to the hon Lady for that clarification.

HON CHIEF MINISTER:

Mr Speaker, on a point of order, I believe it was the Hon Mr Corby who said, in relation to the one stop shop registration, that most employees could be registered in the one stop shop.

HON J L BALDACHINO:

Why is that the reason, maybe the Minister can give me an answer at the Committee Stage, it is not that important. Like the Leader of the Opposition said to the Government, I hope they have a change of mind on the actual completion of the Employment Survey because otherwise it will not be compatible to compare one with the other.

Obviously, Mr Speaker, what the Minister has been saying on job creation has not been proven, and not been proven by the figures, on the contrary and I hope that the measures that the Minister has mentioned on the job centre, we will keep a watchful eye to see if it actually creates job prospects. Even though my hon Colleague responsible for training will touch upon on the training aspect, as



a matter of fact the figures reflect, especially on the hotel industry, that very few Gibraltarians have been employed after carrying out the work that has been announced. It looks like the unemployment figure is now going up, we will wait to see in the next quarter how it fits in and we would also like an explanation, if possible, if there was any change of people being left out on the previous months especially since April 1999 to December 1999 when the figures showed a lower unemployment level and obviously what was reflected and the reduction was actually on female unemployed. On that note, Mr Speaker, I will end my contribution. Nevertheless unemployment is a factor that is important to our economy and once again I urge people that they should employ Gibraltarians and even though the Minister has not given me any figures on how successful the set-up has been of the Inspectors and the draconian measures that they actually implemented at the time to stop unemployment levels, how many employers have been taken to court. *[Interruption]* Mr Speaker, I have said draconian because when the Hon Mr Netto referred to it he said it was a draconian measure .....but if the Minister does not think it is draconian fine, but his hon Colleague did at the time. Therefore, Mr Speaker, we will be asking that at the Committee Stage and I will now end my contribution. Thank you very much.

The House recessed at 7.05 pm.

#### THURSDAY 1<sup>ST</sup> JUNE, 2000

The House resumed at 10.02 am.

#### **Debate continued on the Appropriation (2000-2001) Ordinance 2000**

HON DR B A LINARES:

Mr Speaker, as I report to this House on my ministerial responsibilities for Education, Training, Culture and Health, I am acutely conscious that these responsibilities touch upon areas of human and social significance which greatly affect the quality of life and the caring ethos in our community – quite apart from

being, of course, a crucial factor, a sort of human “infrastructure”, determining the growth of our economy.

As such the Government place a high priority on these areas of our governance and this is reflected in our very substantial budgetary provision.

Mr Speaker, on previous occasions I have placed on record the professional commitment of all our staff engaged in education, training and culture, and I do so again today very sincerely. But the House is aware that I have only recently taken on responsibility for the Health Services and the first thing that has impressed me is the grave responsibility that all those engaged one way or another in these services are called to bear. They are not only attending day after day to peoples anxieties and pain and suffering but when it comes to the crunch they are dealing with matters of life and death. It is an awesome responsibility and it is carried by all staff with professional poise and caring efficiency.

I have now been able to visit all the different services within the Health Authority - St Bernard's, KGV, the Community Psychiatric Unit and the Ambulance Service and I want at this point, therefore, Mr Speaker to pay tribute to all of the staff in these services and express, I am sure on behalf of both sides of the House, our sincere appreciation and gratitude.

At this point, too, Mr Speaker, I want to recognise the ministerial performance of my predecessor, my hon Friend Keith Azopardi. Everywhere I go throughout the Health Authority services I hear people say: “Keith was a good Minister” - They also seem to imply “We'll see what you will be like” - and I know that Keith Azopardi has left a record which will be very difficult for me to emulate.

But when I turn to the objectives for the future, I hope the House will be indulgent with me because it is still, I feel, too early for me to have crystallised completely my own ideas and judgements. I will need a little more time during which I shall review the current

services and practices in order to set clear targets and aim at specific developments and improvements.

However, it was the late Gavin Jackson, who is remembered by all the staff throughout the Authority not only with affection but with recognition of the far-reaching perspectives that he opened up for all of us in the Health Services – it was Gavin Jackson who said once to Keith Azopardi referring to the 1996 Review of the Health Services in Gibraltar: “I have spent 40 years in health care and we have gone through review after review. There are always changing things because individuals matter and when you change the individuals you have got to accommodate changes in the structure.”

Well, I have also been over 40 years in public service one way or another and I know from my own personal experience that Gavin was right. He is no longer with us and there are now new individuals in his place including a new Minister. But there is one thing already very clear in my mind and that is the need for change. I intend to launch a wide process of consultation at grass-roots involving all user groups among staff, certainly the union and including patients and clients of the services preferably when organised in identifiable groups such as the Dialysis Association, the Cardiac Rehabilitation Group, the Cancer Relief Society and the Diabetic Association. I have already met with all these groups and I have to say their positive suggestions drawn from their own real and often painful experience I deeply respect and welcome.

Indeed, the seeds of this process of consultation have already been sown during the past four years with procedures instituted by the previous Minister such as the Complaints Procedure, the Private Practice Agreement, the Annual General Meeting of the Health Authority, the Health Charter which is due for publication in the near future, the Annual Reports which had ceased to be issued since 1982, the Public Health Report, et cetera. Only a few weeks ago, Mr Speaker, we have formed a Users Forum to assist Management at the Primary Care Centre.

As I say, the next stage will see all these initiatives subjected to public scrutiny ranging from practitioners, users and clients to ensure that at all times we are responding to real needs. There is no doubt about the real need for an additional Obstetrician who has accepted our offer of engagement and will soon be joining the ranks of our consultant team. We have not been so fortunate with the appointment of a Consultant Psychiatrist. They are in great demand in UK and in short supply and although we have repeatedly advertised, no takers have responded that we can look at but we do hope, as we are advertising again, we will soon have a permanent Consultant Psychiatrist in the service.

This process of consultation, to which I was referring, will be stimulated by the exciting project of the New Hospital at Europort. The New Hospital will, I hope, serve as a catalyst, so to speak, and generate expectations and new attitudes. We are now about to advertise locally and as required by European regulations in the Official Journal of the European Commission (OJEC) inviting tenders for the Design and Construction of the New Hospital. Meanwhile a brief is being prepared in consultation with experts led by Churchburn Estates Ltd who carried out the initial feasibility study and drawing on the input of “user groups” as I have suggested. The procurement process will take around 36 weeks which will take us to March of next year (2001) and it is envisaged that works will begin soon after that and the Hospital, please God, will be open in the late Summer of 2002.

The New Hospital together with the new Primary Care Centre we opened last summer will place our health services at the top of the range of European standards.

The Primary Care Centre has all the potential of becoming a centre of excellence. The initial technical problems, with airflow and cooling and telephones have now been overcome and we are rapidly sorting out the logistics of what is in fact a massive operation. For this purpose, as I have already said, the Users Forum will be of great assistance to the Services Manager and the Medical Co-ordinator. It is important to note, Mr Speaker, that the new Centre already encompasses a considerable expansion

of services. The new Centre occupies nearly 60 per cent more space than the previous Health Centre, including a cardiac rehabilitation unit; psychiatric outpatient clinics, psychology outpatient clinics, phlebotomy out-patient clinics; video conferencing facilities which were announced by my predecessor in his budget speech last year as “tele-medicine” projects and which have now become a reality. Essentially these are diagnostic services which are available to patients without leaving their hometown. The pilot projects which have been launched during the past year in dentistry, we hope to expand to other areas of medical and clinical services and this will entail, no doubt, substantial cost savings for the Authority.

As in other areas which make up our social, industrial and commercial fabric, training and the development of skills and professional development are at the root of all real progress and high quality standards (I will have occasion later, Mr Speaker, of reporting to the House the Government’s record and commitment on the area of training generally). Let me say that there has been a quantum leap over the last four years in the provision of multidisciplinary training among all practitioners in the health services, but very especially with respect to the nursing profession.

The emphasis on entry qualifications for recruits aspiring to registration either as enrolled nurses or staff nurses is clearly the way forward not only to ensure high standards of nursing care but also an increased localisation of qualified staff within our complement. I am pleased to report that the systematic efforts in our enhanced School of Nursing now located at Bleak House with access to the ample resources of the Training Institute are yielding spectacular results in the field of nurse training and medical training generally. It was a great experience for me recently to preside over the validation exercise carried out by a panel of experts from Sheffield University in March this year which resulted in our School of Health Studies being validated to deliver to local students a higher education course leading to the Diploma of Nursing accredited by the School of Nursing and Midwifery of the University of Sheffield. It is right that I should pay tribute for

this achievement to the Principal and Tutorial Staff of our School and it is pertinent to quote here the general comments made by the Sheffield Panel in their validation reports:- “The Panel was encouraged by the philosophical as well as the financial commitment to the development of health education and training in Gibraltar expressed by the Minister and the Chief Executive of the Health Authority, the Director of Operations and the Principal of the School.”

I am pleased to announce that the first cohort of 15 students will commence their studies in September this year. Meanwhile the School continues to offer a whole variety of training courses at all levels:-

pre-registration nurse training; induction courses for nursing assistants; multi-disciplinary short courses intended to train trainers who can then conduct in-service courses within their own different areas of medical and nursing care.

Examples of these courses already completed or planned for this year are:-

Training in Child Protection Course; Advanced life Support Course; Manual Handling Trainers Course; Health and Safety Risk Assessors course; Compression bandage and dressings Course.

At a higher education and degree level the Authority is currently franchising courses in UK Universities for local students specialising in Paediatrics, District Nursing, Operating Theatres, ITU, Nursing, Nursing Management and a Masters degree in Health and Social Care Management.

Mr Speaker, another important aspect of health education is that which goes by the name of “Health Promotion” and which under the direction of the Public Health Director and through the efforts of the Health Education Officer numerous campaigns and initiatives have taken place throughout the last year such as the “Heartbeat Award Scheme”; a survey into obesity among children

in Gibraltar; the Drink Drive Campaign; "No Smoking Day"; the "Mental Health Week"; the World Aids Day, concerted and repeated warnings on the dangers of certain slimming drugs, and on-going structured programmes of health education in our schools.

In this context, it is also pertinent for me to inform the House that I place great importance on the drive to establish a proper and comprehensive database of information across various fields of health care. For the first time in Gibraltar the Government are coming out of the shadows of rumours and speculation by adopting open and scientific means to identify factors which impinge on the health of our community. My predecessor, the Hon Keith Azopardi commissioned the Director of Public Health to establish a Cancer Registry that will track down, record and monitor every case of cancer diagnosed in Gibraltar. As from November 23 of last year, a detailed record has been kept of tumours diagnosed in Gibraltar. Further investigations will have to be carried out before we can report on any significant patterns emerging from this analysis but it is hoped that in the near future the Director of Public Health will be able to report on his findings which will surely provide most useful information for all health care professionals. The findings will be further enlightened by similar type of information drawn from other countries and particularly Spain, and more particularly Southern Spain, through the International Association of Cancer Registries of which the Gibraltar Registry is an associate member.

Parallel to the Cancer Report, Mr Speaker, we also intend during this financial year to carry out a survey recording the health lifestyles and behavioural factors of the Gibraltar population which will yield also useful information about the risks of cancer. Clear, scientific and precise information is the basis for purposive action and we sincerely hope that our initiatives will help towards the eventual reduction of cancers in our people.

Mr Speaker, our biggest problem in the Health Authority continues to be the shortage of beds in St Bernard's Hospital. This not only causes critical situations on occasions but it also has a dilatory

effect on waiting times for surgical operations in various departments, such as orthopaedics especially and general surgery. For this reason, we welcome the moves to improve elderly care through the newly established Elderly Care Agency on which my hon Colleague, Yvette Del Agua, has reported to the House. The Health Authority has been instrumental in setting up the Agency through the secondment of the two managers, in nursing and administration, and the recruitment of a Consultant Geriatrician and as the Agency develops its facilities in Mount Alvernia it will be possible to release the unacceptable number of beds presently occupied in St Bernard's by persons essentially requiring residential care rather than medical care.

Of course, we all look forward to the new Hospital in Europort covering an area of 25,000 square metres as opposed to 9,300 square metres in St Bernard's and wards with 199 beds and three operating theatres which will once and for all solve many of our problems. Poor St Bernard's which dates back to the time of George Don in the 1830s has given of its best and is now well past its "best-before" date and ready for a well deserved and dignified demise.

And with that exciting expectation of the New Hospital which I feel certain will generate a new era in health care in Gibraltar and stimulate in our practitioners renewed hope and enthusiasm, I pass on, Mr Speaker, to other areas of my ministerial responsibilities.

Mr Speaker, Education ranges more widely than examination success, but academic attainment is measured by public examination results and in this respect we consistently score pass rates which rank our schools among the top schools in UK league tables (most of which, it has to be said, at that level are highly selective schools as opposed to genuinely comprehensive schools like ours catering for children of all abilities and social backgrounds). Once again this year our overall pass rate at GCSE (A\* to C grades) was 64 per cent and at A-level 89 per cent, which are grades well above the national average pass rates in UK.

As is known, our educational system is modelled on the British System. The Education (National Curriculum) Regulations 1991 establish that the British National Curriculum should be broadly adopted in our schools. It is important, therefore, that we keep pace with developments in UK. This presents us this year with a serious challenge in the forthcoming academic year. Post-16 education in Sixth Forms and Colleges of Further Education has been radically reformed in UK.

The reforms aim to offer scope for specialisation while at the same time encourage more learners to broaden their knowledge, understanding and skills, as well as offering clear progression routes into Higher Education into employment and further training.

The new post-16 curriculum will enable the schools and the colleges to offer broader, more flexible programmes including the opportunity to combine academic and vocational study, while maintaining rigorous and demanding standards.

This may involve - studying more subjects; studying a wider range of subjects; combining academic and vocational study; developing key skills; participating in enrichment activities.

In Bayside and Westside, students will study a maximum of four A/S (Advanced Subsidiary) subjects in Year 12, that is the first year of the two-year Sixth Form course; followed by three 'A' levels in Year 13 (although some students may continue with two or four 'A' levels depending on ability). The College of Further Education will be offering a programme encompassing vocational, for example, GNVQs, and academic courses. The College curriculum is now considered as a viable alternative to that of the schools and the intention is to develop it further. Perhaps at this point, Mr speaker, I can refer to the question asked by the Leader of the Opposition yesterday concerning the estimated revenue for adult courses. The reason is that these courses are very different from the training courses, they are really a very traditional offer and provision that the Colleges of Further Education everywhere offer adult students who wish, during their own time, in a voluntary basis, develop their continuing learning process, as it is called,

and these have been, it has to be confessed, in the College of Further Education recently as in decline. Very traditional, they have always been offering a whole range of courses from gardening, pottery to languages. With the appointment of a Manager in the College for continuing education, the offer has been tremendously developed this year, a survey was carried to gauge the demand in the general population and on the basis of this survey they have prepared a programme of courses ranging from foreign languages, teaching English as a foreign language which is very popular with Spanish students and these are, by tradition, fee paying courses. This is a programme of self-financing courses and because of this development it could be, this is based on the survey, when it comes to the crunch before September of people enrolling on these courses it could be that the offer is over-optimistic but nevertheless as these are self-financing courses if there is a drop in the takers there is also a drop in the expenditure involved because the expenditure goes on a par with the fees being charged.

HON J J BOSSANO:

If the Minister would give way. Is he actually saying then that this year the offer is five times what it was last year? It is the magnitude that surprises me.

HON DR B A LINARES:

To be honest it did surprise me as well but nevertheless, as I say, it is based on the analysis and the survey that the Manager of Continuing Education has carried out among people. There appears to be a demand and he has prepared this offer for September and inscriptions and enrolment will be taken from now until then. It could be, as I say, that it is over-optimistic but certainly it will be much higher than what it has been of the £20,000 estimate and £15,000 that the Leader of the Opposition referred to yesterday and certainly will be much higher than that. It has been costed at £100,000, yes five times more. The Manager is very enthusiastic. I go back, Mr Speaker, to the account I was giving of the reforms in the Sixth Form curriculum

which has been taken out by us following the changes in UK. Another aspect of this reform is the Key Skills which will be taught, in the Sixth Form and in the College, leading to a Key Skills qualification which recognises achievement in the key skills of communication, application of number and Information Technology. These are being introduced to encourage students to gain the skills, valued by employers and Higher Education, that are important to lifelong learning.

Staff in our schools engaged at this level and it involves quite a transformation and a pretty radical change in approaches at this level of the Curriculum have been promised the same level of training as UK staff. All staff are being provided with information, training and development to help them understand the aims and implications of the new qualifications and curriculum. Unfortunately, our teachers also feel that more time should have been allowed by the Government in the UK, given the delay in the production of the subject specification, but there is no way we can delay by a year ourselves as these courses are a lead-up to entry into University, a delay here would be disastrous.

Our budgetary provision for "Books and Equipment" (sub-head 4 (b)) this year will be largely channelled to support the two Comprehensives and the College of Further Education with additional capitation funds to provide precisely the necessary resources, especially in Information Technology, to meet the requirements of the new post-16 curriculum as it is crucial that within the new reformed curriculum we are able to maintain our present standards which permit, let me say, around 40 per cent of our annual intake of students to gain access to Higher Education every year in UK.

Moreover, the Government are committed to support generously students and their parents to enable them to meet the ever-increasing costs of subsistence and lodging in UK. The House is aware of the Government's commitment to pay tuition fees for all our students as a consequence of the British Government's decision to cease payment of these fees. This has meant a heavy

bill on our recurring expenditure on scholarships over and above the maintenance grants.

Nevertheless, Mr Speaker, we have clear indications that the costs of maintenance and lodging in UK are becoming increasingly onerous for many parents in spite of our grants. The Government have endeavoured to keep up with inflation rates in UK over recent years by raising grants accordingly – air travel allowances alone have been increased from £374 when we came into office to £641 today. But the increase in maintenance grants announced in our electoral Manifesto will further help all parents but benefit more substantially those who need it most by increasing all maintenance grants across the board by 10 per cent and reducing by £500 per annum parental contributions of parents with joint incomes below £20,000 and by £350 for those with joint incomes above £20,000. But we are also conscious of the abuse of the system by claimants whose real means do not correspond to their income tax returns. I have already taken action and will continue to do so against this abuse by using the discretionary powers which I believe the Educational Awards Regulations 1990 allow the Minister in assessing "the total income from all sources" as stated in Schedule 3, Part 2, paragraph 3 (1), by seeking information "as to the resources of any person whose means are relevant to the assessment of the student's requirements and resources" (as stated in Regulation 13). The statutory Regulations give further powers to the Minister "to terminate the award or withhold any payments due under it as he in his discretion sees fit" (as stated in Regulation 14). Mr Speaker, over the last year 44 cases have been investigated and in most cases they have been seen to merit only the minimum grant whereas on the basis of their initial declarations they would have obtained a maximum grant. I intend to continue using these powers to the maximum effect to stop the abuse by persons who not only defraud the exchequer with cooked income tax returns but seek to obtain full benefits from the Government on the basis of those returns.

At the other end of the educational spectrum we have also greatly invested in pre-school education which is now recognised by educators to have a crucial influence in later stages of a child's schooling career. Since we came into office, Mr Speaker, we have increased the Government's nursery and pre-school provision by over 150 per cent. This last year we opened a pre-school assessment unit attached to St Martin's Special School, and as from last September a new nursery for 60 children in Varyl Begg Estate attached to St Paul's First School. This September we will open another nursery in the South District as promised in our Manifesto and this will be attached to St Joseph's First School. This will bring the total number of children now in Government nurseries to 315, that is, over 78 per cent of our average annual intake.

Mr Speaker, our biggest problem in the primary sector of education from an administrative point of view continues to be the difficulty of matching the availability of places in the primary schools with the demand in their respective catchment areas. We do believe it is important that these schools be community based and easily accessible to parents and children, particularly in the first schools. But the situation is made more complex by the demographic movements which have taken place in recent years with the concentration of population in the Westside and Northern areas of town. And this is further complicated by sociological factors relevant today such as working parents who rely on grandparents and relatives, who may not themselves reside in the pertinent catchment area, to deliver and collect the children and care for them after school. This situation will be alleviated by a change of school hours but not entirely solved. Bishop Fitzgerald School and St Anne's School are taking on this year an extra class group, that is, five groups of 25, which is the agreed ratio, as opposed to four class groups which has been the pattern, to receive only the catchment intake, let alone the great number of requested transfers which have had to be turned down. But in spite of the extensions built to these schools they do not have physically classroom space to provide for this size of intake as from next year. Hence our Manifesto commitment to build a new First and Middle School complex in this area.

We are conscious, Mr Speaker, how the physical condition of a school in terms of adequate basic facilities and a high level of maintenance can greatly condition the ethos of a school and the morale and attitudes of both pupils and staff. During 2000/2001, the Government will continue to undergo all necessary repairs and to undertake minor and major works aimed at improving provision. St Anne's School Extension is nearing completion and comprises a large Sports Hall, (with Junkers wooden flooring selected as the best option for school children), six classrooms and showering/toilet facilities. The Sports Hall will be available for use by the Community. St Joseph's First and Middle Schools have undergone extensive repairs, especially to the outside walls, the original intention was just to paint the walls but it was seen that the rendering of the façade was very deficient and dangerous and it had to be peeled down and re-rendered. Westside School has had an extension to the Art Room and this has also enabled the school to accommodate better the children in the Special Unit adjacent to the Art Room, including a pupil confined to a wheel chair. A large Hall/Examination Room is soon to be built at the rear of the school. This will also enable the school to accommodate pupils who wish to stay for lunch once the present school hours are changed.

All our schools give serious attention and time in their curricular programmes to personal, social, moral, and religious education. Our teachers are always under pressure from forces and trends outside the school, not least of which is the increasing incidence of family breakdown. A great deal of thought and attention is being given to positive and effective strategies to ensure we maintain the traditional standards of good discipline in our schools – the philosophy is one of social inclusion and behaviour modification rather than exclusion and rejection and for this purpose a peripatetic specialist teacher has been engaged to support teachers within the school ambience to cope with difficult pupils and counsel them often in liaison with social workers and youth workers. The result is that over the last year only one single pupil has had to be indefinitely excluded for smoking drugs within the school premises and the number of short-term exclusions or suspensions has been minimal. In all cases, schools provide work



for the pupils to do at home and their work is monitored and marked by their teachers to ensure continuity in the children's education.

Sports education is seen as an important element of the school's broader programme of personal and social education. As always the Department and the schools have been heavily involved in the development of sports in the community in close liaison with the Sports Development Officer to qualify as instructors of the TOPS scheme and they in turn have been inducting our PE teachers to deliver this programme to the children in our schools. By the end of this academic year nearly all our schools will be entitled to use this equipment. The commitment of our schools to sports education was demonstrated recently during the successful Straits Games. A total of 405 children took part in the opening ceremony and most of them also participated in the events. A total of 20 teachers were also involved and Bayside, Westside and Bishop Fitzgerald Schools were used as venues for various sports events.

The department is also in the process of developing a Careers Advisory Unit, to be housed at the Training Unit when this moves from Bleak House to its promised location opposite the Main Office in Town Range. The Unit will run under the auspices of the Training Officer and it is envisaged to recruit a properly trained counsellor/monitor. It is intended to provide a comprehensive service, making use of the latest Information Technology resources, and readily available to guide school leavers and other young (and not so young) people in terms of career orientation, job prospects and development and it will be complimentary to the Job Seekers Club that the Employment Agency has already very successfully established. Funding for this Careers Unit has been offered by the Victor Chandler Charitable Trust as part of its contribution to the Community. However, the establishment of the Unit depends on the availability of the building opposite presently occupied by the offices of Buildings and Works.

The Unit will complement, and not replace, let me say, the work of the schools'/college's careers education programmes. As part of

their careers education programmes, both secondary schools and the College will be placing all school leavers in work situations, this is called traditional work experience schemes, to enable them to experience, at first hand, the real world of work and the career of their choice.

Mr Speaker, during the period in which the GSD has been in office, the overall staff complement of teachers has increased by 11 to 299. During 1999/2000 the Department has continued to employ teachers, mainly newly qualified, on a supply basis for one year in order to reduce class sizes, offer immediate and more consistent supply cover in the event of staff absences and to cater better for children with special educational needs. Extra supply classroom aides have also been employed to meet the requirements of an enhanced outreach programme, in which children from St Martin's Special School attend a mainstream school for part of the week in order to include them in normal school activities and to help them integrate better with their peers.

In September 1999, lecturers at the Gibraltar College of Further Education accepted Government's offer of placing them under the same conditions of employment and salaries as all other teachers. Posts of responsibility have also been created, and filled to enable the College to manage its curriculum properly. In a relatively short period of time we have witnessed a vast improvement in the Continuing Education Programme run by the College and I made reference to this earlier in my report. The College is planning a very comprehensive programme of continuing and adult education to start next September.

Our Lady of Europa Training Centre now comes under the responsibility of the College and there too, the Government are soon to reach agreement over enhanced working conditions and levels of remuneration for the staff.

Mr Speaker, during the Budget session last year, I informed the House that the Government in UK were introducing an induction year for all newly qualified teachers to be eligible for employment in UK State Schools. Representations were made by our own



Department of Education to the Department for Education and Employment in UK and this included a meeting between Baroness Blackstone, Minister of State for Education and Employment and myself in London. I am pleased to announce that the new Regulations issued by the DfEE which came into force on the 1<sup>st</sup> of May this year explicitly state that "a person who has successfully completed a probationary period for teachers under arrangements approved and supervised by the Director of Education of Gibraltar will be considered as having fulfilled requirements necessary to work as a teacher in UK." This, Mr Speaker, it has to be said, is a mark of the high degree of professionalism and expertise demonstrated by our Department of Education which is recognised in educational circles in UK and more particularly by the DfEE.

When we put on record, as we should, Mr Speaker, the progress and achievements during the past academic year by all those engaged in our education services, we are not moved by complacency. Staff development ranks highly in the Department's agenda. After the very successful audits conducted last year by OFSTED inspectors of the literacy programmes in all our first and middle schools another OFSTED team together with our own departmental advisers have monitored and assessed the numeracy curricula in these schools. Parallel to this a similar OFSTED team have also carried out inspections of the English, Maths and Special Needs Departments in Bayside and Westside Schools. The aim of these exercises is, of course, to assess staff performance in a positive manner, that is, advising and supporting both management and teachers enabling them to focus on strengths and weaknesses.

Mr Speaker, it is a primary duty of our educational and cultural establishments to broaden the minds of our people particularly the young, beyond narrow nationalistic, isolationist and racist attitudes towards an appreciation of the values and cultures of other peoples. When it comes to establishing positive and fruitful relationships with our Spanish neighbours this is not an easy task given the provocative and abrasive policies of the Spanish Government towards us. It speaks highly therefore of the

greatness of spirit of our own educators and all those involved in various fields of culture that against all odds it has been possible to forge links of friendship and practical co-operation among the peoples on both sides of the border, especially the young, at all levels. But it also speaks highly, it has to be said, of the efforts by our counterparts in the neighbouring regions, particularly in the Cadiz province and the Campo de Gibraltar, and this would include many with political responsibilities such as the President of the Diputacion de Cadiz, Señor Don Rafael Roman, and most of the mayors and councillors in the Campo Area who have striven to foster these relationships, particularly in the fields of education, sport and culture, without inhibition and often contrary to the dictates of their masters in Madrid.

It would be cumbersome to list here the countless events and activities which have been organised jointly during the past year. Suffice it for me to highlight some initiatives each of a different kind but which reflect the genuine spirit of co-operation at all levels which has grown between us in recent years.

Around 300 school children from schools in Los Barrios, Melilla, Ceuta, Guadiaro, La Linea, San Roque and Jimena have visited our schools and around 200 pupils from our Middle Schools have visited schools in the neighbouring towns and other establishments such as the Environmental Studies Centre in Los Alcornocales.

On 26<sup>th</sup> October last year the President of the Diputacion Provincial de Cadiz, Don Rafael Roman together with the Chief Minister signed an important agreed statement which among other things (including a condemnation of the frontier harassment and the discriminatory policies of the Government of Madrid against Moroccan workers in Gibraltar) launched a project to establish a Centre of Studies and Research on multidisciplinary matters related to the history, economy, culture and social features which characterise the regions around the Straits of Gibraltar. The Centre of Studies will be located in Gibraltar and the Campo Area, it will be two centres, and it will be franchised by the University of New York as part of their much wider project of

research carried by the University to research the unique interaction which exists in various parts of the world between “cross-border cultures”.

Another project of a highly academic nature which will bring together historians and experts from both sides of the frontier is the “Jornadas de Historia del Campo de Gibraltar” organised by the Instituto de Estudios Campo Gibraltareños – those hon Members who may be familiar with their excellent magazine “La Almoraima” will know the intense academic and intellectual activities carried by this Instituto which includes in its membership a number of Gibraltarian scholars. These annual conferences bring together hundreds of academics in various fields including Gibraltarians and this year it is our turn to organise this prestigious event which will take place at the John Mackintosh Hall from 20<sup>th</sup> to 22<sup>nd</sup> October.

The most recent initiative in the field of Culture is already producing very enjoyable results in the way of musical events appealing to all tastes – from popular music enjoyed by young people to classical music performed by musicians of European repute. These events are organised by a group called Enclave XXI made up of music lovers on both sides of the frontier led by our own Charlie Chiappe and Jesus Carrasco, the Principal of the Conservatorio in La Linea. We wish Enclave XXI every success.

All these initiatives form part of a general policy of co-operation and dialogue adopted by this Government and which points to the type of civilised society that we all wish to enjoy in this corner of the world.

I now turn to another area of my Ministerial responsibilities which is training. The Government believe that training to ensure the development of skills is a crucial vehicle to sustain economic growth and permanent employment. During our previous term of office, we have been able to develop a range of training schemes at all levels. During last year’s Budget debate I gave a detailed account of the many schemes now operated under the auspices of the Government’s Training Unit. It would be cumbersome to

report here on the numerous schemes which have been developed since then. What I do want to stress at this point is that all these schemes form part of a comprehensive and consistent programme drawn up by the Training Unit of the Department of Education and Training responding to ‘real’ needs as identified by the Training Advisory Council which we have created to represent all relevant parties in this field including, of course, the Employers organisations and the Unions.

Since 1998, the administration of training activities was handed over to the Department of Education and Training and a number of major benchmarks were outlined. I am now pleased to say that all of these targets have been met, including:

- (1) The introduction of properly organised training qualifications, in the form of National Vocational Qualifications that are recognised and accredited by UK Awarding Bodies such as the City and Guilds of London Institute and the Engineering and Marine Training Authority.
- (2) The setting up of an important consultative platform in the form of a Training Advisory Council.
- (3) Properly funded structured training schemes that span a whole variety of sectors.
- (4) The extension and improvement of the Gibraltar Construction Training Centre, together with proper conditions of employment for its staff, in consultation with the Trade Unions.
- (5) The extensive refurbishment of Bleak House to facilitate the delivery of quality training programmes.
- (6) The refurbishment of a joint Government and Cammell Laird Training Centre and subsequent extension, to accommodate apprenticeships, not just in fabrication and welding, but also new and important allied trades such as electrical and mechanical engineering disciplines.

- (7) A revision on the role of the Gibraltar College of Further Education and subsequent development of both vocational courses and leisure activities.
- (8) The transfer to the Department of Education and Training of the 'Our Lady of Europe' Training Centre, for the provision of sheltered vocational training schemes.
- (9) Continuous Professional Development for our Civil Servants.
- (10) Provision of training for all young people including those having Special Needs.

The Department of Trade and Industry has indicated to my Ministry, that the following private sector segments of the economy will see a continuous rise in activity and potential growth. These include the Maritime and Port Authority; Tourism; Financial Services (inclusive of e-commerce); Construction and Dockyard activities. In maintaining Government's holistic approach, we therefore propose to support these sectors by continuing with structured and comprehensive relevant programmes that will be quality assured, modern and practical to implement, and provide value for money to the taxpayer. It is, therefore, proposed to invest in training on Maritime, Tourism, Financial Services, Construction and Engineering sectors, and these are highlighted as follows.

**Maritime Activities** - The Government intend to consolidate further on the provision of NVQs through the UK Awarding Body known as the Merchant Navy Training Board (MNTB), for those people within the Maritime sector. All of these will be conducted at the Warsash Institute, near Southampton, in accordance with STCW 95 Regulations; this aims to raise overall standards of professionalism and is in line with EU Directives.

**Tourism** - The Government will continue to invest in the School of Tourism with the recruitment of further intakes this year and consider the introduction of relevant NVQs. We will also be

inviting employees from within the hotel and hospitality sector to attend refresher modules, particularly on areas such as the Welcome Host and Customer Care programmes.

**Financial Services** - This year will see the development of further programmes for those dealing in Financial Services. For example, this will include more training for people wishing to acquire Certificates for Financial Advisors (Cefa) and recognised accountancy qualifications, through the Association of Certified and Chartered Accountants. A major initiative is also being prepared for the local insurance sector, which will see seminars and tuition for those seeking recognised qualifications through the UK Chartered Insurance Institute. The Government are also presently studying ways of introducing training within the fields of e-commerce and the internet, and further details will be announced in due course. Bleak House currently provides courses for Legal Executives through ILEX and Chartered Secretaries through ICSA. These and other courses will continue to be made available in reply to local demand.

**Construction** - The Gibraltar Construction Training Centre can boast of a Level 3 Centre Approval status, through the UK City & Guilds and CITB (Construction Industry Training Board) Joint Awarding Body. It may now be referred to as a "Centre of Excellence". The title of "Centre of Excellence" is not of our own imagination or initiative but granted an award officially and formally by the accrediting bodies that I have just mentioned. Subsequently, in October 2000, the Government shall continue offering NVQs at Levels 2 and 3 in Carpentry and Joinery, Bricklaying, Wall & Floor Tiling, Plastering, Painting & Decorating, and Plumbing. In addition, a new initiative through the Accredited Prior Learning (APL) route has been introduced which allows those with some relevant experience within the work environment to be credited and recognised in their own trades.

**Engineering** - The Joint Government and Cammell Laird Training Centre, has received Centre Approval status, through the Engineering and Marine Training Authority. This is a major achievement since the Centre has only been in operation for a

little over a year. The Training Centre has been extensively refurbished to include the new trades and I am also happy to announce that all the apprentices who completed their first year, have passed their NVQ Foundation Level 2 and I will personally be presenting certificates to successful candidates in due course. A third intake is planned for this October, which will be inclusive of Welding, Electrical and Mechanical engineering trades.

Mr Speaker, on the 2<sup>nd</sup> May 2000, the Government launched a new Vocational Training Scheme (VTS). The former 6-month Cadet Scheme that was previously available through the Ministry of Employment has been replaced with a modern, structured vocational training programme. This will be geared towards people leaving school and up to the age of 25, who wish to undertake on-the-job training within a real working environment. The main aspects which are inherently different and which constitute a major step forward from the former Cadet programme are as follows:

A Training pledge - this will be drawn up between the three parties directly involved, that is, the trainee, the training provider/employer and Government.

Monitoring - a proper system of monitoring will be implemented that has already been proven to be effective. This is based on a system of target setting known as 'management by objectives', through the application of a Training Plan.

Portfolio (Logbook) - all trainees will be encouraged to maintain a diary, which may be used as a record of evidence and demonstration of achievement to employers.

Off-the-job training - all trainees will be encouraged to attend generic modules and/or Key Skills at the College of Further Education to complement and support good working practice.

Duration - a period of 12 months has been viewed as a more appropriate minimum term of training, though under special circumstances, this may be extended.

Mr Speaker, the Government in partnership with employer organisations have designed and developed a Secretarial and Business Administration training scheme, leading to a Diploma. This is accredited through the London Chamber of Commerce and Industry (LCCI) and involves a balance of modules including the competent delivery of Information Technology software packages, organisational studies and important secretarial operations that help underpin supporting activities in business. I am very pleased to announce that those companies participating in the scheme have fully endorsed and supported the programme, by offering work placements to those undertaking training. The Government will be committing ourselves to a second intake around this September.

In last year's Christmas message to the civil service, the Chief Minister stated his commitment to internal training. We will honour this commitment by consulting with the Chief Secretary, for the provision of properly structured programmes. In addition, new developments in Information Technology and modern management application, are crucial instruments within the public sector. Therefore, civil servants will be invited to attend IT modules in Windows NT, Access, Excel, PowerPoint, and Word. In addition, this summer will see a continuation of generic modules that are relevant and refresher workshop sessions, demonstrating professional techniques that may be applicable to modern practice.

I am pleased to say that whilst the former has yet to be announced, already up to 220 civil servants have put their names down to participate in the latter programme.

Mr Speaker, I am happy to report that there has been a manifestly renewed vibrancy over recent years in all fields of the Arts and Culture in Gibraltar. The Ministry of Culture through the Arts Advisory Council is always responsive to the real talent which is demonstrated in all areas of the arts by individuals in our community. But, naturally, we also focus our support on particular groupings and collective organisation and we are pleased at the emergence over the last two years of a number of important

artistic and cultural bodies such as the Fine Arts Association and the Arts and Crafts Association (both of which have now been allocated premises in the refurbished vaults of the old Casemates Barracks); the Gibraltar Dance Association and the Gibraltar Dance Organisation (which continue to sponsor very successful participation by our very talented young dancers in international competitions); the Gibraltar Drama Association (which is now planning a revival of the Drama Festival) and the Gibraltar Philharmonic Society (which has brought to our ears in ample measure the strains of good classical music). And as I have reported earlier, the recently created Enclave XXI has brought together musicians and music lovers on both sides of the border.

But the best proof of support that these groups and individuals can expect from the Government is our adequate infrastructure in the form of suitable venues and facilities. The Government have over the last year carried out an extensive renovation of the Ince's Hall, the old "Key and Anchor" buildings adjacent to the Hall, the John Mackintosh Hall and the old "Recreation Rooms" as they have been called, above the South Barracks building which houses the St Joseph's First and Middle Schools, which is now being allocated as premises to a number of dance groups.

Perhaps the clearest expression of what I referred as a renewed vibrancy in the Arts and in Culture is the packed programme of events during the Spring Festival which we enjoyed in May last year and again this year during the past few weeks. Nearly every day during the month is marked by some cultural event or activity – from Painting competitions; Photographic exhibitions to a wide variety of Musical concerts, Pop, Flamenco, Classical, Orchestral, Zarzuela, Jazz, Piano Recitals, Choral and Song Concerts; Dance Productions, Old Tyme Dancing and the increasingly popular and colourful Gibraltar Spring Art Exhibition which now complements the traditional Gibraltar International Art Exhibition which is held in October and which is increasingly attracting great interest among professional artists from abroad.

Mr Speaker, during the past years the Ministry of Culture has been responsible for the organisation of National Week and the

Annual Fair and by all accounts the Fair last year was very successful and enjoyed greatly by many people, particularly the young – the move from Coaling Island to the area of the old NOP and the adjacent parking site was welcomed by all last year.

The Ministry together with a very supportive Millennium Committee planned a comprehensive programme of events to mark the advent of the new Millennium. The Committee was conscious that the Millennium is essentially a Christian anniversary but that its celebrations should include all faiths and all men and women of goodwill who share the same common values. In its Mission statement, the Committee affirmed that the Millennium should offer us all the opportunity to renew the spirit of enterprise, social cohesion, religious faith and tolerance and civic pride which has characterised our community over the ages. With this aim, the Ministry of Culture was commissioned – (1) to organise a communal celebration on the 31<sup>st</sup> December 1999; (2) to identify significant memorial projects of a permanent nature; (3) prepare a programme of celebratory events over the year 2000 and (4) devise an appropriate Logo and Motto to symbolise the New Millennium of Gibraltar.

Mr Speaker, all these assignments were carried through by the Ministry very successfully and I wish to put on record my thanks to the Director of Culture and his secretary for the hard work and enthusiasm they put into this significant venture. The celebration at Casemates at the end of the old Millennium to usher the new Millennium will remain a memorable and joyful event in the minds of many people in our Community.

During this year, Mr Speaker, we shall see the implementation of two Millennium projects – the erection of a cluster of statues in Waterport as a worthy memorial to that historical event in our community, the Evacuation and also the process of restoration of the Theatre Royal. Members of the House will have noted the advertisement inviting tenders to develop a design proposal for the refurbishment of the Theatre. This is a first but firm step by the Government in a process that will go through two stages – the first stage which is expected to be completed by the end of 2001

and which will make the Theatre basically functional to stage some planned performances, and the second stage by 2003 which will see the historical Theatre Royal returned to its former glory as a state-of-the-art monument reflecting our Community's cultural heritage and tradition.

With this happy note, Mr Speaker, I conclude my presentation to the House of my ministerial record, aims and objectives in Education, Training, Culture and Health. I thank you Mr Speaker, and all Members of the House for the attention given to my rather lengthy report. I now commend to the approval of the House the items of expenditure under Heads IA, IB, IC, 102, Appendix B and Appendix C of the Estimates of Expenditure 2000/2001. Thank you.

HON S E LINARES:

Mr Speaker, on the opening of his previous budget speech the Minister for Education stated, "Mr Speaker, my Ministerial responsibilities for Education, Training, Youth and Culture touch upon areas of human, social and moral significance and indeed point to the development of human resources which are crucial in economic growth. The Government place a high priority on these responsibilities and this is evidenced not only by our budget provision but by our on-going evaluation of standards and performance". I totally concur with this statement all these Ministries are to deal with human, social and moral development and that is why they were together. The fact that training has been added with education was a positive move but, unfortunately, the fact that now it has been seen necessary for the Youth Service to have been placed with or under the Ministries of Public Services, the Environment, Sport and Leisure is definitely a retrograde step and does not seem to show that the Government have made this move with due thought and consideration to the human, social and moral aspect of the Youth Service.

After making representations to people within the Youth Service itself, they all agree that the person who took this decision does not seem to understand the nature of the Youth Service. The

Youth Service has been together with the Department of Education for 37 years, may I add, because the Youth Service is, as the Minister himself knows, an extension of the education system. Yes, it deals precisely with the human, social and moral development of young people. To think that the Youth Service has only to do with sport and leisure is not only insulting to the Youth Service itself but absurd.

The Minister has allocated £550,000 for the Theatre Royal and I would appreciate if the Minister can give us the amount that has been paid to the owners or what agreement has been reached. Another thing about culture is that I would also like to see the Drama Festival revived.

The Minister, via a Press Release on the 22<sup>nd</sup> May 2000, announced that he will be opening a new nursery in the south district. In the second paragraph of his press release it states, "Education Minister Bernard Linares said, "Effective pre-school education is recognised today as a key factor in successful schooling". If this is the case today then why do the Government not provide for free nursery education for all children aged four? It has always been the case that Government nurseries were opened to provide adequate child care facilities in order to make it easier for working mothers to look after their children. Now with the change in emphasis due to the Minister's statement recognising that pre-school education is a key factor in successful schooling the Minister must explain why it is limited to 315 children? Quite frankly, he should not be proud of this figure. What about the rest of the children? Are Government now going to discriminate against mothers who do not work? What criteria is being used for selecting the 315 children? Since I agree with the statement in the Press Release the Government are therefore now blatantly discriminatory against mothers who do not go out to work, children who do not get a place in Government nursery and parents who cannot afford a private nursery. Another point I want to make on this issue is that the 315 mentioned only attend the nursery either in the mornings or afternoons. This in itself is now discriminatory since some children have three hours in the mornings and two in the afternoons. As pre-school is such a key

factor who are the ones that are now deciding whether a child needs two or three hours? Continuing on the nursery issue, I would appreciate if the Minister explains how these are currently staffed. In the Estimates tabled the Minister does not seem to have made provision for these extra nurseries. We can see an increase in the teaching complement by two, are these for the nurseries? If so, why has there not been an increase in the provision of nursery officers, nursery nurses and nursery assistants?

HON CHIEF MINISTER:

Mr Speaker, on a point of order. I do hesitate to interrupt the hon Member. These budget speeches, the hon Member may not have been in the House long enough to be aware, are structured so that the Minister speaks first and he is followed by the Opposition Spokesman. The Minister does not have an opportunity to reply and therefore it is a complete nonsense on his part to ask the Minister questions. That is not the purpose of his speech. If the hon Members want to do it the other way, we are quite happy to subject ourselves individually as Ministers for cross-examination but then we have to reverse the order of speaking. The Opposition Members should speak first, ask all the questions to which they want answers and then the Ministers would get up and answer them but the way that this has always been done does not enable the hon Member to proceed in the way that he is proceeding.

MR SPEAKER:

I do not think it is a point of order. It has been done by other Members when they have given indication that at the Committee Stage they would seek answers to their questions.

HON S E LINARES:

Thank you, Mr Speaker, I was just going to address the Chief Minister's concern. If I may I will continue. Why has there not been one for each nursery or is it that they are going to share the

expertise? Maybe this can be explained in detail at Committee level.

On the catchment area issue I can tell the Minister that that was the reason why we did not want Governor's Meadow School to close or even more, it would have been better to have opened an extra school in what is now the resited Governor's Meadow School. The Minister must realise that we were campaigning for schools also to remain small and it is of concern to hear that now Bishop Fitzgerald's and St Anne's Schools are now going to be a five form intake.

Mr Speaker, how come that in the Estimates laid down of the year 2000/2001 there are 285 teachers plus 14 headteachers, totalling 299 which the Minister mentioned before whilst on the figures he gave me in answer to Question Nos. 174, 175, 176 of 2000, we have 311? This obviously does not include the two nursery nurses. An explanation later will be appreciated.

I had prepared a whole section on the scholarships. Partly the Minister has already answered these which were to do with tuition fees and were to do with the mandatory section and the discriminatory section so I am going to leave that one out so that at the Committee Stage there can be an explanation on what I wanted to mention. So I am leaving all this section out.

When analysing the Gibraltar Development Corporation Appendix B under head of Employment and Training, I notice that despite all the song and dance about how many of our institutions such as the School of Tourism, the School of Health, the School of Nursing and Centres of Excellence have obtained accreditation from different boards, authorities and awarding bodies and again there are many press releases to show this. The fact is that they have budgeted less money for the cadets themselves to the region of £120,000. Again the Minister might care to explain this later, even the wage subsidies have been lowered. I would presume that there are two reasons for this decrease either giving less money to the cadets or less cadets envisaged. Yet there is more money to develop more courses. I also notice a decrease in

the estimated contributions from the European Social Fund close to the region of £1 million and that seems worrying in that in the last estimates the Minister estimated £1.8 million from this Fund and only £700,000 was the forecast outturn. This year the estimates show £800,000, an explanation from the Minister is appreciated.

The Government stated in October 1999, in relation to the change of school hours, that a detailed survey to assess readiness of schools to accommodate children to have lunch in terms of the construction, additional buildings and adequate supervision necessary was being carried out by the Director. It would be helpful for the Opposition to be able to do its job properly if we can have a copy of this survey. I am concerned at two things when talking about the change of school hours. One, is the supervision of these children since we would not like teachers to be obliged to do this supervision. This includes head teachers, they already have enough on their plate. Two, the food that children eat during this break. Healthy eating was also one of the concerns that the Minister expressed during the election campaign, how will this be done? Will all packed lunches be opened to see what it contains? What will be the cost of monitoring and supervising? I presume this will be an item in next year's budget but I am mentioning it now to put on record our concerns.

The Chief Minister in his speech mentioned advances in special needs. Advances in this field are always happening anyway especially in the western world. As the Minister mentioned in his speech about health. I agree that there has been some advances here, if there would not have been then we are not a caring community since a community is judged to be caring by how they treat those who most need it. But these advances have been made, as far as we are concerned, on a purely academic form. If Government feel that having 2,417 referrals for one educational psychologist is making advances then I suggest they reconsider. In places like Edinburgh there are 26 psychologists for the total population of 78,000 children, that is, one for 3,000 children. If we take that 20 per cent of children have some sort of learning

difficulty at one point in their lifetime then it means that each psychologist has a maximum of about 600 referrals. In Glasgow there is a ratio of 3,500 : 1 pupils for one educational psychologist and taking the norm of 20 per cent as I did previously it would mean 700 children referred at a given point and I mention the figures of Glasgow because this is a deprived area.

On the behavioural support teacher who deals with children who have obviously behavioural problems, having 62 children for one support teacher means that these children might not be seen by this person for a month at best. There is not much value in this since these children need constant reinforcement and evaluation of his/her behaviour. Continuing on children with behavioural problems, I am amazed at the fact that the Minister who was a head teacher of Bayside when I was President of the GTA, we both agreed that Government should have a pupil referral unit. Well in this budget that is the first that I am involved in, there is no provision for this unit to be set up. He has now been in Government for five years. These are the things that actually help the children with problems in school as well as teachers and very importantly the other 80 per cent of the children in class who do not have problems and also need the attention of the teacher. Despite all these advances the Minister has budgeted £346,000 for children to be sent abroad for special education.

Although I am in little doubt that the children concerned are most deserving of this provision I wonder if some of this money could not be more prudently invested in providing a stronger foundation for specific special educational needs here in Gibraltar. While not only allowing more children to remain with their families in their own local environment it would serve as an investment into the provision of specialised resources to be used now and in the future.

In conclusion I hope that my intervention is seen as a positive one in order to keep with the good work which our professionals do in schools, colleges, nurseries, training centres, et cetera. Thank you for your attention.



HON LT-COL E M BRITTO:

Mr Speaker, as Minister for Public Services, the Environment, Sport, Leisure and Youth, my responsibilities include the Government Departments of Electricity, Fire Brigade, the Post Office, Technical Services, Sport, the Environment and Youth, as well as having political responsibility for the telecommunications joint venture companies Gibtel and Nynex, the water production and distribution company Lyonnaise, Broadcasting, the Lottery and the Philatelic Bureau.

So, regrettably, as I have done at this stage in previous years, I will apologise in advance to the House because as a direct consequence of the large and varied areas of responsibility, it is unavoidable that my contribution will be longer and less structured than I would wish because I will be covering the equivalent of 13 Government Departments and I therefore crave your indulgence, Mr Speaker.

Starting with the Electricity Department the increased rate of growth for electrical energy monitored in the previous year has been maintained and now stands at approximately 4 per cent per annum. This has, in turn, led to sales to pass the milestone of 100,000,000 units for the first time ever. During this past winter, even though the temperatures were relatively mild, peak figures ranging from 23.7 Megawatts to 24 Megawatts were recorded on half-a-dozen occasions, very close to the all time high of 24.1 Megawatts recorded in 1997.

These increases are due in part to the increase in the number of consumers which are now over 12,000 domestic consumers on supply, while the number of commercial and industrial consumers stands at around 2,500. At this point I would like to refer to the point made by the Leader of the Opposition on Head 6, subhead 23, Revenue – electricity Charges collected where he commented on the estimated figure being £9.8 million as opposed to £9.2 million the previous year and asked for the reason. I would just like to tell him that as a direct consequence of what I have said, increased consumption, increased numbers of customers, the

increase in revenue is directly linked to this and to an attempt to contain arrears at the previous figure. To contain arrears at the present level so that all of the increase is projected increased revenue. I hope the Treasury are not being too optimistic.

At this time last year it was anticipated that delivery of the SCADA (Supervisory, Control And Data Acquisition) system would be made during the summer 1999. Since each and every power system is different, there is a need to design, manufacture, assemble and test these systems to suit the requirements of each individual client. In other words, they are tailor-made. During testing at the manufacturer's works, certain failures occurred and these meant that further work became necessary to ensure the satisfactory operation of the system. Improvements have therefore been made to the hardware, firmware and software included in the scheme. A further session of works testing is currently taking place and I am advised that delivery will now be made this summer, subject to any further difficulties.

Other improvements will be made to the high voltage protection equipment at the primary distribution centres which offer improvements in terms of reliability, consistency of performance, versatility and information storage and replaces equipment currently in use, some of which dates back to the mid-1960s.

Improvements will also be made to the auxiliary machinery at Waterport Power Station where the high-pressure air compressor system is to be reinforced by the installation of a new compressor. Improvements will also be made to the cooling water circulation system on engine No. 2, thereby ensuring that the cooling systems on all three engines is standardised.

The year has also seen the incorporation of a new substation and delivery has now been taken of the equipment that will replace '50-year old, nowadays obsolete, gear at two other substations.

Building works at the new Rosia Road Depot is almost complete. Work is now proceeding on the provision of services within the

building and the building itself is scheduled to be occupied by autumn.

I would once more like to place on record my appreciation at the work, the great majority of which remains unseen to the general public, which is carried out every day by the staff of the Department at every level. The supply of electricity to consumers is nowadays essential to virtually all activity in both homes and businesses in Gibraltar. It is therefore a service essential for the community and deserves to be recognised as such.

Turning now to the Fire Brigade, Mr Speaker, where their Business Plan for 1999/2000 provided a planning process for the future which encompassed the Brigades' vision and mission within the Strategic Plan.

At the Fire Brigade training has continued to be a priority and has resulted in a large number of officers attending the Fire Service College in UK on specialised courses. These have included Breathing Apparatus, Road Traffic Accident and Strategic Ship Firefighting Instructor Courses. Furthermore other senior officers will be attending various courses in Emergency Planning at the Emergency Planning College in Easingwold.

Five firefighters were recently recruited and, prior to becoming fully operational, are undergoing an extensive 16-week training programme, including a two-week Novice Diver Course to BSAC standards.

The Brigade will receive this year a 20 metre hydraulic ladder mounted on a Mercedes Benz chassis, which will be used to cater for high rise building incidents.

The Brigade now provides a third ambulance back-up service to the Health Authority and is carrying out a training package to accredit all personnel to Ambulance Attendant Level 1.

The revised working draft document on Emergency Planning is now ready and has been distributed to all those concerned in disaster management.

On the operational side the Brigade turned out to 1,320 calls during the year and the Fire Prevention Department has carried out a total of 1,020 inspections. Fire Safety training packages have also been provided by this section amounting to 60 presentations to various organisations in the private sector.

The Brigade is in the process of the full introduction of the TETRA Radio Communication system which will greatly enhance the department as well as the other emergency services and communications between them.

Mr Speaker, it gives me great pleasure to record that the Chief Fire Officer, Leslie Edmonds, retired this week after 18 years in post and who created and maintained a highly efficient and professional body of firefighters and it is therefore a pleasure to take this opportunity to record the Government's appreciation for the excellent work he has done as Chief Fire Officer.

Mr Speaker, during the last financial year, the Sports Department continued to administer and provide sports facilities for use by the schools and by the community at the Victoria Stadium and other locations covered by the Community Use of Schools Sports Facilities Scheme.

Increased funding last year under the financial assistance schemes continued through the three separate funds now available for distribution acting on the active advice and in consultation with the Gibraltar Sports Advisory Council.

Taking them individually, the Sports Development Projects Fund which amounted to £56,000 funded more sports specific coaching courses, and more sports events were hosted locally than ever before. Prominent among these were the first ever ICC approved International Cricket Tournament in September and the hosting of the Continental Snooker Team Cup in February.

The Fund for Official International Competitions Abroad amounting to £77,000 provided assistance to a large number of Gibraltar sports to compete and represent Gibraltar abroad. In particular I would like to single out the Gibraltar Hockey Club Champions, Grammarians, who achieved promotion to the 'A' Division in Europe and this I highlight without hesitation as a tremendous achievement. It is something that we do not always realise the full impact of, Mr Speaker, but what that means in simple words is that the Gibraltar Club Champions this year will be participating in Europe amongst the top eight hockey clubs in the whole of Europe and that, I think, is something that is really worthwhile from a sporting level.

The third fund, Mr Speaker, the I & D Improvement to Sports Facilities amounted to £168,000 and provided funding for much needed improvements, which were chosen on recommendation by the Sports Advisory Council. These improvements were not only to Government owned facilities but also to those being run by the Sports Governing Bodies themselves. Prominent amongst these was the essential dehumidification equipment of the GASA swimhall, which should have been provided on construction of that facility and the absence of which was beginning to have detrimental effects in several areas. Another important project recently completed has been the replacement of the Victoria Stadium's floodlights with a modern, more efficient and more cost effective system. Hon Members will have seen the erection of the four brightly striped pylons, all I would like to say is that they give out double the light at half the cost and the length of the lamps is twice the length of the previous lamps so, all in all, hon Members will agree that it is a cost effective and worthwhile package.

Another objective met was the Sports Audit carried out late in the previous financial year by the Sports Development Unit and the delivery by this unit of generic sports coaching courses and support to sports specific projects. Accreditation of local tutors to deliver courses has been achieved for the Top Play and Top Sports Schemes, the Community and Junior Sports Leadership Award Schemes and more recently, several modules of National Coaching Foundation Courses. This, together with the huge

success achieved through the Summer Sports Training Programme and which hon Members, I am sure, will be glad to know will be carried out once again this summer, augurs well for the future of the Sports Development Unit. At this point I would like to acknowledge the tremendous efforts of one individual, Michelle Smallwood, the Government's Sports Development Officer, who works tirelessly, efficiently and it seems to me almost continuously to turn what was the dream only a few years ago of a Sports Development Unit into an effective and productive reality.

Work on the provision of new sports facilities has also progressed. The reclamation of the land required to accommodate the facilities to extend the Victoria Stadium is now completed and the tenders for the erection of the special airfield fencing, the construction of the International Standard Hockey Pitch, training pitch and high jump area are in the process of being awarded. A site within Coaling Island for the construction of a skate park rink and aggressive skate park was also identified and tenders for construction have been invited.

For the coming financial year, Mr Speaker, funding for sport is once again being increased. The main aim is to build on the work carried out by the Department in previous years and, in particular, to make substantial in-roads into the construction of the new sports facilities at the Victoria Stadium's extension. Priority has been given to the new hockey pitch, which is expected to be completed by autumn. Work on the spectator stands, changing rooms and other ancillary facilities are also programmed. Infrastructural work for the rest of the area is also projected and decisions on other facilities provided, including the new multi-sports hall and water sports centre, are being finalised.

This coming financial year, Mr Speaker, will also see a number of international important sporting events being held in Gibraltar and the Government have made £56,000 available for these events which will include the World Club Shore Angling Championships which have already been very successfully held. At this point, Mr Speaker, I would like to highlight the fact that hon Members

should not forget that these are world club championships and that 15 teams competed and that little Gibraltar has become a world champion in sport for the first time ever in this particular sport world club shore angling. The achievement goes to the Mediterranean Sea Angling Club, and as if that were not enough, our second team, the team from the Gibraltar Fishing Club, finished third. I think it is a tremendous achievement by our fishermen who, admittedly, had a few tricks up their sleeve based on local knowledge. These important events will be followed by the FIBA Cadet Women Basketball Promotion Cup and the European Youth Darts Championships in July, the European Under 15 Cricket Championships in August and the Powerboat Festival, sponsored by my hon Colleague, Joe Holliday, as Minister for Tourism, will be held in September together with a number of other sports development projects. The hosting of the III Straits Games with the participation of over 1,100 children of the age of 12 and under, was also a great success and demonstrated Government's Sports Department's ability to organise large events of this size.

In the coming year, Gibraltar sportsmen and women will also continue to compete abroad and the Government are providing £77,000 to assist participation, which together with the funding of Sports Development Projects, will ensure that our sports continue to evolve and grow, with the adequate level of Government financial assistance. £100,000 of I & D funding for the Improvements of Sports Facilities will also be made available. The Sports Advisory Council will continue to consider requests from Sports Governing Bodies with the aim of recommending funding for these events and projects which are most deserving, and encouraging value for money and self-help to achieve as much as possible with the resources available.

Government continue to value the contribution made by sport to the quality of life in Gibraltar and therefore intend to continue to support sport and assist its development. In this respect, it gives me great deal of pride to thank very especially all the many volunteers in the Associations and Clubs who work tirelessly day in and out to ensure that sport continues to thrive in Gibraltar, for

the benefit of the whole community. A recent and very tangible example was the successful Straits Games which were on the day itself run essentially by those volunteers from those clubs and associations. In mentioning the Straits Games, I cannot avoid stressing that these were planned and organised by and under the overall responsibility of Sports Manager, Joe Hernandez and that he and the Victoria Stadium staff worked tirelessly, and in many cases beyond the call of duty in extended hours, to ensure this success, and I acknowledge and thank them for having done this and for their efforts.

Mr Speaker, The Technical Services Department, formerly known as Support Services, has undertaken a total of 28 major Civil Engineering and/or Building projects during the past financial year with some such projects having already been completed and others scheduled for completion during the current financial year.

The Beautification Projects undertaken have included the second phase of the widening of Lover's Lane and this project was successfully completed and involved widening the remaining southern section of the road along the rear of The Convent.

At Casemates the Square has undergone a complete transformation during the last year. The embellishment works undertaken have entailed the repaving of the whole area, the complete refurbishment, both internally and externally, of the barrack block as well as stone dressing the façade of Casemates House, in keeping with the new character of the Square. The Square itself has been significantly enlarged by extending the boundaries of the original square to now include what was previously the road as well as the open area in front of the old Health Centre building. The original project was scheduled for completion in December last year. However, the scope of the project was extended to include the refurbishment of the ground floor of the old Health Centre building as well as further enhanced refurbishment of areas within the Casemates Barrack block to create a new shopping arcade together with necessary works to accommodate the new museum which is shortly to be relocated to this building.

During the year, works continued on the city centre beautification within the City Centre Beautification scheme and a number of new areas have been tackled. The embellishment works along Parliament Lane were completed and the project extended to include Irish Steps and the Parliament Lane cul-de-sac. Works are currently in progress on the section of Irish Town, from its junction with Parliament Lane, up to Fish Market Road and approximately 50 per cent of this project has now been completed.

In respect of Rock Safety, Coastal Protection and Maintenance, the major projects completed during last year included:- The works for the removal of the landslide at Camp Bay and stabilisation works to the cliffs below Buena Vista Barracks; The rockfall catch fence above Both Worlds which comprised the erection of some 430 metres of fencing, to protect Sir Herbert Miles Road; The stabilisation of the cliffs directly behind the Europa Mews residential complex which entailed netting a 100-metre length of cliff face over its full height; and The removal of the remaining upper northern section of the water catchment sheeting which was also completed last year. The slopes are now ready for the laying of stabilisation matting and seeding as was done on the adjacent slopes.

Mr Speaker, this Department also acted as Designer and Project Manager on a number of other projects financed from Heads controlled by other Government departments. These are too numerous to mention individually but the following main projects have now achieved practical completion: (1) The refurbishment of Willis's and MacFarlane House; (2) The reclamation of an area of land at Bayside for the proposed new sports complex; (3) The refurbishment of the Edinburgh House complex; (4) The construction of a new ferry terminal facility at Waterport; (5) The construction of a new residential building for the senior citizens, within the Edinburgh House complex; (6) The construction of the new coach park, including the new terminus building, at Waterport; and (7) The St Anne's School sports hall extension.

On the other hand, Mr Speaker, the following projects are still on-going and are again being managed by this department: (1) The refurbishment works at Dr Giraldo Home; (2) The extension to Motor Vehicle Test Centre at Eastern Beach; (3) The construction of the new Police/Customs Marine Section complex at Coaling Island; and (4) The refurbishment of the GIB Office in London.

Part of Technical Services Department, Mr Speaker, is the Information Technology Services Unit and I have by tradition reported on this separately because of the inherent work that they do. I am pleased to report that much has been achieved in IT during the last financial year.

Firstly, Personal Computers continue to be installed throughout Government Departments as part of the overall policy of linking departments in a Government network. Various software projects have been undertaken, some of which are still in progress. Amongst those that have been completed are: (1) a Human Resources System for Personnel; (2) a new ID Card System for Civil Status & Registration Office; (3) an Electric Point of Sale system for Tourist Sites; (4) a new Motor Vehicle Licensing System or Road Tax system; (5) a new Post Office Savings Bank System; (6) the Gibraltar Government Website; and (7) the completion of Y2K outstanding issues.

Amongst those projects that are still on-going are: (1) a new Income Tax System; (2) a new Department of Social Services System; (3) a new Port Department System; (4) a new Common File Management System; (5) the introduction of a Government wide corporate internet link which is still at the planning stage; (6) the Introduction of 'one-stop shopping' for money collection points for example, for Income Tax & Social Insurance; and (7) the installation of the Geographical Information System which is still on-going.

An on-going project is the centralisation of data for use by the Income Tax Department, the Department of Social Services, Employment and the Civil Status & Registration Office. All these projects have been or are being developed in-house by the IT Services Unit or in partnership with local and UK companies, monitored and controlled by our Unit to ensure compatibility.

Mr Speaker, the IT Services Unit, and Technical Services Department of which it is an integral part, both have staffs who work hard and diligently, often unseen and in the background, providing a good and reliable service which I take this opportunity to acknowledge. All too often they are only remembered when problems arise and I am glad to thank the Head of Department, Michael Gil, and all his staff for a job well done.

Mr Speaker, I will now move to Environment, an area which, as hon Members are aware, recently came under my ministerial responsibility. Inter alia the environmental responsibilities extend to the cemetery, street cleaning, refuse collection, the Environmental Agency and planted areas.

A programme of beautification has recently been started at the cemetery but further work needs to be done within the cemetery itself. The beautification of the entrance and adjacent area, together with improvements to the offices of the Superintendent, the Keeper and the facilities for the workforce have already been completed. We have now identified other areas that require upgrading and are in the process of compiling the necessary data for a further programme of improvement and embellishment and maintenance to a standard that we all would like the cemetery to be and that it properly deserves. Witham's cemetery will also be included as part of this exercise.

In the short time that the new contractor has been in operation, I think the radical improvements are there for all to see in respect of the state of cleanliness of our streets. A very comprehensive cleaning programme has been put into place covering many and varied areas and I am very satisfied to report that this has definitely been a move in the right direction. We shall continue

having the necessary monitoring to ensure that the high levels attained are maintained and, where possible, further improved. I think that Master Service (Gib) Ltd and the staff and working in direct contact with the Cleansing Superintendent, have to be congratulated for the job they are doing.

The improvement and embellishment of a growing number of planted areas around Gibraltar are there for all to see. We shall continue with a programme of embellishment, hand-in-hand with a reasonable programme for maintenance and upkeep. Unfortunately, planted areas have also been the target of vandalism. As a Government we shall spare no effort to try to put a stop to such vandalism and would urge the otherwise vast majority of our civic-minded fellow citizens to help us in our efforts to beautify our town by denouncing any act of vandalism they may witness. Considerable effort, dedication and money goes into this beautification of planted areas and we should all want to keep them in a state that we can all enjoy and be justifiably proud of.

The greatest challenge to the Ministry for the Environment comes not from ensuring adequate administration of things like public health, food control, monitoring of environmental standards, water supplies, bathing waters et cetera within Gibraltar, but I have to say from Brussels which continues to turn out an innumerable number of directives and regulations related to environmental matters. At present the Environmental Agency is having to cope with such diverse and specialised subjects emanating from the EU as air quality, environmental impact and strategic environmental assessments; waste incineration and incineration of hazardous wastes; sulphur emissions; heavy metals and organic pollutants, carbon dioxide emissions and energy efficiency; water; and climatic change.

The Agency intends to compile an emissions inventory for Gibraltar. This follows ratification by the EU of the United Nations Framework Convention on Climatic Change whose objective is to stabilise greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous man-made changes in the world's climate. Gibraltar's contribution in terms of greenhouse

gas emissions is obviously extremely small in global terms but we are nevertheless conscious of our obligations and committed to doing our bit in preserving and protecting our environment.

We intend to bring to the House legislation for the control of major accident hazards and for the control of noise, which will include new and extended powers in the control of noise from sources such as machinery, motorcycles, burglar alarms, car stereos, noisy neighbours et cetera.

During the coming year, the Environmental Agency will also start on a review of the main piece of legislation dealing with the control of food, that is, the Food and Drugs Ordinance which dates back to 1964. A review of this Ordinance and subsidiary food control and food hygiene legislation will therefore be initiated to update this legislation and take into account modern food manufacture and distribution practice.

Finally, on Environment, Mr. Speaker, in the short time that I have had responsibility for this area, I have met with many groups and individuals who have shown an interest or who have an interest themselves in environmental issues. It is an area which encompasses a very wide variety of issues, and I thank all those groups and individuals for their invaluable help and advice which I greatly appreciate.

Mr Speaker, the coming year promises to be an important one for the Post Office. The administration and counter sections have moved on a temporary basis to the old Health Centre building to enable renovation and refurbishment works to be carried out at the present location. Once these works are completed, the staff will return to a more suitable and better-equipped work environment. Hopefully, the facelift will also improve the image which the Post Office gives to visitors and to the public.

Mr Speaker, as already announced by the Chief Minister, Government will undertake a major staff and work practices appraisal to find solutions to the problems which frequently arise at the Post Office and which have a detrimental effect on some of

the services it provides. This inevitably leads to a considerable number of complaints, not only from the general public but also from the business and finance services sectors. The Post Office management is actively studying the developing situation with regard to e-Commerce and considering the effects it will have on the services being currently offered and the business opportunities it will create for new services to be introduced at the Post Office.

The possibility of introducing bar-coded labels for registered, insured and parcel mails, which would bring our services in line with other European Administrations is also being studied.

Moving now to the Youth Service, Mr Speaker, which as has already been pointed out from the Opposition has changed its political area of political responsibility and now comes under my Ministry, I report to the House that last December the new youth club at Laguna Estate was inaugurated. The area adjacent to the clubhouse has been installed with new playground equipment, new benches and picnic tables and a number of trees have been planted. A new decorative wall has been constructed to make the playground safe for children.

The Youth Conference Centre in Montagu Bastion continues to be used for seminars and conferences. Many youth organisations, sporting bodies, Government departments and other voluntary organisations are making use of this facility. The patio area next to the Conference Hall is being refurbished and improved and by next month the works are scheduled to be completed.

Mr Speaker, last year the youth service produced a video on the Gibraltar Youth Services. The video highlights local young people and, to a large extent, reflects a frivolous and fun approach. It features a wide variety of youth groups, events and many young people in the production.

Youth exchanges continue to play an important part in the youth service calendar. These exchanges are of great educational value to our young people as it broadens their perceptions and their

education. For example, the Youth Exchange with Schinveld in Holland provided local young people with a taste of rural, small town living. The visit gave those who went from amongst us, among other things, an insight into how young people from different cultural backgrounds and economic means contribute towards their own entertainment and free time.

This year a group of 15 young people from our four youth clubs will be travelling to Aalborg in Denmark during the month of July. Two youth workers will accompany the group. A similar group of young people from Denmark will be visiting Gibraltar towards the end of this year.

Trips to the Cheshire Home in Tangier will also continue this summer. Since last year two different groups of young people now visit the home. One of the groups is made up of the senior students of both comprehensive schools and the College of Further Education. The other group is made up of young people who hear about the project and wish to help with fundraising for the Home and then subsequently develop and express an interest in visiting the Home itself. These visits provide our youngsters and young persons with the opportunity of dealing with issues of disability, experiencing a new culture and sharing, albeit for a few days, the reality of living in a community which is markedly less affluent and less advantaged than our own.

The Duke of Edinburgh's Award Scheme in Gibraltar continues to attract young people to its diverse programme. The Award encourages young people to take an active role in meeting their own leisure time needs and to work jointly with adults in pursuing their goals. As a consequence of this, young people doing the Award are actively involved in a wide variety of events and activities supported by adult trainers and supervisors who all give their assistance without any form of payment. An important achievement for the local award has been its successful application to hold the 3<sup>rd</sup> European Regional Conference in Gibraltar next year. In conjunction with this, the local Award will be hosting a residential project and Gold Award expedition open to award participants from around the world. These events

highlight the level of recognition that the Award in Gibraltar has amongst the International Award community and the competence of the local committee to hold these events and continue to operate effectively for the benefit of scores of young people and the community at large.

Mr Speaker, no great or significant change has taken place as regards the lottery in the last financial year. The Treasury Department continues to monitor the sales of the lottery which have increased slightly and now stand at around 71 per cent. Notwithstanding this, Gibraltar continues as the second highest per capita sales/territory in Europe.

Gibraltar was once again represented, in its own right, at the AELLE Conference held in Malta during May 1999, this is the European Association of Lotteries and Lottos.

Four new members were recently appointed to the Lottery Committee, and once again, Mr Speaker, I will remind the House that the staffs – to take some departments together - of the Post Office, Lottery Section, the Environment and the Environmental Agency, and all those, including unpaid volunteers, involved in the Youth Service, all this staff fall in the category of people who have, by and large, a low public profile. Many of them remain unseen by the general public as they carry out their work and I take this opportunity to thank them for a job well done.

Mr Speaker, you will be glad to learn that that takes me to the end of my review of Government Departments and probably horrified to learn that I am now starting on the remainder which is probably another third of the way to go.

I will start with my responsibilities for GBC and in particular for broadcasting. As hon Members are aware, the Corporation re-launched its services last June. The most significant visible change has been in the output of GBC Television which has seen a healthy increase in the number of locally produced programmes. A less visible aspect of the re-launch has been the improvement carried out to the range of technical facilities



available to the Corporation. These improvements have included: (1) The installation of additional video editing facilities to support the increase in the number of local productions; (2) Improvements to the television outside broadcast vehicle which have resulted in an increase in the number of local events covered either "live" or on a recorded basis and an example of this is the coverage of the Gibraltar Government Lottery Draw and the extensive coverage given to major sports events; (3) Improvements to both the radio and television transmitter networks which have both improved the quality of the transmission and the technical reliability of the service and which have included operating a transmission on UHF Channel 32. Test transmissions on this frequency have already started and are aimed at overcoming reception difficulties in the hinterland and along the Costa del Sol. A more reliable transmission should improve the marketing viability of the service in the area. Two of the FM radio transmitters have been re-sited and this has improved the coverage. Unforeseen difficulties in running the necessary power supply to the new Medium Wave transmitter at Maida Vale site has resulted in the completion of the project being delayed but it is now envisaged that the project will be completed by the end of the summer.

Mr Speaker, the new employment opportunities arising from the re-launch of GBC included a Sales and Marketing Executive and the Corporation is actively developing commercial airtime sales. Sales on Radio Gibraltar are developing well and the targets set at the time of the re-launch have been attained. There has also been growth in Television advertising sales, but to date, the target set when the service was re-launched has not been achieved. Work to improve this area of the commercial activity of the Corporation, one to which the GBC Board attaches significant importance, continues as a matter of priority. The non-attainment of the projected airtime sales has not made it possible for the Corporation to reduce the level of the Government subvention it needs from the Government and therefore we will this year be making available a subvention of £860,000 to GBC.

The Government continue to support the Corporation and will once again this year be providing Improvement and Development

Funds of £100,000 for funding the completion of current projects and the purchase of capital equipment items. During the course of the year the Corporation aims to continue to provide an increased number of local television programmes, including outside broadcasts. It also aims gradually to increase the number of locally compiled radio programmes.

Mr Speaker, the Gibraltar Philatelic Bureau, for which I also have political responsibility, continues to set the trend for small postal administrations to follow. The first issue this year was designed by local school children and one of the designs, that of Kim Barea was chosen by the United States Postal Services as one of the top designs in the world.

The Gibraltar Millennium stamps will clearly be a world first. The issue consists of 16 stamps on a miniature sheet and will reflect 16 key eras or events in the history of Gibraltar dating from five million years ago to today. The project has been extensively researched and provides a superb account of significant periods in our history. A separate fully illustrated 'Prestige Booklet' will also be issued containing all the stamps as well as all the coinciding background information on the history of Gibraltar. The booklet, effectively, in a nutshell, provides a history of Gibraltar, a pictorial history as well. I suspect that in years to come it will become a popular souvenir of Gibraltar and indeed a relatively economic and regularly available and popular corporate gift.

From the proceeds of the sales of the Diana Princess of Wales stamps, the Bureau will this year make a payment in excess of £3,000 to the Memorial Fund and payments in excess of £10,000 to selected charities in Gibraltar.

The Gibraltar Philatelic Bureau has twice expanded its premises. It continues to show growth in the standing order customer base and is also planning to expand into ventures to promote e-commerce from Gibraltar.

Mr Speaker, Lyonnaise des Eaux (Gibraltar) Ltd currently employs 104 people of which 18 are seconded Government

employees. The company continues to invest in the continuing development of all its employees and once again this year there has been particular attention to training in Customer Care and on Health and Safety.

During the last financial year a total of 1,132,735 cubic metres of potable water were supplied. Lyonnaise pumped a total of 2.9 million cubic metres of seawater to the various sea water reservoirs. The sewage pumping stations were operated at 100 per cent availability. The quality of potable water supplied by Lyonnaise last year has fully complied with the requirements of Directive 80/778/EEC.

This year has seen the introduction of an enhanced billing system, which provides the customer with a clearer bill, including a statement of his account showing transactions over the previous six months. Facilities for Direct Debit have also been introduced.

In connection with the Year 2000 compliance new meter reading equipment and software has been obtained. This has permitted the experimental deployment of a number of remote readout meters, which effectively means that meters inside a building or a dwelling can be read without the need to enter the property.

A new telemetry system has been commissioned. This allows computer supervision of all automatic pumping stations, providing alarms in the event of malfunctions. Also introduced this year has been a Geographical Information System which integrates record drawings and the technical database within the same IT environment and which, incidentally, Mr Speaker, forms part of the overall GIS system which includes the Government and the Electricity Department and Gibraltar Nynex.

The investment in refurbishing infrastructure continues with some £750,000 approved for works during this coming financial year additional to the costs of procuring additional plant.

Finally, Mr Speaker, I will turn to the subject of telephony for which I have political responsibility as well as chairing the joint

venture companies, Gibraltar Nynex and Gibraltar Telecommunications, commonly known as Gibtel.

The main issues affecting both these companies were the continuing problem with the numbers issue as a result of Spain's non-recognition of Gibraltar's 350, geographical code, and the stop and start nature of the on-going "merger" negotiations between GNC and Gibtel.

Since I have kept the House informed on both of these issues, I do not intend to speak further on either of these two matters, other than to say that there has been no further significant progress on either of them since I last reported to the House.

Both companies have continued to expand their services generally and, acting in close co-operation, have reduced international telephone rates, in December and again in March this year. This has brought down prices so that the cost of a call from Gibraltar to the United Kingdom, which we use as a benchmark, is now the same as in the opposite direction.

Gibraltar Nynex took on the challenge and successfully carried out the installation of very large by Gibraltar standards, Call-Centres for major commercial betting operators. Gibtel in turn launched in February of this year the new Tetra system for the Emergency Services and after a series of software upgrades, the system was offered for operational use in May of this year.

Growth in the Internet Services run by Gibraltar Nynex continued during 1999 and in order to meet the expected increasing demand for these services Bandwidth capacity was increased in October 1999 and again in February 2000.

Gibtel achieved a 47 per cent growth in its GSM customer base during last year. This level of growth permitted the company to substantially reduce monthly rental and call charges and to eliminate the connection fee. The voicemail system was replaced by a Service Network base system which now includes a fax store facility. Earlier this year the number of International Direct Dialling

(IDD) circuits to the United Kingdom was increased from 150 to 480 and the number of Integrated Switched Digital Network, that is, the lines commonly known as ISDN, were increased from 10 to 37 to cater for increased demand. Additionally, the signalling systems supporting all but the circuits to Morocco were upgraded to the more advanced signalling protocol of SS7 for digital services which, among other things, offers enhanced information on call routing. Year on year incoming traffic volume increased by a spectacular 25 per cent whilst outgoing traffic increased by 14 per cent.

Mr Speaker, both companies continue to play an active role in helping to fund activities organised by local youth, cultural and sporting organisations and those involving our senior citizens. In other words, the traditional sponsorship of these events to which we are so used to in Gibraltar to which we depend on a handful of sponsors. At my request the Boards of GNC and Gibtel have agreed to increase by 150 per cent, in other words, from £10,000 to £25,000 each of them, the funding that they provide for these purposes with immediate effect.

In order to cater for growth and to offer customers greater resilience, Gibtel has now invested in additional bandwidth to the UK on the Intelsat satellite route; the FLAG submarine cable consortia, which has a landing point at Estepona; and the SEAMEWE3 submarine cable consortia, which has a landing point at Tetuan in Morocco. This will achieve a greater diversity of routes and reduced risk of total network failure.

Mr Speaker, during 1999, all three Government joint venture companies were engaged in extensive reviews of their systems and the hard work put in by all members of staff in Lyonnaise, Gibtel and Nynex was rewarded by the achievement of an incident-free millennium at the beginning of this year. I would like to record my thanks to those staff members who worked so hard to achieve this and some of whom actually spent the night of the 31<sup>st</sup> December at their place of work to ensure a trouble-free transition. The dedication and will to succeed of the members of staff at Lyonnaise, GNC and Gibtel continues throughout the year

as they strive to deliver and attain the very demanding targets set by customers and I take this opportunity to thank them for a job well done.

In conclusion, Mr Speaker, to my contribution, I would like to pay tribute to my personal staff in my Ministerial office. Despite my wide range of political responsibility in all the areas I have just covered, my team consists only of my newly acquired Principal Secretary, Mr Albert Finlayson; my Personal Assistant, Mrs Denise Chipolina and my Personal Secretary, Mrs Olga Palao.

Without their committed, loyal and effective support during their extended working hours, I would be unable to fulfil my Ministerial obligations. I thank them most sincerely for their hard work and indeed for their understanding and loyalty at those times when I become too demanding a taskmaster. Thank you, Mr Speaker.

HON MISS M I MONTEGRIFFO:

Mr Speaker, as Spokesperson for Health and Sport, I will be dealing with these two departments.

I will be giving an analysis on the performance of the Government and comment on some of the things they intend to do for the coming financial year. I have also taken on board what the Minister has said in his speech. He has spoken more on the problems he has encountered rather than the improvements he intends to implement and we believe that the new hospital will not solve many of them.

I would like, however, first of all, to point out to the Minister that having been in his position for a period of eight years I learned, within that time, that our health service necessarily has to be managed somewhat differently from other civil service departments. Apart from the fact that it is an essential service, here we are dealing with the mental and physical state of patients who have, understandably, great concerns about their wellbeing. Therefore, a more sensitive and humane approach needs to be exercised by the Government when we are dealing with the sick.

Unfortunately, Mr Speaker, since the GSD took office our health service has been the one department that has been criticised the most by the general public.

Unquestionably, there have been a number of policies introduced by the Government, which have adversely affected its users. We have also been voicing these concerns in this House repeatedly, Mr Speaker. We have questioned the logic of imposing a number of GCSE qualifications for applicants to the nursing profession, we have asked questions on the Health Centre which has been the subject of many complaints by its users; we have questioned the acute shortages of beds which the Minister has referred to today; we have questioned the increases on prescription charges, housecalls and the introduction of generic products; and we have also questioned the logic of the Government not having a complement of nurses. The answers we have been getting have sometimes been conflicting and inexplicable.

I think it is important to reiterate the point that we have always been making and that is that in the financial situation the Government find themselves, it is extraordinary that the people they have decided to penalise financially the most are our sick and since they introduced these revenue-raising measures, we have been trying to get them to change their minds but, regrettably, to no avail. For example, our tax allowances go up every year, subsidies and grants have been given to certain sectors of our community and yet the Government have tried to save money on one of our most essential services.

We are disappointed with what the Minister has had to say today. He has spoken at length but said very little and he has not led us to believe that he will be improving matters. Also I would like to remind him that on nurse training, PREP induction courses and health promotion, these were indeed started by the GSLP when we were in office. So, indeed, they are nothing new.

The Government set up two review teams who presented their reports to the Government on health generally and on nursing but to date we have seen no significant improvements to our health

service on the decisions the Government have taken and the Minister today has not said anything of substance in relation to these reviews.

On the Medical Report we have never been able to get the Government to confirm which recommendations they will not be implementing. The other one, the Nursing Report, the Government very nearly did not publish it. Here, Mr Speaker, we have an example of getting inconsistent answers from the Government to our questions in this House which refer to the complement of nurses which is essentially what the report tackles.

Of course, Mr Speaker, the first problem we encountered was the fact that the previous Minister for Health decided that he was not going to have an established complement for nurses in the Health Authority contrary to what has always existed in the past and to what exists in every other Government Department. It has also meant that we have had to rely on the Government's proposed numbers broken down by the different nursing grades. On each occasion, Mr Speaker, the numbers they have given us have been different and, in any case, when comparing them to the recommendations of the Nursing Review, the Government have not followed its rationale which is to maintain certain numbers of junior staff as against senior staff in the different wards. They may have more senior staff but at the expense of doing away with the more junior and that is not what the report recommended.

The Government in fact have been claiming all along that the figures they have been providing do not relate to an established complement, they are either related to people in post or their proposed figures for the future, which can actually change from one day to the next.

However, Mr Speaker, if we look at page 119 of the Draft Estimates of Revenue and Expenditure, there seems to be a contradiction on the position the Government have been taking because there we see that the numbers employed at the Gibraltar Health Authority is 547 non-industrials and 102 industrials as the Chief Minister pointed out in his contribution. This is precisely

what the complement means for the rest of all the other Government Departments in the Estimates. We cannot but take this to mean that this is in effect the established complement.

Mr Speaker, when we get to vote the money under personal emoluments I would like to know what is the provision for the nursing grades so that we can compare what is de facto the complement in this year's estimates to be able to compare it with what it was in the past.

As to the Government's proposed figures, even on these, I have been getting different totals to all my questions in this House. For example, in the written answer to Question No. 33 of 1999, the total proposed Government figure is different to the one the then Minister for Health gave me during supplementaries, even allowing for the Senior Enrolled Nurse and the Nursing Auxiliary which will be abolished through natural wastage. So, Mr Speaker, even on the proposed figures the Government have not been able to get their act right. To prove my point, Mr Speaker, last year the Minister for Health in answer to the question I have just referred, stated that there were 284.5 people in post and that the Government proposed figure, when I added them, came to 327.5. In supplementaries he then went on to state that Government's total proposed figure came to 340.5. All the figures different, Mr Speaker. In March, the Hon Dr Linares gave me a breakdown of all the nursing grades the monies for which had been approved in last year's estimates. The total came to 318.5 but it included 10 pupil nurses and 12 student nurses.

When we were in office, Mr Speaker, the figures we had were 340 for the established complement and 315 for people in post. The Government, therefore, cannot possibly take any credit for having increased the complement of nurses as they have been claiming all along.

I hope, Mr Speaker, that the new Minister for Health takes note of the unclear and unrealistic picture they have and that he will be convinced by our arguments to reintroduce the system of an

established complement which has always existed in our Health Service and which continues to exist everywhere else.

On the question of the acute shortages of beds, when the Government even decided to mix the male and female wards, again we have not been provided with a reasonable explanation for these problems. In the House of Assembly meeting in March of this year, Mr Speaker, I asked the Hon Dr Linares what was the explanation for this. The answers I received from him and from the Hon Mr Azopardi were far from enlightening. They said it was because there were more admissions and when I proved to them that the figures had not increased from answers they had provided to me in this House, they then said it was due to more elderly people being admitted. Again the figures I had been given in the House disproved this and finally I got the extraordinary answer from the previous Minister for Health, Mr Azopardi, that it must be due to the fact that the upgrading of the wards meant there was one ward less in use because one needed to be used for decanting purposes. However, I reminded him that we started the upgrading of the wards and that we had never encountered the problems they have. Silence from the Government benches, I got no answer at all. The Minister today has said that the answer is the new Elderly Care Agency but the Government's record, Mr Speaker, at St Bernard's leaves a lot to be desired.

Another area of concern to us, Mr Speaker, is the question of private practice. We will be as vigilant as possible in ensuring that the public sector patients will not be suffering at the expense of those who can afford to pay or feel that they have to pay in order to be seen earlier.

MR SPEAKER:

Order. Allow her to finish, do not interrupt.

HON MISS M I MONTEGRIFFO:

He has got the right of reply, Mr Speaker, but I am glad that he is getting annoyed because if he gets annoyed it is because I am saying the truth.

We believe, Mr Speaker, that all subscribers to our health services should receive equal treatment and we believe very strongly all patients should be seen or treated according to their medical condition and for no other reason. So we will be monitoring the situation to ensure that the opposite is not occurring.

On the new hospital, Mr Speaker, we have already made our position known during the election campaign and in this House. We believe our alternative is a far better one, which is a purpose-built new hospital. It has more advantages. In order for a new hospital to cater for all the needs of our community and for the necessary expansion in the future, it must be built from scratch. The Europort building will need to be modified and it will restrict the possibilities of future expansion when required. Also, Mr Speaker, the Government will be using up an area which is a valuable asset to house private enterprise and it can also cater for the expansion of finance centre related activities.

We were also disappointed to hear the Chief Minister say during the election campaign that a CT scan will not be provided in the new hospital. We believe that in view of all the monies that will be spent, a CT scan would have been a worthy investment and we hope that we can persuade the Government to change their mind.

Also, Mr Speaker, when we come to vote the respective monies, we will be asking the Government to give a commitment in this House that the dialysis unit will, in fact, cater for both in-patients and out-patients alike, otherwise out-patients will still require to go to Spain and we will end up with a dialysis unit that does not cater for the real needs of our patients.

Mr Speaker, still on Europort, I remember that when we were in Opposition we rejected the criticisms from the GSD on the project by saying that it was a valuable asset for the future as we have said today. Nonetheless, they called it all sorts of names under the sun, from an optical illusion to a white elephant. Today they are making use of that optical illusion and thanks to our initiative. But I nonetheless reiterate the point that I have made that we believe for all the reasons I have just given, that Europort is a valuable asset for incoming private enterprise in the future and that a new hospital has more advantages if it is built from scratch.

As I started saying, Mr Speaker, the complaints on our health service have been increasing to such an extent that during the last four years of a GSD administration there have been far more complaints than in the eight years we were in Government and we look to the new Minister for Health to see whether he can improve matters. But after having heard his speech, I must say that there was very little substance in it to lead us to believe that he will be able to deal with a situation in our health service which continues to be the subject of many complaints by its users.

Moving now to sport, Mr Speaker, I would like to remind the Minister for Sport when he spoke about community use, when he actually gave it a lot of publicity. I would like to remind him that it was actually the GSLP who introduced community use and that we were instrumental in improving all facilities and providing completely new ones. So, Mr Speaker, I believe that I made his job far easier. But nonetheless, I welcomed last year the building of a new sports city adjacent to the Victoria Stadium. I always give credit where credit is due not that I got credit from the Government when we were in Government but I give credit where credit is due. However, I have been asking the Minister during the last year for details on the kinds of sporting activities that will be provided there. We know of the water-based pitch for hockey which he has already mentioned and he has mentioned again today but the Minister has stated in the House to questions that he needs to consult the Sports Council as to the other sporting facilities that will be included. In view of the time that has now elapsed since he first announced the project we hope that we will

soon be getting the information I have been seeking in this House.

The question of the reprovisioning of the boat owners from Western Beach to Coaling Island and the hand-over to the Cricket Association of the Europa pitch are also matters which to us are dragging on. I know that the Government stated in the last House of Assembly meeting that these two matters are the subject of negotiations with the MOD. In the eight years we were in Government, Mr Speaker, we too encountered some difficulties with the MOD but we were successful on quite a number of occasions to get the land released without paying for it and also without the condition of reprovisioning. We therefore urge the Government to continue actively pursuing these two matters and we hope they will be as successful as we were.

I am disappointed with the Minister for Sport in relation to the Old King's Bastion building. Here, Mr Speaker, he came out in a political broadcast at the end of last year announcing the Government would be building a leisure complex and in the video clip he was seen inside the building giving it publicity for such a project. Indeed, Mr Speaker, the GSD announced this project in their election campaign and it was included in their manifesto. Commitments in an election manifesto are given for the next term of office which are the four years the GSD are expected to be in Government. However, in the last House of Assembly meeting, during Question Time, the Minister would now not even commit himself to the realisation of the project within the forthcoming four years.

Finally, Mr Speaker, I said in my last year's budget contribution that our sports people...

HON LT-COL E M BRITTO:

On a point of order.

MR SPEAKER:

What is the point of order?

HON LT-COL E M BRITTO:

The point of order is clarifying something that has been said that is not accurate.

MR SPEAKER:

That is not a point of order.

HON MISS M I MONTEGRIFFO:

Mr Speaker, if there is a point of order and the Minister disagrees with what I have said he should say it but he has not said it but I could prove to him, if he is referring to the Old King's Bastion, in March of this year he said he was not prepared to commit himself to the project being realised within the next four years. He said that, Mr Speaker, and I can prove it within Hansard.

Finally, Mr Speaker, I said in my last year's budget contribution that our sports people had always carried the message very successfully that we have an identity of our own with resolve and determination, one that we can be proud of and their results showed that we can stand on our own two feet against bigger and stronger nations. This is still happening today.

Spain, nonetheless, continues to try to destroy our Gibraltarian identity even when it comes to matters of sport and I have no doubt in my mind that they would welcome the integration of Gibraltar participating as part of another Spanish municipality. Therefore I would remind the Government that they must be vigilant on this question.

Spain's resolve and determination have not diminished at all. We have had the example of the Spanish Government asking their

fishermen to withdraw from an international competition held in Gibraltar very recently.

In this context, I wish to refer to the recent intervention by the Chief Minister in the House when we passed a motion welcoming the MEPs that look after our affairs.

When speaking on the new deal struck between Britain and Spain, especially on the question of the new identity cards, the Chief Minister stated that he did not think Gibraltar had paid a price for having taken away the words "the Government of Gibraltar" but that if he had had to pay a price he would have gladly paid it.

We, on this side of the House, do not agree with him, Mr Speaker, because the biggest price we can pay is the loss of any reference to our Government. We have taken a backward step. It has not only created a dangerous precedence but here we have given in for the first time, to the start of the weakening of our position as a people with a separate identity. And, of course, Mr Speaker, speaking on identity, our new identity card cannot but be considered as a different one to the one we had before because for the simple reason there is no reference to the words "the Government of Gibraltar" and this, we believe, is a real weakening of our position and the stand we have been taking hitherto.

But having said all this, Mr Speaker, for the sake of Gibraltar, we hope that the new deal does not serve as a platform that can affect us in other areas and in the short or long-term and that we see a repetition of the weakening of our identity, something which we believe, on this side of the House, is vital for the preservation and for the prosperity of our people, the Gibraltarians. Thank you, Mr Speaker.

The House recessed at 12.45 pm.

The House resumed at 3.15 pm.

HON J J HOLLIDAY:

Mr Speaker, my intervention today will cover three distinct areas, in the following order: the estimated revenue which will be accrued to the Consolidated Fund from Tourism and Transport; the estimated recurrent expenditure on Tourism and Transport; and finally the expenditure which will be charged to the Improvement and Development Fund.

I shall begin with Revenue. Mr Speaker, the revenue which is derived by the Ministry for Tourism and Transport is contained within Revenue Heads 4 and 6. Head 4 covers the revenue derived from motor vehicle and other licences. The estimate for this year is in line with the forecast outturn for last year.

Head 6, items 40 to 55, covers the Departmental Fees and Receipts which will be collected by my Ministry. The revenue which will be derived from Tourist Sites is estimated to remain at broadly the same level as last year. There was a drop in revenue in 1999/2000 compared with 1998/99 which is attributable to the fact that there was a drop in visitors accessing in their private cars in February, March and April 1999 for reasons with which we are all familiar. Such visitors paying the full admission cost to the Upper Rock with their vehicles. Although there was an increase in the number of visitors to the sites over the year, the balance of full paying visitors when compared with those paying the concessionary rate, altered with fewer visitors paying the full rate. The true underlying revenue potential for the sites at today's admission costs is nevertheless £1.5 million.

Indeed, I intend to announce a new strategy and a series of measures, during the course of this financial year, which will increase the revenue to be derived from this source. However, I am aware that the industry needs notice of changes in style or approach which have a financial impact, and I will ensure that appropriate notice is given.

The Government believe that the Gibraltar tourist product is being undersold especially to day visitors and this issue needs to be



addressed. The Government are considering different options in this respect. The generation of additional funds from tourist site admissions will be particularly helpful in funding the investment which needs to be put in place to maintain the fabric of the sites and to introduce improvements and enhancements.

The major source of Miscellaneous Receipts is book sales of the excellent book "Impressions of Gibraltar". This was a most worthwhile venture, which was extremely cost effective.

The revenue to be derived this financial year from the Airport and from Traffic is in line with last year's figures and requires no comment.

Insofar as items 48 to 53 are concerned, the direct revenue generated by the Port, the figures which I will give are conservative. At long last, after years of stagnation, Port dues and fees are being increased with effect from 1<sup>st</sup> July 2000. The new fees have been drawn up after consultation with the trade and on the advice of the Steering Committee on the Port. The implementation date of the new scale of fees was decided after the Estimates of Revenue and Expenditure book was prepared. The revenue which is set out is therefore understated. Had these fees not increased, it was forecast that there would have been an increase in tonnage dues and berthing charges, in line with the increased volume of shipping which is using the Port of Gibraltar, and in port arrival and departure tax which is attributable to the increased number of cruise calls at Gibraltar and the larger number of passengers who are using ferries to Morocco.

The Government estimate that the revenue from the new scale of port fees will be as follows:

Tonnage dues	-	£244,000
Berthing charges	-	£318,000
Port and Harbour Craft Licences	-	£200,000
Miscellaneous charges	-	£20,000

However, these figures are pure estimates. Government will be closely monitoring port activities to ensure that these new charges will not cause any detrimental effects on trade in the Port.

HON J J BOSSANO:

If the Minister would give way. In the figure of £200,000 that he mentioned, what is that in respect of?

HON J J HOLLIDAY:

The figure of £200,000 is in respect of Port and Harbour Craft Licences.

HON J J BOSSANO:

Which is now £15,000?

HON J J HOLLIDAY:

That is correct. The Shipping Registry is now starting to generate increased revenue from Shipping Registration Fees, as last year's estimate of £53,000 was revised to £127,000 consequent on growth within the Registry. This growth is set to continue. This reflects the number of ships which have been attracted to the Gibraltar Ship Registry which now contains 46 ships with a gross tonnage of 546,306 grt compared with 27 ships in 1997 and 330,000 grt. This represents an increase of approximately 70 per cent in the number of ships and tonnage. I am pleased to inform the House that a further four ships are currently in the process of having the relevant documentation processed so the Ship Registry would have 50 ships on their books in the next few weeks.

Mr Speaker, I now turn to recurrent expenditure which is charged to the Consolidated Fund - Head 6 of the Estimates of Expenditure covers the Ministry for Tourism and Transport.

I do not consider that there is any need to comment on the complement of my Ministry, other than in respect of the Port Department. The restructure of the Port Department into the Port Authority continues under discussion with the staff associations which represent the interests of the employees. I believe that the outcome of the negotiations will be positive for both the Government and for the staff. The complement as represented in the Estimates is what exists today, and does not reflect the changes which will take effect once the new structure is agreed and implemented.

I now welcome the opportunity to comment specifically on some matters relating to expenditure of each of the components of Head 6.

Head 6A covers Tourism. Over my last three budgets I have been shaping tourism expenditure and therefore there is less variation in the Estimates as I am presenting under Head 6 this year compared with the 1999-2000 budget. There are nevertheless a number of variations which I would like to highlight. Subhead 4(b), Repairs and Maintenance, reflects an increase of £12,000 to cover the cost of maintenance not just of the Cruise Terminal, which is maintained to the highest standards, but also of the Ferry Terminal and Coach Terminal which are now coming on stream.

One of the principal realignments in this year's budget is the funding which is to be made available for marketing, promotions and conferences, at subhead 8. There has been particularly strict control of this subhead during the last financial year, which has resulted in their being no overspend whatsoever in this regard in the financial year ended 31 March 2000. The funding for this year reverts to what was made available in 1998/99, that is to say, £750,000.

Tourism marketing is essential. The lack of investment in this regard in the years when the previous administration were in office meant that it was a particularly difficult uphill struggle in my first years as Minister with responsibility for tourism to develop Gibraltar as a tourism destination. I do not think that it is possible

to satisfy everyone when it comes to the manner in which the marketing budget is spent. What I have always aimed to achieve is value for money, and in this respect the Government are well satisfied that our targets have been surpassed.

The strategies which I put in place in 1996/97 have gradually been streamlined and therefore the marketing budget is divided into the following elements: (1) Production of tourist literature, including brochures for the UK and Spanish markets. Information sheets for travel agents, tourist maps and other literature for distribution to visitors to Gibraltar; (2) Promotional material, including updating the Gibraltar Tourist Board picture library, production of posters and making copies of promotional videos for travel agents; (3) Promotional events, such as organising road shows, attending or hosting workshops and organising competitions for which the prize is a holiday in Gibraltar; (4) Familiarisation trips for specialist press and for the travel trade from both the UK and Spain, including Project 250 and the Top Travel Press visits; (5) Advertising, which covers consumer advertising, general trade advertising, the campaign in support of the Conference and incentive markets and specialist advertising for niche markets such as diving and bird watching. The advertising campaigns will run in the UK, Spain and Morocco; (6) Travel fairs which include the World Travel Market, Medcruise and Sea Trade exhibitions to promote cruising, the London Boatshow on yachting, EIBTM conferences, FITUR in Madrid and other smaller trade and consumer fairs; (7) Events staged in Gibraltar including the Gibraltar International Regatta, the Blue Water Rally, the International Dog Show and the Gibraltar Powerboat Festival; (8) Contracted services for public relations and advertising agency.

The amount which has been allowed for marketing for this financial year for the UK, Spanish, and Moroccan markets and the support of certain events in Gibraltar, totals £750,000. This represents a decrease of £75,000 compared with 1999/2000. It is nevertheless a sizeable sum which has been allocated for this purpose. The value of the Government spend is supplemented by the industry. This is reflected, for example, by Project 250 which

brings out travel agency staff to Gibraltar for familiarisation trips, and which is heavily supported by the airlines, hotels and other tourism entities and also the Top Travel Writers visits from both UK and Spanish travel press. Indeed, the policy of the Government is to maximise on the value of the marketing spend through partnerships with the private sector. In this regard, I would like to publicly acknowledge the considerable material assistance which the Gibraltar Tourist Board receives from the Gibraltar travel industry. The partnership augurs well for the future.

Turning to subhead 9, Apes Management, now shows at subhead (c) the cost of the two contracts which were put in place during the latter half of last financial year in order to provide proper care for the apes. These contracts were entered into with GONHS and with the Gibraltar Vet clinic. One contract provides for the management of the apes and their care and control whilst the other for their health care. Both are important aspects. The apes had not been cared for properly by the previous management, and an ape population explosion was allowed to develop. The seeds of a new approach to ape management have now been sown. It is necessary to allow the new managers some time in order to produce the results which the Government expect of them. The Government are aware that apes have sometimes caused problems to some residents in the Upper Town. We are also aware that the apes are a prime tourist attraction. There is a need to balance the benefits which are derived from the touristic appeal of the apes with the needs of those Gibraltarians whose homes are affected by the apes and also with the animals' biological needs. It is not easy to strike the right balance. What is fundamental is that the size of the ape population be contained, and that the apes should be cared for properly in order to discourage them from roaming outside the confines of the Upper Rock. What the Government deplore is the well-meaning but shortsighted members of the public who are feeding the apes in Estates with food which is totally inappropriate for their health and well being. By doing so apes are being enticed into built-up areas and the good work being carried out by GONHS to provide the apes with a proper balanced diet and to contain them within the

confines of the Upper Rock is being negated. I am satisfied that there is now a responsible policy in place in respect of the apes.

Subhead 10 contains the expenditure on the School of Tourism which remains unchanged for this financial year. The Government are pleased to see the success which the School of Tourism is enjoying in providing quality training for young Gibraltarians who wish to make the hospitality industry their choice of career.

I now turn to subhead 11, the Gibraltar Development Corporation expenses for the Gibraltar Tourist Board. The increase in cost of staff services is due to the salaries which are paid to the two attendants at the Coach Park now being charged to this Head of Expenditure in preference to Tourism Sites, subhead 12(b) in the case of one attendant and an officer contracted from KIJY Parkings Ltd in the case of the other. With regard to Temporary Assistance, this includes the cost of providing lifeguard cover at the beaches, and the wages of both the year-round Visitor Information patrols and the additional VIPs recruited for the summer season. The full cost of the improved Visitor Information patrol system is now being reflected for the first time. In addition, I wish to highlight that this year, for the first time, there was lifeguard cover at Eastern Beach and Catalan Bay during the Easter season. I believe that this is a helpful improvement to the service offered to the public.

Turning now to subhead 12(a), Tourism Sites, I have given instructions that the running expenses are to be capped at £150,000. I hope that good housekeeping will make this feasible.

Subhead 12(b) covers the GDC staff at tourism sites. There has been discussion over a period of time with the staff who man the tourist sites aimed at improving their conditions of service, cutting back on their very long working hours and recruiting additional staff. The figure which has resulted from our calculations in order to realise this strategy will mean that, in addition to benefits for existing staff, there will be a reduction of expenditure on GDC salaries in this regard in the order of £27,000.

Subhead 13, Tourism Information Services, provides the cost of the uniforms for the VIPs. I had originally wished to introduce the concept of History Alive last year, having young people dressed up in period costume to carry out re-enactments of historical events. However, when the scheme was advertised, there were no takers and therefore it has been shelved for the time being. The funding for the uniforms for those participating in the History Alive concept, in the sum of £7,000, which was available in last year's estimates has therefore been cut.

Finally, Mr Speaker, Subhead 14 contains provision for the cleaning of the Terminals. The cost of cleaning both the Ferry and the Coach Terminals, once they are in use, will be charged to this subhead, hence the increase from last year's outturn of £17,000 - which was in respect of just the Cruise Terminal. The cleaning of beaches is now undertaken by Master Cleaning Services and therefore there is no longer provision for this within Head 6A.

In total, the funds which the Government will be spending on Tourism this financial year are broadly speaking comparable to the funds made available for tourism last year.

The next Head of expenditure within my Ministry is Head 6B - Transport: Airport. I do not consider that any comments are required on this Head.

I would therefore like to turn to Head 6C Transport: Traffic. The estimates which I am presenting today are very much in line with the forecast out-turn for last year, and I do not believe that there is any matter of significance which needs to be explained or highlighted. The only clarification which I would wish to make is the cost of Transport Inspection has increased from £10,000 to £20,000 because this represents the full annual salary of the Transport Inspector who was recruited halfway through the last financial year.

Head 6D covers the Port. The cost of Personal Emoluments has fallen slightly because three vacant posts within the Port Maintenance Section have not been filled. The Government do

not intend to recruit or promote staff into the vacant posts until such time as the restructure of the Port Department into the Port Authority has been completed, at which point it will be confirmed whether or not the three posts in question will be lost and replaced by other posts elsewhere within the Port Authority structure.

Subhead 4(c), Maintenance of Launches, is expected to show a decrease to £20,000 consequent on the commissioning of the new Port Launch, General Elliott II. This should require considerably less maintenance than the older Port Launch, which it has replaced. The intention of Government was to provide a microwave link with the East Side to allow for monitoring of vessel movements by the Port Department on the East Side. This project is no longer going forward at the present time. It is the intention to revive it at a later date, after the restructure of the Port Authority has been completed and the new structure is in place.

New subhead 6 covers the cost of the salary of the Chief Executive of the Port Authority.

Mr Speaker, the Port of Gibraltar and the shipping industry is doing well. The number of ships calling at the Port of Gibraltar has been growing healthily over the last few years. In 1995, there were 3,784 ships which called at our Port representing 69.1 million gross registered tonnes. This has grown over five years to 5,926 ships in 1999 representing 129.4 million gross registered tonnes. The volume of bunkers sold in Gibraltar has increased over the same period from 1.24 million tonnes in 1995 to 2.62 million tonnes in 1999. The Cammell Laird ship repair yard is doing well and there are improving job prospects for young Gibraltarians in all sectors of shipping. This is an area of the economy which is doing particularly well. The Government are investing in the Port, a sector in which for many years there was under-investment and under-resourcing.

The final Head of Expenditure within my Ministry is Head 6E - Transport: Ship Registry. There has been an increase in the complement of the Registry, by one Administrative Officer who is

a graduate in a marine discipline. This is a good example of the Government employing a young Gibraltarian who has furthered his studies in an area which is relevant to his qualifications. This young man has already expressed an interest in receiving further training, and this is something which the Government welcome.

The Ship Registry is doing well. There was a change in Maritime Administrator during the course of last financial year, and the present incumbent of the post joined the Ministry in January 2000. He has settled in well, and is doing sterling work in trying to attract new ships to the Registry, the prognosis is healthy. The only significant change in expenditure is in respect of the Red Ensign Group conference, at subhead 4(c), where there is a sharp drop from £10,000 to £2,000. This is attributable to the fact that last year's expenditure covered the cost of hosting the 1999 event in Gibraltar. This year, the only cost that will be paid is that of sending the Maritime Administrator to the conference as a delegate.

Mr Speaker, I am pleased to report that through prudent examination of the expenditure on Tourism and Transport, it has been possible not only to contain expenditure within the forecast outturn for 1999/2000 but also to slightly reduce it from last year's estimate of £5.71 million to £5.58 million.

Finally, Mr Speaker, I wish to comment on the Improvement and Development Fund expenditure at Head 103, Tourism and Transport.

The Government consider that tourism continues in the forefront of economic activity in Gibraltar together with financial services and shipping. There is therefore a commitment to invest in the tourism sector and continuing to upgrade the tourist product. The four principal areas of tourism activity and the markets which we are targeting are – (1) the short break and overnight visitor market; (2) the cruise visitor and yachting sector; (3) the conference and incentive market; and (4) the day-tripper market.

Tourism has been doing well since May 1996. The increase in air arrivals, cruise visitors, yacht arrivals, day trip visitors, arrivals at hotels and room nights sold, and visitors to tourist sites shows that the Government policy is working. There is now a need to expand the tourist product. One principal way in which this must be achieved is through increasing the number of hotel beds. This is one of my two main priorities in this term of office. There is the need to attract new hotels to Gibraltar. The other is to increase air access to Gibraltar and the number of direct flights.

Three generic items make up the tourism element of this Head 103. Two of these - Subheads 2 and 3 - require little explanation. Airlines Assistance Scheme, at Subhead 2, is an on-going programme of assistance for both GB Airways and Monarch airlines with landing charges at Gibraltar. The issue of Gibraltar's excessive landing charges continues to be discussed between the Government and the MOD, as this is perceived to be a major disincentive to airlines to operate to Gibraltar. Indeed, it is for this reason that the Government, through this subhead, offer incentives to airlines to increase the number of flights and the capacity offered on routes to Gibraltar. The greater the additional programme of flights to Gibraltar over and above the airline's previous commitment to Gibraltar, the greater the assistance which is made available by Government. I am glad to report that negotiations are at an advanced stage aimed at restoring the Manchester/Gibraltar link as from spring 2001. I intend to make further announcements in this respect at the appropriate time. There is also an element of providing funding in this subhead to support the Regional Airlines service to Gibraltar, as the Government wish to see the airline making a success of the route it operates. Indeed, Government are currently discussing a number of alternative routes with Regional Airlines which would open up new opportunities in areas which do not at present enjoy a direct service with Gibraltar.

Funding for the Hotels Assistance Scheme is provided in subhead 3. Only one hotel, the Caleta, is still undergoing major refurbishment of a number of its rooms. However, only a small portion of the soft loan being made available to it by Government

remains to be paid in this financial year, and indeed at the time of writing has already been drawn down. Finally, this subhead provides for payment of a small grant to the Continental Hotel in respect of improvements which the hotel is making to its product.

The demand for hotel rooms in Gibraltar is growing. In fact, hotels are performing well. The Government are aware that it takes time for new hotels to be built and to come on stream and it is therefore considered that now is the time to provide for the commencement of projects which will increase the number of hotel beds available in Gibraltar. Failure to do so could result in a shortage of beds in years to come. This is why the Government are presently in discussions with parties which have expressed an interest in setting up new hotels in Gibraltar. I hope to be able to make an announcement in this respect very shortly.

I will now turn, Mr Speaker, to the major source of expenditure on tourism which is contained within subhead 1. This provides funding for the preparation of the beaches for the summer months. This year, the funds being made available for this purpose, have been increased as Camp Bay will now be fully available to the public once again and the work required to clean up after the damage caused by the rockfall is considerable.

This subhead also contains funding for the conclusion of a feasibility study which the Government are carrying out in respect of a possible widening of Eastern Beach and Catalan Bay, including the provision of beach protection, and also the preparation of the land between Eastern Beach and Catalan Bay in order to provide much needed car parking for the summer season, for the residents of Catalan Bay and for commercial development. The project includes the protection of the seaward boundary of an area which is presently an eyesore. What is intended is to identify scientific formula which will allow both Eastern Beach and Catalan Bay to be considerably expanded in size and for the sand to be retained despite the strong easterly winds. In addition, the brief to the engineers developing the scheme is that the force of the waves should be reduced during periods of easterly winds to make bathing safer throughout the

bathing season. To compliment the more attractive beaches which are envisaged, new changing rooms and other facilities on the beaches themselves will form part of the project. In addition, a new promenade next to the sea linking Eastern Beach and Catalan Bay is envisaged. This will border the land which the Government wish to develop for commercial use, something which is greatly needed. A scheme which will compliment the improvements planned for the two major beaches will commence this autumn. This is the beautification of Catalan Bay. Phase 1 of the programme will involve the paving of the central area in front of the Church and Genoa House and the restriction of traffic to permit holders. The steps from Sir Herbert Miles Road to the Church will also be rebuilt as part of this phase. The works are structured to take place between October and May, in order not to impede the comfort of residents of Catalan Bay and beach users during the bathing season. Further phases will follow thereafter. There is a further scheme which is on the drawing board to improve bathing facilities and year-round leisure facilities. A tender issued inviting outline proposals for the development of Rosia Bay and Government are considering the submissions received so that the matter can be taken forward. The intention is to provide better facilities at Rosia Bay.

Provision has also been made this year for a continuation of the programme of enhancing and upgrading our tourism signage. I believe that the standard which has been achieved is excellent, and creates a completely new image for Gibraltar.

The programme commenced last year for lighting up the city walls and defences will continue. The next area to be tackled will be the area of the cliff face above the portion of the Northern Defences behind Laguna Estate. This will then link up the floodlit area of the North Face with the dramatic lighting up of the Medieval Castle and the Castle Batteries which extend down to Casemates. Further extensions to this floodlighting programme are planned along Queensway and Trafalgar Cemetery.

Improvements are planned to the most visited tourist site in the Upper Rock, St Michael's Cave. A new computerised lighting and

sound system will be installed. This will allow for a "Son et Lumiere" spectacle. In addition, provision is being made for changing rooms for artists who perform in the Cave, given the increase in the number of concerts now being staged in the setting of the Cave. In addition, as more and more conference organisers and indeed the Government are holding special dinners in the Cave, it is necessary to provide a proper kitchen facility which will greatly assist the caterers who provide the banquets which are offered in the Cave. This programme of improvements, which is estimated to cost £750,000, is being assisted with EU funding and will be completed before the end of 2001.

Another project which is EU funded, and on which work will commence this financial year, will open up a section of World War II tunnels to the public. The tunnels will only be visitable in organised parties, led by a qualified guide. It is an exciting project, which offers a number of interesting opportunities. Funds are being made available within this subhead for a part of phase 1 of the project, which will be completed next financial year. A feasibility study was commissioned into the project, and the Government are now considering the parameters of the project to which we will give the green light.

A third improvement to the tourist project involves Nuns' Well. This again will be an EU-funded project. The focus here is completely different. On the one hand, the scheme will provide for the protection of the Well, which is an ancient monument of great significance. This will therefore be of assistance in the formulation of the bid for the inclusion of Gibraltar in the UNESCO list of World Heritage. However, the scheme goes further than this. It will mark the first phase of a much larger project to considerably enhance the area of Europa Point. The project will include a children's play area and an element of car parking, and of landscaping and of interpretation of the whole area of Europa Point. The Europa Point project will eventually encompass the cliff top promenade from the Well to the Lighthouse, the Mound and the area surrounding the Mound.

Finally, this subhead will provide the funding for the completion of the Coach Terminal and Ferry Terminal projects and also for the refurbishment of the Land Frontier building, the only entry point to Gibraltar which is awaiting a serious facelift and improvement of facilities.

There is still one area which requires attention and that is the area of improvement of Gibraltar's nightlife. I am sure that Casemates will have some impact on this once all the restaurants and bars are up and running. However, Government are always ready to receive proposals from private entities who wish to introduce new attractions to improve nightlife.

Mr Speaker, this is an ambitious programme which shows the Government's commitment to improving the tourist product in a systematic way. It is a policy of sound investment which will consolidate Gibraltar's position as a tourist destination.

I will now turn to the two items which comprise the Transport - Traffic improvements. The refurbishment of the Motor Vehicle Test Centre has commenced. Work, in fact, is not progressing at the rate at which the Government desire partly because the successful tenderer has experienced difficulty in sourcing the necessary steelwork required for the project. The problem has now, I understand, been overcome. I attach great importance to this project being completed within the shortest possible timescale.

Subhead 5 provides funding for the new, attractive bus stops which have now been erected. Funding for this was provided last financial year, and a tender was advertised and awarded. However, the works were not concluded last financial year, and only the deposit for the project was paid. The balance of the cost has now been paid out of this year's funds. The Government are also considering the precise changes which will need to be introduced to radically improve the public bus service. A token vote has been included within this subhead for this purpose once the Government have taken a final decision. The principle which the Government want to introduce is that there should be a

frequent, reliable bus service which should be attractive to existing bus users and which should attract more members of the public to use public transport. In addition, the Government wish to see those buses which are presently in use, which are unsatisfactory, removed from service and replaced with more modern, more comfortable buses.

Another area which the Government will tackle this financial year is that of car parking. The area to the north of the car park which was created on the site where the prefabs once stood is also going to be converted into a car park. This will increase the amount of car parking just off Queensway and will further the Government's policy to create as much additional car parking spaces as possible outside the City walls to encourage Gibraltarians and visitors alike to park away from the City centre and to enter the old town on foot.

As detailed in our manifesto, a second car-parking scheme is planned for the Upper Town, an area which is in great need of parking. The question of traffic flows in the access route to the Moorish Castle Estate is also being studied and several options are being considered as the Government wish to improve safety for children attending schools in the area of St Bernard's Hospital. The Government also wish to find solutions to traffic flow problems which have existed there for many years in this very difficult area.

Subhead 6 covers the programme of road resurfacing and construction. The core of the work which will be covered this year from this subhead will comprise the conclusion of the following projects - the finishing of the widening of Sir Herbert Miles Road; the completion of the Devil's Tongue Road project; the completion of the Waterport Road improvements; the completion of the North Mole Avenue road widening project, in the area of the Coach Terminal; the completion of the pavement now being built at Town Range; the Camp Bay project, which will result in the road finally being reopened to through traffic.

New projects which will commence this financial year will include - the resurfacing of Europa road; the resurfacing of Rosia Road; Phase II of the reconstruction of the Western Arm; Reconstruction and embellishment of Rosia Steps; The introduction of safety measures to reduce the speed at which traffic travels along Buena Vista Road; Reconstruction of Devil's Gap Steps; The construction of a new pavement along Prince Edward's Road; and the construction of a pavement on Queensway.

I would now like to turn to Subhead 7, which covers improvements to the Port. Funding will be made available to complete the purchase of the second new Port Launch, which is on order. In addition, the security works along North Mole Avenue, and the provision of a barrier and control cabin to secure the entrance to the controlled and restricted areas of the Port will be completed. Equipment to combat oil pollution have now been purchased and will be supplied within the next six weeks.

A number of minor projects will also be funded from this subhead. They comprise replacement of certain windows in the Port Lookout to improve visibility at night. This is an important safety measure. The works should be undertaken very shortly. In addition, a wharf platform and gangway will be purchased. Funds will be made available for the replacement of fenders. Finally, funds will be allocated for the purchase of additional diving equipment to supplement the equipment which is operated by the Port Department diving section.

The final project within this Head of Expenditure is £170,000 which has been earmarked for the first stage of the Container Transshipment project. An EU tender was issued for the appointment of a Transaction Adviser for this project, and the selection process is currently being undertaken. This exercise should be completed by the end of July. The feasibility studies will need to be commissioned by the Transaction Adviser once appointed who will then need to assess and make recommendations based on the findings of the studies. This could be a most interesting project for Gibraltar with immense economic potential.



The programme of projects which will be spearheaded by the Ministry for Tourism and Transport is ambitious but achievable. The completion of all these works will represent further important strides in improving the fabric of Gibraltar for Gibraltarians and visitors alike. This programme shows long-term vision and commitment to improving the quality of life for Gibraltar.

Mr Speaker, that concludes my presentation of the Estimates of Revenue and Expenditure for the Ministry for Tourism and Transport. Thank you.

HON J C PEREZ:

Mr Speaker, this budget has, what I would call, a David Copperfield illusionary effect. The packaging is such that there appears to be a series of significant measures to ease the burden of the cost of living of the average citizen across the board but on closer examination, the effect suddenly disappears. Instead we have a basket of small give-aways which has no relation to the huge increase in revenue to the Government, such revenue deriving principally from the taxpayer. I repeat the observation of the Leader of the Opposition that much more could have been done. This policy of packaging, new to Gibraltar until hon Members were first elected into Government, has been projecting them, the GSD, as the party that stands for tax cuts and the previous GSLP administration as the Government of over-taxation. Nothing can be further from the truth as the comparative figures for tax yields show. When we left office in 1996, Mr Speaker, income tax yield was in the region of £40 million a year whilst the projected tax yield for this current year is £52 million, £12 million more than when we left office despite there having been no significant changes in the number of those employed. The people of Gibraltar are paying £12 million more in tax collectively than they used to pay in 1996 despite the increases in tax allowances.

Certainly the financial position demonstrates that the manifesto commitments of the GSLP/Liberals was and is affordable, despite

everything said in the election campaign. I accept however, that the Government have a mandate to introduce their policies and not ours.

Mr Speaker, on services to the public generally, the Estimates confirm the trend of previous years with little or no improvements in areas where it is palpably evident that this is needed.

In referring to the Buildings and Works Department I was astonished to hear the excuses of the Hon Mr Netto for the unsatisfactory performance of the Department in dealing with justified demands from Government tenants for repairs. He keeps on trying to blame his own shortcomings on the situation he claims to have inherited nearly five years ago now. He talks about "inherited backlog" on refurbishment of the housing stock as being responsible for the dire performance of the department. He forgets that such refurbishments as he calls inherited, I call recurrent, is being carried out by private contractors and does not eat into the resources of the department. He then says that the workload of the department has increased as a result of increased housing allocations. Where, Mr Speaker? The Government housing stock has increased only via the acquisition of Edinburgh House and the maintenance of those flats is being contracted out despite commitments to the contrary having been given to the workforce. When he talks about assurances to the workforce he should understand that actions speak louder than words and that his performance as the Minister responsible over the last four years leaves much to be desired in that respect. The Minister seems to have forgotten everything he learnt and later preached as a trade union official. He has, in four years, curtailed and diminished the effectiveness of the department to respond effectively to the maintenance requirements of Government tenants by his industrial relations policy in the department. He talks of his incentive scheme without admitting that it is inferior to the one in force when he was a union official.

He forgets he is responsible for having cut the take-home pay of most workers in the department. He uses words and phrases like "the culture of the workforce" and "value for money" as if he had

invented these concepts and are the alternative to a sound industrial relations initiative. After four years at the helm of Buildings and Works, he now seems to want to cover his back by another review by consultants. Alas, he has found a new excuse for his shortcomings over the last four years. Neither he nor any of his colleagues had noticed in four years in Government that the administration of Buildings and Works and Housing had been separated when the Public Works Department was dismantled. Now he wants to merge them, all under one roof in the City Hall and this will now enhance the performance and response of the department. Well, Mr Speaker, I doubt whether the City Hall is large enough to deal with the rising number of complaints from tenants awaiting repairs. The sick, the elderly, those in the lower income group are again the ones most affected by the failure of the Minister to deliver basic repairs to tenants' flats. Mr Speaker, sick people waiting for special bathroom adaptations as a result of their medical condition, elderly people living alone and in need of basic repairs, all meet with the same bureaucratic red tape. Their flats are visited, the works are identified, they are visited again, and again, they then wait and wait and wait and nothing happens. This is probably what the Minister describes as "value for money".

If we turn to the Highways and Sewers Section we see a similar pattern emerging although perhaps more critical in certain ways. When we left office in 1996, the section was already rundown as a result of the departure of a good number of Moroccan workers who decided to take up the repatriation package offered to them. No decision was taken at the time over whether the recruitment of new employees was to be done within Government because consideration was being given to proposals put to the Government by a sector of the staff for moving into the private sector. What was evident then was that more industrial workers would be required whichever option was taken. I am not going to repeat the contradictions voiced in this House by Government Members over the future of the section and my repeated accusations that they were purposely running it down. I listed all of these in my contribution last year and was told by the Chief Minister again, "The Government have no plans to run down the Roads and Sewers Section. Indeed the Government are in the

process of restructuring the maintenance of the Roads and Sewers Section, relocating it and focusing the roads part of it into a minor resurfacing and intensive Road Maintenance Section". We had heard different versions of the same nonsense before but on this occasion the Chief Minister was more careful with his words. He said he had no intention of running down the section further – emphasis on the word "further". The previous commitment of reviewing manpower requirements having vanished into thin air. As for creating an intensive Road Maintenance Section with the ability of carrying out minor resurfacing, Mr Speaker, and achieving this via a restructure of management, however much one moves managers around there is no way that half a dozen men can increase their intensity or their capability of tackling the maintenance that our side streets, alleyways and steps require, all of which is their responsibility to upkeep side by side to a programme of resurfacing, however minor that might be. The reality is that if we look closely at the Estimates and separate the industrials of the sewers from those involved on roads, what we see is that there are more supervisors than there are industrials to supervise. Contrary to what the Government are doing at Buildings and Works, they have ensured a high earnings potential for this small group and contracted out all of the work the section used to undertake, not only the heavier road construction and resurfacing projects as claimed by the Minister last year.

The complaints by citizens that the hidden parts of the City Centre particularly the old part, are not maintained and in some cases totally abandoned is totally justified. There is no road section any more to repair the likes of Morello's Ramp, Castle Street, Tudury's Steps or maintain the like because I do notice that the Hon Mr Holliday has announced that, for example, Devil's Gap Steps is up for repairs but it has not been maintained and the repairs are coming out of the I&D Fund and again going out to contract because these people cannot do all that. The capability of the section is not there and will not be if the Estimates reflect accurately the intentions of the Government over the coming year.

As to the work that has gone out to private contractors, there is a tendency of long delays in completing some projects, well past the contracting dates, Sir Herbert Miles Road and the coach park are two of the projects that come to mind, although with the latter project there seems to have been a more serious situation afflicting it, with the main contractor, the successful tenderer, not meeting its obligations to sub contractors and the Government having to step in to rescue the day. This despite the tender system and the list of approved contractors. We shall see how much more the project has cost as a result of this misjudgement.

Mr Speaker, I now come to a favourite topic of the Chief Minister which is the continuing traffic chaos which he prefers to describe as, and I quote from his contribution last year, "A build-up of traffic for very limited periods of time at peak times". Despite the many occasions I have been told that this and that is being studied and that options are being looked at, the reality is that every step the Government have taken in re-directing traffic has resulted in a worsening of the situation rather than an improvement, or give them their due, an improvement to a disastrous situation created by their own policy previously. There is no focus on traffic management other than re-directing it as best possible to give way to pedestrianisation. The consideration for the motorist is zero.

I read with interest, Mr Speaker, the new arrangements announced last week for the payment of road licences. This again, is not in consideration of the motorist but of the Government themselves and their stubbornness to have MOT tests annually instead of biennially. This year some motorists will have their road tax payments staggered, but in years to come the new arrangements will have the effect of accumulating the annual costs of owning a vehicle with the cost of the road tax and the MOT test coinciding. And if one happens to have bought a new car and not transferred insurance cover from another vehicle, one's insurance costs too. This, Mr Speaker, is totally inconsiderate particularly when a car, for many, is fast becoming a necessity rather than a luxury. Not everyone can bear the cost of the insurance, the road tax and the MOT test all in one go.

Indeed, the new arrangements announced should have been accompanied by a better administrative arrangement because we have a situation today that if one goes for the road tax licence now there is a queue of between two and a half hours and three and a half hours because there is insufficient staff to implement the new measures that they have put. The difference between every other year, like the Minister has said, and this year is that whereas there is one road tax prepared and available, one has to be asked what option one wants, whether one wants to pay for the road tax until the expiry date of the vehicle or one wants to pay until the next year. If one says one wants to pay one or the other then the road tax has to be prepared for one there and the queues are longer than they were and this should have been taken into account in the application of the new policy of the Government. They should have had more people there attending the public because, frankly, if it bothers us to have a queue to go to Spain of two hours or three hours, it should bother everybody else to have a queue to go and pay one's road tax licence. Need I remind the House, Mr Speaker, that our policy was and is still, that MOT tests would be once every two years instead of yearly, that we would do away with the road licence altogether and that we would legislate to abolish clamping.

I now turn, Mr Speaker, to the Electricity Department. I notice that the installation of the controller link which I believe Col Britto now calls the SCADA system..... [INTERRUPTION] Well, it is in the I&D Fund as controller link if he cares to look at the Estimates. I notice that the installation of the controller link seems to be taking longer to complete than originally forecast. Indeed this has been confirmed by the Minister himself, instead of having it ready this summer we will hopefully have it ready next summer. The Minister, as is customary with him, has announced the project on several occasions but it does not seem to come to fruition.

HON LT-COL E M BRITTO:

Will the hon Member give way? He seems to have misunderstood what I said. I said it was going to be ready by the end of this summer, not next summer.

HON J C PEREZ:

Yes, but it should have been ready by the end of last year. So there is a delay of a year.

Mr Speaker, other than predicting an increase in fuel prices for the current financial year and the inexplicable employment of an extra engine room operator which I will intend to raise at the Committee Stage, there does not seem to be major changes in the department. Of course, the Chief Minister well knows that the report into the department commissioned by him has created expectations amongst some employees and concern amongst others. Although he has refused to share the contents of the report with the Opposition, it is also well known that every shop steward in the department has a copy. I hope the optimism he expressed in his opening remarks about what he called "solving the historical imbalances" is well founded. I myself, through my experience in the union and in Government for eight years have always found that reports by experts, as it affects industrial relations, have normally got to be shelved in favour of a free negotiating process with the people on the job.

The same sense of uncertainty continues to prevail amongst the personnel of the Port Department following the report commissioned by the Government. I know the Government are still talking to the union about the future role of the department in the overall commercial orientation it is committed to, but change always brings uncertainty to those who have been serving the community in a particular role over a number of years, moreso if very little information is forthcoming as to what extra duties they are expected to take on which I understand is what employees perceive to be the case. Perhaps the Minister is not totally to blame given that he says that the staff association is talking on a continuous basis to him but that is a perception of the people there, that they know not enough of what changes are expected of them and there is concern in the department as to what the future holds for them.

In the Prison, Mr Speaker, I have seen that the complement has increased by two bodies. I will be asking at the Committee Stage whether this is the result of another phase of the implementation of fresh start or whether it has been agreed with the staff association concerned to increase the complement. I look forward to the day when Moorish Castle can be developed into a heritage touristic site and this will give way to moving the prison to a more modern and adequate facility. When we were in office, particularly when we first came in and found that Gibraltar was on the verge of economic ruin, we made clear to those concerned that at that time a new prison was not a priority. During our second term, when the economy started to perform as a result of our policies in office, options were considered but with no firm commitments. The adaptation of Buena Vista Barracks was found to be too costly and this without meeting EU standard requirements for new prisons. The Old Dutch Magazine was also a consideration but no in-depth study was carried out at the time. But I do remember that some Government Members did create expectations amongst some Prison Officers that a new prison was a priority. Well, it is certainly something which will need to be tackled sooner rather than later.

Mr Speaker, I take note that the Fire Service or Gibraltar's Emergency Services, as Mr Edmonds prefers to describe the force because of the variety of emergencies they attend, continues to perform admirably regardless of which Government is in office which is as it should be. I take the opportunity of thanking Mr Leslie Edmonds for the very good work, the very valuable input into the department over his years as Chief Fire Officer and I also take the opportunity of congratulating Mr Casciaro in being promoted to Chief Fire Officer. *[INTERRUPTION]* For what? I know he thinks he ought to have a bleeper and every time there is a call from the Fire Brigade he should attend to it or that is the impression he gives in his speech but it is not true.

HON CHIEF MINISTER:

Will the hon Member give way? As he appears to hold Mr Netto responsible for the dreadful state.....

HON J C PEREZ:

I have not given way. [*HON CHIEF MINISTER: I do not blame him for not wanting to give way.*] Indeed, I understand the point he is trying to make and the point I have said of Mr Netto is that he cannot continue blaming other people for his misfortunes because he has been four years in Government, four years responsible for the department and he still wants to blame other people and other things for his own shortcomings in the department and complaints continue to mount.

HON CHIEF MINISTER:

Will the hon Member give way?

HON J C PEREZ:

No, I am afraid I will not because he has got the right of reply. If it was any other Minister who has not got the right of reply I would concede but he has got the right of reply so he only needs to take note and remember.

Mr Speaker, although one has noticed some improvement in the delivery of mail in recent months there is still public concern over the service. I have said here before that I feel that the delivery post workers have a case for an increase in their numbers but it is not for me to say how Government should sort out the deficiencies of the department other than to state that the service still leaves much to be desired particularly as it affects the delivery of telephone and water and electricity bills. There are still instances of telephone disconnections whilst neither the demand note for the last bill has reached the subscriber and this is certainly blamed on the Post Office. I take note that the refurbishment works on the General Post Office, which I long ago called for,

have now started and I am pleased that the Government finally decided not to relocate the Main Street Post Office from its present building which, as we all know, is of historical value. I do believe, however, that the Sorting Office and the Postmen's Quarters should be relocated to improved premises with vehicular access. I know, Mr Speaker, that certain recent discoveries in the Post Office have resulted in prosecutions and is therefore sub judice at present so I naturally will not dwell on this matter at this stage. And I also take note that the Minister has mentioned that again another report on staffing is going to take place and I think that the Government are making the same mistake over and over again. Every time we have got an industrial relations problem or a problem of staffing they try and cover their backs with reports rather than face the problem and talk to the people on the shop floor and try and sort it out with them. But again, it is their policy, they are in Government, I can only point out what we believe should be the case and it is up to them to decide what they do.

I now turn to telecommunications, Mr Speaker, so essential to our continued economic development but where there seems to be an impasse because of a combination of occurrences. Today, I am obliged to repeat my call for a decrease in telecom charges which is totally justified by the dividend figures in front of us and which is necessary if the two establishments that hold monopolies today are going to survive the much overdue European Union liberalisation. Over the past three years, with the exception of one year in respect of Nynex, the results of the dividend payments of both Gibtel and Nynex has been greater than that estimated, signalling that both companies have exceeded their own expectations in the profits they are making. In a short space of three years Nynex has paid dividends amounting to £5 million and Gibtel to £5.353 million, nearly £10.5 million in three years in an economy the size of Gibraltar, with such a small customer base, indicates a very high average turnover per customer. Half of these payments have been received by the Government which is a 50 per cent shareholder of both companies. This has happened despite certain Board decisions of expenditure which we believe to have been a misjudgement such as the acquisition of a £1.6 million billing computer by Nynex. I will return to that topic shortly.

Also despite the very nominal decreases in international charges, such decreases having been announced during the election campaign but which still leave our rates still significantly higher than the European average.

Mr Speaker, we believe that investors should get a return for the money invested. It is a sacrosanct criteria for attracting investment. But is it right that, for example, British Telecom should have, via its own dividend payment, recovered its initial investment 10 times over whilst charges to consumers remain one of the highest in Europe? Is this not wrong even in a monopoly situation, moreso when we all know that the inevitability of EU liberalisation could bring stiff competition and put at risk the jobs of Gibraltarians in that industry? And it is not as if a small customer base is producing a situation where money needs to be re-invested in new technology in a large way since the dividend payments reflect a position after taking account of new investments.

The estimated dividend yield for the coming year is another £3.5 million between both companies. The customers deserve a share of that. There is a case to slash rates across the board and the Government, as shareholders, have a responsibility to protect consumers and convince their respective partners to do this. The cuts in international charges need to be accelerated and local charges need to be cut, particularly as it affects the usage of Internet. There is no excuse now, at this time, for our charges to be higher than in other places. There were sound reasons in the past to defend that position but not anymore. The dividend payments tell the story.

Against this background, Mr Speaker, one can hardly find acceptable the rash disconnections that take place without warning, the reluctance to adopt a policy of warning customers by phone prior to disconnections, the reluctance to provide collection facilities in the Centre of Town to facilitate payment by customers, et cetera. It is not as if Nynex has a cash problem. Why then this arrogant approach to the customer who is ultimately the one producing those profits? The company knows that bills do not get

to customers on time even if it is not of their own making. Why these unwarranted disconnections?

We were told that the features of the new £1.6 million computer would enhance customer service. Well, it might have helped management in many ways but the customer has not benefited one iota and it is the customer that foots the bill.

The two cases by the respective companies to the European Commission are caught up in the Brussels red tape. But Gibraltar is fast running out of numbers. In fact, Gibtel already has a waiting list of around 100 clients waiting for a mobile number. And although the EU legislation on liberalisation was promised in 1998 and 1999 by the then Minister for Trade, and earlier this year we were told it would be published during this same session of the House, we are still waiting to see it. And yet, despite the fact that it has not been passed in this House, aspects of it have been found applicable as the Government learnt the hard way, in court, in the ruling over the Gibnet challenge although I do understand that there is an appeal presently being launched through the Privy Council on the Gibnet case which, let me tell hon Members, only makes sense if the point of principle is being challenged but certainly if the intention is to bring the liberalisation legislation to the House it does not make sense to spend more money in taking the matter up with the Privy Council but we might have an explanation on that later.

There should exist no good reason for any customer coming to Gibraltar and asking for a leased line to UK to be charged an exorbitant rate when in another telecoms jurisdiction that charge is 10 times smaller. What happens is that Gibraltar loses that customer and we are all the worse for it. I regret to say that it looks as if there is no coherent policy on telecoms and that Government leadership is absent. Now we are still juggling over whether a merger takes place or not or whether one of the two foreign shareholders sells to the other instead we should be strengthening our customer base for the eventuality of competition from across the border.

Mr Speaker, if we are going to be competitive in e-commerce, the cost of Internet must come down. We have heard the Minister saying certain initiatives that have been taken on e-commerce and on training on e-commerce but it is crucial that this should happen if we are not going to lose the boat.

We now know that this cable to Africa which the Chief Minister rushed to include in the manifesto was the result of a discussion with a client and might now not materialise. Certainly Government funding for it is not in this year's Estimates, connections to Morocco can take place via microwave and I take the point that the Hon Col Britto said, that Gibtel is buying capacity in the SEAMEWE network and therefore that might be the alternative strategy taken by the company with no expenditure to the Government. But let me say that there are other potential businesses to be attracted by the laying of a cable across the Straits and I would say that that is the best alternative although certainly a costlier one.

I now turn to GBC, Mr Speaker. I was reading the contribution of the Hon Col Britto last year and could not help thinking that having taken such a long time in approving the proposals of the corporation, there should not have been a greater monitoring of the financial situation over the first year after the re-launch. Col Britto said the following, "The plan submitted by the Corporation envisages GBC adopting a more commercial approach at, may I say, the insistence of the Government. The projection is that after the initial period, a gradual reduction in the level of the subvention should be possible". Employees were to receive cash bonuses if the agreed targets were achieved. Well, Mr Speaker, we do not seem to be on target and the subvention has slightly increased. What I am uncertain is whether the bonuses have been paid or not. Despite having to put up with Spanish soaps, which add nothing to our culture or educational requirements as a community, the potential to attract advertising has not materialised as projected on television. So we finish up with some programmes we do not particularly relish having on our screens, many disgruntled viewers and we are none the better off financially. On the contrary, the salary bill is now greater than it

was. It is a pity, Mr Speaker, that all the efforts of the re-launch should have not been directed towards a shorter programming exclusively community orientated as was suggested by the Opposition. That is the only thing that would be missing from our screens if GBC were not there and it is the only gap we need to fill. Indeed, the advertising around community programmes is more intensive because advertisers see what perhaps GBC management seems not to see, that viewers switch on for community programmes. I must say that there has been an effort on the part of many employees in the Corporation to improve on these type of programmes and this is very welcome. We shall have to wait and see what the results of the second year of the re-launch looks like and whether the projected targets insisted upon by the Government are able to be met or not. We feel, in the Opposition, that expenditure on GBC from the public purse is justified as long as the Corporation produces what viewers want to see and there is greater financial accountability on how management spend that money although I do understand that a big chunk of it is on salaries. I am sure that if instead of Government Members appearing so often, particularly the Chief Minister, we were to get a greater cross-section of the community, perhaps viewers would feel that GBC belongs more to them, to the public. I say that tongue in cheek, Mr Speaker, for the benefit of the uninitiated.

Mr Speaker, it seems to me from the Estimates that the matter of the contract for collection of arrears with Land Property Services is still unresolved. It also looks as if, despite the re-establishment of the Arrears Unit within the Government, the matter of collection of arrears is still something which continues to concern the Auditor. I say this because the Government made a lot of song and dance over this issue when sitting in the Opposition and the Chief Minister himself set himself as a matter of policy, the reduction in arrears and there seems not to be much progress or improvement in this direction.

Finally, Mr Speaker, I would like to emphasise that the broadbrush approach in the implementation of policies by Ministers, as it affects public services in some areas, is not taking



into account the needs and requirements of individual citizens who are in some way detrimentally affected by Ministerial decisions. When they want to complain, Ministers will not see them generally, they are directed to complaints procedures set up which many citizens do not seem able to cope with and become exasperated. There is a perception that this Government will not listen and do not care when it comes to individual complaints by elderly citizens needing the installation of a shower or fixing a tap or unable to understand any area of policy as it affects them. Thank you for your indulgence, Mr Speaker.

HON K AZOPARDI:

Mr Speaker, following on from the hon Member that spoke extensively about Buildings and Works, I think my contribution will be somewhat different as expected, of course, given my different Ministerial responsibilities.

Before I talk about my departments I want to take the opportunity to make some general observations. This budget that I am presenting today in relation to my department, the Trade and Industry and Telecommunications, is a radical change for me given that for the last four years I have been presenting a budget which is public service driven rather than private sector led. Indeed last year I came to the House with a total budget of both my departments of about £35 million which was the largest of all departments and now I come to the House with a somewhat more humbling figure of £2.2 million which by no means makes me the financial Cinderella of the Government, that role is reserved for Mr Corby with a budget which is smaller than mine but it is still certainly indicative of the ethos change, I think, between my department now and my department then. I was at the head of a department which was a spending department, a social service driven ministry at the heart, what I like to consider the heart of social change and now I have a responsibility for a ministry of economic regeneration. A marked change between public services and private sector driven sectors. By necessity, of course, that has entailed that I need to have a conceptual change on the approach to matters, no longer public service driven, as I

say and by necessity my presentation today will be forward-looking and not analytical of the past because, of course, I have not had this responsibility in the last four or five years and therefore I feel that I should restrict myself to present a more forward-looking budget without necessarily looking at what measures have been put into place in the past by my predecessor. I think it is the practice before I go into my contribution to acknowledge and congratulate Members on making maiden speeches and I am happy to do so in relation to those Members who have made those maiden speeches today and indeed yesterday, I think it is important that the House do that. I also take the opportunity, before I go on, to thank the public servants who have so helpfully assisted me in the last four years in Environment and Health; thank Dr Linares for his kind comments about me yesterday, I am sure that he will make an excellent Health Minister as indeed my Colleague, the Hon Col Britto will with his portfolio of the Environment that I used to have before.

Mr Speaker, Trade and Industry and Telecommunications, as far as I have inherited and to the degree that I have been able to assimilate part of the old Ministerial responsibilities that I used to have, is divided into four principal divisions – commercial; finance centre; telecommunications, and heritage and planning. Indeed commercial itself is split into, what I consider, different subsections even though there is no formality behind that degree of separation. But I would say that it is separated into commercial projects both local and inward investment, new projects coming in from the outside; business advice and assistance; EU funding; lands; trade licensing; and importantly now in view of the comments that have been made by several Members today, e-business is an integral part, I think, of the component parts of the commercial aspect of the Ministry.

If I can first deal with that, with commercial and give the House a flavour of how I see the next 12 months and certainly perhaps the future beyond that also in relation to the commercial aspects of the Ministry. As I say, I feel that there are two sides to the commercial projects that the existing local business and indeed



the inward investment coming in from outside, the new projects, I feel that the objective obviously has to be to assist existing business, to consolidate, prosper and expand and to work with representative bodies to identify needs of the business community such as the Chamber and the GFSB. I have already met both organisations in the last few months. We have agreed to regularly meet in this process of identification of needs so that we can move forward in this partnership. I think it is also important to involve the unions and the trade unions now that my door is open to discuss with them any aspects which may impact into DTI because I do believe that the prospects and the success of the Ministry depends on a cross-section partnership between the private sector and indeed the unions and the Government. In relation to new business, of course, I think our objective is to create a user friendly business environment to attract inward investment to Gibraltar. Whether we do that or not, whether we are successful in that or not, will be seen at the end of the four year term and I would expect at least for Members to suspend judgement until we have got that chance to create the right environment to attract inward investment to Gibraltar. I think it is certainly for me, premature to make an assessment, certainly I would venture to say premature in any event to make an assessment but my intention certainly, having been assigned this Ministerial responsibility by the Chief Minister is to develop policies to attract commercial projects and finance centre institutions to Gibraltar within the framework of the general aspirations that I pointed out a few seconds ago.

In relation to business advice and assistance I think there is some work that can be done to make the role of the Business Advisory Unit and function and scope of the service the Business Advisory Unit is intended to give members of the public and indeed people who want to start up businesses, clearer and perhaps increase to a degree greater awareness in that field. I intend to work with the private sector to identify if there are any issues in relation to the BAU that they would like to target, I have to say that in my preliminary meetings with both the Chamber and GFSB it has not formed a big part of the discussions, they have concentrated on other issues some of which will be things that I will talk about later

in my presentation but this has not been a major issue though I recognise that perhaps some work needs to be done in that context. The big infrastructure projects that the Government are taking forward to assist business in this field is, of course, as a result of some EU funding projects that we have been able to allocate to this area, the Lathbury Industrial Park and the North Mole Industrial Park. We are going to cater for different types of businesses, the ones at Lathbury will be smaller units, the ones at North Mole will be less but much larger units which will be able to cater for different sectors coming into Gibraltar and for different types of businesses. But I would expect that the works, those industrial parks certainly expected by my department, will be completed mid-2001 or so, slightly earlier if we can move quickly but certainly within 2001 we would expect those projects to be finalised which will certainly assist us when it comes to promoting Gibraltar and promoting within Gibraltar a great environment of entrepreneurship because space, as hon Members will know having been in Government for eight years, is a perennial problem when it comes to allocation of businesses and allocation of business space and people always say they cannot really afford high rents at least when they are starting up and I think it is good for Governments, in the same way as we have done with Governor's Cottage, to provide some infrastructure for people to use it as a platform from which they can then deploy to larger things if they are successful.

Under the lands heading I was only going to mention this issue of space and I have done so already. There are other aspects of land, of course, that impact the department such as the continuing discussions with the MOD but I do not think it is a budgetary issue and I do not intend, unless hon Members wish me to do so, to look at that area extensively.

As the House knows, the department has co-ordinating functions for EU funding and indeed a new programme has been submitted to the European Commission for approval. We are, at the moment, tying or expending the last elements of funding of the previous programme, 1997/99, and the funding of projects that were approved as a result of that EU funding allocation and the

projects that had to be committed by the 31<sup>st</sup> December 1999, will have to be spent by the 31<sup>st</sup> December 2001. The principal projects there, of course, I think they have been talked about in the House before and other Members have made presentations but I think the flagship projects to which European funding is being directed and, of course, apart from Lathbury and North Mole, the more substantial one is the Theatre Royal and the World War II Tunnels project which I think the Minister for Tourism was talking about some minutes ago. As I say, that funding has to be spent by 2001 and Government are actively monitoring those projects to ensure that we adhere to the criteria.

In relation to the new programme, I have said to the House before and perhaps it bears importance that I should remind the House of that fact, that the Department of Trade and Industry submitted through the normal course of things, a single programming document to Brussels via the United Kingdom setting out the aims and objectives of the EU funding application on how we intend to dispense EU funding for the period 2000/2006. Hon Members will recall that we announced recently that we had been allocated £0.75 million approximately per year for the seven-year period 2000/2006. The process for approval of that programming document has commenced in Brussels, I know there are meetings set up between members of DTI and the normal people who discuss these matters in Brussels so that the process can be finalised and I would expect, certainly that is my understanding having had discussions with members who are in charge of those discussions, that we would have formal approval so that we can start dispensing funds it is expected later this year towards the end of the year. That, of course, means that the 2000 allocation, even though the programme is 2000/2006, there is an element of flux in that we cannot start rushing to spend this money until the formal approval of the project but, of course, we can identify and the private sector is being urged to identify projects within the ambit of the structure of the programme that we submitted to Brussels. The Chamber, the GFSB and the unions were involved and consulted on the documents so they know what is in it, they know what the framework is and it is not very different either from the previous one except that perhaps we have given certain

emphasis to telecoms and e-commerce and some other emphasis to port development and because of the requirements to comply with the environmental directive on waste water treatment, some mention has been made of funding that may be directed towards that end. All in all, it is in consonance with Government policy and the framework, as I say, is a matter of public knowledge to the extent that the private sector partners have been consulted on the matter.

One of the other aspects, of course, of DTI is trade licensing and I have inherited the review of the Trade Licensing Ordinance. I do not intend to go into this in detail. I know that there is some discussion and there is a paper that I was sent very recently in relation to this matter and it is under consideration. One of the other aspects, of course, of the commercial division of DTI is that they have a separate budget to the finance centre. It is not an extensive budget, I would say it is fairly small really, about £20,000 to market Gibraltar in a commercial sense and I know that there are plans specifically that the department has and is eager to conduct in Morocco, Tangier and Casablanca and Marrakech and some contacts are being made with Morocco and meetings are to be held in the next couple of weeks to see what can be done with that particular country. I think North Africa opens commercial and finance centre and e-business opportunities to Gibraltar and it is in that context that perhaps I could discuss very briefly e-commerce, in the context of the Moroccan and North African connection because the Government have committed funds and indeed commissioned a feasibility study into e-business. The terms of reference are quite wide but there is a particular reference to Morocco and North African opportunity is made in the e-commerce terms of reference of the feasibility study and we will hope to have that study in place submitted to the Government at least the first draft, by early June so that we can receive the final draft for consultation with the industry round about the end of June. The e-commerce feasibility study is important not only because it looks at North African opportunities but because it looks at e-business generally and I think this is an area which has now become fashionable to talk about and there is a degree of uncertainty and lack of awareness. It is a technical

area while at least it lends itself to technical jargon being dangled in front of one confusing the uninitiated and distracting one and discouraging one from involvement in e-commerce but certainly the Government's role is to remove the mystique from e-commerce and to encourage business to go towards this area. I think the Government can do four things in e-commerce. We can educate and train; we can market; we can assist to finance, if necessary, at least some aspects of detail in relation to e-commerce; and we can legislate. We cannot run the businesses but we can facilitate business in relation to e-commerce and that is at the heart of Government's policy appraisal in relation to this field and I have to say, I am not sure whether the last speaker, the Hon Juan Carlos Perez when he was talking about telecommunications meant his comments also in relation to e-commerce, get that impression but if he did I would have to say and reassure him that the Government take the issue of e-commerce quite seriously. Insofar as it connects with telecommunications, the whole issue is under appraisal and the Government are in the throes, at the moment, of developing a strategy to take forward this area of e-commerce so that we can facilitate business opportunities, so that we can do those four things – market, educate, finance and assist and legislate in the context and in conjunction with the private sector. I should tell the House, for example, in relation to legislation that we expect to issue the consultative paper with the legislation annexed on e-commerce very shortly, certainly within the next couple of weeks. That will be followed by a period of consultation, of course, and subject to the extent of amendments that people feel is necessary to be made to this legislation I would like to move as quickly as possible. It will run in parallel to this ascertainment and identification of a development strategy in relation to e-business that we are putting forward, as a result of the feasibility study and together with the Think Tank that I have set up to deal with this area and we would hope that we will be in a position to go out and market Gibraltar as an e-business hub by the autumn of this year as a result of having settled our development strategy, our marketing strategy, the training and education opportunities that we intend to put in place, hopefully the legislation by then and also identify the degree of assistance that can be given to e-

commerce in a financial sense. In that context it has a link, of course, with the EU funding programme because there are possibilities that are being drawn up by DTI for funding assistance in relation to e-business such as design of websites and assistance with security certification, et cetera. There is, of course, a link, as I think the hon Member who last spoke before me, was making with the area of telecommunications. The e-commerce legislation will regulate but will not facilitate business. The facilitating business, the facilitating bit of legislation is of course the telecoms liberalisation. There the Government have made clear its commitment to go forward and transpose and introduce liberalisation as soon as possible and I would restate the commitment generally. Once liberalisation is in place and we have a greater possibility of dealing with the issue of whether or not there is competitively priced bandwidth in Gibraltar then I think it will certainly have a knock-on effect of the possibilities that will be opened up by e-commerce. I think that is the real issue that is in the heart of the telecoms liberalisation debate and I recognise the link that it may have with e-commerce and time will tell whether indeed it is certainly a genuine fear that people have as to the pricing of bandwidths or indeed whether we can deal with it once the telecoms liberalisation is in place. I would say just generally on e-commerce, before leaving it, that it forms a great plank of our commercial policy, that we think that there are great opportunities both for local existing businesses in Gibraltar and for businesses coming to Gibraltar and we are eager and enthusiastic about that area of business and we hope that, as a result of the development strategy that we intend to put in place, those opportunities will indeed arise and render substantial benefits to the economy and people who make use of those opportunities.

Mr Speaker, one of the other rather unrelated divisions, unrelated to commercial, of course, is heritage and planning. There I intend to be brief because I have spoken about heritage and planning at length before and I do not expect that Members are bored hearing me about it but as I have done so before, I think I need less to map out Government's direction in relation to heritage and planning because we have painted the picture on previous

occasions when we have come to the House and certainly at the budget session. Very briefly, Mr Speaker, the new Town Planning Ordinance which came to the House in November last year and was passed, that was commenced in part but not fully. The reason for that is that the regulations that had to stem from that Ordinance were not ready, they were being drafted, the draftsmen who were conducting that work were engaged on other urgent business for Government and only after the election was it possible to direct some resources to that. The regulations are now ready and I approved them subject to a couple of last minute changes and I will expect that those will be put in place and certainly the Ordinance fully commenced by the next month or six weeks. What that means to the Town Planning process is that while we have, as a matter of practice, taken the view that if there are potentially controversial applications coming before DPC we have encouraged public participation to issue and Members may have noticed that from time to time there have been adverts in the press inviting comments in relation to particular applications. We have not been able to oblige or direct people to go down the public participation process but these regulations, together with the commencement of the Ordinance, will do precisely what we mapped out late last year in the House to the process. In other words, it will give people now the chance to make representations and have the representations considered by the Development and Planning Commission and those matters determined after a fuller hearing of the relevant issues of concern.

The department has been restructured in the sense that it never really had a heritage arm even though I had Ministerial responsibility for that and some recruitment was necessary in the area and indeed recruitment was undertaken, a conservation officer was recruited last year, we are now finalising hopefully and filling the post of additional Town Planner. I know there are some personnel issues outstanding there but one would hope, certainly, from my point of view, that we will have someone in post quite soon especially given the context of the commencement of the Ordinance. The House has been told on previous occasions about the progress of the Heritage Bill which has been slower than I would have wanted but that is because there has been

detailed discussions with the Trust and now that the Trust have changed leadership we have effectively had to start again on some of those discussions but I would hope that we can move rather quickly once the summer process has ended.

Mr Speaker, the Hon Dr Valarino mentioned yesterday that he regretted Spain's objection or re-entry objection to our application for World Heritage Status. I associate myself with those comments. Certainly the Government agree with that. We see no need why the heritage aspects which really should be beyond all issues of concern have to be taken up by Spain and indeed the Government are trying to ascertain the exact nature of the comments that have been made but certainly there have been murmurings of protest from Spain in relation to that matter, something which the Government rejects. As far as we are concerned, it is no business for Spain to object to Gibraltar's World Heritage application and it will not deter the Government from putting it forward because we know that there might be objections. We intend to go forward, we think it is good for this community and we think not only is it good for Gibraltar heritage but that it will add a further plank to our tourism industry. We will continue undeterred even though, of course, and the House is aware no doubt that as a result of the objection, there will be a great degree of political lobbying in the background which we will have to be aware of. It is a long process, this will not happen next year or the next. We always envisaged, because we were put on a list which would allow us to apply within 10 years, that we were not ready anyway and we would not be ready probably for four or five years from the point at which we were put but certainly notwithstanding the Spanish issue, our intention is to go forward and defend to the best degree possible the inclusion of Gibraltar, because we think that on merit Gibraltar deserves World Heritage status. Indeed, that was a comment made to me by UNESCO people who came from the World Heritage Bureau in Paris to attend a conference last year that they thought that Gibraltar's application not only had a great degree of potential but could form the basis for being a model for other applications. People from the UNESCO World Heritage Bureau do not tell one that unless they think that one has a good chance and in my view the only thing

that could really stop our application coming to fruition is the political issue which, of course, the Government regret substantially. Finally on heritage, Mr Speaker, I would just mention that the Government are directing further assistance by way of funding to Heritage Conferences as we have since 1997; the Calpe 2000 Conference will focus on conservation in small territories and next year's conference again will be on the theme of the Neanderthal skull and that is as a result of great interest that there has been internationally on the conference we had in 1998 when we hosted the 150<sup>th</sup> Anniversary of the finding of the skull in Gibraltar. There was a great degree of interest not only from the academic press but also from television crews from several countries who came to Gibraltar and filmed the proceedings. There is great interest, again, in Gibraltar for next year and I would hope the success like last time where we got about 150 delegates and it will create a niche for us in a sort of educational heritage market with people coming to Gibraltar as they did last time from places as far as the United States, Israel, Russia, just to talk about heritage in Gibraltar. I think it is interesting for us to expand any niche market that we can get our hands on. At the end of the day we are a small community so we have got to maximise our resources and the Government are keen to do that when indeed we have a heritage goldmine such as the one that we hope to identify and expand next year in the conference.

Mr Speaker, I move to the finance centre as my last portion in my contribution in this session of the budget. Here really I have to talk about a whole string of things in relation to the international initiatives that perplex most small jurisdictions and most people that run finance centres. The finance centre business, apart from the corporate management and trust services that people have historically undertaken but, of course, they have done that as a result of other finance centre activity, is also based on banking, insurance, investment services, asset in the sense of asset holding, funds, personal and real property; all of that linked of course to the issue of passporting that I will talk about very briefly just near the end. I wanted to first talk about the international initiatives that hound jurisdictions. Here I am talking about the

OECD, the FATF, the FSF, the EU tax – it sounds like an alphabet but it does mean something to someone. I wanted to give the House at least a brief status report of where we are on these things. The OECD was going to publish a list in June this year setting out the jurisdictions which it deemed to be non-co-operative, in other words, the black list. They have now reviewed their intentions, this was as a result of the OECD reports on tax harmonisation; they have now reviewed this initial thinking as a result of international lobbying and I have to say a great degree of lobbying by big organisations such as the Commonwealth Secretariat that have made statements internationally on behalf of Commonwealth members that were being affected by the OECD initiatives and they reviewed this and they no longer are going to publish the so-called black list in June this year. They intend to publish a list, I understand with a document annexed to it saying that it is not meant to be a black list, it is meant to be a list of territories which they want to entertain dialogue with for the next 14 months with a view to their meeting certain standards and certain criteria on tax harmonisation principally and exchange of information which seems to be now the big issue. They will also say in June and it is suspected, I have to say, that most people will be on the list. It is also said that the OECD position is that that will be followed in July 2001 with the black list. If people by 2001 do not make these commitments to do certain reforms of their tax structure, undertake certain agreements in relation to exchange of information, et cetera all that will be made clear no doubt in the annex to the June list and in the process of dialogue that people will undertake in the next 14 months. If countries are not prepared to do that then they will find themselves on this so-called black list which will come in July 2001.

The FATF, the Financial Action Task Force, are conducting two things. One is a mutual evaluation and another is a report on co-operative and non-co-operative jurisdictions. In fact, there is a meeting next week which I will attend with the FATF because they intend to publish a report. Everything seems to be homing on this target date of June and we have seen the FSF a couple of days ago, from publishing a report in June 2000 on co-operative and non-co-operative jurisdictions. They are basing this report and I

know that they are preparing a report for each jurisdiction that they are reviewing on the basis of 25 questions, there are answers to 25 questions and we have been toing and froing with this information. We have responded to them a few times, they have come back to us with a draft report, we have then sent them more information because we think that some of the statements that they make on the draft reports are inaccurate and they do not reflect the real situation. Of course, all of this happens because these initiatives are run on the basis of assessment by correspondence. They do not take the trouble of coming to the jurisdiction and having a look at these places and sometimes one can only really understand how assessments are conducted and how good the regulation is if one looks at these places. The parliamentary delegation of France who came here commented the same thing to me before they left Gibraltar that they had a false impression, they had just been in Madrid, they came here and they left with a much better feeling about Gibraltar and they made helpful comments in the press conference that they had at the conclusion of their visit and I really think that if assessments are to be prepared on a fair and transparent basis they have to take the trouble of coming to each jurisdiction and, unfortunately, there is no sign that the initiatives are going to be run on that basis. Anyhow, the stage at which we are at with the FATF is that there is a meeting in Paris with the of the group who is writing the Gibraltar Report who also happens to be the French Government's representative on the FSF. Hon Members do not need me to explain that that was, I will return to the FSF very briefly in a minute, the other two principal issues are the EU tax code and that was a package of things and Members will have seen the press comments over the last couple of days indeed that quite clearly indicates to an impasse on the issue of the tax code because of the different positions being taken by the United Kingdom who is now promoting a policy of exchange of information and principally Luxembourg that opposes that and prefers the so-called withholding tax on the same directive. That is creating an impasse which I think, for a change, may be useful to Gibraltar it results in neither withholding tax or exchange of information. Whether it results in that or not only time will tell. But certainly my feelings on whatever happens at EU level, the other

initiatives will get together to set similar agendas which we will have to grapple with even though there is no progress at the EU front. It is quite clear that because there are so many initiatives that there needs to be co-ordination, clarity and consistency. Co-ordination because there are so many that jurisdictions are being approached by individuals asking for the same information, there is a great degree of overlap between issues that people are talking about – financial regulations, tax, transparency and exchange of information. There needs to be clarity because it is not clear how people are being judged. No reasons are being given, it is not clear what criteria we have got to meet and there needs to be consistency. For example, one cannot have the OECD putting pressure on everyone on a whole variety of issues and then finding that two of the Member countries of the OECD, namely, Switzerland and Luxembourg reject the OECD's own report on tax harmonisation, it is a completely ludicrous situation to find oneself in. I think our position is, fine we will meet international global standards but there needs to be clarity and consistency and co-ordination and there has to truly be global standards and there needs to be a level playing field.

I want to return to the FSF briefly because I saw the hon Member's press release yesterday reported in today's Chronicle and I have to say that I am sympathetic to the Hon Dr Garcia's sentiment which he puts across in his press release but I have to say that he is fundamentally wrong on the content of it or at least a great portion of it and it would be, I think, important for me to point that out to him because there are some inaccuracies and quite important inaccuracies in the comments that he made in his press statement. Let me give him a bit of background first so that he knows where I am coming from. The FSF exercise is conducted, the FSF being a creature of the G7, created an offshore centre working group to quote them, "to evaluate the impact on global financial stability of the uses made by market participants of offshore centres and the progress made by such centres in enforcing international credential standards in complying with cross border information exchange agreements" which of course is rather wider than just regulations. The methodology of the FSF report leaves a lot to be desired. Indeed

their own press release admits and concedes that the process is entirely subjective and impressionistic. This is a process conducted and they decided to make a review, they write off a questionnaire, there is no real criteria, no one is told how they are judging jurisdictions and then they issue a report which they themselves agree is both based on the questionnaire but also on what they call "impressions of other people in other jurisdictions" about particular jurisdictions. In other words, we do not particularly know if the impression that they have formed of Gibraltar is based on some hearsay, some comment that they have heard from regulators in Bahrain, we do not know where this stuff comes from. It is effectively judgement by hearsay and the process of the FSF in our view is fundamentally flawed because it does not accord with the basic principles of natural justice and is not a fair and transparent process. The FSF's own statement says, after they talk about the categorisation of OFC's into three groupings based on responses, they go on to say, "the categorisation does not constitute judgement about any jurisdictions adherence to international standards. An inclusion in a particular group does not imply that such a categorisation applies to all sectors of the financial system within an OFC. The publication is intended for the purpose of setting priorities, it should not be viewed as an assessment and it is not intended to be used for any other purpose than those stated above" the problem is, of course, that as soon as one publishes a list people assume it is an assessment. The press release says, "this is not an assessment. The FSF have not conducted an assessment. We have just got questionnaires and we formed the view based on hearsay but here is a list". Of course that is going to create the aura of an assessment which will be picked on by the international press and everyone is now running a story as to whether there is an assessment or there is not an assessment. In fact, the report that was published in April says there has not been an assessment, there has been a response to a questionnaire and what they urge is that the IMF bring forward an assessment of jurisdictions. All of that by way of background, Mr Speaker. And I should say somewhat ironically as well, I note that the hon Members if they care to look at the report that was published by the FSF in April, they separated jurisdictions, they

went to a great degree of trouble to say that not only small island states were finance centres. That it did not matter whether one was a small island state or not, the issue was whether one was conducting non-resident financial centre activity and they made two lists. One was the major financial centres which included all G20 nations and then the offshore centres were all under a heading significant financial centre activities. In other words, implying quite clearly that the major nations: Britain, amongst that group, run much bigger finance centres than everyone else. Then it went on to talk about in the next paragraph, after they had separated the two big sections of countries into major finance centres and those with significant activities, it then went on to say that they would grade people by a certain criteria which is the inaccuracy of the statement and I will come back to that. But the point that I wanted to make, at least at this point, is that having said all of that then they decided that they would wait a period effectively of two months to come up with the listing of the particular territories and this was what came out last Friday. There are two points I would make, one is in relation to the press release and the other one is a macro point. None of the countries in the G20, apart from two or three, appearing under the heading "Major Finance Centres" are in the list, none of them, none of the G20 are in the list. None of the big group under "Major Finance Centres" have been included in the listings and one has to question, frankly, the motives behind such a process that quite clearly one paragraph says, "the big finance centres are these"; "the next group is only places that have significant activities but are not the major ones" and then only decides to list everyone under significant and only Switzerland and Luxembourg and Singapore under Major Finance Centres, we have to really question the political motives of that process and this is why I think there is more than meets the eye in the general FSF process. It is more than just what is said in the report, there is a great degree of politicking and I think it is no accident that people who have substantially criticised the international initiatives such as the Bahamas who talked about the international initiatives representing fiscal colonialism find themselves in group three and at the back of the queue.



MR SPEAKER:

Sorry to interrupt, just an assessment. Is it going to be five minutes or half an hour?

HON K AZOPARDI:

Ten minutes, Mr Speaker.

MR SPEAKER:

I do not want to press you because it is very interesting.

HON K AZOPARDI:

Yes. Mr Speaker, the point that I was going to make in relation to the inaccuracies of the hon Member's statement is that in his press release he states the definition criteria of groups one to three which were included in the report of April 1999 but that criteria has been redefined. And it is important to look at the redefinition because the redefinition has meant a somewhat softer definition and I suspect that there might have been a redefinition, and I can only suppose because in the same way that we do not have reasons as to why Gibraltar has been placed in group two we do not have reasons as to why all the finance centres like Britain have been excluded from the listing process even though they were included in the April 1999 Report, I suspect that that may have something to do with it. That someone has decided not to list the countries under the heading "Major Finance Centres" except for a couple and they have decided to redefine the criteria to make it softer. And so if the hon Member has a chance, and it is on the website so he can refer himself to that, if he looks at the new definition of the groups it is somewhat different to the one stated in his press release which is based on the old definition which no longer applies, can no longer apply. And so, for example, Mr Speaker, the definition for group one in the April 1999 Report which was only the tentative one until they produced the list, as the hon Member says, said that those were jurisdictions generally viewed as co-operative with a higher quality

of supervision which largely adhere to international standards. That was group one in April 1999. Group one now is, that jurisdictions in this category are generally perceived as having legal infrastructures and supervisory practices and/or a level of resources devoted to supervision and co-operation relative to the size of their financial activities and for a level of co-operation that are largely a good quality and better than in other OFCs. It is a rather tamer definition. The definition in group two used to be as he said in his press release that they had procedures of supervision and co-operation in place but whose actual performance falls below international standards and where there is substantial room for improvement. It is now the jurisdictions for this category are generally perceived as having legal infrastructures and supervisory practices and/or a level of resources devoted to supervision and co-operation relative to the size of their financial activities and/or a level of co-operation that are largely of a high quality than group three but lower than group one. In other words, word for word the group one definition except that at the end they say "that is higher than group three but lower than group one". And the group three definition, which I will not bore the hon Member with is exactly the same but says that is below group two. I suspect that the decision that someone has taken in the FSF and remember the FSF is a creature of the G7 nations, to exclude the big boys from the list has meant that there has been a redrawing of the criteria. But it is not an important point for us because even though we have the disadvantage and is somewhat ironic and I make the point that the big boys have not been included in the list even though they were in the report, it is a valuable point for us to make because the description of the group within which Gibraltar finds itself is not as bad as it would have been had the April 1999 definition remained unchanged. And so I would make that point and the hon Member can check it for himself but it is in the press release and it is quite clear that that has changed. Certainly our view, Mr Speaker, is that we should be in group one, let me say responding to the macro point that the hon Member made in his press release yesterday. Our view is that we should be in group one for a variety of reasons, because of our high international standards and indeed we cannot understand why we are not in group one if Jersey and Guernsey



are in group one, we cannot understand it. The problem is, of course, that we have had no reasons. We got a letter three days before the report was issued saying, "We are going to issue the report and you have been placed in group two" with no reasons. No opportunity to discuss, no opportunity to entertain any degree of, "Look is it because you formed this initial view and you would like more information, we are happy to supply it" no degree of discussion and so the Government quite clearly are going to make our policy view clear to the public. We think we should be in group one, we see no reason why we should not be and we certainly intend to take it up with the FSF, yes we do. As I say, I have a meeting with the FATF next week and the of the group happens to be the French representative of the FSF, I will mention it to him informally but the Government intend to formally take it up with the FSF because I think it is an important matter. Having said that, there are bigger fish to fry because the OECD and FATF reports will be big assessments not like the FSF that is meant to jog countries towards a formal assessment by the international monetary fund and so we are conscious of the fact that there are other things on the horizon that can be very serious indeed as well. This is why I made the point before, that all these initiatives have to be run on a fair transparent basis and in accordance with the principles of national justice because if they are not we will find ourselves in that position, in the position that we are given 48 hours notice when it is too late to redraw the circle and that Gibraltar's image is affected by people who are doing assessments or reviews by remote control without a proper consideration of the facts. Our objective, as the Chief Minister pointed out yesterday, is to reposition our finance centre because whether we like it or not, tax, financial regulation, transparency and exchange of information are on the agenda and while we have dealt with, we think, with the financial regulation agenda, there are serious issues of tax that we must grapple with and of exchange of information that need deep consideration and there are trends there that need discussion in Gibraltar so that we can be ready to reposition the finance centre to maximise our fiscal attractiveness within the changing horizon. Our objective, of course, is to adhere to global standards as long as these

standards are global and not to trailblaze but to demand a level playing field in the finance centre.

Of course, the objective as well in relation to the finance centre is to conduct a rigorous marketing programme; to explore new products where new products are available to Gibraltar which should be maximised for the benefit of the financial centre community such as protective legislation that we are looking at quite seriously with other issues. I should say, Mr Speaker, just in rounding up that our aim is to put solid work and to consolidate all the efforts that have been made already into enhancing Gibraltar's reputation and image; to improve our products in the sense of legislation structures; the business attractiveness of Gibraltar, our working and living environment; our infrastructure and new products; that the Government have a role as a facilitator of business in that regard and that we hope and expect that as a result of all of that process it will render results for the wider benefit of the community.

The House recessed at 5.40 pm.

The House resumed at 6.00 pm.

HON DR J J GARCIA:

Mr Speaker, in the eyes of many and not just on those of us in the Opposition, this is a non-budget and almost a non-event and no doubt people will feel let down that much more could have been done and has not been done.

A year ago many of us in the Opposition made clear that with regard to this Government it was particularly important to measure what they said and to compare it with what actually happened on the ground, as very often these could be two different things. This remains an effective yardstick by which to measure the political performance of the Government, as it continues to be important to separate the reality of the facts from

the propaganda of the fiction that the people continue to be fed on a daily basis. Over the years, Mr Speaker, the Government have created a virtual Gibraltar. A Gibraltar where nothing is real or what it seems and where what is right or wrong depends on who says it rather than what is actually said or done. Mr Speaker, we have a Gibraltar where what matters is the perception, the image and the presentation and where the actual substance comes a long way behind and counts for little. For example, following public controversies between the Chief Minister, the Commissioner of Police and the Chief Justice, without going into the ins and outs of who is right or wrong, one can only but wonder what they would have said had this occurred in other times and with a different person as Chief Minister. And let us not forget the overriding importance that this Government attach to having undignified wrangles with the Governor over protocol, with the Foreign Office over procedure, rows about who stands next to who, who shakes whose hand in what position in the queue and who sits next to who in dinners. These seem to be matters to which more attention is paid than to the real needs and concerns of our country.

Mr Speaker, I move on now to the field of responsibilities which I will look at in this analysis on behalf of the Opposition which this year is very wide: Trade, Industry and Tourism. I will start therefore from the base of the figures given by the Government themselves in the Estimates of Revenue and Expenditure which we all have before us. Under Head 7, which is Trade and Industry, we will want to query but we will do that in the Committee Stage and seek further clarification because some of the issues have been touched upon already, in subhead 1, subhead 3(a) and subhead 17(a). Mr Speaker, Head 6-A is Tourism, and under this we will have queries on subheads 5, 8, 9(c), 11(a), 11(b), 12(a), 12(b) and 14. Like I said, some of them have been touched upon already but I will be seeking further clarification and I am just giving notice in case the Minister needs to get information.

I propose to start the assessment of the Government's performance in the field of Trade and Industry by looking at trade

generally or what could be best described as commercial affairs. This can be broken down into three areas. The first is the question of funding, both European Union and Gibraltar Government; the second is the continuing competition for local trade from what could be loosely termed "mobile tradesmen" from across the border; and the third are the Government packages with respect to rent, rates and duty which aimed to assist small business.

I start therefore with EU funding. I said at the beginning it was important with respect to this Government to look at what they said and what actually happened at the end of it. Perhaps nowhere could the gap that exists between the two be seen clearer than in the question of funding, both European Union and Gibraltar Government funding, for the business community. Those of us in the Opposition have long complained that there is not enough awareness among businesses in Gibraltar as to their entitlement to apply for official funding. Many who have ventured to apply complain that the system is itself too slow and too bureaucratic. These criticisms are reflected in the fact that only 60 companies have benefited from grants or loans in the past three years, a small proportion of the trading community. Indeed, in a survey of over 100 businesses employing nearly 1,000 people published by the Federation of Small Businesses earlier this year, it was revealed that 93 per cent of respondents were unsure or did not know at all how the question of EU funding worked; that 89 per cent had not even bothered to apply for EU grants or loans and that 90 per cent had not applied for Gibraltar Government grants or loans. Mr Speaker, the survey bears out the criticisms that the Opposition have brought to this House and it is clear that more needs to be done in the area of creating awareness amongst businessmen. In its conclusions, the paper makes clear, "That the vast majority of businesses surveyed by the GFSB had little or no knowledge of grants or EU funds available. The small number that had tried to access these EU funds have found the system difficult and bureaucratic, and few have been successful". And it is not only the GFSB that has been saying this, Mr Speaker. At the Chamber of Commerce Annual General meeting its President, Mr Bruno Callaghan, declared that EU funds posed

problems in access and were "too bureaucratic and unreasonable". The solution is not just more information, greater accessibility and less bureaucracy; the solution lies in involving small business itself in direct contact with Government. We understand that the Gibraltar Federation of Small Businesses is now the largest organisation of traders in Gibraltar and yet there is no formal role granted to it in the Economic Advisory Boards which would allow for more consultation and participation before Government policies are implemented.

Moving now on to the competition from "mobile tradesmen". Two years ago in his budget address the Chief Minister promised to modify the trade licensing system and the review, we have just heard from the Minister for Trade and Industry, is still under way, to curb unfair competition to local established businesses from unregistered and often illegal frontier traders. To date nothing has happened on this front and really let us face it, people coming through the frontier with scaffolding, carrying tool cases, step ladders or other working utensils are not coming here to have a picnic, they are coming here to work. This is more than an irritant. It is an economic threat to many businesses in Gibraltar, particularly the smaller trader who has to comply with countless rules and regulations at the same time as those coming in through the border can do pretty much what they like. There was a vivid exposition of this case a few months back in the local media by a Gibraltarian small trader who asked about the constant flow of cross border casual workers such as domestic servants or craftsmen or firms that come and go to do specific jobs such as the installation of kitchens or window frames since they pay no taxes and do not contribute to the local economy. Indeed, Mr Speaker, this was a theme echoed by the Chairperson of the Federation of Small Businesses, Marilou Guerrero, in her last Annual Report of September 1999. Most illegal labour, she pointed out, is unregistered and "this has to be tackled simultaneously as it is affecting our small businesses. Although a mobile tradesman selling bread around the estates, for example, might seem insignificant to some, it is certainly very important to our bakeries and small grocery outlets who employ and pay their dues and are losing business. There are an abundance of these

mobile tradesmen operating in Gibraltar, affecting a wide range of businesses and these practices must be curtailed". Mr Speaker, it is not just the Opposition who are saying this, it is the voice of the traders and the representatives of the business community.

I move on now to the Government measures to help trade. As with everything else, it is essential in this field also to compare the statements made by the Government with what actually happens on the ground. And what statements the Government have made, Mr Speaker, presenting these measures as almost the be-all and end-all of the trading community and using them as a shield behind which to hide whenever their commitment to trade has been questioned and ignoring their effectiveness. If we start from the premise that everyone wants to pay less or nothing at all then, of course, someone somewhere must have benefited and done well out of them. However, that is not the issue, the issue is whether these measures have had the widespread effect of reducing business costs to shop owners and prices in shops for the consumer. This was the original intention of the Government. Any logical person in any logical thinking Government would monitor the effects of these measures to see whether they are working or not. We know from the Chief Minister, who has already told this House, not only that he is not monitoring the effects but he does not really care what those effects might actually be. Time and again we have asked the Government to monitor their policies. Mr Speaker, this is not an unreasonable request, it makes sense to see whether a measure which has been implemented is having the desired effect or not. Time and again the answer has been the same. For example, on import duty, we were told that on selected items they cannot be monitored because the computer cannot produce a breakdown or because it would take too long to do so. Indeed, this is something that seems to be rife in computers all over the Government service, Mr Speaker, either they have computers that do not work, computers that have not been programmed to produce the information requested, computers that are only now being put in place or in short, computers that do not compute, programmes that do not programme, databases that lack data and millennium technology that appears to be stuck in the Stone Age. When it can take many

an eight-year-old computer whizz-kid three days to produce a professional website it takes the Government three years and at least £12,000 to finally get the projects up and running. The Chief Minister has often confessed his lack of computer literacy to this House but he can rest assured that ordinary PCs which cost less than £1,000 can perform many of the functions that we are told are not possible or too time consuming. It is not that we are being critical for the sake of it, we are highlighting problems and offering solutions. The effects of the Government's measures to help business are that they do not seem to have helped much according to the trading community itself. In the same survey conducted by the Federation of Small Businesses, Mr Speaker, 70 per cent said that the rent changes had been of no benefit, 96 per cent said that rates changes had been of only moderate to no benefit and 66 per cent said that the duty changes were of no benefit; 52 per cent said that company tax changes were of no benefit to them because, of course, to pay less tax one needs to be making a profit first. On rates, Mr Speaker, the Opposition urged the Government last year to bear in mind that the effects of a reduced poundage would be put at risk by an increased valuation. I have been stopped by traders showing me rates bills in the street proving that this has happened to them and they have ended up paying more in rates than they did before. But the Government, Mr Speaker, do not monitor the effects and they do not listen.

I would like to say a word also about Casemates and it is more a word of warning than anything else, echoing concerns that have already been expressed and aired publicly by others. The House was told in August that there would be 130 outline proposals 70 of which were for bars and restaurants. A total of nine bars and restaurants have now been allocated. There is already cause for concern amongst the catering trade, Mr Speaker, of a crisis in the sense that one has the same number of people eating in the various restaurants and what needs to be done is to increase the share of the cake rather than have the same cake shared out between more businesses. I do not really know how the Government can counteract that but it is certainly an area of concern for many restaurant owners who have actually

approached us on this issue. Secondly, Mr Speaker, the original tender advert published by the Government in relation to this project stated, "that in the case of retail units preference will be given to novel businesses that add to and enhance the Main Street shopping experience and not simply replicate goods widely available in Main Street". There have been complaints in the media already that this criteria, which was set down by the Government themselves, has not been met in some cases.

A word now on e-commerce. Mr Speaker, all we have heard from the Government in the last 12 months is that we have to move quickly. When they say "we" they mean "them", it is the Government themselves who have to move quickly. I do not think that they understand the nature of the business and the technology that they are dealing with. Repeating the same jargon without getting to grips with it is not enough. If the experience of the website is anything to go by, both in terms of the time it took to set up and the money that it cost, then we know what to expect and while other countries are already cashing in on the boom we will be waiting in the wings and tinkering with the legislation. Mr Speaker, we can do things quickly and do them well, the two are not mutually exclusive. The Opposition attach considerable importance to the development of e-commerce in Gibraltar and to the provision of low cost and speedy Internet access for these purposes. Let us not delude ourselves, e-commerce, that is to say, electronic trading, is already happening; there are already people in Gibraltar buying things they see on line with their credit card and having those goods delivered to their homes or their businesses in two or three days. I myself have done it and that is an aspect of e-commerce. That is why it has been disturbing to read in the local media complaints at the slow pace of change. The Managing Director of a business set up locally to employ local people said that he needed an office here to work on the net linked real time to other offices in other parts of the world. High speed is essential and for a one-megabyte connection he was quoted £17,000 a month. The person in question pointed out that in Spain the same service would cost £450 a month. "Gibraltar", he added, "is not ready for the next century. It must move fast if it wants to go beyond selling electronics in Main Street." Mr

Speaker, that was in December. I do not know how much readier we are now but this is the kind of reputation we cannot afford to get and the kind of business that we cannot afford to lose. Moving fast means precisely that. The latest information I understand is that the legislation is expected to be in place in the autumn we have heard today. A leading banker was recently quoted as saying that although the window of opportunity is open for e-commerce, it will not be open forever and while Ministers ponder on the intricacies of the information super highway, while they discuss the availability of bandwidth and the cost of connectivity, La Linea announced a couple of weeks ago a multi-million pesetas investment by a Swiss company into e-commerce and technology to which they expect to hook up Gibraltar by laser beam and through La Linea to the rest of the planet. Meanwhile, Mr Speaker, the Government continue to move fast and watch the world go by faster still. That is why I say that we need to compare what the Government say with what they actually do.

In terms of financial services, Mr Speaker, I will choose to concentrate on two or three aspects of it and certainly in general terms my hon Friend, the Leader of the Opposition, has already declared our support for the finance centre, for its development and as a source of employment and economic wealth in Gibraltar. But certainly I would like to reiterate the concern of the Opposition, and it is no secret because we said this before, as to the contraction in the number of banks. It is clear that there is a serious contraction in the size of the banking sector. No new licences have been issued, the last we heard there were no new applications for licences and a number of banks that were already here have left or are leaving. The departure of the Springfield Bank and the Discover Card Bank were serious enough, the news which broke earlier this year that the Republic National Bank of New York, which holds three licences, is leaving also is a severe additional blow. This last bank has traditionally been the largest deposit holding bank in Gibraltar so the contraction of the banking sector is expected to be accompanied by a reduction in the level of bank deposits as well. Mr Speaker, there have been no new banks coming into Gibraltar since 1996 and we have not even been able to hold those banks that we had.

On another front we have heard of the various international initiatives at tax harmonisation and these continue but the Minister mentioned certain points on the FSF and highlighted the press release which had been issued yesterday but in a broad and general sense really the mechanism which got us to that category on the list is not really the issue which we were seeking to highlight. The issue we are seeking to highlight, regardless even of the redefinition of the criteria, was the fact that we were not placed in the same bracket as places like Jersey, Guernsey and the Isle of Man or even places like Dublin in Ireland and Luxembourg, our EU competitors in that field and really we are grateful that the Minister shared the sympathy with the Opposition in a broad and general sense on this issue and that the Government also believe Gibraltar should be in the first category. It is to us completely unacceptable that after Gibraltar has implemented all EU requirements, placed control of financial services supervision in UK hands, introduced British standards which are supposedly higher than those of the EU, that this situation should have happened and Gibraltar should have been included in the second group. Certainly, we are glad that the Government are taking up the issue with the FSF because we think it is important that that should happen.

On the question of post boxing, Mr Speaker, simply a couple of points. The Managing Director of an international insurance company declared to the media last September that post boxing might not work and that it was not ideal to passport financial services through a third party. Moreover their own international life operations were going to Dublin they announced, which had been in competition with Gibraltar for the business. This shows there is still more to be done. It shows also, and it is worth noting, that the House of Commons Foreign Affairs Committee also referred to post boxing as a poor second best alternative.

Mr Speaker, the attraction of offshore betting, when I was writing this section I entitled it "Industry" but surely there was very little to put under it because there have not really been any industrial projects. The attraction of offshore betting which was identified by

my hon Friend, the Leader of the Opposition when in Government, and now encouraged by the British Chancellor of the Exchequer by not cutting British tax rates, is important as it generates business, employment and money for Government coffers. This is another area where more could be done to take advantage of the present boom although bearing in mind that it might not be forever. Malta, Mr Speaker, is now poised to become the largest offshore betting centre outside the Caribbean following the granting of 10 licences to eight companies currently based in the United Kingdom and Ireland.

Other than the betting industry there is little else to speak of. The wine bottling plant, which was attracted here before 1996, remains the only industrial project of this size in Gibraltar. I have heard nothing more of the powdered soft drinks factory nor of the industrial plant that was earmarked for the North Mole by the Government at this time last year. We have now heard from the Minister that we expect completion by the summer of 2001. It could be, Mr Speaker, that they continue to repeat and announce the same projects time and again to give the impression of activity in the media when there is little actual movement on the ground.

On closing with trade and industry and moving to tourism, Mr Speaker, it is clear that promises made in the past have not been kept and projects that were announced have not materialised. There is a clear and coherent strategy within the Government to say whatever is convenient at a given moment in time. In the last budget the Government said that telecoms legislation would be brought to the House in the near future. Now, a year later, we still wait for the future to arrive and we learn that it will probably be after the summer.

Mr Speaker, moving on now to tourism, I wish to start the analysis of tourism this year as last year with reference to the statistics and the figures and the reality is that there are so many different figures available for the same items that the Opposition feel it is important to make this general point at the beginning.

Just to give one example, on the cruise passenger figures for 1998, at different times the Government have published four different sets of figures relating to the same thing. In December 1999 the total number of cruise passengers for that year was given as 90,180; by adding up the answers given to questions in the House of Assembly the figure came to 92,937; the same data supplied by the Government to Medcruise was 98,760; and in writing by the Minister for Tourism to myself of 93,214. While it is understood that only the figures published in the report are the official figures, the reason for such discrepancies has never been properly explained to this House. The difference between the highest and the lowest is not a few people or even a few hundred people, but over 8,000 people. Where did those people go, Mr Speaker?

When asking questions in this House on the frontier statistics, at times the answers given to the same questions have included residents of Gibraltar who cross the border and at other times they have not. This kind of situation makes for confusion and explains huge rises and drops in the figures as recorded by the Opposition. It could be argued that all we have to do is wait for the official figures to be published in the Tourist Survey Report. Unfortunately, the Government take so long to publish these that the debate is almost irrelevant by the time the figures come out. More than that, although the 1998 and 1999 reports appear to have been ready before the General Election, they were not tabled until after the election took place showing, as they do, a drop in the number of visitors to Gibraltar from one year to the next. Indeed, the total number of visitors to Gibraltar by air, land and sea in 1999 was not only less than in 1998, it was also less than in 1996. That the 1998 figures were published in March 2000 speaks for itself. To come back to the statistics, Mr Speaker, a couple more points. There has been a huge increase in expenditure for cruise visitors between 1997 and 1999 and an explanation is needed as to how the Government have arrived at these figures. I am sure that the House does not need reminding, but I am going to remind the House anyway, of the exaggerated claims for visitors from Morocco made by the Government in 1997, claims which were repeatedly defended by the Minister.

which were repeatedly defended by the Chief Minister only for both of them to eat humble pie later on and admit that they were counting returning Moroccan workers as tourists staying in hotels. In relation to the accuracy of figures, Mr Speaker, that incident says it all. It is also significant to note that the £121.57 million that we are told tourists spent in Gibraltar during 1999 is less than the corresponding figure for both 1995 and 1996. We hear every year that the way statistics are being compiled, collected and presented is under review. Since the Government themselves have expressed their dissatisfaction with the current state of affairs. There is one change which we note and that is that data in relation to hotels is now based on the actual hotel returns as opposed to on survey results. The Opposition understand that there has traditionally been a difference between survey results and the bed nights sold as declared by the hotels which does not seem to make much sense.

Mr Speaker, we move away from figures now to the question of marketing. The Opposition have no argument with the level of the budget allocated to tourism. Indeed, in Government, we would have retained it. We have serious criticisms, however, at the way the money is being spent and at the lack of return, in a proportional sense, for the investment. The Government have a tendency to exaggerate everything that they do. They seem to think that creating an impression of activity by manipulating the media it can be equated with solid results on the ground. In tourism also, Mr Speaker, it is important to see through the propaganda smokescreen and measure what they say with what they actually do. They have taken spin doctoring and made it into an art form. The planting of a tree or the unveiling of a plaque are transformed by them into events of extraordinary political importance. Mundane and run-off-the-mill affairs are moulded to become monumental occurrences not because of their inherent content but because of their propaganda value. Let me give the House one example of this. In November the Government attended and sponsored a series of tourism events in London which happened to coincide within the same fortnight. This included the World Travel Market, the Medcruise Conference and a series of dinners. By our calculations the cost to the taxpayer

was of about £67,000 with an additional £2,000 for representatives of the Gibraltar media who chose to attend. It is important here to make a distinction. One is the attendance of Gibraltar at these events which is one issue; and the other quite separate issue is the purpose behind taking the media. Mr Speaker, the Opposition fail to see how the reporting of the event by people from Gibraltar in Gibraltar is going to attract more tourists here when we are the only ones exposed to the information. The propaganda value, however, proved priceless. The only tangible result obtained was substantial news coverage here for the Government. This included three television programmes, and six pages of publicity which included 16 photographs, seven of which were of the Minister himself. When confronted on this point, Mr Speaker, the Minister told the House that the object of the exercise was "feeding information to the people of Gibraltar". Yes, Mr Speaker, for once we can agree, it was about feeding information, it was about propaganda and not about attracting more people to visit us. At least they admit it. So let us look at what they spent and equate that with solid results not with pictures of Ministers giving speeches, kissing babies or having coffees in Main Street. The Government aimed to spend a total of £825,000 on tourism marketing. The most obvious and immediate result of this is that the total number of people that came to Gibraltar in 1999 was less than in 1998. We would have expected it to go up, instead it went down. I now propose to examine the component parts of the industry, that is to say, tourism by land, by air and by sea.

Mr Speaker, in his budget speech last year the Minister for Tourism declared it was his objective to create a demand for Gibraltar holidays in Spain. He said it was "for this purpose that a Tourist Office was opened in Madrid in January 1999. There will be a concerted campaign over the next few months to raise the profile of Gibraltar as a holiday destination in Spain". In line with this statement, Gibraltar went to Fitur, we went to a trade fair in Catalunya, Spanish journalists were wined and dined at taxpayers' expense in Gibraltar and Madrid and a major advertising campaign costing £200,000 was launched. So what was the end result? The result was that we had less visitors from



Spain in 1999 than we had in 1998, that was the result. Mr Speaker, there were 5.9 million visitors by land in 1999 as compared with 6.5 million in 1998 and even 6.2 million in 1996. I know that the Minister will use and has already alluded to the fishing dispute as an excuse so let me say if one takes only the last six months of 1999, when the dispute was over and done with, so when one compares the last six months of 1999 to the last six months of 1998, the figure for people coming in is still down. What other excuse do they have? Could it have been the hurricane season in the Atlantic? The spotting of UFOs in North Africa that kept people away or maybe they were all watching the after-effects of the Monica Lewinsky scandal as it unfolded on their television screens? Mr Speaker, the point that I am trying to make is that they have spent more money and got less people and that they have to account for that to the taxpayer.

The number of cars and coaches crossing the border has also dropped when 1999 is compared to 1998. Nearly 1,000 coaches less came to Gibraltar last year. The number of people in coaches also dropped correspondingly by 18,000. Mr Speaker, there has been a 17 per cent drop in cars crossing the border in 1999 from 1998. When the last six months of each year are compared, the drop is still there. The largest single drop of 30 per cent is that of people in cars with 1.7 million people less coming in 1999 than came in the previous year. So coaches are down, cars are down, people in coaches are down and people in cars are down. Indeed, in the first two months of this year the number of pedestrians is down on the first two months of 1999. The latest news that coaches coming into Gibraltar are allowed by the La Linea authorities to jump the queue provided that the tourists spend time in La Linea is an area of concern for the Opposition. Mr Speaker, this is being hailed across the border as the start of co-operation between Gibraltar and La Linea on tourism matters but it is rather worrying that the kind of co-operation they have in mind is one where we give and they take. This House will recall that not that long ago the Chief Minister offered Los Barrios and the surrounding area a Tourist Office in Gibraltar. We have to ensure that we do not end up shooting ourselves in the foot with this kind of co-operation which may take business away from our shops

and restaurants as tourists coming to see Gibraltar end up spending money there and not here.

Mr Speaker, in his budget speech last year the Minister claimed considerable success and pointed to the figures to prove it. Now it is the turn of the Opposition to point to those same figures and not to claim the same thing. The Government should not get me wrong. We want tourism in Gibraltar to work. The Opposition want more tourists to come to Gibraltar, we want them to spend more money in our shops and restaurants and we want them to fill our hotels to capacity every day. However, it is our sacred duty to the taxpayer to point out our concerns and that is what I am doing.

Mr Speaker, the new coach park was supposed to be ready by August and it is now nine months late. The work at the frontier and the improvements and embellishments which were promised last year have been promised again this year and have still not materialised. We have a right to ask what is going on.

I move on now to tourism by sea. Mr Speaker, the section on tourism by sea can be neatly divided into cruises, yachts and ferries and I will start with the last one because without doubt the highlight of the year was the Government's decision to subsidise a ferry to Morocco as announced last August. At the time the Opposition questioned the suitability of the catamaran in question for strait crossings, particularly in winter and in so doing we doubted the wisdom of the Government's decision to inject public funds into such a venture. This was the only one of four consortiums after all interested in operating a ferry at that time that requested such assistance. There was also the issue of the vessel being allowed to make its original sailing without an original certificate of safety, which the Government admitted after being questioned on the subject. Mr Speaker, time has proved the Opposition right. From 14 September to the 11 November 1999, two months, the vessel did not sail at all and a further 13 sailings were either cancelled or postponed. By December of last year the Moroccan Workers' Association was urging a rethink as the ferry was prone to delays and cancelled sailings because of its size in poor weather. The service was then taken over by Blands who



repaid the loan to the Government. The incident serves to demonstrate the lack of judgement on the part of the Government in deciding to go ahead with the venture without taking heed of the constructive comments that were then being made from the Opposition. The Government seem to have learnt their lesson well. We now understand that no official funds for ferries are being made available to that company or to anyone else.

Moving on to cruises, the Minister predicted 300 cruise calls for Gibraltar in 1999. We obtained 173. Malaga, which is a relative newcomer to the industry, obtained 245. In June of last year the Minister told us that the R2, which used to call every 10 days, would now do so more often in 2000 and that its sister ship the R6, would also call once it came into service this month, in June 2000. A total, we were told then, of 116 calls from these two vessels alone was forecast as compared to 36. The incident with Renaissance Cruises occurred at the end of February this year. Then the Minister said that this was a serious blow to Gibraltar. At the end of March the cruise line announced that the R2, for commercial not political reasons, would be cutting back its calls at Gibraltar and the other ship, this time the R5, would not come at all. Presumably this must have been an even more serious blow than the one cancelled call in February but the Government did not say much then except that there was some kind of drop in demand for Mediterranean cruising and that we lose from one company what we gain from another. Mr Speaker, any attempt to diminish the importance of this must be rejected. The R2 was the ship that made the most calls at Gibraltar with 37 in 1999. It will be recalled that in the past the Opposition have questioned the wisdom of relying on one or two vessels calling many times to boost cruise numbers. The industry still expects an increase in cruise traffic to the Mediterranean which is also the view of the Association of Mediterranean Cruise Ports, Medcruise to which we belong. The Opposition are committed to the development of the cruise industry in Gibraltar. The funds for the cruise liner terminal were earmarked and obtained before the GSD Government came into office, that commitment remains. The Opposition want to see more cruise ships coming to Gibraltar, we want to see greater economic spin-off effects in the transport

industry, more cruise visitors coming in, spending more money. We want to see cruise ships staying in Gibraltar for longer; we want Gibraltar to do well and we want the cruise industry in Gibraltar to do well. For this reason it is unfortunate that Renaissance has decided to cut down for commercial reasons. There is still much work to be done, Mr Speaker, to attract a larger share of the approximately 156 different ships that sail the Mediterranean.

Mr Speaker, the Opposition also want the yachting industry and the marinas to do well and it is with regret that we point out that the number of yachts that called at Gibraltar in 1999 was still less than those that came here in 1996.

I move on now to tourism by air. In his budget speech of last year the Chief Minister said, "It remains a priority to increase air services to Gibraltar". Once again the Government have failed to live up to the aims and objectives that they set themselves. Mr Speaker, they spoke of having new routes to British regional airports and we could not even keep the route we had to Manchester although we hear there is something in the pipeline now, which caused considerable amount of disquiet and concern amongst those that found the route to the north of England more convenient than the current routes based at Gatwick and Luton in the south. Gibraltar also lost the route to Heathrow which is an important and convenient airport for many business travellers; we lost the 737s on the stop-over routes to Tangier, Casablanca and Marrakech and the two former have been replaced by a small aircraft which represents a clear downgrading from what there was before. Mr Speaker, when on the 5<sup>th</sup> July last year the Minister for Tourism promised a new airline by the end of 1999, little did we know what he had in mind. On the 30<sup>th</sup> September the Government announced the regional airlines flight between Gibraltar and Casablanca on a 19-seater aircraft. They said the air route "will offer new possibilities for both the business and leisure markets. It will fill the gap left by the former GB Airways service which had started to grow demand for the route". Under the agreement with the airline, the taxpayer had to pay about £65,000 subsidy for start-up costs, £35,000 in handling charges

and £18,000 in landing charges; a total of about £118,000 per year. From November 1999 to February 2000, there were a total of 96 flights carrying 233 passengers out of a capacity of 1,824 in those four months. In January 2000, there were 38 passengers in a total of 24 flights, just over one passenger per flight and which also means that up to that point each passenger has been subsidised by the Gibraltar taxpayer to the tune of over £400. There have been complaints by the travel trade in Morocco at the difficulty in getting visas to come to Gibraltar at the British Consulate in Casablanca. The Gibraltar Government stated in the past that in preparation for the new air service in their press release "new arrangements have been put in place for a speedier issue of visas at Casablanca". Once again, Mr Speaker, it becomes essential to examine what the Government say and compare that with what actually happens. Only 20 visas were issued in November 1999, mainly to the Moroccan operators who came to Gibraltar for the launch. One visa was issued in December, two in January and three in February. This whole scenario shows little or no return to the taxpayer for their investment and my understanding, from the last Question Time is that the financial side is now being reviewed as a result of the earlier error of judgement. The Government, Mr Speaker, have shown little imagination and foresight in relation to investing public funds in both air and maritime links between Gibraltar and Morocco, something which could have been done responsibly and with financial prudence. Let it be clear that the Opposition do want more flights to Gibraltar from more destinations all over the United Kingdom, Europe and elsewhere. However, this is a prime example to illustrate our complaint that the money would be spent in a different way and not in the way in which this Government have us accustomed. The trend in the 1999 figure is still that most people who fly to Gibraltar do not stay in Gibraltar; they cross the frontier and go to Spain. We have to try and encourage longer stay tourists to fly here, stay in our hotels, eat in our restaurants and spend money in our shops, this is what the Opposition believe should happen. Mr Speaker, it is still too expensive to fly to Gibraltar. At times, a London/New York ticket can cost less than a London/Gibraltar ticket and many people out there in the street are shaking their heads and wondering how that can be.

This year there were about 82,000 visitors who came to Gibraltar by air. By comparison, perhaps more out of interest than anything else because I accept that the two situations are not the same, Mr Speaker, we had 82,000 people, Malaga airport had 83,000 flights or eight million people. I only mention that out of interest not to compare their eight million with our 80,000 but to compare their 19 per cent increase with our 6 per cent. But like I said earlier, Mr Speaker, there are differences.

I move on now to the final topic in my contribution to the budget debate for the Opposition on Trade, Industry and tourism and that topic is hotels. As I have done throughout I will first examine what the Government have said and then compare that to what actually happened. In his budget address last year, the Minister for Tourism said that prospects for hotels were better, "It is the Government's intention" he said, "that the improved performance on the part of hotels should be sustained". All of us know that millions of pounds of taxpayers money has been granted to, loaned to or is owed by the hotel industry in Gibraltar. Let me say at the beginning that the wish of those of us in the Opposition is that our hotels were full with soaring rates of visitor arrivals and high rates of occupancy, as happens down the coast. The Opposition are committed to the hotel industry and we want them to do well. Mr Speaker, despite this it has to be pointed out that what the Government have said and what has actually happened does not tally. They have claimed that hotel arrivals are up. Well, Mr Speaker, yes they are up but by only 300 people and the figure for all arrivals for 1999 is still less than what it was in 1996 or in 1997, in fact, the drop from 1997 is one of 13 percent. The component of those who are tourists, in other words, those who are here on holiday is even worse. The figure for tourists arriving at our hotels has fallen year after year since 1996 and it now stands at 12 per cent less than it was then. In other words, there were less tourist arrivals at hotels in 1997 than in 1996, less in 1998 than in 1997 and still less in 1999 than in 1998. The guest nights sold to tourists is also less in 1999 than it was in 1996. The Minister might say that room occupancy rates have gone up, yes they have by 1.7 per cent and if one looks at the same figure for tourists only then it has not gone up it has actually gone down. Mr

Speaker, what the Government say is happening politically in their press releases and their propaganda is not the same picture as that painted by the Government's own figures as published in the Hotel Survey Report. Finally, a point of concern already made by the Hotel Association. Much of the money that the Government have spent on hotels, taxpayers money may I add, the hotels have spent on upgrading their conference facilities. Imagine the shock on the faces of many a hotel manager when they find out that the revamped Theatre Royal is also expected to cater for conferences also with public money, for the same business as the hotels. Mr Speaker, does the left hand know what the right hand is doing? Or are both hands so busy dishing out money without measuring the results that none of the two know what is going on?

To conclude, Mr Speaker, I think that I have sufficiently demonstrated that what the Government say is happening and what is actually going on are two different things. They exaggerate what they do, they repeatedly announce the same thing as a new project, they manipulate and control the media through their countless press releases and if all else fails, they take the credit for the efforts of other people. They should claim success only where it may be due but not for events which are totally unconnected with them. To name but one example, the World Conference of the Federation of Small Businesses is coming to Gibraltar in 2002 thanks to the efforts of the local Chairperson and her Committee yet the Government had the audacity to claim in an official statement that this was the result of a bid put in by them. Such actions are shameful.

In terms of Trade, Industry and Tourism the last 12 months have seen a number of unfulfilled announcements and unkept promises. In a broad and general sense the Government have failed to deliver. No major new external investment project has come into Gibraltar since 1996. The wine bottling plant, the arrival of Monarch airlines, the Main Street pedestrianisation and the construction of the cruise liner terminal were all in the pipeline before the Government came into office. Mr Speaker, what they continue to do very well is use the media to create an

exaggerated impression of activity and success. Success can only be measured by results. They launch a tourism campaign in Spain and we get less visitors from Spain; they increase the marketing budget and the number of tourists visiting Gibraltar goes down in 1999; they go to trade fairs all over the place and what do they bring to show for it? Mr Speaker, I said at the start that they have created a virtual Gibraltar where nothing is what it seems, where Government propaganda, media control and spin-doctoring take precedence over substance, solid achievement and hard facts and figures and I think, Mr Speaker, that that has been proven. Thank you.

HON CHIEF MINISTER:

Mr Speaker, I am obviously not going to start with the last speaker, I will deal with him last, I will deal with them in order that they have spoken but I cannot help musing, whilst I was listening to him speak, that it seems to me that it is not just a budget which he regards as a non-budget and a non-event but it seems to me that he also regards the General Election as a non-event. He has sat in this House, he has regurgitated the same old tired repetitive points that those people who are regular listeners to the proceedings of the House will have heard him regurgitate on at least half a dozen occasions. I do not think he has demonstrated a single novel imaginative new point in his whole address and ignoring the fact that there has been a small matter of a General Election and that the electorate do not believe his warped analysis of the situation. The electorate has rejected his warped analysis of the situation and he does not appear to learn the lesson. He still continues regurgitating the same rubbish as he has been regurgitating in this House since the day that he was elected here, not with political support that belongs to him, but with political support that belongs to the GSLP. He is like a scratched record and ignores the judgement of the electorate in between. Well, Mr Speaker, frankly if that is the vein in which the hon Members are going to continue for the next four years, I fear for them but I celebrate for Gibraltar that their electoral prospects at the time of the next General Election are going to be no better than they were at these last General Elections.

Mr Speaker, the Leader of the Opposition started his address by querying what he thought was a discrepancy between the figures that I had given for public reserves and the figures quoted in this booklet for Consolidated Fund Reserves. The Consolidated Fund Reserve is of course the amount of money contained in the Consolidated Fund Reserve; the Government Reserve is comprised of something wider. [HON J J BOSSANO: *that was my question.*] I will just give him a breakdown, for his information, of what the Government consider to be part of our reserves which are nevertheless not in the Consolidated Fund Reserve. In respect of the year just ended, for example, dealing first with the year ending 1<sup>st</sup> April 1999, the Consolidated Fund Reserve was at £40.3 million; the 1<sup>st</sup> April 2000 the Consolidated Fund Reserve was at £28.4 million; there was £0.4 million in the Contingencies Fund; there was £1.1 million in the Improvement and Development Fund; there was £0.1 million in the Social Assistance Fund and there was £0.8 million in the Savings Bank Fund surplus. All that tallies to £30.8 million. There was an additional £1 million in Government owned companies but there was a deficit, which has been netted in, in the Gibraltar Health Authority running balance of £1 million so we deducted that. The net effect of all of that are total funds available to the Government of £30.8 million. Using the same measure for the year in hand, in other words, the estimates for this year, there is a Consolidated Fund Reserve of £28.7 million; again the Contingencies Fund of £0.4 million; we estimate that the Improvement and Development Fund will have £0.5 million; that the Social Assistance Fund will still have its £0.1 million; that there will be a Savings Bank Fund surplus of £1 million that leads to £30.7 million in subtotal; Government owned company balances will then have been run down to £0.5 million; there is no deficit on the Health Authority projected and therefore we are projecting the £31.2 million. That is the make up of the difference between the figures that I used in my address Government reserves, public reserves in a wider context as opposed to the Consolidated Fund Reserve which is that part of the Government reserves or public reserves which obviously is the lion's share of it which is outside the Consolidated Fund.

Mr Speaker, the Leader of the Opposition queried why the Government had been so critical of his party's projected pre-electoral surplus of £14 million. Government was critical of the fact that the hon Members' electoral programme was unaffordable, that is to say, it increased recurrent expenditure by an amount which exceeded the budget surplus available to the Government but by a very long way and that even if they had used part of the reserves or what was in effect recurrent expenditure, quite apart from being terribly imprudent as the hon Member used to lecture Gibraltar in the days of the AACR who used to borrow for recurrent expenditure and he used to think that this was terrible economics, quite apart from the imprudence of running down reserves for recurrent budgetary expenditure, he would not have been able to keep it up for more than a year, he would have reduced the reserves in half in the first year; he would have eliminated the reserves in the second year and then how was he going to continue funding his programme? Therefore the issue between us at the election to the electorate were astute enough to adjudicate in our favour was that it was a matter of simple addition that the cost of all their electoral promises added up to each other were not affordable. Of course each electoral promise on its own was affordable but when added to all the others it was demonstrably unaffordable. For example, the promise to start paying £15 million a year again to Community Care. If they did that then they would be able to do nothing else, let alone the tax cuts that the hon members think the overtaxed community need, never mind any or all of the goodies that they had promised, it was just a demonstrably transparent attempt to bribe the electorate with unaffordable promises and the electorate that are not economists were clever enough to realise it for what it was. So the hon Member's attempt now to reduce that debate to the non-proposition that the issue at stake was whether the Gibraltar budget of £14 million was imprudent but £13 million is apparently prudent is, if he does not mind me saying so, just another example of that skill which he has mastered to perfection which is to frankly strip out isolated issues from a wider debate and then spin-off at a tangent and pretend that that was always the whole crux of the matter. He knows that that was not the crux

of the matter, he knows because I know what his skills are and what skills he lacks and what skills he has. I know that he knows that he could not have delivered his electoral programme to the electorate. My regret is that he allowed others around him to write the manifesto for him and to dissuade him from what he knows he could have delivered and could not have delivered.

Mr Speaker, the hon Member persists with this – I think it has become almost an obsession to him – to try and suggest that there is no growth in the economy. My only regret is that Gibraltar lacks the economic measurement techniques to measure that growth and certainly there is no growth that can be properly measured in accordance with economic measurement techniques that are applied elsewhere in the Western world and that is what we are correcting. That is what the input/output model will enable us to do, together with the parallel exercise that the writers of the input/output model are doing which is to advise the Government on what statistics they need to generate, how they need to generate, how they need to keep them so that the Government will have proper national accounting and economy measurement techniques available to it in the future. But, Mr Speaker, the hon Member says that there are not more employees in the economy. We will have to agree to differ on that. *[HON J J BOSSANO: I said in 1998 compared to 1996, using the Employment Surveys.]* I am happy to give way to him if he asks for it.

HON J J BOSSANO:

Mr Speaker, if the Chief Minister will give way. What I have said because if he is going to say whether he agrees or disagrees with me then I have to ask him whether he agrees or disagrees with the accuracy of the results in the Employment Surveys which is my source. I am quoting the April 1998 and April 1996 figures and the only thing that I have said is that in April 1998 there were less people than in April 1996. I do not know what has happened after April 1998, he may but I do not.

HON CHIEF MINISTER:

Mr Speaker, we all know what has happened since April 1998 and that is that the economy has become buoyant; that Cammell Laird has continued to increase its employment; that the offshore gaming industry has continued to improve to increase its employment; that the finance centre has continued to increase its employment and that I did not say that the increase in tax yield to the Government is exclusively the result of increased employment. What I will not accept from the hon Gentleman is an analysis which tries to abuse statistics in terms of arrears et cetera to prove that there has been no growth in the economy in terms of numbers of people in employment. It is self-evident that there must have been, if for no other reason than the unemployment figures have fallen. The nearly 500 people, even allowing for the fact that many of them are part-timers, but the nearly 500 people that are now employed in the offshore gaming industry, well I have not produced them out of my pocket. These are people who are now working in jobs that previously before did not exist and there has not been a loss of 400 jobs in some other sector of the economy which have simply been replaced by the new jobs that have been created in the gaming industry. So what I am asserting is that with the same regrettable inability to prove it statistically as handicapped him, what I am asserting is that a significant part of the increased tax yield to the Government is as a result of the fact that there are many more people paying PAYE. there are many more people in employment now than there has been year on year during the last four years. Of course, I accept that there are other factors - we have increased allowances but we have not expanded except in 1999, we have not expanded the tax thresholds, the tax brackets, people getting paid higher salaries get kicked much earlier into higher tax brackets, and this obviously increases the tax yield. Certainly I would concede that the stripping out, that the rolling down, the tapering off of the property owner capital allowances will also have contributed to the increased yield and obviously there is some arrears in the figures as well. I do not say that it is all because of additional employment. The proposition that I dispute is the hon Member's recurrent theme that he does not think that there are more people

in employment in the economy now than in 1997 or 1998. It is evident from non-economic sources, if he wants, just from knowing what is going on in the economy, it is evident that there are more people at work in this economy today than there were four years ago and that there were three years ago and that there were two years ago. I think that that is a reality that almost everybody else accepts except apparently the hon Member.

The 2,000 direct jobs in the finance centre are based on the survey. I have no doubt that 2,000 direct jobs in the finance centre is now a good guesstimate upgrade of the last survey results that we have. How many indirect jobs there are is a matter for complete speculation. The Hon Dr Garcia in his private capacity runs a business which is a support service to the finance centre and in terms of photocopying and machinery rentals, he would know how many people he would have to lay off from his business if Gibraltar did not have a finance centre and therefore the indirect jobs in the economy in courier companies, in restaurants, in all sorts of service industries is incalculable but I have no doubt that they are substantial. If the hon Member expresses surprise at the possibility that 3,500 or even up to 4,000 – 35 per cent or 40 per cent creeping up to 50 per cent – of private sector jobs are directly or indirectly attributable to the finance centre, I have to tell him that I would not be surprised. I cannot tell him exactly what that percentage is but that it is much higher than people in Gibraltar think, I believe is also true. Therefore I am not as surprised by that suggestion as he was.

Mr Speaker, we have had this debate before about why the Government are abandoning the PAYE returns as a source of employment produced statistics. I can only repeat to him what we have said to him before and that is that the Government have only done it because we have been advised to do so by the Statisticians just as presumably, I do not know whether he was advised or whether he did it for reasons all on his own when he changed the system in the first place because, of course, the system used to be the one to which we are now going back and it was he who changed it to the one from which he does not now want me to change and presumably in the year in which he

changed he destroyed comparability just as he is now worried that my change now is also destroying comparability. So at least in respect of that point he will appreciate that I am doing no more than following his example. And as to the reason why we are doing it, I can assure the hon Member that we have no political reason of our own, it is entirely Statistics Office driven. When he first suggested the possibility of, "Well even if you do change the basis, why did you carry on just for a couple of years....." and I rang the Commissioner of Income Tax and he said, "this seems to me like a reasonable idea, there is no difficulty". They had as soon as they heard that the method was going to change they stopped asking the right questions in the employer's return form, in the P7 form and therefore they no longer had the ability to generate the information on which the Employment Survey was done. The Government would have been perfectly content for that to have been done in parallel for any number of years but, unfortunately, now for reasons that have nothing to do with Ministerial decision, it is not any longer possible.

Mr Speaker, I am reluctant to engage the hon Member in a debate about vacancies and terminations and things of this sort but I believe that in his analysis of the comparison of job vacancies registered with terminations and subtracting one from the other and deducing from that that there must necessarily therefore only be 26 new jobs in the economy, I think he ignores the fact that most of the turnover relates to a few jobs. Most employment of this community, thank goodness, is stable. In certain industries the restaurant waiters, the barmaids in the pubs, the construction industry perhaps, there is an intense amount of turnover. A pub employs a barmaid for a week and the same job may be generating dozens of terminations and job vacancies in a 12 month period and therefore I do not think he can use that subtraction of one figure from the other in quite the simplistic way that he was doing simply to say, "Well the difference between one and the other is the number of new jobs created in the economy during that period." He also asked whether the person doing the new employment model was the person who has had connections in the past. I am informed, although I was not around at that time, that it is Professor Fletcher, he emerges in a different form, he

now operates in a company with a hospitality something or other limited, attached to the university but it is, I understand, the same man who did the last input/output model for Gibraltar.

Mr Speaker, the hon Member asked in respect of the Judiciary for an explanation of what he regarded as the surprising increase in court fees. The reason is exclusively an increase in ship arrests from which as he probably knows the court obtains several fees the most valuable of which is something called poundage which is a share of the proceeds of sale and there has been a marked upturn during that year. For example, in the previous year the fines would have been about £70,000 and ship arrests would have yielded about £140,000. In the year ended March 2000, the fines yielded £80,000 but the ships yielded £445,000 and this is quite a lucrative business, one that I used to enjoy practising when I was more profitably employed than I am now in personal financial terms but I am glad to see that it is an area of legal practice in Gibraltar which prospers because not only does it generate a good source of revenue for the Government but it generates a lot of activity in the port whilst the ship is under arrest.

Mr Speaker, the hon Member also asked me about the great fluctuations that there are in the circulating coinage surplus. Net revenue from the issue of coins during the year 1998/99 was £0.5 million compared with the forecast outturn for 1999/2000 of £5,000 and the estimate of £50,000 for the current financial year and that is the fluctuation that the hon Member has asked for an explanation about. During 1998/99 the total face value of coins issued was £900,000; of this banks returned a total of £0.2 million and the cost of the coins purchased during the year was another £0.2 million and this gives a net revenue for the year of around £0.5 million. The hon Member knows that the Government, from a debate that we had some time ago on this issue, take as revenue in the year in which coins are placed into circulation the face value of the coins minus the cost of them. So that is how the figure of £500,000 using those same three cost heads for 1999/2000 the total face value of coins issued was £0.4 million of which the banks returned £0.3 million and the cost of the coins

was £0.1 million and this resulted in the minimal amount available for transfer to revenue of the £5,000 that he identified. And then for this year provision has been made for net issues, that is, issues less bank returns of only £0.1 million with the estimated cost of purchase of the coins and expenses of £50,000 leaving just a further £50,000 for transfer to revenue. In 1998/99 which was the high year, the year for which it was £0.5 million, an exercise was carried out to withdraw and it was at the initiative of an operator in the private sector who commenced withdrawing coins from the Post Office and issuing these directly into circulation themselves, mainly to slot machine operators and people of the sort. This activity resulted in an increased level of returns by the banks because this chap puts them all into circulation, but in the next year or two the banks do not like handling coins for reasons that the hon Member understands, just sends them back. That activity resulted in an increased level of returns by the banks of £0.2 million during 1998/99 and £0.3 million during 1999/2000. Therefore, Mr Speaker, that explains the reason why there has been this great fluctuation during this three year period. The Government do have a policy of recalling sterling coins, repatriating it and replacing it in circulation by Gibraltar coins, for the obvious reasons that we enjoy a financial benefit from the latter and measures were introduced to achieve that. The banks were instructed not to issue any sterling coins back into circulation. The Government agreed with the banks that the repatriation of sterling coins will be done by us by depriving them of the cost which was always an issue to them and significantly we agreed to accept from the banks bags full of mixed sterling and Gibraltar coins and we undertook the burden of separating them. All of which encouraged the banks to hand in coins to us which gave us the opportunity to take sterling coins out of circulation, send it at a little cost to the United Kingdom, recover notes the value of these coins in the United Kingdom and replace them in global circulation by Gibraltar coins from which the Government derives an advantage. We do not expect these gyrations to be repeated to this magnitude again. It ought to be by the amount which we succeed in taking sterling out now in a normal programme recurrent fashion and the coins that we put in its place.



Mr Speaker, the hon Member asked about the funding for Community Care and he expressed regret that there is no provision in this year's Budget or in the Social Assistance Fund, which is annexed to this Estimates Book. Mr Speaker, the Community Care, given the allegations that some people make, as to the status of Community Care, which the hon Member and I would not share, I wish to say as little and as obliquely as possible, but I am advised by the Trustees that the Community Care's income generated from its investments cover its outgoings until about the middle of next year. The Government have already taken note of that and the hon Member can rest assured that the commitment is that Community Care should not be in a position where it has to use capital to meet its annual outgoings and has always received comfort in that respect. There is an issue in respect of Community Care, that is, that because it now holds the Government Debenture as the maturity date approaches the value of the capital in market terms is falling because the nearer one gets to redemption date, the lower the capital value of the paper, and therefore the Government have offered to the Trustee of Community Care to identify together the optimum moment at which the Government might be persuaded to buy the stock back to minimise the erosion of capital to the Trustees but we do not want to do that too soon because up to that optimum point the yield from the stock is much higher than the yield would be from the cash that would replace it. So it is a question of picking the optimum moment for that switch to take place, but this is all in addition to the comfort that the Trustees have with the Government and that is that because the Government greatly value the social work that this private Trust does in the community, they have been given comfort that the Government consider them to be a worthy cause to support in the future and I know that the hon Member understands the reasons for the rather peculiar formula of words that I have picked and that I know that he will not abuse it by suggesting some element of ambiguity or ambivalence by the Government in this respect. I have to say this to the hon Member that if it avoids the need to discuss these issues in a public forum, I am perfectly happy on as many occasions as he wants it to answer his questions in correspondence if he wants information about issues of this sort, I

am very happy, as I am sure the Trustees will be in respect of their own financial affairs to share this information with him, so that we do not have to discuss this in a forum which others might seem to benefit.

Mr Speaker, the pay review of the clerical and administrative grades is indeed complex. One of the problems which has arisen this year is that whereas in the past, I explained in my original address that in the UK now there are no scales up to which people progress. There is no annual incremental scales in place in the UK and that no one gets an automatic pay rise, and I think it was the Opposition Members who started it when they were in office. I agree with the hon Member and the GGCA, that a system of performance assessment is not impossible but it is difficult in Gibraltar and especially to ensure that it works as fairly as we would all want it to. And the devise that the hon Members came up with was, fine instead of the Government putting 4.7 per cent on the table as it does in England and then having a very complicated system of performance assessment to see how that is shared out between all the various civil servants, the answer is very simple, we give 4.7 per cent to everybody, which means that the people who in English terms would be high flyers are worse off, in England they would have got a bit more, but the people who in England would be under performers are getting in Gibraltar pay rises that they would not get in England, but that does not matter because the Unions agree and the Government agree that everybody gets 4.7 per cent and the people who would have got more on performance points forgo the right to get more and the people who risk getting less or nothing because of performance are safe from that prospect and everybody gets 4.7 per cent. That was the deal, that was what he implemented in his last year in office, this is what we did in respect of the 1996 pay review, in respect of the 1997 pay review and in respect of the 1998 pay review. What has happened in respect of the 1999 pay review is that the United Kingdom has now increased the maxima, especially for AOs, enormously from about £13,000 or £14,000 to £20,000, but in the United Kingdom that is inconsequential, because in England there is not a scale, there are no longer in the United Kingdom annual incremental scale. So in England they



can set whatever maxima they like, no one gets to it, no one progresses to it as a matter of right. The only pay rise that civil servants get in England is the review, if any, depending on assessment, which we have decided to deal with in the way that I have just described and with which everybody was happy. Now, the United Kingdom in 1999 puts a massive new maxima on the top of AOs to which they aspire to progress by annual increments in addition to their pay review. So whereas in the United Kingdom, the civil servants would just get its 4.7 per cent and that would be the pay review cost in England and that is what the civil servants would get in England, in other words just the 4.7 per cent, here there was an aspiration to get not just the 4.7 per cent, but in addition to the 4.7 per cent annual progression up scales that no longer exist in England towards an English maxima which in England serves a completely different purpose and does not serve to establish anybody's pay. The effect of the maxima in England is exclusively to determine what part of numeration is reckonable for pensionable service. In other words, anything that one gets up to the maxima through the box system is pensionable, anything that one gets through the performance and box system above the maxima is not reckonable. But the English maxima is not something that determines anybody's pay, it is not something that anybody progresses to annually or otherwise, except through the annual box markings assessment reviews. What we have said to the Union in Gibraltar is that the Government, committed as we are, the Government consider parity to be something of interest to the Government because it contains claims. We do not regard parity as a threat, we consider parity as something positive to the Government, that the Government want to adhere to and therefore whilst we have said to the GGCA that we are absolutely committed to ensuring that civil servants in Gibraltar enjoy parity, that is to say, that they enjoy the same level, albeit averaged out, income as their UK counterparts, which is what parity means, that if we give them two pay rises a year, namely the 4.7 per cent that we have agreed to give to everybody on a sharing of the pot basis and in addition annual increments, that in effect they are getting two pay rises a year here compared to the one pay rise a year in the United Kingdom, because the United Kingdom puts the 4.7 per cent on

the table and says now we will share it out, but the cost to the Government is 4.7 per cent. If in Gibraltar we say, fine if we take that 4.7 per cent, which we have already agreed, but instead of sharing it out by a box marking system, we give the same to everybody, that costs the Government 4.7 per cent. But if in addition we have this annual incremental progression to these new English maxima the cost to the Government is massively more than the 4.7 per cent cost in the United Kingdom and we now have figures of what it will cost, but it would add nearly £1.5 million a year to that part of the public pay roll. Therefore, what we have said to the GGCA is that we need to find a system to accommodate this extraordinary event that has occurred this year, which is that the UK have suddenly pulled this maxima figure, placed it there and that we are using it in Gibraltar or that they will like us to use it in Gibraltar for purposes for which it is not used in the United Kingdom, namely, to approach on an incremental basis as a matter of automatic annual right by every civil servant. It is a very complicated issue.

HON J J BOSSANO:

Mr Speaker, is it the case then that in the Estimates before the House, the scales that exist as shown there are no longer comparable with the grade in the UK? If there is an AO scale here, is it that that AO scale no longer exists there? Is there anything between the £20,000 or are there points?

HON CHIEF MINISTER:

Mr Speaker, the scales are the existing scales, which we used to increase every year by the pay review. Whilst the UK maxima was increasing by very little that did not matter, that is the view that we have all taken during the last four years. The problem now is that the UK has stretched that scale, an enormous amount.....

HON J J BOSSANO:

Mr Speaker, the impression that I got from the explanation that he gave was that there was this sort of ceiling purely to determine whether the salary that somebody got paid was totally pensionable or only partly pensionable, but that gave me the impression that there was just this one figure and nothing, and I am asking, for example, if we look at the AOs scale in Gibraltar, which happens now to be the lowest scale of the clerical side, is this scale in existence in the UK except that it is longer, or not at all?

HON CHIEF MINISTER:

Mr Speaker, there are no scales in the UK. The UK no longer has a pay system that has a scale for any grade. There is a minima and a maxima, a minimum and a maximum and every officer is judged on his merits as to what he gets paid in-between those two points. There is no longer in the United Kingdom a graded structure, a system of scales, of gradings up to which people progress or at all, or up to which people do not progress. There is simply no scale. There are minima and maxima only. Mr Speaker, the hon Member also asked whether provisions had been made for wages in the Personal Emoluments section and asked whether the figures in the Estimates include the 1999 Review levels. Mr Speaker, it only includes the 1999 Review in respect of those reviews that have been settled and delivered, not in respect of the unsettled. If he wants to know what would be the cost to the Civil Service, post the 2000 Review, there are two Reviews to include in these figures, the 1999 Review, which became negotiable in August last year. It is payable from the 1<sup>st</sup> August 1999, the 1999 Review and the 2000 Review, which becomes due on the 1<sup>st</sup> August 2000.

HON J J BOSSANO:

Will this apply to Administrative grades or is there a comparable problem with the Technical grades, the PTOs et cetera?

HON CHIEF MINISTER:

Mr Speaker, with very few exceptions the 1999 Review is still not there. The educational grades have already had the 1999 Review applied. The Prison grades have had the 1999 Review applied, the local authority grades, I am not sure what those are.....

HON J J BOSSANO:

Yes, I know what those are.

HON CHIEF MINISTER:

Have had the approval, but the others have not. The Senior Officers, the Admin Executive and support grades, the Customs grades to whom they are analogued, the Port grades, Crown Counsel grades, the Technicals, the Wardens, the Motor Vehicle Test Centre grades have not, and as far as the Industrial Review is concerned, I cannot tell the hon Member what the answer to that is, whether the figures have been agreed. Mr Speaker, I will have to get the answer, I would not wish to speculate as to whether the industrial emoluments, the industrial pay, whether it includes the 1999 Review or it does not. But I will undertake to tell him the answer to that tomorrow.

Mr Speaker, the hon Member understandably pointed the House's attention to the anomaly that there is at page 116 of the Estimates which shows a considerable decrease against Estimate of the sums received from the European Social Fund. The hon Member will want to know that the answer is not that we are receiving less money from the European Social Fund, but rather that the Estimate for 1999/2000 was a gross over estimate. The amounts being received from the Social Fund fluctuate between about £1 million and £700,000 and there was never any prospect of receiving the £1.8 million that was estimated in the year 1999/2000, so it is not as if there has been a fall. There is a small fall, the Actual in 1998/1999 was just over £1 million and the Forecast Outturn for 1999/2000 is £700,000 so there is a fall there in the Actual of £300,000, but there is no real fall between £1.8

million and the current figures, that is simply an erroneous estimate of the figure for 1999/2000.

HON J J BOSSANO:

I did question him last year, Mr Speaker, and that was not the answer I got then. The answer I got then was that in fact it was an element of money coming in late, sort of slipping from one financial year into the other, because the Actual for 1997/1998 was only £88,262, which was extremely low.

HON CHIEF MINISTER:

Mr Speaker, those are the facts. What the hon Member should now be asking is why the figure was so low for the year 1997/1998, because the other figures are pretty flat in Actual. The point that he has raised today is why the fall from the estimated £1.8 million, which is a point to which I have responded. There is not a fall from an estimated £1.8 million.

HON J J BOSSANO:

..... I asked the original question about the low figure for 1997/1998 and at the time it was explained to me that it was coming in sort of later because the claims were put in after the event, after the money had been spent. Obviously, if it was coming in later, I would have expected it to have arrived. I am therefore now asking why it has not arrived and I am told because it was a gross over estimate.

HON CHIEF MINISTER:

Mr Speaker, I will have to get him the answer to that. I do not know why the previous year's figure was so low. Clearly the expectation or estimation that we will receive £1.8 million in the year 1999/2000 has not materialised and therefore what the hon Member is asking is if arrears of the previous year is not the

explanation, then what is the explanation for the lower amount in the previous year. I understand the point and I will see to it that I have an explanation to give to him. Mr Speaker, the Gibraltar Development Corporation staff is not in the Civil Service. We do not regard them as being in the public service for parity purposes and yes they do have a coherent salary structure and grading system, but it is different to the Civil Service and certainly there are outstanding issues with the Union about whether particular individuals, particular job doers, categories are properly graded within the GDC stresses there is always regrading claims and job evaluations going on and indeed we have agreed with the Unions to evaluate one or two categories of GDC's employees. But the point to make here, Mr Speaker, is that all GDC employees are better off than they were from whence they came. Most of these people were employed in the Gibraltar Information Bureau or in Residential Services Limited or in any number of other companies, all have had a proper grading system applied to them, all have had proper terms and conditions of employment put to them and whatever might be the grading issues that exist, no one in the GDC would claim that they are not better off than they used to be in terms of job security, in terms of terms and conditions of employment than they were where they came from, which of course is where the hon Members put them. Therefore, the Gibraltar Development Corporation, as far as we are concerned, pursues best employer practices but it is not a part of the Civil Service from the point of view of terms and conditions of employment. For example, many of these people will now get access to an occupational pension which they did not have before, but it is not the occupational pensions that civil servants enjoy. It is just a way of creating good quality stable employment through a publicly transparent and accountable entity, which is the Gibraltar Development Corporation but without the cost of employment in the public service which is often prohibitive and which would call into question whether the Government would employ some staff if it had to employ it on Civil Service conditions. So it is a half-way house between private sector and Civil Service and we do not regard them as being in parity with the civil servants much as we understand that they would like to be.

HON J J BOSSANO:

I think then that that is confirmation that it is not the case then that they do not have new contracts of employment with the GDC. I am not questioning individuals, Mr Speaker, what I am trying to find out is are people still with the conditions pertaining to where they came from and therefore there are different conditions and different pay rates for different people or are there now new contracts of employment because after all it has been quite a long time since they moved.

HON CHIEF MINISTER:

No one is worse off personally. So if anybody had better terms, they enjoy them on a personal to holder basis. There is however now a standard set of terms and conditions of employment so that new recruits to the Gibraltar Development Corporation now sign a form of contract, we still have not obtained the signature of the employees that were transferred from the previous companies to those new contracts although the terms are being respected as far as Government are concerned, in terms of the leave entitlement and things like that. I think there are only one or two outstanding points left to negotiate with the Union on the contract but the contracts are better for the employees than were their previous ones. No one is being asked to accept terms which are less favourable to them than they enjoyed before. Everyone is better off and standardised and anyone who is not standardised is because they enjoy better that standard on a personal to holder basis from where they came from. Mr Speaker, the GDC pay Review for 1999 has been agreed and the mechanism for funding the GDC Pay Review, the Government could take it either from supplementary funding or from the Pay Settlement, because at the end of the day the liability is the Gibraltar Development Corporation, which is funded by Government through subventions in each of their Heads. The Consolidated Fund could gain those funds that it needs to pass on to fund any GDC pay rise from any source that it can via funds from. Therefore it could come from the Pay Settlement, but not necessarily. If there has been a practice in the past that the GDC one always comes from one particular

Head, then that is not the case in the case of the GDC, although well it might come from the Pay Settlement.

Mr Speaker, when the hon Member asks how much of the Recurrent Revenue is real increase and how much is arrears and when the hon Member says that the Government could have done much more and when I say that the Government are being prudent in trying to balance all the very four things that I said that we were trying to balance and at the same time lower taxes and the hon Members, I appreciate their need to come back politically at the Government's job and everyone expects it of them and we expect it of them, I suppose there is a thought that I should share with them and that is that one of the things that the Government bears in mind is not to make the Recurrent Expenditure of the Government dependant upon sources of income which are vulnerable. So when one looks at the size of the surplus, the hon Member knows how part of that surplus is generated. Our prudent approach is to use that money whilst the sun shines for improvements to the community, capital improvements, capital investments, things of that sort. But what we will not do is make the Education budget or our Health budget or our ability to continue to pay the Civil Service or our ability to continue to do the things that are important year on year in this community dependant on a budget surplus to which it is contributed to by earnings which we could loosely call of poor quality, meaning that their sustainability is not in our hands. Therefore that is a factor which we take into account and which I would urge them to take into account. When they urge the Government to spend more of the surplus in this sort of thing, one of the reasons why we do not to the same extent as they might urge us to is that the consequence would be to make Gibraltar vulnerable to external factors in terms of one or two products and we will not as a matter of prudence do that. I should also tell the hon Member that the give-aways, and insignificant as they think that they are, I do not share that analysis, but more than one of them has, are not included, are not factored into these Revenue estimates. That is something that the hon Member specifically.... I do not think he asked, I think he made a statement that assumed that they were, but in any case.....

HON J J BOSSANO:

I assumed that they had not.

HON CHIEF MINISTER:

Yes, they are not factored in. Mr Speaker, the Hon Dr Valarino spoke curiously, always a great pleasure to listen to him in this House. Indeed I have much enjoyed in the past reading him in Hansard in his previous incarnation in this House, but Mr Speaker, what I have never seen an Opposition spokesman do is hold the Government's manifesto in the hand and put to the Government the need to do things which are in the Government's manifesto but was not in theirs. So when the Hon Dr Valarino says that he urges the Government to listen to Option 5 tenants who are having difficulty paying their option Cs in Gib V, he forgets two things, with respect to him. One that the problem was created by the party that he has now joined, when it was in Government, in the face of warnings from us when we were there in Opposition which was that they were forcing people into admittedly was the lower tier of home ownership, who were not being offered ordinary council flats and that people were being forced in, in other words the net had been taken too low in the otherwise good policy of home ownership and drawing people into home ownership and therefore it is rich, if he does not mind my saying so for the hon Member to now take up the cudgels on behalf of these people when we are the ones that have been advocating for their interests in the face of a predicament into which they were put by his Colleagues when they were in Government. All the moreso when our manifesto of just three months ago specifically said that we would do this and theirs did not. So when the hon Member calls on the Government to listen to the Option C, people with great problems, my answer to him is, yes we are going to listen to them because we put it in our manifesto. He presumably, having been elected to Office, would not listen to them because he did not put it in his manifesto. I think it is pretty peculiar for the hon Member in effect to adopt our manifesto in preference to his. What the hon Member can do is hold us to our manifesto. That is a different issue. For the hon

Member to say, "I note that the Government have committed themselves to helping Gib V tenants on the Option C, and I am going to see to it, as is my job in the Opposition, that the Government comply with their electoral promises". That would have been a perfectly legitimate thing for the hon Member to say, but not to adopt the policy as his, when actually it is mine and not his, according to the manifestos. Much the same, if he does not mind my saying so, can be said about his remarks about the noise legislation. Mr Speaker, the only manifesto at the last Elections that said anything about noise legislation was ours. If he wants to adopt my manifesto, he is very welcome to, but he has got to come and sit on this side of the House. We have this commitment to noise legislation but I understand that Oppositions jump on every passing bandwagon issue and adopt it and that he knows that the residents of the South District are understandably concerned about noise, and not just noise about pollution, smoke pollution from the chimney, but presumably he also knows that the Opposition did not commit themselves in their manifesto to doing something about it, whereas I did, and he must also know that the problem in respect of OESCO originates from their actions in Office when they put OESCO into that building without requiring to be sound insulated and without requiring any work to be done. Mr Speaker, time moves on and the hon Member, even if they did not do anything about it in the eight years that they were in Office, I do not deny them the right to say, "even if I did not do anything about it, why have you not done anything about it either?" But at least that would be a more honest exposition of the facts. First of all recognising the problem originated when his party was in Office, then admit that the noise emanating from the OESCO plant now is exactly the same noise as it was emitting when the hon Members were in Office and did nothing about it and then if they want say, "but even though we did not do anything about it, what are you going to do about it?" That would be a perfectly reasonable analysis and not the one that he has given. In respect of the MOD plant, Mr Speaker, the main noise pollution actually comes from the MOD plant. OESCO does generate noise pollution but the main noise pollution and indeed the main emissions pollution actually comes from the MOD. The MOD is at a crossroads in its future of electricity generation in

Gibraltar. They do not want to be in electricity generation in Gibraltar. Indeed, they are trying to exit electricity generation in Gibraltar and the Government and the Unions are concerned to protect the employment of the employees in the MOD Generating Station. The problem with the MOD Generating Station goes much beyond the fact that the factory makes smoke and noise. Their entire plant in that factory is in desperate need of replacement and therefore, Mr Speaker, the hon Member will understand that these are not issues, which much as we would like resolved quickly, these are not issues which have a solution that the Government can implement just as tomorrow we might decide to refurbish that road or paint that building. These are problems that we have in Gibraltar, they are longstanding problems, they require expensive and long term solutions, the Government have them in hand and I think it is not reasonable and fair for the hon Member to put it on a wish list in common with things that the Government can deliver more quickly. This is one that the Government cannot deliver quickly.

HON DR R G VALARINO:

In fact, I did not mention OESCO at all in my statement and I will quote, I said, "this will greatly help those people living in the neighbourhood of the MOD Power Station, as the noise level and pollution emanating from this source, are a constant source of complaint and a health hazard". So I limited myself to the MOD Power Station.

HON CHIEF MINISTER:

Yes, presumably because he did not want to highlight the Plant for which they were responsible. Although the MOD Plant generates more noise than the OESCO Plant, they both generate noise and simply to eliminate the MOD Plant without wanting to do something about the OESCO Plant would not be a solution that the residents of the South District would find satisfactory. If he has made this the flagship issue through which he wants to attract the electoral support of the residents of the South District in the next election, my advise to him is always to mention the

OESCO Plant as well and not to limit himself to the MOD Plant only, otherwise he will not maximise the electoral advantage to himself of championing this cause.

Mr Speaker, the Hon Steven Linares spoke about the Youth Service and the change in ministerial portfolios. Mr Speaker, I know that the professionals in the Youth Service have obviously given him the same message as they have sent me. They feel aggrieved that splitting the Youth portfolio from the Education portfolio diminishes the importance or the professional seriousness of the youth function. Mr Speaker, the Government do not see it in that way at all. The fact that the Minister who previously had responsibility for Education, had responsibility for Youth, does not mean that the fact that the Youth portfolio is now transferred to the Minister who has responsibility for Leisure and Sport means that we are saying that Youth is less important. He also has responsibility for Telecoms but no one says that it is not right to link up Youth with Telecoms. I have mixed feelings about this business of linkage of youth to education and whether the youth service is education. I know what they want but frankly if one analyses the things that the Youth Service does, valuable as it is, I think it is a hybrid, it is education, certainly it is education but it is also leisure and it is also youth and therefore, Mr Speaker, the reason why this has been done is not because the Government want to downgrade it, the Government do not think it is downgrading. The reason why it was done is that the Minister that was previously responsible for Youth, now has obtained ministerial responsibility for another large portfolio, namely Health, and that the Youth portfolio is one that generates a significant amount of ministerial involvement and it was not a proper or efficient distribution of ministerial time and that is the position as the Government see it. The hon Member then went on to say, now that the Government have recognised the importance of nursery education, why do we not give pre-nursery education forever? I remember the days in Opposition when we used to call upon the Government to do that. He must know that the Parliamentary grouping led by the Leader of the Opposition, when he was in Government, what we inherited was about 120 children in Government nurseries. That is what we inherited in 1996, we

inherited 120 children in Government nursery places. That is the number of nursery places that they had. We have raised that figure to 315, in other words we have more than doubled it. For the hon Member to then say, "why have they only increased it to 315, why have they not gone 100 per cent of the way?" The answer is that deficiencies that have been allowed to develop for eight years cannot be corrected in one. They can be corrected slowly and just as the Government have over the years gradually increased, I think the Hon Dr Linares said that we were now at the ratio of about 70-odd per cent, we would expect gradually to increase that figure, but I do not think it is legitimate for members who when in Government limited this provision to 120, to criticise us for only having increased it to 315 and not having gone 100 per cent of the way.

HON S E LINARES:

Mr Speaker, the Chief Minister seems to have missed the whole point of what I was trying to say. What I was trying to say is that the Minister through a Press Release has completely changed the emphasis of why we have nursery education. It is a political change because as before the nurseries were there to try and help working mothers, now in releasing the Press Release that he did, in saying that effective pre-school education is recognised today as a key factor in successful schooling, which I totally agree, that is the emphasis. The emphasis is on the political change, not on whether we had 100 or we have 300 now.

HON CHIEF MINISTER:

Mr Speaker, the educational science is not altered by the fact that the Minister issues a Press Release. Even I am aware of the importance of pre-schooling education and I am not an educationalist. But the fact that the Minister recognises that and pursuant to that recognition, devotes considerable resources to increasing the free availability of nursery places, does not entitle the hon Member to insist that therefore his obligation is to provide 100 per cent of it. We have increased the number of free nursery places to 77 per cent of the average intake, we have also given

tax deductions to those parents who have their children in a private nursery. Therefore, if the hon Member will allow me to say that we do not consider it, that it lies in their mouths to criticise the Government for what we have done, even if it is not enough and even if there is more to be done, which of course we recognise. Frankly, given what we have done compared to what the Opposition Members did when they were in Government, we really do not think it lies in their mouths to suggest that what we have done is too little. The hon Member wants to say that whatever has happened in the past the Government should have as an aspiration the reaching of 100 per cent publicly funded pre-nursery school places at least for four year olds. I would agree. As an objective, that is a perfectly sound objective. Objectives of that sort can only be reached gradually. One cannot go from a position of 120 to a position of 450 within one year, he must understand that the deployment of public resources have to be paced and the improvement to public services needs to be gradual but frankly, I do not disagree with him if he says that the objective should be 100 per cent coverage of pre-school education.

I have to say, Mr Speaker, that I much enjoyed the contribution of the hon Lady, Miss Montegriffo. I enjoyed it, much as I would enjoy situation comedies or science fiction television programmes. The content was mostly nonsense, but I admire her political gumption. It was an intensely political contribution and it was very enjoyable. But much of what she says, apart from being old hat, is wrong. Mr Speaker, the hon Member criticises us for imposing an educational qualification for nursing. Nobody else criticises us, everybody else congratulates us. Everybody else regards it as a sensible improvement towards the attainment of nursing excellence. So the hon Member will forgive me for saying that the fact that she repeats frequently a view which only she and her colleagues appear to share, the fact that she repeats it frequently does not make it any more persuasive and the fact that she repeats it frequently will certainly not encourage the Government to abide by it. No one else that I have spoken to except her, thinks that it is a bad thing for the Government to introduce nursing qualifications, indeed the visiting consultants, everybody recognises it together with the nursing training that has



been delivered, the academic qualifications for nursing entry. All these things are regarded as positive. So the hon Lady can spend the next four years repeating that point if she wishes, hopefully before too much longer she and Dr Garcia will think of new points to generate and then we can all have a more stimulating debate in this House.

HON J J BOSSANO:

And which he will enjoy.

HON CHIEF MINISTER:

I may well still enjoy it, because what I enjoy is the manner of ad libbing and the political acumen with which it is delivered. That does not depend on the substance, it depends on her inimitably charming and politically astute and point scoring debating style which is certainly admirable. Mr Speaker, the hon Lady repeatedly comes back to this question of shortage of beds. I do not profess to be, admittedly the Chief Minister in Gibraltar needs to have developed knowledge and expertise on many things, but I would not regard myself as a health management expert, but in listening to all the points that the hon Lady makes, and in the ticking off all the reasons that she gives cannot explain why there is a bed shortage, it leads me to the only conclusion that what she must be asserting is that successive Ministers for Health have been taking beds secretly out of St Bernard's Hospital and dumping them over the cliff and that this must be the explanation for the bed shortage. According to her it is not due to more admissions, is not due to more operations, is not due to the fact that more elderly patients have been taken in. I promise the hon Lady that Ministers do not go to the Hospital to sleep at night. So we are not occupying the beds. We are not throwing beds away, we are not leaving beds empty and therefore the hon Lady has got to understand that the reason, I understand that she knows this and I understand that she is playing politics, I understand that. That is fair game, that is what Oppositions do. But the hon Lady runs the risk of confusing even herself. She knows what the reason for the bed shortage is. The reason for the bed shortage is that

successive Governments in Gibraltar, but mainly them when they were in Government, developed the policy of never evicting elderly people from hospital even when they had ceased to be ill. Therefore there are 50 long stay beds blocked by elderly people, most of who are not ill, they are just elderly. And the Government are faced with the position of chucking these people out into their homes, in many cases their families do not want to take them back and the Government are in this predicament, which is why we are developing the Elderly Care Agency to provide proper nursing home facilities, which they never did, to expand the nursing home facilities in the now Government run Elderly Care Agency, so that in the new hospital, the one that she also does not like, there will not be this problem of bed blocking and she knows this and it is therefore disingenuous, and if she does not mind my saying so, just a touchy tiny winny bit politically dishonest of her to keep on insinuating that the reason for the hospital bed shortage is somehow due to lack of resources from the Government or to lack of management by the Minister or to bad policies by the Minister. She knows what the reason is and she knows that it is nothing which can be rectified heartfully except by the application of hapless policies, is not something that is either made by Ministers or can be rectified by Ministers except to the extent that we are doing. Presumably she congratulates the Government for deploying the first ever comprehensive elderly care policy in Gibraltar. If she had done so in the eight years that she was Minister for Health, there would not now be a bed shortage problem in St Bernard's. Therefore the problem is partly of her making and she will forgive us if we take a bit longer to solve it than she took to cause it. Mr Speaker, it is either that or bed dumping and I promise her that at night I sleep, I do not go and dump hospital beds. Mr Speaker, of all the politically disingenuous things that the hon Lady has said, is her attempt now after eight years of not having done so as Minister, now to set herself up as the champion of public patients who are victims of private practice. This is of all the things that I have heard in this House in the last two days, this is the most monumentally disingenuous. Here is a Minister who sat idly by and allowed consultants with contracts that forbids them to do private practice, who systematically turned a blind eye for eight years whilst they



did private practice, who never once in eight years as Minister for Health took a single initiative, not one initiative, to protect the public patient from the abuse by doctors of private practice and now that this Government for the first time in 40 years of Government in Gibraltar, has introduced a system of monitoring and control of private practice and that has established and dedicated additional resources to its policing and to its administration and that has secured the agreement of the consultants to it. Now that this Government have for the first time taken steps to protect public patients from the abuse of private practice, now she wants to set herself up as the knight in shining armour of the people who are already being helped and which she refused to help for eight years when she was in office. Much as I like and admire the hon Lady's political acumen, she will forgive me if I tell her that that is just a little bit too much for us on this side of the House to stomach and that the licence that all Oppositions are entitled to be allowed has gone a bit stretched, a bridge too far in respect at least of that point.

Mr Speaker, the new hospital is perfectly well catered in Blocks 1 to 4 of Europort. It is the Government's view that the people of Gibraltar are entitled to a share of the prime locations for some of their social services. This will be a hospital not with a roof garden, as eventually emerged as an afterthought in her manifesto. This will be a hospital with a waterfront garden. This hospital that we will build in Europort incidentally for £10 million less than the civil works would cost of a new building that she would have built, will cost £10 million more than it has cost us to buy the building and convert it. Here is a prime site for a hospital. It has lain empty for many, many years. The prospect of it being filled up by Finance Centre operators in the foreseeable future is next to nil, there is still plenty of unfilled office space in the rest of Europort and we think that the people of Gibraltar are entitled to some of these prime assets for things that are domestic value and not everything has got to be for expatriates or High Net Worth Individuals or for things of that sort. The hon Member is completely mistaken when she says this business about expansion space. It is precisely Blocks 1 to 4 that allowed for expansion space because of the generosity of the space provision in it from the outset and it is the

completely unsuitable site that they came up with as an afterthought that was unsuitable. But we know that the people who put up the project to them, who incidentally had already put it to us, they are constructors and developers and they are interested in the construction contract and of course it suits the constructor that the Government should build on a virgin green field site, even if it costs £10 million more because that makes the contract more valuable, and given that they were going to start work by May last year, clearly they had no intention of resorting to tender, which would have been incidentally a breach of European Union Regulations, and they would simply have given it to this contractor, to this developer who had also offered it to us 18 months before. But in any case, what surprises me is that the hon Members having been through the election and lost should persist now with this notion of their site being better, when everybody in Gibraltar knows that it was an afterthought, that they had sent their manifesto to the printers and that they then printed a new page, it is even on different paper and that they slipped it in at the last minute requiring a two week delay for the publication of the manifesto and that their whole commitment to a new hospital was an afterthought as was the location. If I were them in those circumstances what I would do is keep my head low instead of carrying on uttering this nonsense about the Naval Ground being better. The hon Members are not going to see the hospital in the Naval Ground because the Government policy, which we think is infinitely sounder than theirs would have been, is to do it in Europort and that is what the Government will do unless of course somebody comes and offers us a massive amount of profit on our real estate investment in Europort which will enable us to build it in an equally attractive site for the local community at no additional expense, because there are other waterfront sites with a garden other than that one, which of course is not the Naval Ground, which is not on the waterfront, nor has a garden, except from the 18<sup>th</sup> floor wherever your architects were going to put it. Therefore Mr Speaker, if the hon Members would forgive us for pursuing what they consider to be an error of judgement, we will continue to implement our policy and not theirs and the result would be that instead of having a hospital cramped in between Edinburgh House, Chilton Court, Regal House, the City Wall and

sitting in a traffic island, which is what that site is. Their site is a roundabout, surrounded by traffic all over the place. Instead of that what the people of Gibraltar will get is a state of the art hospital, which will be the envy of every public hospital in Western Europe. That is what they will get and we will remind them when they have it that the hon Lady and her colleagues would have deprived them of it if they had been in office.

Mr Speaker, the hon Members raised the question of Coaling Island boat owners and the hand-over of the cricket pitch. Mr Speaker, if she does not mind I will resist a sort of matching contest at who is more successful at taking the MOD horse to the drinking trough and making him drink. The fact of the matter is that insofar as concerns the Coaling Island basin which as the House knows we are committed to using for the relocation of the boat owners club, the fact of the matter is that the issue there is one of reprovioning, which was always an issue. The hon Members took the transfer of the property from the MOD in which the MOD had an installation, that had to be reprovided. What needs to be reprovided here is a berth for the tug Capable and a few other small boats. What the Government had offered to do and what the MOD had originally suggested was required was a pier capable of having tied to it the Capable. Now the MOD is saying that no, because it is an extension of Berth 41, does the hon Lady know what Berth 41 is, the one just outside the Tower where they berth all the big ships when they arrive. The jetty is in effect an extension of Berth 41 and the MOD want the Government of Gibraltar to build an extension of Berth 41 capable of having the rear end of the Ark Royal tied to it. The cost of building a jetty of 41 metres in length to which the Ark Royal can safely be tied is considerably greater than building 41 metres of jetty where we only want to tie the tug Capable. What we are saying to the MOD is that what they are asking us to do is not to reprovide what they had, which was a berth into which physically one could not get an aircraft carrier, one could only get a boat the size of the Capable, that our obligation to reprovide is an obligation to pay for something which costs what that costs and not something which serves a higher purpose and therefore costs more. The cost of providing the jetty as the MOD are now

requesting is in the order of £3.5 million, compared to £1.2 million for the original. The hon Lady will understand that we are not going to rush to do that, there are greater priorities for Government. One thing is to say I spend £1 million to accommodate boat owners and another thing is to say, I spend £3.5 million. What we are trying to do is to persuade the MOD of the reasonableness of our view, of the correctness of our view and of the unreasonableness of theirs and when that debate has been resolved, we will do it. If I find that I cannot resolve it, given that what she was insinuating in her address was that they were much more successful than we were at twisting the MOD's hand. I would not hesitate to call her in as a consultant to the Government to help the Government twist the MOD's arm to give us this on reasonable terms.

Mr Speaker, the handover of the cricket pitches to the GCA is being delayed by the fact that the MOD is trying to attach conditions to the handover of a permanent preference for the school and things of that sort and that the policy of the Government is that we do not accept a transfer of assets with conditions as to user, otherwise what we are doing is taking over the cost of maintenance and the cost of the staff that look after it and we are in effect providing to them what they are presently having to pay for. There are discussions taking place about whether the schools sports requirements can be separately provided. The Minister is conducting those discussions and I think the hon Members will prefer that we conduct the negotiations in a way that obtains a transfer of property on reasonable terms and does not establish dangerous precedence for the future.

Mr Speaker, I entirely disagree with the hon Lady's criticisms of our ID Card agreements. It appears to be the hon Lady's and indeed her colleagues philosophy in life, that they think that the world will rush to solve our problems without us having to contribute anything to that. That is a completely unreal approach to life which would have taken Gibraltar nowhere. The Government's policy to the solution of problems that affect Gibraltar internationally is that we are happy to enter into agreements that solve problems, even to enter into agreements to

which we contribute, otherwise it would not be an agreement, and that the only thing that we apply is that the price has got to be right. In other words that our contribution to the solution of problems that affect Gibraltar cannot affect any fundamental interests. Mr Speaker, I do not know how brittle or how fickle the hon Member thinks that the identity of Gibraltar is, but she must think it is very brittle and very fickle if she thinks it depends on whether the words Government of Gibraltar appear on the Identity Card. The words Government of Gibraltar do not appear on our passports and I do not know if the hon Lady is one of those Gibraltarians that has obtained British Citizenship but the idea that our identity is not eroded if we have a passport that does not say Government of Gibraltar but is eroded if a piece of plastic two square inches large does not have the words Government of Gibraltar, is not an approach to Gibraltarianism that I think is correct. Actually it is more accurate because although we recognise that that agreement, that that suggestion, that that issue of eliminating the word Gibraltar, was the Gibraltar Government's contribution to the settlement of the problem. It is just that we do not happen to think it is a price tag like the hon Member says. The Ordinance, under which the cards are issued, the Civilian Status Registration Ordinance says that these cards are issued by the Civil Status Registration Officer. He is the man that issues them. Not the Government of Gibraltar, although of course he is an officer of the Government of Gibraltar and continues to be an officer of the Government of Gibraltar and he is still described in the card as the issuing authority, which says that it is issued by the Civilian Status Registration Officer, Gibraltar. The hon Member may wish to think that Gibraltar's identity depends on the use of the word Gibraltar. I do not think it does and frankly the solution of the problem is of much more value to Gibraltar than what the hon Lady thinks is the concession that the Government have made. We know that the hon Members do not like it when this Government solve problems. Not because there are concessions, not because Gibraltar is being made to pay a great price, but because the hon Members do not enjoy seeing this Government solve problems without paying a large cost for Gibraltar which they were neither able nor willing to do. They do not want to see this Government as being successful

problem solvers. They would rather see us emerged in a permanent ever decreasing circles of problems and quagmires and insoluble problems as was Gibraltar's situation when they were in charge of its affairs. We are not going to fall into that trap. We know what the fundamental interests of Gibraltar are. The public out there, the people of Gibraltar trust the Government of Gibraltar with Gibraltar's fundamental interests and that is what our mandate is and we are not in Government to implement the views of the hon Lady. Indeed we are in Government to implement policies which are different, very different, happily different, not only to the ones that the hon Lady has, but to the way they had of going about applying them.

Mr Speaker, the Hon Mr Perez said that the contractorisation of the maintenance of Edinburgh House was a breach of the assurances that had been given to the workforce. This is not true. The workforce has never been given any assurance that the Government would not contractorise the maintenance or any other aspect of Edinburgh House. What the workforce has been assured is an assurance which stands now to a much greater extent that it used to stand when he was in office, is that we would not contractorise the existing workload of the department. A principle, which they were the first to breach and massively breached by the use of contractors to do work which, had historically been of the Buildings and Works Department.

HON J C PEREZ:

What about JBS?

HON CHIEF MINISTER:

What did JBS do?

HON J C PEREZ:

JBS in agreement with the Union did part of the work that was done before but it was done with the agreement of the Unions at the time and the rest of the work was done in-house instead of

going to contractors as had been the case with the AACR and it is the case now. And the people in the Section that used to repair what JBS used to repair went on incentives schemes to do work previously done by contractors.

HON CHIEF MINISTER:

Mr Speaker, the hon Member will be glad to know that we have done an agreement with the Unions as well, but I will accept his statement as an admission that they did it, albeit with agreement from the Unions. Therefore the only point that I was wanting to make and I am very happy for him to widen this debate if he wants to, the only point that I was wanting to make was that there has been no assurance which has been broken. They are all partly guilty of this sort of lack of political imagination of just carrying on with the same old chestnut. The hon Members talk about traffic chaos. Mr Speaker, where is the traffic chaos because the only change that the Government have made, I know that the hon Members are desperate and they get their letter writers to write letters to the Chronicle, all trying to pressurise the Government into abandoning the pedestrianisation of Casemates because really what they want to do is Casemates not to be a success and they know that the best way to kill the success that everybody recognises Casemates Square is, is to allow traffic to drive through it. He is not going to succeed. Casemates will stay pedestrianised. As the result of the pedestrianisation of Casemates, changes have been made to Winston Churchill Avenue, Glacis Road, Corral Road junction, making it much, much more passable than it was before. All traffic lights have been eliminated, except those that control pedestrian crossings. No longer when one is driving down past the Dr Giraldi Home, one has to wait in a line to get into Winston Churchill Avenue and the lights only ever gave six cars the chance to pass, so one usually needed to wait for two or three light changes before one got through. No longer does one have to sit in traffic lights outside the Bank of Scotland. No longer does one have to sit waiting for traffic lights in Glacis Road. If that is the hon Member's definition of traffic chaos, I have news for him, there is going to be much more chaos during the next four years. That is not traffic chaos,

everything that the Government have done has improved traffic flow. The hon Member may wish to call it chaos. If he is referring to the length of time it takes for people in the South District to get into town in the morning, then he must know, that that has always been the case and that what the Government have done, has partly improved the situation by giving right of way to traffic coming down Trafalgar Hill into Queensway over traffic coming out of Main Street - heading south it used to have the right of way. The only other thing that the Government have done is that traffic that used to come from the Upper Town down Library Hill and passed that little bit of Main Street past the Copacabana and into Cathedral Square, instead of coming down that way, it now comes a bit further down Town Range and comes into Cathedral Square via Convent Place and Main Street. But it still meets the traffic that it used to meet because the traffic that it now meets outside No.6 Convent Place is the same traffic that it used to meet in Cathedral Square. And the traffic coming down the Copacabana when it used to come down that way, had right of way over the traffic coming past the Jewellers. So it is the same traffic, Upper Town traffic and traffic coming north from the South District that has always met in one spot, before it used to be on the corner of the Jeweller in Cathedral Square and now it is outside the Jean shop opposite No.6 Convent Place. There is no contribution to chaos as far as I can see there. The improvements that have been made from making Main Street one way, from the widening of Lover's Lane, any number of traffic flow improvements. The hon Member can rile me on the question of traffic chaos as often as he likes. All it does is give me the opportunity to point out the positive things that the Government have done and we continue to do in traffic flow management and to repeat our ambition to solve problems that they caused and which we have not yet been able to solve but we will. The biggest source of traffic problem in Gibraltar is the junction of Regal House, of Queensway and Europort Avenue.

HON J C PEREZ:

And the Government should do something about that.

HON CHIEF MINISTER:

No, the hon Member should have done, he did very well to do all that reclamation but he should have been a bit cleverer and provided a road infrastructure capable of handling the amount of vehicular traffic which anybody who can count would have known would have been generated by the number of residences that were being accumulated in that area, and he did not. The result is that it takes people 15 or 20 minutes to get out of Europort, to get out of Westside into Queensway every morning. That is traffic chaos. It is traffic chaos that they have created about which he should not worry because we will solve it even though they created it. The hon Member, rather like some of his colleagues, now wants to make himself the champion of victims that he caused, he created in the first place, because the second monument of disingenuity that I have heard in this House, the first one was about private patients and the second one was his. He introduces clamping.

HON J C PEREZ:

Sorry, Mr Speaker, that is not true. If the Chief Minister will give way?

HON CHIEF MINISTER:

I will give way to him even though he did not give way to me, but I am not as childish as he is. The hon Members during their period in office institutionalised the mass clamping of traffic in Gibraltar, not only that, or does he not remember his then colleague Mr Pilcher. Not only that, but he made a virtue of clamping by giving commission to the company that did the clamping.

HON J C PEREZ:

Again that is not true, will the hon Member give way?

HON CHIEF MINISTER:

And having done that now, having clamped the people of Gibraltar to his hearts content for eight years, now from the Opposition benches he says that he will eliminate clamping. The people of Gibraltar see through that sort of political opportunism because the disadvantage of having been in Government is that whenever one says things, one is open to being taunted of why one did not do it oneself when one is in office and there is no getting away from that.

HON J C PEREZ:

Will the Chief Minister give way? Mr Speaker, clamping was introduced by the AACR Government not by the GSLP Government. We did not institutionalise it as the Chief Minister says and if he is so against the institutionalisation of clamping which he claims we did in eight years, why has he not eliminated it in four years? Because once one is in Opposition, one revises one's policy, one commits oneself to one policy and the abolition of clamping was included in the Election manifesto as a policy decision of the party and regardless of what was there in the past, put by another Government, not by us, we have a right to come and say, this is wrong, we have realised that this is wrong, we have realised that this is indiscriminate..... [LAUGHTER]

MR SPEAKER:

Order, order.

HON J C PEREZ:

The Chief Minister has had the opportunity in four years after criticising how draconian we were of doing something about it and he did not even put it in his own manifesto. Let me add, Mr Speaker, that the Hon Dr Linares, after the performance tonight will have no problem whatsoever in bringing back the Drama Festival, that is clear. Perhaps in the year 2003 when he opens the Theatre Royal, we can have the rounding up of the Budget

Speech of the Chief Minister in the Theatre Royal and we might have the Drama Festival there because all that we are getting tonight is theatricals upon theatricals.

HON CHIEF MINISTER:

I have news for him, there is a bit more to come still. I did actually have a successful drama youth. I was once Little Buttercup in the Gilbert and Sullivan's HMS Pinafore and I can still remember the lyrics. If he provokes me enough I shall burst out into song HMS Pinafore Little Buttercup. Mr Speaker, he is completely mistaken. It is not this Government's policy to abolish clamping. We do not need the opportunity to avoid clamping because it is our policy only to clamp when public safety requires it. They clamped as a means of revenue raising. For them clamping was taxation of the motorist. The motorist that he claims to protect, clamping was just an excuse for squeezing money out of the motorist. We do not clamp. [LAUGHTER]

MR SPEAKER:

Order, order. I think you have got to be serious.

HON CHIEF MINISTER:

I hope Mr Speaker is not describing my point as not serious. The point is as serious as the hon Member's and unless it is in breach of some Standing Order or other of the House, I am entitled to make whatever points I like. Mr Speaker, the important change that there has been in clamping is that we instruct the clampers to clamp only when there is a danger. The policy of the Government is that there should be clamping only in respect of obstructions that are a danger to traffic and to public safety. Just as he used to instruct them very differently. That is the position. The policy of the Government on clamping is that and it is a fair policy. It is a proper use of clamping. It is the only proper use of clamping as opposed to the improper use of clamping that they used to do when they were in office.

Mr Speaker, the hon Member is critical of what he regards as excessive review. Why review the Post Office when all we need to do is go and ask the Postmen what they want and give it to them. This was the thrust of what he was saying. Mr Speaker, for the simple reason that the problems that we have in the Post Office today are the direct result of precisely that approach of management for the eight years that they were in office. The problems in the Post Office are structural. They are deep rooted, they are not solved, they are made worse by the sort of tinkering that he used to do to buy himself industrial peace and to ingratiate himself with a very small group of workers in the Government. Therefore, Mr Speaker, the Government get expert advice on the review of the Post Office because for us the problem is not about one postman more or about paying them more overtime or about giving them a van. To us the problems are deep rooted and structural. The management is right in some of what it says and I am sure the staff is right in some of what it says. We want a modern Post Office for Gibraltar established in accordance with modern principles, and the way to achieve that is not as the hon Members did to Gibraltar's great cost, they used to think that we know best and who needs experts, and there are all the massive bills that we now are having to pick up as a result of that policy deployed over eight years. The policy is, the proper way to do it, is to bring in the people who are experts in modern Post Office Service and that is what there is, Mr Speaker, and that is what the Government will do and the Government think that that is the sensible and prudent way to proceed. Mr Speaker, I cannot reproach him too much for doing so because I remember saying similar things when I was in Opposition on that side of the House. But when the hon Member refers to what he calls the excessive profits of Gibtel and the telephone companies and how the customer is entitled to a share of this. Is he aware that Gibtel is making the same profits now as it was making when he was in office and the Minister responsible, and that he never took the view when he was in office that Gibtel's profits should be reduced thereby curtailing the Government's dividend for the benefit of the customer, although I recognise that I once taunted him with the need for him to do precisely that. Mr Speaker, the hon Member should know that the Gibtel dividend, GOG's share of the Gibtel

dividend totalled £2.4 million in the years 1997/1998, 1998/1999 and 1999/2000 and £2.5 million, that is higher in the years 1994/1995, 1995/1996 and 1996/1997 which were his last years in office. Therefore, I limit myself, I do no more than point out that what he is now extolling the Government to do is not what he did when he had the opportunity to do it with exactly the same numbers in front of him. I think that it is fair and reasonable for that to be pointed out to people so that they can evaluate for themselves political sincerity of the exaltation that the hon Member now makes or whether he is not simply being politically opportunistic by espousing the cause of every interest group in the community in the hope of securing their electoral support in the process. Mr Speaker, the hon Member asked what was the point of applying this ruling on telecom, if liberalisation was round the corner. There is an important point of principle at stake, Mr Speaker. The European Union directives do not deregulate the telecom market, they liberalise it. Some things are still subject to licence, even after liberalisation. The European Union directives do not create a single market. This is not like Financial Services. the liberalisation directives do not create a single European market in telecoms, they liberate. They liberalise national markets which nevertheless remain national markets, so the UK national market is liberalised, the French national market is liberalised, the German national market is liberalised and the Gibraltar national market is liberalised, but they are not lumped together. In the context of that point, the idea that anyone thinks that liberalisation allows an operator to plug himself by microwave dish into La Linea, thereby in effect making Gibraltar for telephonic purposes an extension of Telefonica's La Linea Network, bypassing the local operators, bypassing the local industry, is not a point of principle that the Government are willing to give away without a contest. Because the hon Member knows what is the economic price that Gibraltar will pay if operators using a small bit of kit that they lock up in the boot of their car, siphon out of Gibraltar's network infrastructure, the cream business, leaving the local company, who is the one that employs 150, they are the companies who make the capital investment here and who have to sustain the cost of maintaining the local network, they are left with just the low margin unprofitable or less profitable business.

That is the point of principle that is at stake and the Government believe it is too important a principle given the technological advances that there have been. Things can now be done with bits of kit that were inconceivable just a year ago. Therefore the Government feel we need to leave no stone unturned in protecting the local market from being plundered in this way. If the Government are wrong and the courts rule that the directives do not allow Gibraltar to protect itself in that way, well so be it. But at least the Government will have done everything lawfully within our power to establish the protection of Gibraltar's economy and I know that politics aside the hon Member supports the Government taking initiatives for that reason.

Mr Speaker, the Government are as disappointed as the hon Member in the lack of commercial success that has accompanied the relaunch of GBC which was supposed to be an investment in additional cost which was supposed to be matched by additional commercial fund raising by the Corporation. It has not materialised. The cost has been generated, the additional commercial revenue has not materialised. It is a situation with which the Government are less than content. I agree with the hon Member's assessment of what is value for money, public service broadcasting and what is not. The Government the first time round did not want to interfere too much in the programme decision making at GBC. We took the view that as the paymasters we were entitled to attach financial conditions to a relaunch but that it would not be right for the Government to say that they should have more or less news programmes, because there is only one quick step between that and Government control of the Corporation's editorial output but it is true that the Corporation has not been able to deliver in year one at least on its part of the bargain. The Government will enter into discussions with GBC on what can be done about that and it may well be that the Government will suggest to GBC that having seen that it does not work, that the next thing that they should try is to concentrate their resources on the times of the day when community broadcasting is relevant, rather than spreading it out more thinly. The hon Member will recall that the reasoning that GBC used at the time was that having expanded broadcasting time in the



afternoon et cetera, gave them more advertising slots. Obviously there would have to be an economic evaluation to see whether the revenue that these additional advertising opportunities generates them justifies the additional operating costs that come from operating and from not concentrating resources and that is certainly an exercise that the Minister with responsibility for broadcasting, my Colleague, Mr Britto, will be undertaking with GBC.

Mr Speaker, the hon Member was a little bit critical about the lack of progress on arrears collection. The establishment of the Central Arrears Unit has been greatly instrumental in reducing and collecting Government arrears. Not only is it collecting arrears, but it is preventing arrears from being generated for so long. In other words they are starting to collect arrears much sooner before they have built up as they used to build up before. The one area where there is continuing deterioration of arrears is housing rents and that is not an area which the Central Arrears Unit has yet tackled. They are dealing with such things as rates, electricity, PAYE, social insurance contributions and things of that sort. The hon Members will be relieved to hear that I am supposed to be at the aforementioned GBC for a television programme at 9.15 pm and therefore I must rush to finish my theatrical performance, to start another one now at GBC.

Mr Speaker, the Hon Dr Garcia describes the Budget as a non-budget and a non-event, even though everything in it is a partial delivery of manifesto commitments. Everything that I have announced is in our manifesto and the hon Member has got to remember that it is the manifesto that the electorate shows by a very large margin in preference to his manifesto, and for him to describe as a non-event a manifesto that gives to the electorate a significant part of what they chose to vote for, I think is treating the electorate of Gibraltar with a degree of disrespect which they do not deserve. If I had done things which I had pulled out of my sleeve, the hon Member might say that that is a non-event, but to do things which I pledged to the electorate that I would do, that I am doing at the first opportunity and which they voted for me to do at the first opportunity, I think that the hon Member should

choose different terminology to describe this than a non-event. Mr Speaker, the chestnuts that the hon Member runs and runs and runs with, if that is not a mixture of metaphors, which I suspect it is, is that the Government are propagandistic. Does he not remember during the Election that I produced a figure that showed that he has from Opposition, he has produced many more Press Releases than the Government and he has got nothing to brag about. He has done nothing and he generated more Press Releases from the non-elected Opposition. At the time he was not even in the House of Assembly and he managed to generate several hundred Press Releases in a year with absolutely nothing to brag about and to say nothing and that he wants to categorise propagandist. If the Government did not issue Press Releases informing people, then he would plug the alternative chestnut which is that the Government play the cards very close to our chest, that we do not inform people and that this is the most unaccountable Government. He has got to decide which of the two it is that he wants because the people of Gibraltar are too intelligent as they have demonstrated now for quite some time. They are too intelligent to let him get away with running both arguments at the same time forever, so he had better decide whether he wants the Government to keep the people informed or whether he does not want the Government to keep the people informed. The one thought that came rushing to my mind when he gave his example about why the Government was necessarily propagandist, he said, "and for example, what is not pure propaganda is the point of taking the Gibraltar press to London for an event which is supposed to be promoting Gibraltar". This is what he said, "what is the point of taking the Gibraltar press and reporting in Gibraltar about what you do in London for political promotion". He could not have forgotten that the man who masterminded that technique normally sits right next to him and is not now in the Chamber, the Leader of the Opposition. Why does he think the Leader of the Opposition initiated the practice of taking GBC to film him in all his glory addressing the United Nations? What need is there for him to take GBC to the United Nations if the point of going to the United Nations is not focal theatre, but to address the United Nations on behalf of the people of Gibraltar? That does not require the



presence of the camera crew of GBC. I do not share the hon Member's assessment. I think it is important that people in Gibraltar participate in what the Government are doing for the projection of Gibraltar outside. I do not criticise his new Colleague, the Leader of the Opposition, for having done that at the United Nations. But if he is to be coherent and consistent, he should criticise him for doing it because the same applies to a political address at the United Nations as applies to a Tourism Conference in London. Neither are done for domestic purposes. Both are done to serve the interest of Gibraltar abroad and therefore the same philosophy, the same propagandist philosophy must apply to them both. Mr Speaker, the hon Member may wish to persist with his extraordinary notion that the Government have created a virtual Gibraltar. He is the only one who thinks so. Everybody else resident and non-resident alike fall over themselves to comment on the changes that there have been in Gibraltar in the last four years. The economy is booming, the physical appearance of Gibraltar is vastly improved, the physical infrastructure, the roads of Gibraltar have vastly improved, the training prospects in Gibraltar have vastly improved. If that is the hon Member's definition of a virtual Gibraltar, I would say it is a definition of a virtuous Gibraltar, rather than a virtual Gibraltar and it may be that he has got his terminology confused. Mr Speaker, he then throws in, in the hope of tarnishing the Government, I know how close he was to the dispute involving the Chief Justice last time. Everything gets reported. He is completely irresponsible. Press comments in relation to the subject contributed to the situation. Let me tell him that if I have to say the same thing again, I will and if I have to say the same thing again about a Commissioner of Police, I will, because he who boasts so much about the Government being poodles of the Foreign Office and about the Government giving away Constitutional advancements for Gibraltar and about the Government allowing the introduction in Gibraltar of retrograde practices, he who is constantly saying that through clenched teeth, because he has neither the policy nor the courage to actually implement what he says from the safety of the Opposition benches, he should not be criticising me, he should not be criticising the Government for making it perfectly clear to those that would take Gibraltar back to

the Victorian times of colonialism, that we in Gibraltar will not put up with it and he may want to criticise the Government of Gibraltar for telling a Commissioner of Police who publishes his views about public affairs and about Government policy and about legislation and about public expenditure methods to the press and to the Governor and to the Foreign Office officials, but has not the opportunity to do it to the Government, he may think that that is okay, but I can tell the hon Member that has not happened in Gibraltar in 35 years. He may not have been in this House long enough to value the importance of this House and only this House being the adjudicator of the expenditure of public funds. He may therefore think that it is okay for the Commissioner of Police to rush off to London to discuss with Foreign Office officials about would it not be nice to have if we were to have a little committee with Foreign Office officials in it and local worthies to decide how much funds the Police should get. But it is them instead of the hon Member, as the elected legislature of Gibraltar. He may think that both the methodology and the content of the Commissioner's behaviour is acceptable. I tell him it is not acceptable to the Government of Gibraltar and we will engage in public controversy, as he calls it, as many people as seek to take Gibraltar constitutionally backwards. And I expect his support, not attempts from him to embarrass the Government for doing so. He is certainly not doing Gibraltar a service and he is certainly not ingratiating himself to the electorate, who understand these things, apparently better than he does.

Mr Speaker, the banking licences, this continued attempt by the hon Member, who does he think he is kidding? Does he not understand that when he makes isolated disjointed points, calculated to send the signal that the Finance Centre is in decline, because the Republic Bank of New York, because it has gone? But does he not understand that the people who work in the Finance Centre of Gibraltar know what the reality is, does he not know that the Finance Centre Council in October last year said publicly that 1999 was the best ever year for the Finance Centre? Who is he trying to kid into believing that the Finance Centre of Gibraltar is in decline, when everybody recognises that it is enjoying a heyday that it never enjoyed before and which certainly

would never have enjoyed with the bankrupt, suicidal for the Finance Centre policies that the Party that he has now gone to bed politically with used to dollop out when they were in office. Not only have we rescued the Finance Centre from the precipice to which his new political partners had taken it, but we have in four years repositioned its reputation, enabled it to grow, enabled it to prosper and everybody recognises this except the hon Member. He can carry on spitting into the wind for the next four years but he has recently learned what happens to people who spit into the wind and that is that they get their face wet. In electoral terms the electorate see through it and do not buy that sort of thing because they have eyes for themselves, they can see for themselves. When he tries to paint this picture of touristic decline in Gibraltar, does he not realise that the people go out into the street and see cruise liners in port like they have never seen before, that see Main Street practically impassable for tourists and he is trying to persuade people in the face of what they see with their own eyes, he is trying to present a distorted presentation of statistics to try and demonstrate that what people can see with their own eyes is virtual Gibraltar. It is an optical illusion, it is not true that these cruise ships are in the Port, three yesterday. It is not true that Main Street is full of tourists. All this is not true, it is a figment of the Government's propagandist virtual Gibraltar. I can tell him he will have difficulty getting to this side of the House in that way, that is not the way to persuade the people of Gibraltar to deposit their trust in him. Mr Speaker, if the hon Member is concerned about coaches getting preferential access to the border in La Linea, he will have to go and explain his concern to the Spanish Authorities. I know he thinks it is legitimate to blame the Government for everything. The fact that Renaissance decide to take their cruise ship to the Baltics instead of to the Atlantic, that is something for which the Minister for Tourism is responsible. I can only decide what happens in the frontier from this side out, I am not in a position, despite my excellent relations with the Mayor of La Linea and others, which we hope to make even more excellent, we are not in a position to dictate to the Spaniards how they should operate their side of the border. What he is not entitled to do, even if he is going to stick to honest debating techniques, is insinuate as he did, that the

Government must have agreed to this. That this is the product of the co-operation between the Mayor of La Linea and the Government of Gibraltar. Thereby seeking to attach to the Government of Gibraltar the causation of this practice that he says concerns him. If he is concerned about this, he should go to La Linea to the Mayor's office, explain his concerns to him and whilst he is there talk to him about that e-commerce project that he also referred to because it is the Mayor's of La Linea as well in his private capacity. So he could kill two birds with one stone. He can inform himself about the e-commerce project that he referred to about La Linea and at the same time express to the Mayor his concerns about the preferential treatment being given to buses.

Finally, Mr Speaker, the Government have never claimed more credit than is due to the Government for the fact that the World Federation of Small Businesses has chosen Gibraltar for its global conference. But credit is due to the Government. The fact of the matter is that it was the Gibraltar Federation of Small Businesses itself that requested the Government, to send the Minister there because the Federation had said that unless the Minister goes to support and sponsor the application and to show the Government's commitment and the Government's support, they would never get the nomination for the presentation and in response to that request, the Government did everything that it could, which was not only to send the Minister, but actually to pay the cost of air travel for the President of the Federation of Small Businesses herself whose organisation could not afford to send her to Singapore. The Government are not the Federation of Small Businesses but the Government have been instrumental in securing that conference for Gibraltar, as has Mrs Guerrero, the Chairman of the local Federation, as has, perhaps more important than both of us, Mr Brian Prime, who is a big shot in that organisation and who is a longstanding and committed friend of Gibraltar. The Government claim the share of credit that is due to us which contrary to the impression that the hon Member sought to give is not none.

Mr Speaker, in closing I have to express the disappointment of the Government to what has been the approach of the hon

## THE APPROPRIATION (2000-2001) BILL, 2000

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

### HEAD 1 - EDUCATION, TRAINING, CULTURE AND HEALTH

#### HEAD 1 – A – EDUCATION AND CULTURE

##### Subhead 1 - Personal Emoluments

HON J J BOSSANO:

Mr Chairman, in Personal Emoluments, the establishment shows that the lecturers in the College of Further Education, previously shown as Heads of Departments, have been redefined as teachers and are now included in the complement of 22 teachers. What does this involve in terms of Personal Emoluments which I take it is included in the global salary figure of £9.7 million?

HON DR B A LINARES:

The answer is yes.

HON J J BOSSANO:

The answer is yes, what does it involve?

HON DR B A LINARES:

Sorry, I thought the hon Member was asking whether the renewed salaries.....

HON J J BOSSANO:

‘No. Given the fact that there is a change in title, as it were....

Members in this Budget debate, which is to raise nothing new, to continue with the same old chestnuts as they were raising repeatedly before the Election and to reproach the Government for implementing the Election manifesto, which the people of Gibraltar chose in preference to theirs. They will forgive us, given the manifestly more success that our approach has met in the eyes of the electorate to theirs, they will forgive us if we spend the next four years implementing our policies and not theirs and doing things our way rather than theirs because the last four years show, in comparison to the previous eight years, that Gibraltar does much better with things being done our way and with our things being done rather than theirs and that is what we will continue to do.

MR SPEAKER:

I now call on the Financial and Development Secretary to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have nothing to add, other than to say that if I missed any small technical points we will pick them up at the Committee Stage.

Question put. Agreed to.

The House recessed at 9.15 pm.

FRIDAY 2<sup>ND</sup> JUNE 2000

The House resumed at 11.00 am.

### COMMITTEE STAGE

HON ATTORNEY-GENERAL:

I have the honour to move that the House should resolve itself into Committee to consider the Appropriation (2000-2001) Bill 2000, clause by clause.

HON CHIEF MINISTER:

There is more than a change in title. The position that has developed surrounding the lecturers of the College of Further Education is that whereas there was a time that they were better off than teachers, because of what has happened to teachers, all that has been eroded and they are now on the same terms as teachers in order not to be worse off than them. So it is not just the title, they are now incorporated onto the same terms and conditions as teachers. They were previously on what was known as Silver Book terms of conditions and they are now on the Blue Book terms of conditions, which are the terms of conditions that apply to teachers generally.

HON J J BOSSANO:

Can I ask, Mr Chairman, does the Minister have a figure for how much of the salaries bill is due to the College of Further Education?

HON DR B A LINARES:

I have not got the breakdown with me, Mr Chairman.

HON J J BOSSANO:

Given the fact that we were told in the general principles of the Bill that the projected increased revenue from fees for further education of £100,000, as opposed to £20,000, is an indication of a much greater volume of provision, presumably for places for students, five times as many and that we were also told in the general principles that this was largely self-financing, presumably, if there is a provision for people to pay £100,000 worth of fees for being taught, there must be a provision for the teaching on the other side of the expenditure side. I am assuming that there is a logic, that if one is expected to provide more courses, one provides them both for the revenue and for the expenditure.

HON DR B A LINARES:

Mr Chairman, the answer to the first question concerning the cost of the lecturers is £561,378. Concerning the courses of continuing education, they are self-financing, we have to bear in mind that not all the tutors and teachers involved are part of the College complement. They are actually contracted. They are engaged from outside for particular courses, for instance, in the leisure courses, gardening, art, pottery and of course, the self-financing mechanism pays for them.

HON J J BOSSANO:

What I am asking, Mr Chairman, if in the Bill before the House, we have an estimated expenditure, an estimated revenue yield, resulting from the provision of the service, then I would expect that we would be approving the expenditure related to that service. Therefore, I would expect that if last year the College of Further Education provided 20 courses, for the sake of argument, each of which produced £1,000, then this year they must be producing 100 courses, each of which produces £1,000. Therefore, we must have voted money in the House last year for those courses irrespective of whether the people teaching were permanent or not. If they are not permanent presumably they would be included in the sub-head for temporary assistance, as opposed to the sub-head for Personal Emoluments, but the money must still have been voted in the House. It was not that the students paid cash to the lecturer, I take it. Otherwise the money should not be coming into the Consolidated Fund. If it has been coming in, it must be going out.

HON CHIEF MINISTER:

Mr Chairman, that is the position now. It was not the position before. When they used to do it, the hon Member will remember that the figures in the Consolidated Fund were netted and that they used to allow the College of Further Education to keep a deposit account into which students outside the Government, in which the students paid their fees and the College drew the

money. That is not what happens now. What happens now is that one item is shown as revenue and the other item is shown as expenditure under the Consolidated Fund. If I understand what the hon Gentleman is asking, he is asking, "given that we are predicting a higher output of courses, does this not require a higher cost provision for methods?" Mr Chairman, the answer is that it is included in the sense that the courses that the Principal of the College arranges or allows to be arranged, is always tailored to the human resources and the hours that the lecturers have available. Remember for some of them their hours are not the usual hours and that they offer the courses that they can, within the human resources and the hours that they work that they can. There is no specific provision for additional cost arising from the predicted additional courses that the hon Member has said, at least not in terms of numbers of staff. Whether there is a provision in the overtime.....

HON J J BOSSANO:

The overtime is not up, Mr Chairman.

HON CHIEF MINISTER:

Mr Chairman, any additional monies that may be required for reasons that the hon Member has identified or any other would in any event be taken out of the Temporary Assistance, which is sub-head 1D under Education and Culture.

HON J J BOSSANO:

I have already said that. Mr Chairman, I have already said if the permanent staff is not, I have already mentioned the Temporary Assistance. I have pointed out that there is no provision whereas the outturn when we provided £20,000 worth of evening classes, was £650,000 and the Estimate for the forthcoming year in anticipation of providing £100,000 worth of courses is still £650,000.

HON CHIEF MINISTER:

Mr Chairman, the hon Member has got to understand what the nature of that sub-head is. The Temporary Assistance Vote does not respond to a fixed cost base. It covers for such things as supply teachers, for heads, for expenditure, the demand for which is unknown and fluctuates from year to year. The hon Member will see that it was estimated at £477,000 in the previous Financial Year and has gone to £650,000. Therefore, the provision is made on the basis that there is slack in that figure because it is not like sub-heads A, B and C, where we know that that is going to be incurred. Temporary Assistance arises in different amounts. The need for expenditure under that head arises in different amounts, in different years and my own view is that it is increasing at an alarming rate.

HON J J BOSSANO:

I am surprised that that is the Chief Minister's view because in fact it is hardly increasing at all. The actual for 1998/1999 was £640,000 and the actual for this year is £650,000 and the proposed for next year is £650,000. So not only is it not increasing at an alarming amount, it is practically not increasing at all.

HON CHIEF MINISTER:

Mr Chairman, if the hon Member wants to nit-pick we will be here until tomorrow night. The hon Member has got two years in front of him, he has got the 1998/1999 and the 1999/2000.

HON J J BOSSANO:

Mr Chairman, I have not finished.

MR SPEAKER:

Let him finish.

HON CHIEF MINISTER:

Does he want the answer to his question?

HON J J BOSSANO:

The Chief Minister likes answering questions so much that he actually jumps to his feet to answer even before I finish formulating it. All I was saying before I put the question is that he is wrong in saying the Temporary Assistance is growing at an alarming rate because the only thing that has grown is that it was grossly under-estimated last year, because the actual for 1998/1999 is very close to the forecast outturn and to the proposal. What that would indicate is that on a year-to-year basis by and large, what one finishes up paying for Temporary Assistance has not changed very much. The question that I am formulating, which may seem nit-picking but that is the purpose of the Committee Stage, the whole ethos of the Government's desire to bring everything here to be examined closely for transparency and all the rest of it. The question that I am formulating is that if we have been told that there have been possibly an over optimistic assessment of the courses that are going to be provided, then we would have expected that if there is a decision to provide courses in the estimating of the department, the department would have submitted to the Minister approval for funds for the courses that are going to be provided. It is not an unreasonable assumption and what I am trying to do is find out where I can find that reflected. If the Minister is not able to give me the information on his feet now, then I am quite happy, having drawn attention to it, that perhaps he should write to me letting me know what is the difference between the courses that were done last year and the ones that are being planned for the next year in the programme that he says the Manager has produced and then we will be able to evaluate what additional..... We welcome the fact that the College of Further Education should be given much more variety of courses to people. We just want to find out more about it.

MR SPEAKER:

Before you stand on your feet, I wish to make the position clear. I am reading from Erskine May, "The function appropriate to a Committee of the whole House", which is this one, "is now recognised to be deliberation and not enquiry".

HON CHIEF MINISTER:

Mr Chairman, the answer is the one that he has had. It is provided for in the Temporary Assistance Vote. He will not be written to as he suggests and he is a nit-picker and what I said he was a nit-picker about is not about his enquiry about the figure, which I agree is the purpose, at least has always hitherto been the purpose of Committee Stage, the nit-picking does not relate to the figure. It relates to the pouncing of the fact that I am wrong when I say that the figure is increasing alarmingly because he looks at the pages and says, "last year it was £639,000, this year it is not increasing alarmingly". If he looks at that figure for the last four years, he will see that historically it has jumped alarmingly from about 1996/1997 onwards and has increased annually. He nit-picks in that he immediately tries to demonstrate that I am wrong, when I have said that the figure is increasing, simply because it has not increased on the basis of this year and the last. That is what I was saying he was a nit-picker about and on that basis we will be here until 4 o'clock in the morning, which I am perfectly willing to be, but it is hardly the purpose of the arrangements. The answer to his perfectly legitimate question is, to the extent that the cost requirements of the College of Further Education in terms of additional training programmes is not provided for in their fixed sub-heads for emoluments, any increase requirements would be met out of the Temporary Assistance sub-head which is a flexible and unspecific provision. It depends on such things as maternity leave, the amount of use that is made by the Department of Education of the Temporary Assistance. The amount of maternity leave varies, the amount of sickness amongst teachers varies, the in-class service, there are so many factors that influence that, that it needs a general financial provision, and it will be met out of that and that is the answer to the hon Member's question.

HON J J BOSSANO:

Are the Government willing to provide details of the courses planned for this September by the College of Further Education and the estimated order of costs? Yes or no?

HON CHIEF MINISTER:

Mr Chairman, the details of the courses that the College of Further Education is doing this year is a matter of public record and public information, have already been announced such as they already exist, will be announced when they exist and the hon Member will have every opportunity to do so. As far as the cost of each course is concerned, that information is of course available and the Government are perfectly willing to pass it on to the hon Member if he thinks it is of interest to him. Each course is a very small amount. We are talking about £1000 here, £2000 there and a long list of items in that order, but he is perfectly welcomed to have it, if it is useful to him.

HON S E LINARES:

Mr Chairman, on my address previously, I asked the Minister if he could kindly give us an explanation as to why when I asked the question, Question No. 176 of 2000 – How many teachers there are in different schools – he gave me a list and when I added this list it came up to 311.5 whilst the complement in the Estimates is 299.

HON DR B A LINARES:

There is a simple answer to that, Mr Chairman. The fact is that the question was geared to how many teachers were in post, were actually active in the schools and at that time we totted up 311. We were not referring in that question to the actual complement. The statement in my report the other day accounted for the complement, the approved established complement which is 299.

HON J C PEREZ:

Does that mean that the difference is made up of supply teachers which are not accounted for in the complement?

HON DR B A LINARES:

Yes, Mr Chairman.

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 - Special Education Abroad

HON J J BOSSANO:

Mr Chairman, the Special Education Abroad, in respect of how many people is it?

HON DR B A LINARES:

Mr Chairman, I think it is three, but I can check on the exact figure. About three at the moment.

HON J J BOSSANO:

Are these children below the school leaving age of Gibraltar, this is why it is coming out of the Education Vote, the three that are in the UK?

HON CHIEF MINISTER:

They come under the Education Vote, Mr Chairman, because they are at school. They are schools for special handicapped people. One does not want to mention names, but if we did, they would immediately recognise them. These are children with

special educational and care needs and they are delivered together. There are now actually five of them, plus one that is pending assessment for which provision has been made and some of these are very, very, very expensive. I cannot remember whether it was the Hon Steven Linares yesterday who intimated at this, but one of the projects that the Government have been looking at now for over a year is precisely whether given the amount of money that is being spent on this, whether we cannot provide this in Gibraltar and spend that money creating jobs here rather than placing. It is all being assessed at a professional level. There are different sorts of needs, not all these children have the same needs, different disciplines, different skills, whether it can be cost effective if we provided it in Gibraltar. That is one of the studies that Milbury was actually recruited to do and it is called the Home for Children with Challenging Behaviour, as a project. It is one of the things that we have been working on now possibly for longer than a year, nearer two, but of course one has got to do it sensitively in relation to the needs of the people concerned rather than just view it as an economic exercise.

HON J J BOSSANO:

In cases where a child becomes an adult and the Government need to provide money for them to be kept in an environment in the United Kingdom because it is not available here, does it still come out of this subhead? I remember at one stage, within the Education budget, that the argument was put that after a certain age, it ought to be Social Services and not Education. Is that the position now? Are there clauses somewhere else or is it all here?

HON CHIEF MINISTER:

No, it is all here. There is one person there who is already 18 years old amongst the five. The view has been expressed that it may be the case that once these people reach 16, that they become the responsibility of the UK Social Services County in which they are. The problem with that approach is that if it became known that Gibraltar was taking the view that we send them aged 10 or 11 or 12, pay for them and the moment that they

are 16, we say to the unfortunate Country Council where the school happens to be located, "this person is now 16, now he is your responsibility", we would never get places. The word would get around, there are not all that many schools and we would just become unable to find places for our children because the local authorities would realise that it was a trap, that we would end up paying for a couple of years and they would have to pay forever thereafter. That is one of the factors that is being factored into the possibility of providing this in Gibraltar. At the moment we are not taking a view, we are not differentiating between minors, youths and adults. It is all in here.

Subhead 5 – Special Education Abroad was agreed to and stood part of the Bill.

#### Subhead 6 – College of Further Education

HON J J BOSSANO:

Mr Chairman, the provision here which shows that we voted £81,000 last year and spent £60,000 and now £58,000 is being required. Is the cost of the College reflected in the Estimates, the Personal Emoluments, Industrial Wages plus this and nothing else, and if so, why is it coming down?

HON DR B A LINARES:

Mr Chairman, it is based on the bids and the costings made by the College itself and it is certainly not for Emoluments and Salaries. It is for consumables, equipment, administration expenses, running expenses. The Estimate this year is based on the costings which have been made by the College in terms of marketing, photocopying, and library resources.

HON J J BOSSANO:

What I have asked, Mr Chairman, is in the Head that we are voting on Education, is the cost of running the College made up of the proportion that may be in Personal Emoluments, the



proportion that may be in Industrial Wages plus this £58,000 and that is it? That is in the other bids like General Expenses, Electricity and Water, there is nothing there for the College.

HON CHIEF MINISTER:

In respect of the utilities, yes. Electricity, Water, Telephones, but not in respect of other things. Other things are all included in those three Heads that he has mentioned. It is not actually going down. In 1998/1999 it was £42,000. For some reason a very high Estimate was provided for for 1999/2000, which actually was not spent, and so what we have done this year is more or less provide at the level that they spent last year, rather than continue to provide sums that they do not spend.

Subhead 6 – College of Further Education was agreed to and stood part of the Bill.

#### Subhead 7 - Scholarships

HON J J BOSSANO:

Mr Chairman, in relation to the money that we are voting for the scholarships, if I may refer to the Appendix, which gives a breakdown of how that money is going to be spent. The Minister mentioned that there had been a very large increase in the money provided for the travelling allowance for students in the UK, in the General Principles of the Bill. My understanding is that the traditional way it was done was that the value of a club class ticket was provided to the student. That is how it used to be and that therefore if the club class ticket went up, then the money went up although the student had the option to travel cheaper within that amount. Does that no longer exist?

HON DR B A LINARES:

Mr Chairman, I do not think, certainly not within my time in this Ministry, that the costings were based on the club class ticket. It

is being based on a one-year open return fare. This is costed and that is what is given to the student.

HON CHIEF MINISTER:

It has always been done on the basis of the cost of a one year open return which may or may not happen to coincide with roughly what a club class ticket costs. But it would be pure coincidence, it has never been based on the cost of club class travel, but rather on the cost of a one-year open return ticket.

HON J J BOSSANO:

The Minister said in the general principles of the Bill that more money was being provided for travelling, what we are saying is that the cost of the one-year open ticket has risen. Is that the position?

HON DR B A LINARES:

When I said, Mr Chairman, that there was more money provided for travelling, I meant more money is being provided by this Government for travelling than the previous administration, which throws the travelling allowance quite irrespective of the cost of the one year open return. It remained frozen and static for years and it is only when we took office that we felt that this had not kept up with the inflation in travelling costs and we increased it, as required in the Ordinance, we actually costed the allowance in terms of the cost, as reported to us, of the one year open return. So when I said that we had increased the travelling allowance, I meant in relation to what was being paid before by the previous administration.

HON J J BOSSANO:

I would not know whether at one stage they were getting less than the cost of a one-year return. Given the fact that it has increased how is it that the anticipated expenditure for the forthcoming year is less than the outturn? Is it that there are going to be less people

travelling? If the travelling allowance goes up because the ticket goes up, how come the Government are expecting to spend less?

HON DR B A LINARES:

Because it is related also to the number of pupils who are expected to be warranting this expenditure.

HON CHIEF MINISTER:

Mr Chairman, these things are demand driven. What the Government write in this booklet is not what decides how much is spent. On mandatory grants and on mandatory courses and on the other expenses, it is whatever it is. In other words, it depends on how many children get the necessary grades to get places in UK universities. It may well be that this is an under-provision or an over-provision. We will know when the exam results are obtained. If there is an under-provision it has to be costed, it has to be funded because this is not discretionary expenditure on the part of the Government. We have to produce whatever money the statutory mandatory entitlements deliver and that is a product of the number of children that get places at university.

HON J J BOSSANO:

Mr Chairman, I know that it is an estimate. The point is that in the Estimates, when we get the book and we study the book and we examine the figures in it, if there are things that appear odd, we draw attention to them.

HON CHIEF MINISTER:

But no one is complaining.

HON J J BOSSANO:

What appears odd is that the Government make an estimate this year that they are going to need only £300,000 for travelling allowance for students in the UK, notwithstanding the fact that

they tell us that they needed £380,000 last year and £377,000 the year before. That raises the question in my mind, is it that they have got some reason for believing that this year there are going to be less people going?

HON DR B A LINARES:

Mr Chairman, in answer to the question, I go back to the point I made a moment ago about numbers. We can have a guesstimate of numbers related to the number of students who are taking 'A' Level exams who will gain entry into university. So based on that assessment, the costing has come down to £300,000.

HON CHIEF MINISTER:

The costing would be whatever it turns out to be.

HON S E LINARES:

Mr Chairman, in the tuition fee section in the same page, the Government have estimated more money for actual tuition fees. Does this mean an increase in tuition fees in the UK or that the Government are envisaging more students?

HON DR B A LINARES:

Mr Chairman, the fact is that we are going to a third year of tuition fees. A third intake of students who will require that tuition fees be paid by the Government and this accounts for the increase.

HON CHIEF MINISTER:

The hon Members will understand that when the United Kingdom introduced tuition fees, and the Gibraltar Government made the decision that we would pay, rather than require our students to pay, the United Kingdom did not introduce tuition fees for students there already in course.

HON J J BOSSANO:

For those ones starting.

HON CHIEF MINISTER:

Exactly. So that during each of the first three years, an additional intake, as far as we are concerned. Now we will always have three years worth of intake for which we are paying. This is the third year.

Subhead 7 - Scholarships was agreed to and stood part of the Bill.

Subheads 8 to 11 were agreed to and stood part of the Bill.

#### HEAD 1 - B - TRAINING

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

#### HEAD 1- C - HEALTH

##### Subhead 1 – Personal Emoluments

HON MISS M I MONTEGRIFFO:

Mr Chairman, during the general principles of the Bill, I asked the Minister that I would like to know under the Personal Emoluments, the £6.8 million, whether he could give me a breakdown of the monies that will be provided for the nursing grades, broken down by each different grade?

HON CHIEF MINISTER:

Just before my hon Colleague rises, it is just worth recording for the sake of formality that there is not any amount under Personal

Emoluments under the Head of the Consolidated Fund. The figure is a figure of contribution generally to the Health Authority. The actual emoluments then appear as one item in the pro forma and financial statement. So long as it is understood that that is the basis upon which we engage in the discussion, we are quite happy to do so. I do not know whether the Minister actually has the information that she has requested.

HON DR B A LINARES:

I apologise. I have not got at hand the breakdown of the figures but I will assure the hon Lady that I will provide her with the exact figures.

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 - New Hospital Building Running Expenses

HON MISS M I MONTEGRIFFO:

Mr Chairman, can the Minister confirm what the running expenses relate to because usually running expenses are meant for a building that is operational and I believe the hospital has not been built yet.

HON CHIEF MINISTER:

Yes, the hon Lady states the obvious. The fact is that the Government now own the building and we are responsible for 'security costs, for maintenance costs, for electricity. There is a small amount of electricity consumption in relation to alarm systems. In other words, the cost to the Government of running the property and there is also a provision in this figure for the consultancy fees that we are paying to the consultants that are

doing the design work on the hospital for us. It is a combination of the cost of maintaining the building in a secure position whilst it gets into use and also of the preliminary design work, consultancy work in relation to the new hospital project.

HON J J BOSSANO:

Mr Chairman, so this is being paid to somebody, is it?

HON CHIEF MINISTER:

We do have consultants. There is a firm of consultants in the UK that has been engaged to advise the Government. I do not know if there are any invoices yet, but they will certainly be submitting invoices during the next year. So it is a provision. Yes, there are consultants engaged who have been advising the Government for some time.

HON J J BOSSANO:

For example, some of the things, like the security of the building and so on, that will then not be done by any Government department or the GDC directly? Are the Government contracting things like that out?

HON CHIEF MINISTER:

Mr Chairman, no. This is a contribution to the cost of the continued service which is provided by the owners of Europort. The owners of Europort have got a security system for the whole complex. We have now in effect taken a third of the complex and therefore we are contributing to the cost of security.

Subhead 4 - New Hospital Building Running Expenses was agreed to and stood part of the Bill.

## HEAD 2 - EMPLOYMENT AND CONSUMER AFFAIRS

### Subhead 1 - Personal Emoluments

HON J L BALDACHINO:

Mr Chairman, on Personal Emoluments – Salaries, there appears that it is being estimated less than what the forecast outturn was for 1999/2000, even though the establishment of personnel is exactly the same. Is there a reason for that?

HON H A CORBY:

There is a reason, Mr Chairman, the explanation is that the Secretary of the Police Complaints Board was being paid by us and he had his office under the Ministry of Employment. He has since been transferred temporarily to the offices of the Employment Service, but he is now at Secretary's Lane and now he is no longer paid by us. This happened in May 1999 to March 2000.

HON J L BALDACHINO:

Mr Chairman, I can only relate to what the establishment wants on the Employment Consumer Affairs, which is on page 27, and to me what we estimated at the time was precisely for 12 persons. We still have 12 persons today. So that could not have been the explanation actually.

HON H A CORBY:

The explanation is, Mr Chairman, that he came in May after the Estimates had been agreed and was not included.

HON J L BALDACHINO:

Is it then that he was shown somewhere else in another department and if that was the case, was the Personal Emolument from that department transferred to this one?

HON H A CORBY:

I think he was in Buildings and works, if I am not mistaken.

HON CHIEF MINISTER:

He was historically shown in Buildings and Works, which is where he physically was based in Town Range. Then he was temporarily moved to the Employment Service, which is what my Colleague, Mr Corby, has just explained. Now he has been taken out of there and he is now in Secretariat.

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

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

Subhead 3 - Office Expenses

HON J L BALDACHINO:

Mr Chairman, the Security and Messenger Service is a contract service, can the Minister say who is providing that service, which is the company?

HON H A CORBY:

Mr Chairman, Security Managerial Service. Due to an omission in the Office of the Financial and Development Secretary's Office in the preparation for the 1999/2000 Estimates, no provision was

made for this service. Subsequently, in June 1999, £6,000 supplementary funding was approved in principle to cover this expenditure for the remainder of the financial year. The tender was awarded to Group 5 in November 1999 and the service started on 29 November 1999 at a cost of £880 per month for one year. By the end of 1999/2000 financial year, three payments had been made amounting to £2,640 that is the £3,000 forecast outturn for 1999/2000 which appears in the Draft Estimates for 2000/2001. The allocation of £12,000 for the coming financial year reflects the cost of the service for a full year including a small amount to cover the possible increase in the cost of the service when it is re-tendered.

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

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

Subhead 5 - Office Rent and Service Charges

HON J L BALDACHINO:

The Office Rent and Service Charges, I suppose it is because it is an annual increase and that is why we are providing for more, is that correct?

HON H A CORBY:

Yes and also for the Job Club.

Subhead 5 - Office Rent and Service Charges was agreed to and stood part of the Bill.

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

Subhead 7 - Consumer Affairs

HON J L BALDACHINO:

Mr Chairman, could we have on the Contract Services – Office Cleaning, which is 7(f), if we could have the company that actually got the contract.

HON H A CORBY:

Mr Chairman, at the moment we are using ABC Services who are undertaking the area of Consumer Affairs in the City Hall. There is now a tendering process for the cleaning of that office as it has moved its location to where the Office of the Ombudsman is at the moment.

HON CHIEF MINISTER:

Mr Chairman, does the hon Member not know that the winners of all Government tenders are published?

HON J L BALDACHINO:

Mr Chairman, it has just struck me that obviously in all others, the actual contract to whom it has been awarded.....

HON CHIEF MINISTER:

I would like to make a point in relation to this particular item as he also asked in relation to the Security Company.

HON J L BALDACHINO:

Because it is not there.

HON CHIEF MINISTER:

Fine, it is not here, but all results of tenders are published in advertisements in the local media.

HON J L BALDACHINO:

I fully appreciate that, Mr Chairman. But it has just struck me odd that in every other contract service the name is provided and in this case it is not.

HON CHIEF MINISTER:

Mr Chairman, that is because at the time that this booklet was produced, the successful tenderer was not yet known.

Subhead 7 - Consumer Affairs was agreed to and stood part of the Bill.

Subhead 8 - Contribution to Gibraltar Development Corporation - Employment and Training

HON J J BOSSANO:

Mr Chairman, given the fact that the Government have got this policy of clawing back the contributions that they make to the Development Corporation, as is reflected in Appendix B, why is it that they are contributing £1,000 and then clawing back the same £1,000 and the £1,000 appears as income and as expenditure?

HON CHIEF MINISTER:

The £1,000 is a token provision in order to allow the Head to continue there to allow for the Movement Fund if need be.

HON J J BOSSANO:

But then it is peculiar to then charge £1,000 back on the expenditure side which is the bottom line shown as Recovery of Previous Years Expenditure - £1,000, in Appendix B. The Government are paying £1,000 and then taking it straight back.

HON CHIEF MINISTER:

Mr Chairman, it does explain what I have just explained. In both cases it is just a provision to enable that item in the statement to continue in existence. It just allows flexibility of transfer of funds in both directions.

Subhead 8 - Contribution to Gibraltar Development Corporation - Employment and Training was agreed to and stood part of the Bill.

### HEAD 3 - HOUSING

#### HEAD 3 - A - HOUSING - ADMINISTRATION

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

#### Subhead 5 - Edinburgh House

HON DR R G VALARINO:

Mr Chairman, considering the delays in Edinburgh House on Subhead 5, (b) and (c), are these figures realistic? Was the managing fee paid and the works and maintenance, will this figure need to be increased?

HON CHIEF MINISTER:

The hon Member will have to explain why he thinks that delay, not that there has been much, but why does he think that delay would affect the financial provision for the year commencing 1<sup>st</sup> April 2000. This is a provision for this 12-month period. How long it took for the refurbishment of the houses to be done in the first place is not relevant. The only item that has crept into this financial year, because of that delay, is the one that he has not mentioned, (a), which is the grants to tenants, which are being

paid now because the tenants have only moved in and because they have just started doing the work and that sort of thing. Subsections (b) and (c) which are the two that he has mentioned, are provisions, according to contract which are in place and arrangements for the management fee and for the works and maintenance that the managers are required to do directly.

HON J C PEREZ:

Mr Chairman, I see that the management fee and the works and maintenance are separated in the contract. Does that mean that the provision for works and maintenance in the contract is, for example, for seeing maintenance over the year in terms of materials or does that include wages? Can the Minister say what exactly does the management fee entail, since it is separate. Whether that entails security there or does it entail a collection of rents or what is it that it entails?

HON J J NETTO:

Yes, Mr Chairman, there are quite a number of things as a result of the management fees that we will have to do, so he will have to give me due notice to be able to give him all the things that they have to do as far as the management side is concerned. But in relation to the other part of the question, which is on the question of the works and maintenance, that is related to the materials of the works to be carried out. On the first part, one that obviously comes to my mind, it does the security of the place as well.

HON J C PEREZ:

Two questions arise out of the Minister's reply. One, are we now going to have security in other Government Estates and does the management fee or the other Head include the cleaning of the exterior part of the Estate? Is cleansing included in the contract or is this done directly by Government employees?

HON CHIEF MINISTER:

Mr Chairman, first of all let me clarify. There is no security being provided at Edinburgh House in the way that it is provided in private Estates. There is no such provision. Security there means that the manager has a responsibility to keep the Estate under monitoring and under supervision and be aware of what is happening on the Estate. The cleansing is being done by Master Service as part of their general contract for the cleansing of Gibraltar.

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

Subhead 6 - Gibraltar Development Corporation – Staff Services

HON J J BOSSANO:

Mr Chairman, the Gibraltar Development Corporation Staff Services means that all that is charged here is the payment of the salaries for the people that are carrying out work for the Housing Department. Is that correct? Can I ask what is the work that they undertake for the Housing Department?

HON J J NETTO:

It varies. From the top of my head, I know there are about three members who are in the Rent Collection. They are the old residential services but three are allocated down in the Rent Collection. I think there is a fourth who is up with the rest of the staff in the Housing Allocation.

HON J J BOSSANO:

So we are talking about four people?

HON J J NETTO:

I would have to check, but I think there are four people.

Subhead 6 - Gibraltar Development Corporation – Staff Services was agreed to and stood part of the Bill.

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

HEAD 3 - B - HOUSING - BUILDINGS AND WORKS

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

Subhead 2 - Industrial Wages

HON J J BOSSANO:

Mr Chairman, is there a particular reason for the bonus being less other than the fact that that is what was spent?

HON J J NETTO:

That is the reason, the latter part of the hon Member's question.

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 – Operational Expenses

HON J C PEREZ:

Is item (c) Staff Training for Security Services or is Security Services one and Staff Training the other?

HON CHIEF MINISTER:

Staff Training is not an item at all.



HON J C PEREZ:

So why is it that we are having Security Services this year when it has been absent before?

HON CHIEF MINISTER:

It is a new policy, it is a new requirement. Now that the Housing Department and Buildings and Works are coming together in the City Hall, it is thought appropriate to have Security Services given the nature of the function that takes place in the building.

HON J C PEREZ:

So that I presume is a contribution to the security of the City Hall, that is what the Chief Minister is really trying to say?

HON CHIEF MINISTER:

No, this is not to protect the building. This is for actual security guards to be in attendance as commissionaires, as we have at No. 6 Convent Place and at Hassan's House, that sort of thing. It is new and that is what it is.

Subhead 4 – Operational Expenses was agreed to and stood part of the Bill.

Subheads 5 to 9 were agreed to and stood part of the Bill.

#### HEAD 4 – PUBLIC SERVICES, ENVIRONMENT, SPORT AND LEISURE

##### HEAD 4 – A – TECHNICAL SERVICES

Subheads 1 to 5 were agreed to and stood part of the Bill.

#### Subhead 6 – Government Web Site

HON DR J J GARCIA:

Mr Chairman, exactly what is the £3,000 for? Is that for updating the web site or some form of maintenance or security?

HON LT-COL E M BRITTO:

Running expenses, Mr Chairman.

HON DR J J GARCIA:

What is the nature of the running expenses?

HON LT-COL E M BRITTO:

Mr Chairman, the hon Member professed a certain amount of knowledge from a private capacity yesterday when he was speaking. The web site needs to be updated, information needs to be brought in, and there are not specific items. It is as needs be, photography, obtaining information, letter writing, graphic design; as we expand the web site, it is a moving target and a growing animal and the expenses are estimated in the pure sense of the word, it may be too much or it may be too little.

HON DR J J GARCIA:

The two civil servants who, I think at the time the announcement was made who were involved with this, are the £3,000 for work being done externally for the Government on the site or is it being done internally?

HON LT-COL E M BRITTO:

Mr Chairman, to start with there are not two civil servants involved on this and that was never announced, there is half a civil servant involved on the web site because he has other duties as well. No,

the cost is not allocated to anybody externally but there may be, if the need arises, to take something on. We are thinking of putting on streaming video, streaming sound, we intend to consult on panoramic photography from a touristic point of view. There are a number of projects we are looking at. The money will be used as best thought possible at the time.

Subhead 6 – Government Web Site was agreed to and stood part of the Bill.

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

Subhead 8 – Compensation in lieu of Water Tariff Increase

HON J C PEREZ:

Mr Chairman, it might be opportune here to ask the Minister, I have not given notice of this and I do not know whether he knows, whether the recent tender by Lyonnaise for the provision of desalination plants has to do with the replacement of the existing plans in Waterport or they are an addition to the capacity of the water production?

HON LT-COL E M BRITTO:

The second, Mr Chairman, for additional capacity.

HON J C PEREZ:

That is to say, the life of the plant in Waterport has still not run out?

HON LT-COL E M BRITTO:

That is correct, Mr Chairman.

Subhead 8 – Compensation in lieu of Water Tariff Increase was agreed to and stood part of the Bill.

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

Subhead 10 – Refuse Services and Disposal

HON J C PEREZ:

Mr Chairman, is the £1.3 million for the disposal of refuse, does that include the pay of the people employed in the incinerator and have Government taken a decision on whether they are going to run the incinerator themselves or whether it is going to be contracted out to an agency?

HON LT-COL E M BRITTO:

Mr Chairman, that figure is an estimate based on the current situation. The current situation is that the Government have contracted the people who are running the incinerator under the previous owners, under In Town, for a period of four months and whilst decisions are made and assessments are made one cannot answer the question whether it includes the salaries with a yes or a no because we are paying somebody who is employing the people. So indirectly yes, directly no. The final answer is not yet clear on how it is going to be run beyond a certain point, probably within the next six weeks.

HON J C PEREZ:

And is it envisaged once whatever repairs are carried out and whatever decisions are made, that the incinerator will continue to produce water for Lyonnaise des Eaux?

HON LT-COL E M BRITTO:

That is part of the equation that is being considered, Mr Chairman.

HON J C PEREZ:

So the extra capacity that the Minister mentioned is over and above the water being produced actually by the incinerator and the capacity we have at Waterport?

HON LT-COL E M BRITTO:

No, Mr Chairman, the new capacity or the capacity that is being sought is to make up for the lack of water production in the incinerator at the moment. The incinerator is not producing water.

HON J C PEREZ:

Is not producing the one contracted, I am talking about the actual amount being produced.

HON LT-COL E M BRITTO:

It is not producing any water at all, Mr Chairman.

HON J C PEREZ:

But I doubt whether we would go to tender for a desalination plant for four or five months until the water starts back on. In my view, we are expending money on plans looking at the needs of water in Gibraltar long-term, not for the period of four to six months.

HON LT-COL E M BRITTO:

Absolutely, Mr Chairman. There is a need for additional capacity anyway so all Lyonnaise has done is anticipated the need in view of the lack of guarantees of water production from the incinerator and the length of time the incinerator may or may not be in service. So it is a belt-and-braces situation.

HON J J BOSSANO:

In asking for bids to run the incinerator for after the four month period that the present people are doing it, does that include the option of either with water production or without water production or is that not one of the considerations? Presumably the price would be different one way or the other.

HON LT-COL E M BRITTO:

It includes both options and then we will decide which is the way ahead.

Subhead 10 – Refuse Services and Disposal was agreed to and stood part of the Bill.

Subhead 11 – Services provided by Gibraltar Community Projects Ltd

HON J C PEREZ:

Mr Chairman, I notice that for the second year running the amount of materials in relation to the wages and salaries bill seems to be small, £60,000 for a wage bill of over £2 million seems to me very little materials. Can the Minister explain why that is so?

HON LT-COL E M BRITTO:

No, Mr Chairman, as far as I know the proportion is the same as it has always been. I am not aware of there having been any change.

HON J C PEREZ:

We had a situation where the actual was £90,000, provision was made for £150,000 and we finished the outturn with £60,000 which is the provision we are making this year. But it still seems to me, other than if we have got away completely from jobs and

doing cleansing only where the material element is smaller, that if we have got a workforce which is costing £2 million that one should only expend £60,000 in the work that that workforce does unless the cost of the materials is in another Head in another department.

HON CHIEF MINISTER:

The provision here for Community Projects is on the basis that if any other department wants to use them to do work for them, they must provide for the expenditure in materials and I think certain types of overtime as well, out of their own departmental vote. Otherwise what was happening is that departments were keeping their budgets up and then expecting to have additional expenditure incurred on their behalf. So the answer is the one that the hon Member himself identified in his question.

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

#### HEAD 4 – B – ENVIRONMENT

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

#### Subhead 5 – Cemeteries Expenses

HON J C PEREZ:

Mr Chairman, perhaps it is the only chance I have of asking, the concourse at the cemetery, we were told by the Chief Minister that it was in order to allow people to gather there and wait for the funeral but since it was built the weeks have passed and it is still locked. Can the Chief Minister enlighten us as to what use is going to be made in the future of that area?

HON CHIEF MINISTER:

I cannot but I can say that I entirely agree with him. The vision when we made the policy decision to do that project was that it would be a concourse for the cemetery. In other words, that instead of people having to gather in a tight area around the road where the hearse arrives and half the people in the middle of Cemetery Road, that there would be this concourse area but the design is very poor, frankly, from that point of view. It is like Fort Knox, it is surrounded by a little wall and railings and then a gate which is locked and that has got to be rectified. It is not serving the purpose for which it was intended and what we want there is an open plan, an open space pretty concourse area. So the hon Member's implied criticism is entirely justified.

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

Subheads 6 and 7 were agreed to and stood part of the Bill.

#### Subhead 8 – Street Cleansing and Associated Services

HON J C PEREZ:

Mr Chairman, the Master Service contract from the initial stages included, for example, the cleansing of Edinburgh House and the cleansing of the beaches although those extra contractual obligations do not come under this Head and are shown somewhere.

HON CHIEF MINISTER:

No, Mr Chairman, all that is included in the original contract. Some of the items in the original contract, of course, expand in volume so if there is cleaning of playgrounds and the Government develop an additional playground somewhere, it is done on a measured term basis. The volume of the work covered by the contract expands.

Subhead 8 – Street Cleansing and Associated Services was agreed to and stood part of the Bill.

Subheads 9 and 10 were agreed to and stood part of the Bill.

#### HEAD 4 – C – ELECTRICITY

##### Subhead 1 – Personal Emoluments

HON J C PEREZ:

I apologise to the Minister, I was wrong in my speech. Having looked at it closer I had mixed up the two columns, in fact, there is a decrease in the number of engine room operators and not an increase this year which is quite understandable.

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 – Generation

HON J C PEREZ:

Mr Chairman, the increase in fuel charges, is this being estimated estimating an increase in fuel charges in the future or taking into account the increases in fuel charges that have already been taken into account or is it the exchange rate against the dollar that is pushing the price up for fuel?

HON CHIEF MINISTER:

Let me say first of all that there is a serious risk that this is a substantial underprovision. There is a very substantial risk, indeed

the City Electrical Engineer is warning us that it is a substantial under provision. The figure is based on recent increases in fuel prices which as he knows have been very substantial in the last 12 month period. But, of course, when providing an estimate an element of judgement which is necessarily speculative is exercised about what we think is going to happen to the cost of fuel during the next 12 months but that is necessarily speculative. If the cost of fuel remains for the next 12 months at the levels at which it currently is, in other words, if there is no significant fall in the price of oil in the next 12 months, this is a very substantial underestimation, very substantial, it could be much higher than that. The hon Member may not appreciate the extent, he may have I am not wanting to impute to him lack of awareness of these issues but just to point, without reference to the hon Member's state of knowledge, that the price of fuel is now 50 per cent higher than it was 12 months ago. It has increased in price and that is very, very significant not just here but also in the OESCO contract cost because that includes a fuel cost adjustment as he remembers and it could take a large bite out of the Government's surplus for the forthcoming year, we are talking of millions.

HON J J BOSSANO:

Mr Chairman, when I asked on the revenue side in the general principles of the Bill of the estimated receipts from electricity sales of £9.8 million, the Chief Minister said in answer that it was higher levels of consumption. Is there higher production costs expenditure written in on this side in the expectation of higher sales?

HON CHIEF MINISTER:

The Chief Electrical Engineer factors in the increase in demand that consumption into fuel cost but it is insignificant. In terms of the fuel cost increases that are happening as we speak, it is an insignificant factor. In other words, the provision that he makes for higher fuel as a result of higher demand certainly arises, paled into insignificance by the additional cost generated, not by

additional demand or consumption but by the rise of the cost of fuel. So the answer is yes, it is factored in but it becomes a relatively minor cost increase driver as compared to the cost of fuel rises.

HON J J BOSSANO:

Given that he was talking about something like a nine per cent increase in revenue would that increase production be reflected in the electricity produced by the department or in the electricity brought in which shows no change? I know we have not come to that subhead yet but it is just that I would have expected that anticipated demand would be reflected more obviously. Is it that the demand is likely to be met by the Generating Station of the Government or by OESCO?

HON CHIEF MINISTER:

It depends at what times of the day it arises because the contract is that the Electricity Department meets most of the demand during the night and OESCO meets it during the day. *[HON J C PEREZ: Hence the noise made by the MOD.]* Exactly, a very good point, he should have thought of that point yesterday and he forgot to mention it. There is a rise in demand, I would hate to quote a figure but I think I have seen a paper from the Chief Electrical Engineer which suggests 18 million units increase. I think that there is a projection, the calculation is for an average increase in demand of four per cent a year. It is a little bit like revenue increases, whether it can be sustained on a straight line basis indefinitely or whether these things just respond to new property developments coming on the market and things are flattened out.

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

Subheads 6 to 9 were agreed to and stood part of the Bill.

## Subhead 10 – Contractual Capacity Charge – OESCO Power Station

HON J C PEREZ:

Can I ask the Minister whether the projected increase in capacity in relation to the contract has already been met fully or is there still need for increasing the capacity of the OESCO Power Station in relation to the contract?

HON LT-COL E M BRITTO:

Mr Chairman, the position is exactly as it was when hon Members left office in 1996. There is still, under the contract, room for extra capacity but there has been no expansion in the capacity since then.

HON J C PEREZ:

Because we have already got the combination of small engines to make up the kind of electricity we want, any extra capacity would be an engine producing over five or six megawatts if it came to it, given that the combination of the three megawatt engines gives us the flexibility to have some engines running and some shut.

HON CHIEF MINISTER:

Mr Chairman, I think that the technical people would disagree that the combination of engine capacity is optimum at present. Certainly insofar as concerns the City Electrical Department there is no flexibility, three or five megawatts, very difficult to provide spinning reserves where they keep an engine, we have got to keep a five megawatt engine running to provide standby spinning reserve which is why we get power cuts, amongst other reasons. I am not sure that the OESCO would regard their distribution either as ideal and, of course, the question of the plant replacement in both OESCO and the Government is now an issue that is becoming increasingly alive because although different engines have different lives, the generators in Waterport Power Station

are within a few years of that date and I understand that the position in OESCO is not dissimilar so we will have an opportunity shortly to reassess that issue and, if necessary, fiddle around with the size permutations to provide the optimum in terms of running cost combination of size of machines.

Subhead 10 – Contractual Capacity Charge – OESCO Power Station was agreed to and stood part of the Bill.

Subhead 11 was agreed to and stood part of the Bill.

#### HEAD 4 – D – FIRE SERVICE

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

#### HEAD 4 – E – POST OFFICE

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

#### Subhead 4 – Operational Expenses

HON J C PEREZ:

Mr Chairman, the cost of the review is not shown under the Post Office, it might be shown under the Chief Secretary.

HON LT-COL E M BRITTO:

That is correct, Mr Chairman.

Subhead 4 – Operational Expenses was agreed to and stood part of the Bill.

Subheads 5 to 8 were agreed to and stood part of the Bill.

#### HEAD 4 – F – HIGHWAYS AND SEWERS

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

#### Subhead 2 – Industrial Wages

HON J C PEREZ:

Mr Chairman, I see that the forecast outturn for overtime is £60,000 over that estimated and that we are reducing that to £100,000 for this year. Since the Minister last year said that they were making an effort to remunerate the people there whilst the work was going out to contract.....

HON CHIEF MINISTER:

Mr Chairman, restructuring is envisaged which is long overdue and the staff certainly have been patient, we have promised them a restructure over 12 months ago but we do mean to do it now as a matter of priority and a ratio of overtime to basic wage of almost 100 per cent is simply unreasonable and it is simply expecting people to work too many hours and the Government are going to have to consider that when it comes to resources although it is true that additional resources are not provided there for an increase in basic wages of emoluments but it is going to be done by other means.

HON J C PEREZ:

Mr Chairman, I presume that the policy continues to be that the provision in the I&D Fund is not for direct labour, that continues to be contracted.

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.

#### HEAD 4 – G – SPORT, LEISURE AND YOUTH AFFAIRS

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

#### Subhead 5 – Sports Development

HON S E LINARES:

Mr Chairman, one question on sports development, does the Sports Development Officer's wages come out from here?

HON LT-COL E M BRITTO:

No, Mr Chairman, I think the hon Member knows that wages come out of the Subhead for Personal Emoluments.

Subhead 5 – Sports Development was agreed to and stood part of the Bill.

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

#### Subhead 7 – International Sports Competitions

HON MISS M I MONTEGRIFFO:

Mr Chairman, can the Minister confirm whether the money for the Strait Games comes out of this subhead and, if so, can he also confirm how much it costs the Government to host the Strait Games?

HON LT-COL E M BRITTO:

£40,000, Mr Chairman, and yes it does.

Subhead 7 – International Sports Competitions was agreed to and stood part of the Bill.

Subheads 8 and 9 were agreed to and stood part of the Bill.

#### HEAD 4 – H – BROADCASTING

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

#### Subhead 3 – Contribution to Gibraltar Broadcasting Corporation

HON J C PEREZ:

Mr Chairman, it is the only opportunity I have got of raising this matter and I am not sure whether the Minister knows about it, but I understand that there are tests going on for the possible acquisition of a VHF channel which is in line with what is happening in the rest of the European Union. If these tests were successful and we move to VHF, is it that we are changing channel 6 and channel 12 for one channel or will we be getting two VHF channels in exchange for the ones we are giving in? If the Minister does not know I understand but it is something I would like to raise.

HON LT-COL E M BRITTO:

Mr Chairman, what is happening is that we are carrying out experimental transmissions, I think it is channel 32, if the hon Member is interested I will check but I think it is channel 32; we are carrying out experimental transmissions, have acquired some equipment in the last 12 months and on the basis of whether the results are successful or not, it may need further capital investment. The objective is to increase our capability in a way that will improve our marketing.

HON J C PEREZ:

I understand that the power of the UHF alternative is one where vision further afield is more possible. What I was asking was are we going to exchange two channels in VHF for one in UHF or two channels in VHF for two in UHF?



HON LT-COL E M BRITTO:

It is not a question of exchange, it is a question of using channels which at the moment we have difficulty using. There may be an involvement in accepting a swap of channels but not two for one, or a one for one basis.

HON J C PEREZ:

That is what I am asking, whether if we get channel 32 we would be giving up two VHF or we might be retaining one VHF and one UHF.

HON CHIEF MINISTER:

Mr Chairman, the problem is not the acquisition of additional channels, the problem is one of co-ordination of frequencies. If some co-ordination problems are insoluble and there is a meeting soon for co-ordination purposes, that if co-ordination cannot be achieved technically because of technical considerations, it may then be necessary to swap but the essence is co-ordination of existing assets rather than the trading of frequencies. It would only come to that if it could not be co-ordinated.

HON J C PEREZ:

Can I also ask whether the new six employees taken on by GBC are on the same terms and conditions of all other employees including pensions? I understand that the Minister said that there were six direct recruits and then there are a number of people who are on a temporary basis.

HON CHIEF MINISTER:

Mr Chairman, as the House knows, whilst we are happy to answer for broadcasting generally, we do not take the view that GBC is even for staffing purposes a Government department. I understand that the staff that is permanent and pensionable is on the same terms, this is all subject to correction because I do not

profess to know and that in addition they are employing freelancers and temporary staff and people by the hour and they are on different terms. To the extent that there is an increase of permanent establishment they are on the same terms.

Subhead 3 – Contribution to Gibraltar Broadcasting Corporation was agreed to and stood part of the Bill.

## HEAD 5 – SOCIAL AFFAIRS

### HEAD 5 – A – SOCIAL SECURITY

#### Subhead 1 – Personal Emoluments

HON J L BALDACHINO:

Mr Chairman, may I ask on the salaries side, why is it that we are providing now £52,000 more than was actually the forecast outturn for 1999/2000 when on the establishment there is only one more messenger?

HON MRS Y DEL AGUA:

Mr Chairman, the increase in the salaries is due to one extra messenger being employed and the annual increase of salaries.

HON J L BALDACHINO:

No, that cannot be.

HON CHIEF MINISTER:

In Social Security, Mr Chairman, there is one additional messenger and I cannot see anybody else in the establishment who falls into the list of people that I gave him yesterday. I am just being advised that it is in addition to the additional messenger, it is such things as the possibility that a vacancy has been filled in which they were carrying last year which is now being filled and

therefore the cost becomes real. Certainly the cost of the pay review in this area is still pending.

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

Subheads 2 to 6 were agreed to and stood part of the Bill.

## HEAD 5 – B – SOCIAL SERVICES

Subheads 1 to 5 were agreed to and stood part of the Bill.

### Subhead 6 – Milbury Care Services Ltd – Contracted Services

HON J L BALDACHINO:

Mr Chairman, during the debate I said that I was going to ask at the Committee Stage why is it that we are now paying £82,000 more to Milbury Care Services Ltd than in the previous year?

HON MRS Y DEL AGUA:

Mr Chairman, the increase in this amount is due to various contract variations to provide further services, for example, fostering scheme and the provision of some home services.

HON J J BOSSANO:

Mr Chairman, is it not the case that the contract that was given to Milbury provided that they had a fixed fee and then there was a separate element which was the money that was paid to the people who were working so how can the contract variations produce more money for them? I thought that the amount that they got was fixed and that they could not take advantage of any changes that took place.

HON CHIEF MINISTER:

The contract is divided. If we fit into two sections between cost and their profit, the cost is actual, it is whatever is generated and we control that not them. So as we authorise additional services or as we authorise additional staff to be recruited to expand the staff involved in a particular service, that raises the part of the remuneration that deals with specified cost as opposed to consideration which is their fee which is for them. In other words, the cost is ring-fenced and is not available to them to skimp and save on to increase their profit.

HON J J BOSSANO:

Is the answer then that the difference in the estimate provided last year and this year, which is £175,000, is in the ring-fenced cost area? Is that the answer?

HON CHIEF MINISTER:

Yes because their consideration is fixed.

HON J C PEREZ:

But their consideration is part of that same figure.

### Subhead 6 – Milbury Care Services Ltd – Contracted Services

Subheads 7 to 11 were agreed to and stood part of the Bill.

### Subhead 12 – Contribution to Elderly Care Agency

HON J J BOSSANO:

Mr Chairman, can I just ask in terms of the Elderly Care Agency, is the number of places for the elderly in the Home going to be more in this coming financial year or we might have to wait longer? At one stage, I think it was about 90 beds that they had, is this still the same?

HON MRS Y DEL AGUA:

Mr Chairman, I believe that two cases have been taken in from the community emergency cases but it is envisaged that the beds will go up considerably once the nursing wing is set up; from 90 to 130 or 140 will be the capacity.

HON J J BOSSANO:

But is that expected to happen in this financial year? Is the money we are providing based on the assumption that during the course of this year the capacity will increase?

HON CHIEF MINISTER:

Yes, can I just add that there was a degree of under capacity in the sense that there were vacancies, there was room available in the capacity that they had so there is space for increased intake regardless of the refurbishment works. But the bulk of the increase of capacity, regardless of demand, will come when the refurbishment works are carried out.

HON J J BOSSANO:

I accept that. My question is, is the provision that is being made in anticipation that that will happen during the course of this financial year?

HON MRS Y DEL AGUA:

As I said, Mr Chairman, the works for the tender are going out next week. At this moment I do not know how long the works will take to be carried out so I am afraid I have not got the answer but I will try and find out.

Subhead 12 – Contribution to Elderly Care Agency was agreed to and stood part of the Bill.

## HEAD 5 – C – PRISON

### Subhead 1 – Personal Emoluments

HON J C PEREZ:

Mr Chairman, the hon Lady might not be aware of it but there has been the implementation of a pay structure in the prison commonly known in the UK and in Gibraltar as “fresh start” and the idea was that there would be an increase in prison officers and a gradual reduction in the overtime that they work because it was thought in the UK that prison officers ought not to be working so many long hours because of their fitness in the duties that they had to take. I notice that we have now reduced two prison officers and instead we have got four night patrol officers. Is it that the night patrol officers have an impact on the overtime that is worked by the prison officers and that this is a compensating thing? Is it enough provision to increase the pay by £10,000 when we are talking of carrying into the complement an extra two officers even if they are at a lower pay than the prison officer grade A used to be?

HON CHIEF MINISTER:

Mr Chairman, I think so because these are figures that have been put up by the department. The suggestion that we should employ night patrol officers instead of prison officers came from the Prison Service itself in recognition of the fact that the duties of the night patrol officers were much less onerous in terms of prisoner handling than prison officers and that there was no need to employ people at prison officer grade and cost. The prison management considered that they could get more bodies for the same amount of money this way. But doing it this way does mean that there is a fall in the demand for prison officers to do this duty because there are now more bodies sharing around. So I am not aware that there is any outstanding claim or negotiation in relation to increasing staff in order to reduce hours worked. This may be a conceptual issue attaching to fresh start, I do not think it is an issue in Gibraltar certainly the issue of toil as opposed to overtime

is but I am not aware that the issue of increased manpower in order to reduce hours is itself an issue. If it is, it has not been brought to my attention.

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

Subheads 2 to 6 were agreed to and stood part of the Bill.

## HEAD 6 – TOURISM AND TRANSPORT

### HEAD 6 – A - TOURISM

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

#### Subhead 5 – General Embellishment

HON DR J J GARCIA:

Mr Chairman, is there any reason for the forecast of £30,000 other than what was actually spent in the previous estimates? Is there any reason for the forecast coming down from £45,000 to £30,000?

HON J J HOLLIDAY:

Mr Chairman, most of the items that are undertaken under this Head are carried out with the labour force of Community Projects and that covers the minor projects in terms of materials. There is a certain amount of work that can be done within one financial year and over the years we have realised that this is as much as really we can afford within a 12-month period.

Subhead 5 – General Embellishment was agreed to and stood part of the Bill.

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

## Subhead 9 – Apes Management

HON J J BOSSANO:

Mr Chairman, can I get a commitment, in view of the remarks made by the Minister in the general principles of the Bill that we can look forward with confidence to no summary executions of our primates in the current financial year?

HON CHIEF MINISTER:

Mr Chairman, he can have no such assurance at all and he knows the reasons and I am not going to debate apes with him every time we have this issue. His views on the humane culling of animals is not shared by the Government nor by any professional that I have met or has ever advised the Government on animal control.

HON J J BOSSANO:

Given that this is one of the few opportunities I have to try and save some of their lives surely he will not deny me the rare occasion when I come to their defence, Mr Chairman.

HON CHIEF MINISTER:

The hon Member ought to be more concerned than for the lives of the animals, he ought to be concerned also by the danger to health, especially to the health and safety of young children that an excessive ape population poses especially to residents of Catalan Bay and to residents of the Upper Town. As all decision-making it has to be a balance of judgement and if the advice is that the ape population over a certain number provides a danger to human beings and that we cannot find any other way of reducing the population other than culling, then the House should be made aware that it continues to be the Government's policy that culling there shall be if public safety and public health requires it.

HON J J BOSSANO:

Given that in the general principles of the Bill, Mr Chairman, the Minister responsible, although it is clear who the real killer is, under the Estimates said that it was regrettable that people enticed apes, it seems to me that the poor apes are first enticed and then killed for taking the temptation and something should be done perhaps to reduce the enticement into areas of residence.

HON CHIEF MINISTER:

Can I remind the hon Gentleman that apes are not registered on the electoral register in Gibraltar.

HON J J BOSSANO:

Which shows, Mr Chairman, that unlike the Chief Minister I am not solely motivated by the desire to win votes.

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

Subheads 10 to 14 were agreed to and stood part of the Bill.

#### HEAD 6 – B – TRANSPORT – AIRPORT

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

#### HEAD 6 – C – TRANSPORT - TRAFFIC

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

#### Subhead 5 – Transport Inspection

HON J C PEREZ:

Mr Chairman, I take the point of what the Minister said yesterday that half of the pay bill was for the first six months of employment of the traffic inspector. Is it that it is intended that there should be

only one traffic inspector or does the Minister envisage expanding the control of public transport with traffic inspectors presumably once the reorganisation of the bus service et cetera has taken place?

HON J J HOLLIDAY:

Yes, Mr Chairman, it is our intention possibly to increase the complement and we will do so as the need arises and as we develop our transport policy in various areas.

Subhead 5 – Transport Inspection was agreed to and stood part of the Bill.

#### HEAD 6 – D – TRANSPORT – PORT

##### Subhead 1 – Personal Emoluments

HON J C PEREZ:

Mr Chairman, the Hon Mr Holliday said yesterday that the three vacancies that there are in the department are being left in abeyance until after the negotiations with the union concludes to see whether or not they will be employed or not depending on the agreement on the restructure of the port. What strikes me is that what we have lost is a fitter, a maintenance supervisor and a shipwright and since we are at the point of making the acquisition of the new launch they are perhaps posts that are going to be needed anyway regardless of the restructure that takes place. Could the Minister comment on this?

HON J J HOLLIDAY:

Mr Chairman, the three vacant posts form part of the maintenance team and the on-going negotiations with the union will obviously finally determine whether there is a need to have a maintenance department within the Port Department or not. The end result may be, and I am not trying to anticipate this but definitely my own view is that there may be one post that is needed in order to have

a co-ordinating officer between the actual works that need to be undertaken and works that will probably have to be contracted out. I think the speciality of actually maintaining some of these launches may be better and more economically sought outside the department than within the department and I think that the unions are, to a certain extent, in agreement with that but I would not like to pre-empt what the final decision is going to be in this respect.

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

Subheads 2 to 6 were agreed to and stood part of the Bill.

#### HEAD 6 – E - TRANSPORT – SHIPPING REGISTRY

Subheads 1 to 5 were agreed to and stood part of the Bill.

The House recessed at 1.10 pm.

The House resumed at 3.30 pm.

#### HEAD 7 – TRADE, INDUSTRY AND TELECOMMUNICATIONS

Subheads 1 to 14 were agreed to and stood part of the Bill.

Subhead 15 – Gibraltar Development Corporation Staff Services

HON J J BOSSANO:

Mr Chairman, the reduction in the charge made by the GDC, is that an indication that there are less people providing staff services under this subhead?

HON K AZOPARDI:

No, Mr Chairman, the increase last year reflects the gratuity to the previous Finance Centre Director.

Subhead 15 – Gibraltar Development Corporation Staff Services was agreed to and stood part of the Bill.

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

Subhead 19 – Telecommunications Regulator

HON J C PEREZ:

Mr Chairman, can I ask whether under (a) and (b), under either of those subheads the pay of the Regulator himself is included or the Regulator designate? I say this, Mr Chairman, because the intention always was to move him over to the Development Corporation and it seems to me, if I remember rightly the salary of that particular gentleman that neither of the figures could actually take on his pay.

HON DR R G VALARINO:

Mr Chairman, I believe that the person in question is still being seconded from GBC and paid by GBC.

HON CHIEF MINISTER:

Mr Chairman, we will have to just come back to the hon Member. We think that (a) includes the salary of the gentleman in question. I notice the Hon Dr Valarino demonstrating some knowledge in this area but, as he knows, the position is that the gentleman is seconded from GBC, paid by GBC but refunded by the Government. We think there has to be some provision here for that refunding to GBC. We think it is (a). It has now been confirmed that it is (a).

HON J C PEREZ:

Could I just point out, Mr Chairman, that the intention has always been that he would be employed by the Development Corporation even if the pension contributions would continue to go to GBC in terms of years of service, I think that was cleared up.

HON CHIEF MINISTER:

Mr Chairman, the final contractual structure with the gentleman in question has not yet been finalised. The telecommunications regulatory mechanism and the legal structure for it is presently under consideration. There is an Ordinance in draft which we hope to bring to the House, if not at this meeting certainly at the next and that will determine who his employer eventually is. It has all to do with the extent to which independence is required under the directives and to the extent to which the system works or does not work to comply with the directives.

Subhead 19 – Telecommunications Regulator was agreed to and stood part of the Bill.

Subhead 20 was agreed to and stood part of the Bill.

Subhead 21 – Frequency Co-ordinator Expenses

HON J C PEREZ:

May I ask, Mr Chairman, whether we are still getting back some of the cost of the frequency co-ordinator expenses from one or two of the satellite operators of the expected satellite companies?

HON K AZOPARDI:

Yes, that is my understanding.

Subhead 21 – Frequency Co-ordinator Expenses was agreed to and stood part of the Bill.

## HEAD 8 – ADMINISTRATION

### HEAD 8 – A – SECRETARIAT

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

#### Subhead 7 – Statistics Unit

HON J J BOSSANO:

Mr Chairman, 7(e), it is £20,000 this year and it was £7,000 last year; is the consultancy that is being carried out on the input-output study coming out of there? Can the Government say what additional statistical surveys are planned? We are talking about three times the amount of last year.

HON CHIEF MINISTER:

The Census.

HON J J BOSSANO:

The 2001 Census?

HON CHIEF MINISTER:

Yes.

Subhead 7 – Statistics Unit was agreed to and stood part of the Bill.

Subheads 8 to 12 were agreed to and stood part of the Bill.

### Subhead 13 – Private Sector Fees for Legal Advice

HON J J BOSSANO:

Mr Chairman, the provision this year is three times the amount put in last year's estimates. Can the Government explain, presumably they know that it is going to be much more this year because last year they put an amount and, of course, during the course of the year they may require advice for things they did not anticipate but they are anticipating a big increase this year, are they?

HON CHIEF MINISTER:

It is on a cash basis as these accounts are, the lion's share of it relates to the incinerator arbitration which is now finished and which has not been paid yet and it is very, very substantial.

HON J J BOSSANO:

So it is not anything new that is coming up in the next 12 months?

HON CHIEF MINISTER:

The Government are engaged in litigation, there are cases outstanding which are generating fees but the reason for the extraordinary size this year is the incinerator dispute which is something in the order of £400,000 or £500,000.

Subhead 13 – Private Sector Fees for Legal Advice was agreed to and stood part of the Bill.

Subheads 14 to 21 were agreed to and stood part of the Bill.

### Subhead 22 – Development Studies

HON J J BOSSANO:

Mr Chairman, can I ask whether this is where the money is going to come from?

HON CHIEF MINISTER:

Yes, it may or may not be a sufficient provision but this is the general head which will have to be fed from supplementary head for all Government studies and consultancy reports and all things of that sort so this is the head from which the input-output model will come.

HON J J BOSSANO:

Mr Chairman, can I raise two points? Have any payments been made already and are they reflected in the forecast outturn? And I did not get an answer when I said in the Committee Stage I hoped we would have an opportunity to meet Dr Fletcher or whoever is here doing the work on the study, I do not know whether the silence was an oversight or a negative. I would like to know which of the two it was.

HON CHIEF MINISTER:

Mr Chairman, I am going to have to ask the hon Member to repeat the second part of his question because I was concentrating on the information. The information for the first half is that there is £21,600 worth of payments in relation to the input-output study in the forecast outturn figure.

HON J J BOSSANO:

The second half of my question was, in the general principles of the Bill I asked whether we would get a chance to meet whoever was in Gibraltar doing the study and there was no answer and I am asking, was it an oversight or a no, the fact that there was no answer?

HON CHIEF MINISTER:

Mr Chairman, the fact of the matter is that those conducting the study are free to consult whom they please. The Government do not indicate to them who they may consult or who they may take



their advice from. If the hon Member wants my office to let them know that he is interested, it is then entirely up to Professor Fletcher whether he considers it worthwhile or not. But as far as the Government are concerned, we are entirely happy that he should.

HON J J BOSSANO:

I would be grateful if the message was passed on.

HON CHIEF MINISTER:

With the caution, of course, that he should not allow himself to be persuaded to reflect his policies rather than ours in the model.

Subhead 22 – Development Studies was agreed to and stood part of the Bill.

#### Subhead 23 – National Day

HON J C PEREZ:

Mr Chairman, what expenditure less is there expected to this year's national day given that there is a drop from the estimated last year of £25,000 and of the actual of £38,000?

HON CHIEF MINISTER:

Well, this figure is necessarily a provision which has been creeping up from about £30,000 or £40,000 in 1996. It is a provision because unless there is a capped control the various entities that organise the various events just spend and therefore the instructions this year will be to all the organisers that we want to contain the expenditure to that figure, but it is a provision. It is not that a particular event has been axed or that a particular event is not taking place; it is a general cost containment exercise. We shall have to see whether it can be done.

Subhead 23 – National Day was agreed to and stood part of the Bill.

#### HEAD 8 – B – PERSONNEL

##### Subhead 1 – Personal Emoluments

HON J C PEREZ:

Could I ask whether it is intended to open up the post of Personnel Manager in the not too distant future?

HON CHIEF MINISTER:

I think it has already been advertised internally in the Bulletin of Circulars.

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 J J BOSSANO:

Mr Chairman, the recruitment expenses turned out to be £53,000 as opposed to £12,000, was there a particular need to recruit people last year which is not expected to materialise this year?

HON CHIEF MINISTER:

This relates to head-hunter's fees or the recruitment agency's fees relating to the recruitment of the new Finance Centre Director. Not the Finance Centre Director's salary but the recruitment charges.

Subhead 4 – Operational Expenses was agreed to and stood part of the Bill.

Subheads 5 and 6 were agreed to and stood part of the Bill.

#### HEAD 8 – C – CIVIL STATUS AND REGISTRATION OFFICE

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

#### HEAD 9 – FINANCE

##### HEAD 9 – A – FINANCIAL AND DEVELOPMENT SECRETARY

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

##### HEAD 9 – B – TREASURY

Subheads 1 to 11 were agreed to and stood part of the Bill.

##### HEAD 9 – C – CUSTOMS

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

##### HEAD 9 – D – INCOME TAX

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

##### Subhead 4 – Operational Expenses

HON J J BOSSANO:

I see that the House was asked to provide last year £30,000 for the computer running costs but, in fact, only £4,700 was spent and we are being asked to provide £20,000 this year. Given the fact that this is in the context of greater computerisation of the department, it is difficult to understand why the underspending was so huge and why the estimated amount required is down by one-third?

HON CHIEF MINISTER:

I think there are probably two different reasons for this. The first is that the computer needs of the Income Tax Office are now provided by a central unit, the IT Services Section which sits under the Support Services Department. Secondly, there is great competition between Government departments to gain access to the computerisation resources and the computerisation expertise that exists and departments sometimes put in bids in the hope that they will be able to get their needs serviced one year and they just wait in the queue and it does not come round to them and I think the explanation is a combination of both of those. There was a time when the Income Tax Office had its own computer people in-house, they are now not there so they now depend on the central services for their computerisation programme and now wait in the queue.

HON J J BOSSANO:

I find it difficult to understand that explanation, Mr Chairman, because in fact the provision for salaries under personal emoluments last year and this year is the same and the people who run the computer would not be paid out of other charges, they would be paid out of personal emoluments so it cannot be people, it must be something else. When there were computer people there they were not paid out of other charges, they were paid out of personal emoluments so if there was a change in people operating computers it would be reflected in the personal emoluments and not here.

HON CHIEF MINISTER:

Not personal emoluments, Mr Chairman, it is the cost of computer software and computer consultancy work that was going to be undertaken and has not been undertaken in that year and they now hope to do it this year.

HON J J BOSSANO:

But the Chief Minister said in answer to the original question that it was the people who used to be there in my time who were no longer there, that is not the case then?

HON CHIEF MINISTER:

It is but the reason why I told him that was not to explain it in terms of personal emoluments but to explain it in terms of the fact that computer reprogramming work and computer software work that the department previously used to do in-house, with its own people, now is done externally for the department and it just has not been done. But there are costs involved in computer programming and software development beyond personal emoluments; the cost of acquisition of programmes, et cetera.

Subhead 4 – Operational Expenses was agreed to and stood part of the Bill.

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

## HEAD 10 – LAW OFFICERS

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

## HEAD 11 – POLICE

Subheads 1 to 7 were agreed to and stood part of the Bill.

## HEAD 12 – JUDICIARY

### HEAD 12 – A – SUPREME COURT

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

### HEAD 12 – B – MAGISTRATES AND CORONERS COURT

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

## HEAD 13 – HOUSE OF ASSEMBLY

### Subhead 1 – Personal Emoluments

HON DR R G VALARINO:

Mr Chairman, on this one I notice that both overtime and temporary assistance are down. I, together with three other Members, were elected on 10<sup>th</sup> February this year. We have not received a Hansard for last year's budget or for the last meeting prior to the election in September and I wonder whether the production of Hansard could be speeded up as they do help the Opposition in trying to formulate questions and try to find out what has taken place. I would like to take this opportunity, as Ministers have done with their departments, to thank the staff of the House of Assembly for all their help towards all the Members here today.

HON CHIEF MINISTER:

I see the hon Gentleman has not lost his propensity for charm when it comes to concealing the point that he is actually making. Mr Chairman, the reason why overtime provision is down from the forecast outturn, he will see that it is up compared to the actual in 1998/99 is that this year we do not expect to have to organise a CPA Conference or indeed a general election. As to whether £10,000 is sufficient overtime to produce Hansard with sufficient speed for the hon Member to devour, which I am sure he will do, the moment that it is printed and then put it to good and productive use is a matter for the Clerk of the House. We are all in the same position as the hon Member describes. If it were just a question of lending additional typing resources to the House of Assembly at Hansard production time then that might be arranged but I suspect that what we will be told is that the production of Hansard is not just something that any typist or any audio-typist can do, it requires familiarisation with the voice of the Members of the House and of our speaking and it requires experience, it is not easy, if we think how undisciplined we sometimes are with interjections and with things of that sort it is a skill that is

developed over a number of years and which the present incumbent in the post has mastered. It is done in between many other duties that have to be done. I suppose we could consider whether the staff of the House is sufficient. If the Clerk unwound up by the Speaker, who I am sure would leap at the opportunity, but if the Clerk were to make a case to the Chief Secretary for additional staff resources I am sure that the Chief Secretary would consider it with all the seriousness that it would deserve.

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.

#### **HEAD 14 – AUDIT OFFICE**

##### **Subhead 1 – Personal Emoluments**

HON J J BOSSANO:

I am surprised that the outturn should be £214,000 given what we were told at the beginning about extra support being given to them and their remuneration reflecting that. Is it that it did not happen in the last financial year?

HON CHIEF MINISTER:

The reduction in the forecast outturn figure demonstrates the need to take action in support of the Principal Auditor because what it demonstrates is that the Principal Auditor has been carrying vacancies during the year and the whole idea of what I mentioned in my address and which the Principal Auditor describes in more detail in his Report attached to the accounts, is that the new structure enables him not only to increase the staff and he will see that there are more people involved, but also that it ring-fences them. So the vacancies will not be generated any longer because staff is transferred out or promoted out. Of course, staff may resign but that is going to be much less

frequently. So the new regime is not yet in operation. We expect the advertisements for the additional recruits to be published this month.

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.

#### **HEAD 15 – SUPPLEMENTARY PROVISION**

##### **Subhead 1(a) – Pay Settlements**

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, we were asked at the Second Reading, I think, as to the basis of calculation of this figure. It is simply a ballpark figure.

Subhead 1(a) – Pay Settlements was agreed to and stood part of the Bill.

Subhead 1(b) was agreed to and stood part of the Bill.

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

#### **HEAD 16 – CONTRIBUTIONS FROM CONSOLIDATED FUND – RESERVE**

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

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

Clause 4 – Improvement and Development Fund

## HEAD 101 – HOUSING

### Subhead 1 – Major Remedial Works and Repairs to Housing Stock

HON J L BALDACHINO:

Mr Chairman, in the estimates for 1999/2000 we have £2.02 million even though they only spent £1.4 million. It was estimated in 1999/2000 that expenditure would be in the region of £2.02 million but the forecast outturn was £1.4 million. The department's estimate is now £1.4 million, is it that it will not be able to be met and that is why there was an underspending and that is why we are now estimating for nearly the same amount as the forecast outturn?

HON CHIEF MINISTER:

Yes, it is really a question of the need for Government to harness our ambitions to the capacity that exists in the market place for contractors, in departmental monitoring abilities. The Minister certainly has plans and ambitions that he thinks he can carry out this year in excess of that amount. If that materialises it may be possible to provide additional funding on virement from other Heads where the voted funds do not get spent, it quite frequently happens in the Improvement and Development Fund. This is pitched at that level principally because that is what we think will certainly be spent within what we found in past years is deliverable. The hon Member knows that I think that we have had this discussion before. One of the problems is that if there is too much work out there for the private sector all it does is mark up the prices and if the building contractors, and there are not that many of them, capable of doing large scale work of this sort, are too busy they just mark up the prices and we end up having to pay much more for the same work.

HON J J BOSSANO:

This is not a £1 million project, this is a collection of small things. Is JBS actually doing any of this work?

HON CHIEF MINISTER:

Yes, JBS has won the contract for Anderson House, which is a large one in that figure, and JBS is now free to compete. JBS has a limited capacity, it likes doing this work and we are quite happy that it does do this work provided it is not at the expense of the support that it provides on an on-going basis to the Education Department in terms of the support that it provides generally in the Government Minor Works vote for work on Government buildings but any capacity that they have over and above what they need to do the Government's own work in Government buildings, offices and schools which they are able to deploy they are encouraged to apply and to submit the tender and indeed they won the last one in which they bid, the last and first one incidentally in which they did tender under this indication from the Government.

Subhead 1 – Major Remedial Works and Repairs to Housing Stock was agreed to and stood part of the Bill.

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

Subhead 4 – New Housing for Senior Citizens

HON J L BALDACHINO:

Mr Chairman, I see that we are now estimating for £30,000 is that the amount that is required for the completion of the estate?

HON J J NETTO:

That is correct.

Subhead 4 – New Housing for Senior Citizens was agreed to and stood part of the Bill.

Subhead 5 – Consultants Fees

HON J L BALDACHINO:

Is this for structural things?

HON J J NETTO:

As I explained, in previous years we already employ one contract officer at the level of HPTO. He will probably have seen very recently that we have now advertised, we have gone through the interim process for a clerk of works who will support the contract officer. The two together is related to my little subhead on consultants fees because previously the workload was so much that hence we had to make more use of my consultants fees because the one person who I only had was basically impossible to cope with all this work. Now that we are getting the clerk of works hence the coming down of that money there.

Subhead 5 – Consultants Fees was agreed to and stood part of the Bill.

Subhead 6 – Garages

HON J C PEREZ:

Mr Chairman, it seems odd that we are contracting one garage it seems for £10,000. Can the Minister explain or is this a residue from another project which is not shown in other years beforehand?

HON J J NETTO:

No, for the benefit of the hon Member, we are talking about here in relation to the multi-storey car park in Laguna, the empty ones. We have come to an arrangement where we will be giving soft

loans to members in the Laguna whereby they would like to purchase a particular space in the multi-storey car park and that is the reason why we have got an entry there.

HON J C PEREZ:

For one?

HON J J NETTO:

No, there is more than one.

HON J C PEREZ:

So that is a token vote and that will increase as the demand increases for it?

HON J J NETTO:

Yes, that is correct.

HON J L BALDACHINO:

As a matter of clarification, when he says the multi-storey car park at Laguna, does he mean the one that was previously built or the one that they are building?

HON J J NETTO:

The one that has the Social Club down below.

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

HEAD 102 – EDUCATIONAL AND CULTURAL FACILITIES

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

## Subhead 5 – Theatre Royal Refurbishment

HON S E LINARES:

Mr Chairman, does this also include the money that needs to be paid to the owner, leases or is it just purely for the refurbishment?

HON DR B A LINARES:

The agreement with the owners will be on a rental basis and it will have to be funded from another source because it is not included in this capital expenditure which is for the refurbishment. This is only a provision, there is of course balance to complete signalled there in the region of £2 million and of course a great part of that will come from Objective 2 European funding.

HON J J BOSSANO:

What is the ratio, Mr Chairman, of the EU funding on this project?

HON K AZOPARDI:

The figures that I have is £1.4 million EU; £1.1 million Government funding and then £1 million private sector.

HON CHIEF MINISTER:

Hon Members will recall, just to finish off the picture for them, that this is one of the projects that needs to be spent quickly. This is one of the projects that needs to be spent by the end of next year so it is very finely cut now and we are dedicating priority of resources and technical resources to ensure that this project is able to spend the money in time.

Subhead 5 – Theatre Royal Refurbishment was agreed to and stood part of the Bill.

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

## HEAD 103 – TOURISM AND TRANSPORT

### Subhead 1 – Improvements to Tourist Sites and Beaches

HON J C PEREZ:

Mr Chairman, I would not know whether it is too late for anything to be done this year, the Minister might know if something has been done. I have been receiving repeated complaints about the conditions of the toilets and changing rooms in Catalan Bay, I myself have not seen them, and there might have been some works involved before the summer season but as he got any knowledge of this?

HON J J HOLLIDAY:

Yes, I am aware that there was a need for refurbishment. My understanding is that work has been carried out recently in fact I have had the Principal Secretary of the Ministry this morning inspecting all beach facilities so I assume that the required works have been undertaken and, if not, they will be undertaken before the season begins in two weeks time.

Subhead 1 – Improvements to Tourist Sites and Beaches was agreed to and stood part of the Bill.

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

### Subhead 5 – Traffic Enhancements including Bus Stops

HON J C PEREZ:

Mr Chairman, although I do note that the new bus stops are being erected, I raised the matter at Question Time in March whether these new bus shelters included seats? I, again, myself have not seen them but I have read some letters in the Chronicle about elderly people complaining about the type of seats and has the Minister himself received any complaints to this effect?

HON CHIEF MINISTER:

Mr Chairman, I myself have not seen them either except that I am now on duty to take my children to the bus stop for the school bus in the morning, which is not a duty that I have performed for many years, and I have therefore had the opportunity to inspect the seats. It is a bench screwed into the wall of the bus stop. It is not entirely horizontal, in other words, it is not so much something to sit on as something to lean into. I would not have described it myself as either entirely ideal or entirely inappropriate. I think the solution is not to have comfortable seats in bus stops but to have a bus system that requires people not to have to wait in bus stops for too long and that is what we are going to be concentrating on. *[Interruption]* I just want to take this opportunity to record that the other thing that I have noticed from my visit every morning to the one bus stop that I visit is the extent of the vandalism to which they have been subjected in just two or three weeks since they have been erected.

HON J C PEREZ:

Opposite the Chief Minister's house?

HON CHIEF MINISTER:

Well, I am not telling the hon Member where this bus stop is but it is one of them and it has been completely painted over with white paint, graffiti, scratched on and I just want to record that it is really a great shame and a complete lack of civic responsibility that taxpayers money, which is not money that belongs to the Government, it is money that the people of Gibraltar pay out of their taxes to improve facilities to Gibraltar and that there is a small element of this community that has that degree of disrespect for their fellow citizens that cause them to wantonly vandalise assets. I am not saying this at the Hon Members because I know that they will entirely agree but I remember when they were in Government they used to complain about much the same thing in respect to the Upper Rock and other areas that they used to beautify and I think sooner or later this House is going to

have to give consideration to legislation to deal with the issue of wanton vandalism of public furniture. *[HON J C PEREZ: Big Brother.]* Well Big Brother or Small Brother or Middle Brother! – but certainly there is nothing wrong with Big Brother if all that he is doing is preventing people from causing wanton vandalism to things that the tax payer provides for himself.

Subhead 5 – Traffic Enhancements including Bus Stops was agreed to and stood part of the Bill.

#### Subhead 6 – Roads Construction and Resurfacing

HON J C PEREZ:

Mr Chairman, how much of that provision has already been spent but not paid in respect of on-going projects?

HON CHIEF MINISTER:

Does the hon Member mean committed or spent?

HON J C PEREZ:

Spent, because I am sure that there are bills from the Coach Park which has been completed very recently, a year late, will have to await three or four months before the payment takes place.

HON CHIEF MINISTER

Yes, well running down the list I can tell him that included in that sum is a provision of £480,000 for Sir Herbert Miles Road widening. Now that is finished so that must be the last payment due to the contractor, that is more or less finished. There is a provision of £342,000 for the Waterport Road and Devil's Tongue Road, which as the hon Member has seen has started and the Devil's Tongue bit is quite advanced, the Waterport Road – that is the stretch of road in front of Watergardens. The rest of it, there is a very small amount for the pavements in Town Range which has started but not quite finished; and all the rest of it is for projects that have not yet started.



Subhead 6 – Roads Construction and Resurfacing were agreed to and stood part of the Bill.

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

### **HEAD 104 – INFRASTRUCTURE AND CAPITAL WORKS**

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

#### **Subhead 3 – Government Vehicles and Plant**

HON J C PEREZ:

Mr Chairman, I see that out of a provision of £250,000 only £29,000 was spent last year and it looks odd given that there are certain routine in-house rules about the replacement of vehicles and so on.

HON CHIEF MINISTER:

Yes, there was a delay in the allocation of that bid to the various departments and whilst the various competing bids were sieved through and prioritised but most of that actually has now been spent and the procurement has taken place and the tendering has taken place. In some cases the vehicles have arrived, in others they have not yet arrived but we are right in the middle of it now. This is not a provision for a process that needs to start, it is a provision for a process that is taking place.

Subhead 3 – Government Vehicles and Plant was agreed to and stood part of the Bill.

Subheads 4 to 8 were agreed to and stood part of the Bill.

#### **Subhead 9 – Radio Communications**

HON CHIEF MINISTER:

Mr Chairman could I just mention for the information of the House we are not intending to amend because we think we can do it by virement, but the vote for the Commissioner of Police of £40,000 does not include obviously, the £200,000-odd which is the Government's half share of the cost of the new police launch, which is going to be half funded by the Gibraltar Government and half funded by the Foreign Office.

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

Subheads 10 to 12 were agreed to and stood part of the Bill.

#### **Subhead 13 – Beautification and Refurbishment Works**

HON DR R G VALARINO:

Mr Chairman, I notice (a) and (b), in fact could I have a breakdown of the £2,900,000 that are going to be spent on the beautification refurbishment schemes?

HON LT-COL E M BRITTO:

Mr Chairman, this includes quite a number of projects, essentially things like Casemates, the completion of Irish Town, the location of the Post Office, Landport Ditch, parts of the re-alignment of Europa Road including the demolition of a building which includes EU funds. Work on the Black Spot which also includes EU funds and then a number of other embellishment projects.

HON J C PEREZ:

Mr Chairman, is it possible to go back to Subhead 12 – Maintenance and Security of Existing Structures?

MR CHAIRMAN:

Everything is possible for you.

HON J C PEREZ:

Thank you, Mr Chairman. I see that the Estimates last year have a forecast outturn of zero and that this year we are decreasing the estimate by £10,000. Can someone explain what is meant by maintaining existing structures?

HON LT-COL E M BRITTO:

Yes, Mr Chairman, the difference I cannot explain off the top of my head without some notice. But basically we are talking about the matting and the materials necessary for the water catchments; the matting that is put over the sand after the sheeting is removed and essentially it is the same amount that was not spent last year that has been provided for this year again.

HON J C PEREZ:

I put it to the Government that there must be a better way of describing this in the Estimates than maintaining and securing existing structures.

HON LT-COL E M BRITTO:

Well it is a generic head, Mr Chairman, that has been used before for a number of other things and has been put there, but I agree it is not very descriptive of what it is.

HON CHIEF MINISTER:

Yes, it has always been called that.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Well if I could just add to the point the Minister made, the difference between the Estimate 1999/2000 and the Estimate 2000/2001 is that we have now let the contract and we know what it is going to cost. So it is going to cost slightly less than we estimated a year ago. [INTERRUPTION]

HON CHIEF MINISTER:

Well the hon Member in jest alights on a very important point. Because one of the reasons why we use generic headings and not identify the contracts is precisely so that contractors cannot say, "if this had said 'Contract for the Matting of the Water Catchments - £189,000'" bidders would have known that that is what the Government expect to pay and would have pitched their bids accordingly, thereby depriving the taxpayer of the opportunity of savings from lower bids. So the hon Member will surely recognise that as good common sense.

Subhead 13 – Beautification and Refurbishment Works was agreed to and stood part of the Bill.

Subhead 14 was agreed to and stood part of the Bill.

Subhead 15 – Storm Water Drains and Sewers Replacement

HON J C PEREZ:

Yes, Mr Chairman, is this, I presume as the Minister has said, that this work is work going out to contractors? Historically this work has been done by the Sewers Section, that is why I am asking.

HON LT-COL E M BRITTO:

Mr Chairman, this is essentially the completion of the Main Street and Line Wall Road sewers, Irish Town where the works are under way and also the bulk of it is the feasibility study on Waste Water Treatment or Sewage Treatment or compliance with EU directives.

Subhead 15 – Storm Water Drains and Sewers Replacement was agreed to and stood part of the Bill.

Subheads 16 to 22 were agreed to and stood part of the Bill.

Subhead 23 – New Hospital – Europort

HON MISS M I MONTEGRIFFO:

Mr Chairman, I gave notice to the Minister during the general principles of the Bill that when we came to the Committee Stage of the new hospital I would like him to give a commitment that the new dialysis unit that would be installed in the new hospital would cater both for out-patients and in-patients.

HON CHIEF MINISTER

Mr Chairman, the matter is under review. The Government's intention is to provide as far as is reasonably possible for the out-patient's facilities as well. In other words, we want to try and make as much provision in Gibraltar as possible for the people who presently have to go elsewhere. That is what we are aiming, that is what we are striving to achieve.

Subhead 23 – New Hospital – Europort was agreed to and stood part of the Bill.

Subheads 24 to 26 were agreed to and stood part of the Bill.

## HEAD 105 - ELECTRICITY

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

Subhead 2 – Improvements to Networks and Infrastructure

HON J C PEREZ:

Mr Chairman, are subheads 2 and 4, do Government intend to go out to private contractors for this or is this money to be used by the sections involved in the Generating Station?

HON LT-COL E M BRITTO:

Mr Chairman, I am not too sure, most of it I expect will be done by the Electricity Department staff itself. That is ducting and laying of cables and so on. That is generally done by them.

HON J C PEREZ:

That is what I thought but since the custom now is that anything done in-house by the Government seems to appear in the recurrent expenditure and not in the Improvement and Development Fund, I thought that the indication that it was in the Improvement and Development Fund was a factor indicating that it was going out to contract.

HON LT-COL E M BRITTO:

No, Mr Chairman, under item 2 there is relocation costs of the high voltage cable from King's Bastion to Orange Bastion, that is obviously in-house. There is laying of ducts, manhole construction and beautification projects. There is something called jacket water pump replacements, there is air compressors, there is hydraulic platforms, it is a mixture of equipment and cabling laying and so on.

HON J C PEREZ:

So there is no labour element in this vote or they is some labour element which then needs to be passed on to the Generating Station?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, there is no labour element in this.

HON J C PEREZ:

Just materials, the labour element is all under current expenditure.

Subhead 2 – Improvements to Networks and Infrastructure was agreed to and stood part of the Bill.

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

## HEAD 106 – INDUSTRY AND DEVELOPMENT

Subheads 1 to 5 were agreed to and stood part of the Bill.

Subhead 6 – Strategic Fuel Reserve

HON J J BOSSANO:

The footnote in respect of the Gibraltar Enterprise Scheme. It says it includes £300,000 repaid to the I&D Fund, if it is repaid to the I&D Fund it would be income not expenditure, no? I mean it may be just a misprint, that is the explanation it gives.

HON CHIEF MINISTER:

It is badly worded. I think what this means is that the expenditure included the £300,000 loan which has subsequently been repaid. I agree that the telegraphic language in the footnote tends to

suggest that the repayment of the loan is included here, which obviously was not.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, if I could just add for clarity as well. In fact in the revenues of the Improvement and Development Fund, in fact, we show £300,000 in 1999. That is the same one and in fact, it is a misprint it should be in the loan repayments.

Subhead 6 – Strategic Fuel Reserve was agreed to and stood part of the Bill.

Clauses 5 and 6 were agreed to and stood part of the Bill.

### Schedule

Part I – Consolidated Fund Expenditure was agreed to and stood part of the Bill.

Part II – Consolidated Fund Contributions was agreed to and stood part of the Bill.

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

### THIRD READING

HON ATTORNEY-GENERAL:

I have the honour to report that the Appropriation (2000-2001) Bill 2000, has been considered in Committee and agreed to, without amendments, and I now move that it be read a third time and passed.

Question put. Agreed to.

The Bill was read a third time.

## ADJOURNMENT

The Hon the Chief Minister moved the adjournment of the House to Thursday 29<sup>th</sup> June 2000, at 10.00 am.

Question put. Agreed to.

The adjournment of the House was taken at 4.45 pm on Friday 2<sup>nd</sup> June 2000.

## THURSDAY 29<sup>TH</sup> JUNE 2000

The House resumed at 10.05 am.

### PRESENT:

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

### GOVERNMENT:

The Hon P R Caruana QC – Chief Minister  
The Hon K Azopardi – Minister for Trade, Industry and  
Telecommunications  
The Hon Dr B A Linares – Minister for Education, Training,  
Culture and Health  
The Hon J J Holliday – Minister for Tourism and Transport  
The Hon Lt-Col E M Britto OBE, ED – Minister for Public Services,  
the Environment, Sport and Leisure  
The Hon H A Corby – Minister for Employment and Consumer  
Affairs  
The Hon J J Netto – Minister for Housing  
The Hon Mrs Y Del Agua - Minister for Social Affairs  
The Hon R Rhoda QC – Attorney-General  
The Hon T J Bristow – Financial and Development Secretary

### OPPOSITION:

The Hon J J Bossano – Leader of the Opposition  
The Hon Dr J J Garcia  
The Hon J L Baldachino  
The Hon Miss M I Montegriffo  
The Hon Dr R G Valarino  
The Hon J C Perez  
The Hon S E Linares

### IN ATTENDANCE:

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

### DOCUMENTS LAID

The Hon the Minister for Education, Training, Culture and Health moved under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the laying of various accounts and documents on the Table.

Question put. Agreed to.

The Hon the Minister for Education, Training, Culture and Health laid on the Table the Report and Audited Accounts of the Gibraltar Health Authority for the year ended 31<sup>st</sup> March 1998.

Ordered to lie.

The Hon the Minister for Employment and Consumer Affairs laid on the Table the Employment Survey Report – October 1998.

Ordered to lie.

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

- (1) Statements of Consolidated Fund Reallocations approved by the Financial and Development Secretary (Nos. 8 to 10 of 1999/2000).
- (2) Statement of Improvement and Development Fund Reallocations approved by the Financial and Development Secretary (No. 4 of 1999/2000).

Ordered to lie.

### MOTIONS

HON CHIEF MINISTER:

I beg to move the suspension of Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with a motion.

Question put. Agreed to.

HON CHIEF MINISTER:

Mr Speaker, the motion standing in my name reads:

“That this House resolves that the following Members should be nominated to the Permanent Select Committee on Members’ Interests:- The Hon Keith Azopardi, the Hon Ernest Britto, the Hon Reginald Valarino and the Hon Steven Linares”.

Hon Members are aware that this is one of the standing Select Committees of the House and that it is usual to appoint it, it is required to appoint it during the first meeting of the House following an election which is this meeting. I commend the motion to the House in the full expectation that it is an uncontroversial piece of housekeeping.

Question proposed.

HON J J BOSSANO:

Mr Speaker, obviously we are supporting the motion. The names have been the result of consultation and we will be voting in favour.

Question put. The motion was carried unanimously.

### BILLS

#### FIRST AND SECOND READINGS

HON CHIEF MINISTER:

Mr Speaker, I beg to move the suspension of Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with Bills.

Question put. Agreed to.

#### THE IMMIGRATION CONTROL (EUROPEAN ECONOMIC AREA) ORDINANCE 2000

HON CHIEF MINISTER:

I have the honour to move that a Bill for an Ordinance to transpose into the law of Gibraltar Council Directives 64/221/EEC, 68/360/EEC, 72/194/EEC, 73/148/EEC, 75/34/EEC, 75/35/EEC, 90/364/EEC, 90/365/EEC and 93/96/EEC on the rights of residence of nationals of Member States, members of their families, workers, self-employed persons, students and others be read a first time.

Question put. Agreed to.

## SECOND READING

HON CHIEF MINISTER:

I have the honour to move that the Bill be now read a second time. Mr Speaker, this Bill replaces sections 39 to 51A of the Immigration Control Ordinance with new sections 39 to 50K. The Bill transposes into the law of Gibraltar a number of Community directives, nine in total, relating to the right of residence of EEA nationals and members of their families. The nine Community directives are the following: Council Directive 64/221 on the co-ordination of special measures concerning the movement and residence of foreign nationals which are justified on grounds of public policy, public security or public health. Council Directive 68/360 on the abolition of restrictions on movement and residence within the Community for workers of Member States and their families. Council Directive 72/194 extended to workers exercising the right to remain in the territory of the Member State after having been employed in that State. Council Directive 73/148 on the abolition of restrictions on movement and residence within the Community for nationals of Member States with regard to establishment and the provision of services. Council Resolution 75/34 concerns the right of nationals of the Member State to remain in the territory of another Member State after having pursued therein an activity in a self-employed capacity. Council Resolution 75/35 which extends the scope of Council Directive 64/221. Council Directive 90/364 on the right of residence. Council Directive 90/365 on the right of residence for employees and self-employed persons who have ceased their occupational activity and Council Directive 93/96 on the right of residence for students.

Mr Speaker, the Bill defines who is a qualified person and this is a person who is an EEA national who undertakes in Gibraltar the activities of one of the categories listed in section 43(1). An EEA national means a national of a State which is a Contracting Party to the EEA Agreement. The Bill also defines a family member of such a national. Mr Speaker, some of the directives which I have just mentioned were previously reflected in the law. However, the

definition of a qualified person now includes a self-sufficient person, a provider and recipient of services, a retired person and a student. The Bill provides that an EEA national and the family member of such a person may enter Gibraltar on production of a valid EEA identity card or passport. The Bill distinguishes between family members who are EEA nationals and those who are not. The latter must apply for an EEA family permit from the Principal Immigration Officer. The requirements for the issue of an EEA family permit are set out in section 50C. Mr Speaker, a qualified person is entitled to reside in Gibraltar for as long as he remains a qualified person. This also applies to a family member of a qualified person. The family member is entitled to remain for as long as such person remains the family member of a qualified person. The Bill also sets out the form of residence permit and the residence document must take and also how long the residence permit will be valid for in the case of each categories of qualified persons. Section 50B sets out those persons who will be able to remain in Gibraltar indefinitely. Mr Speaker, the Principal Immigration Officer may refuse to grant or revoke a residence permit or residence document to a qualified person or family member of such person if the refusal is on the grounds of public policy, public security or public health. The Bill, as tabled, provides for the establishment of the right of appeal to an Immigration Appeals Tribunal. I propose to move an amendment so that the right of appeal should be ordinarily to the Supreme Court as opposed to an Immigration Appeals Tribunal. I should explain to the hon Members that the directives themselves do not establish a requirement on their face to a right of appeal. What the directives actually require is that those who are making immigration decisions in the case of EEA nationals. In other words, if the immigration decision-maker intends to deny the right of residence or to revoke the right of residence of a qualified person he should only do so after he has taken an opinion from an independent source. Subsequent cases in the European Court of Justice have established the principle that there should be a statutory right of appeal to an independent court or tribunal and therefore that is why this directive establishes a right of appeal as opposed to simply requiring the Principal Immigration Officer to consult an independent source. I will be moving an amendment.

Mr Speaker, to have that to the Supreme Court instead of to an Immigration Appeals Tribunal. As I have said to the hon Members, that is an appeal for those persons who are either refused admission or required to leave Gibraltar or who are refused residence permits or whose residence permits are revoked but I must emphasise all this Bill and all of my comments and all the matters before the House apply only to EEA nationals and their families. EEA nationals are European Union nationals and the nationals of those several countries which are part of the European Economic Area but not part of the European Commission. This legislation does not deal with the immigration rights of non-EU nationals.

Mr Speaker, section 50K(1) sets out the procedure for introducing an appeal and section 50K(2) and (3) deal with the rights of audience and the decision-making powers of the court in respect of the procedures for appeals to it.

Mr Speaker, hon Members will note that the Bill puts into a much grater detail and clarity the definition of "qualified person" and "family member" and the different criteria that needs to be applied for the issue or indeed the refusal or revocation of residence permits. I commend the Bill to the House.

Discussion invited on the general principles and merits of the Bill.

HON J J BOSSANO:

Mr Speaker, it seems to me that most of the contribution of the Chief Minister has not been to the general principles of the Bill but to explaining what is in the text. I would question what is the principle in this Bill because it would appear that the issue of principle or policy that is involved here is the question of the Appeals Tribunal. I note that we have been told in the introduction of the Bill and indeed in the explanatory memoranda that the Ordinance transposes a number of EU directives implying that those directives have not yet been transposed. In the mover's explanation he said that the current law reflected some of this. Well, I do not know whether reflecting something and transposing

something means the same thing, that either it is transposed or it is not transposed. Of course, if these directives had not been transposed I would imagine they would have been on the list of directives which the United Kingdom were saying we were lagging behind in the transposition of and which would have put us in the exposed position of infraction proceedings. Particularly when one-third of the directives in question are from before we joined the Common Market, 1964, 1968 and 1972. So those we were supposed to have transposed in January 1973 when we became members for the first time, three of those and they are fundamental because they deal with the freedom of movement. So I cannot imagine that if we had not transposed those directives in 1973 in the year 2000 the EEC would not yet have taken us to court on that one. There has been no indication in the speech that we are repealing what is in the current law and replacing it by something else because the United Kingdom or somebody else somewhere else has suggested that the present provision inadequately transposed the directives which would be the only point of principle which would justify a Bill coming to the House saying we are now transposing directives which, as far as we are aware and as far as we are concerned, have all been previously transposed into the law. The only one that might not have been, I imagine, is 93/96 which is the last one but one would have expected that the previous ones which end with 90/365 would all have by 1996 been put into the laws of Gibraltar and that the provisions that are there now, as far as the United Kingdom was concerned, adequately transposed those directives and since the text of the directives are then transmitted to the European Commission and we heard nothing to the contrary from them in the last 10 years, the Commission was satisfied that they were adequately transposed. So it seems to us that on the basis that this is purporting to transpose something that is already transposed and that on the principles of the Bill we have not been told why there is a need to change the way they have been transposed until now, whether that is driven locally by problems that are being faced by the authorities here and I am not aware that we have ever had any problems in dealing with EEA nationals or EU nationals, all the problems have been with those who are not covered by the Bill or whether it is something that is



the United Kingdom's prompting on the premise that there is something wrong. Secondly, the provisions that are now going to be altered of an Immigration Appeals Tribunal we have been told are not on the surface of the text of the directives an EU requirement. So if this is not an EU requirement and, again.....

HON CHIEF MINISTER:

I have not said they are not an EU requirement. I have said they are not required on the face of the directives. They are an EU requirement and they are as a result of a ruling of the European Court of Justice.

HON J J BOSSANO:

Yes, Mr Speaker, and I have just said that he has said that on the surface of the document they are not an EU requirement those were my words. *[HON CHIEF MINISTER: On the face of the directive.]* That is precisely what I have said, Mr Speaker. *[HON CHIEF MINISTER: No, the hon Member has said it is not an EU requirement.]* I have said that he has said that on the surface of the directive they are not an EU requirement it is only that he was asleep for the first half of my sentence and woke up on the second half and reacted to it but when Hansard eventually gets produced in the year 2000-and something, we will be able to see whose memory is better of the last few sentences or we can always play the tape.

HON CHIEF MINISTER:

In fact, I move that we play back the tape so it is not a question of memory.

HON J J BOSSANO:

Okay, then let us. I suppose the motion that we play the tape, I do not know whether we suspend Standing Orders in order for the Chief Minister to introduce a motion without notice.

HON CHIEF MINISTER:

Mr Speaker, what the hon Member should not do is his usual trick of throwing out things which everyone in this House has heard, everyone in the House has heard him say "not an EU requirement", everyone in the House heard me say "not a requirement of the directive on its face". That is perfectly obvious to everybody who has been listening to this debate. He nevertheless now tries to deny that that distinction has existed and to provide cover for himself makes a reference to the fact that Hansard takes two years to produce and therefore the issue of memory cannot be resolved. This is a trick that he does all the time and so therefore the answer is that we should rewind the tape or that he should simply accept that what he has attributed to me is not what I said and it is really not that difficult.

HON J J BOSSANO:

Can I suggest, Mr Speaker, that while we rewind the tape we also check that I did not say two years which he has also attributed to me.

MR SPEAKER:

I am not allowing the rewinding of the tape because it creates a very bad precedence. The tape is there, if you want it produced in advance of all the other tapes it will be done and it will be at your disposal with the Clerk.

HON CHIEF MINISTER:

Mr Speaker, my memory is perfectly good, it is only the Leader of the Opposition's memory which needs to be helped so you can send it to him.

HON J J BOSSANO:

No, he might say that his memory is perfectly good, Mr Speaker, I have given way to him three times. Here we are discussing an important matter of principle about immigration control and he has interrupted me half a dozen times because of his sensitivity to anything that appears to be critical of him. I know how it is, the man is almost constantly in the House as if he had just come from being badly sunburned in Eastern Beach and the moment one touches one of the follicles of the back of his neck he jumps up like a scalded cat. I am sorry. I did not intend to give offence to the Chief Minister. I did say, as the tape will show, that it is not required we have been told on the surface of the directive and before I could carry on to say, and if that is the case then that is surely the matter of principle that is at stake here. If it is not required on the face of the directive and we are allegedly transposing directives and that is the only explanation we have been given for the Bill, we have not been given any other reason for bringing this to the House other than to transpose what we understand is already fully transposed. So since all we are doing is what has already been done going back to 1973, unless we get a better reason for doing it than we have been given today in the speech on the general principles, we are not supporting this. It is as simple as that.

Let me say, Mr Speaker, that the definitions of qualified individual and the need for appeal in our knowledge cannot be driven because of problems that we have had with the present law because we are not aware of instances where EU nationals have been refused and tried to appeal against refusals and not been able to or had difficulty in establishing their entitlement and consequently require better definition in the law so that the immigration authorities can adequately fulfil their obligations under EU law to which we fully subscribe. We believe that it is right that we should give others the freedom of movement in Gibraltar notwithstanding the fact that others do not simply be equally concerned about giving it to us.

MR SPEAKER:

I call on the mover if he wants to reply.

HON CHIEF MINISTER:

Well, Mr Speaker, tempts me not to reply because in a sense we have not been given anything to reply to. I can only pre-suppose that the hon Member is aware of what the current law is and that he has also read the new Bill and that he is aware of what the differences are. But he has in his own contribution, in no manner and to no extent, addressed the principles of the Bill. I am very, very surprised to hear the hon Member suggest that all of this is already the law of the land because he must recall that most of this, indeed all of this in addition to other things that he got into trouble with, were the subject of draft Immigration Control Ordinance EEA Regulations 1995 that he had drafted before he left office and that were the subject matter of intense discussions between him and the United Kingdom, he must remember that. I am therefore entirely surprised to hear him not say that he does not understand why all of this is before the House because he believes that it is already all law.

Mr Speaker, the answer is as I have said in my speech in my first contribution, that some of it is already law and that some of it is not already law because we have not, contrary to what he thinks, we have not transposed all the directives and some of the directives alter the definitions of qualified person, for example, in respect of some of the directives that we had implemented. So there is an element of consolidation in this Bill but there is also an element of transposition and this was work that was initiated by himself, admittedly quite close to the date of the election, this was in the autumn of 1995. Mr Speaker, the hon Member thinks that the only purpose of this Bill is simply to establish a right of appeal, well he is mistaken. I do not see how the hon Member can say why are we having a right of appeal if it is not an EU requirement, it is as if he was not listening when I gave him the explanation for that in my first address which was although it is not a requirement on the face of the directive, it has been the subject matter of

adjudication by the European Court of Justice that EEA nationals should enjoy a right of appeal against a decision to deny or revoke them the benefit of these directives when those denials are based on any of the three grounds upon which they are available to the administration, namely, public policy, public security and public health. The hon Member can say, "I do not care what the European Court of Justice says, I do not think there should be a right of appeal and therefore I will vote against or I will not support this Bill because it contains a right of appeal and I do not think there should be a right of appeal". It would be a pretty unusual provision but he is certainly free to take that. What he is not free to say is, "I am not supporting this because I have not been told why it is in the Bill" because he has now been told why it is in the Bill twice. If he wants the names of the cases of the European Court of Justice which have resulted in this requirement I can give him that as well in case he wants to rush off and read the European Case Law Reports to make sure that that is exactly what the European Court of Justice has said. I am very happy to give them to him.

There are two decisions of the European Court of Justice in the case of Shingara, case 69 of 1995 and the case of Radiom, case 111 of 1995 and there is a decision of the European Court of Human Rights, the case of Kahal which the hon Member will find in the European Court of Human Rights Report 1997 at page 413.

So, Mr Speaker, the hon Member can vote on the Bill as he pleases but what he cannot say is that he has not been given a reason why there is a right of appeal even though the directive does not require a right of appeal. Even if the directive did not require a right of appeal, the hon Member should make his decision as to whether he supports the Bill or not on the basis of whether he thinks that there should be a right of appeal not on the question of whether it is obligatory on us to grant a right of appeal. The hon Member can certainly vote against the Bill on the basis that he does not think that there should be a right of appeal. It would not be the first time that the two sides of the House are separated by the difference between us on the policy of whether the Government of Gibraltar should comply with our obligations.

*[HON J J BOSSANO: They are not obligations.]* Mr Speaker, the hon Member repeats the assertion that it is not an obligation. Gibraltar is not bound only by obligations under directives. It is also bound by obligations that flow from rulings of courts to whose judgements it is subject. The hon Member does not understand this he does not understand this and it is not for me to lecture the hon Member on the various sources of law and obligations but if he believes that we are only under an obligation under directives and that if we are not under obligations to comply with European Court of Justice rulings, all I can tell him is that he is mistaken. Therefore, Mr Speaker, as I said, I will be moving at the Committee Stage, several amendments. As I say, most of them do not give rise to issues of principle but the one that does give rise to an issue of policy is the fact that whereas in the Bill, as drafted, there was this appeal right was to the Immigration Appeals Tribunal, the Government have taken the view that given the infrequencies of these situations it is better to use the Supreme Court rather than to set up another structure of this sort.

Question put. The House voted.

For the Ayes:           The Hon K Azopardi  
                                  The Hon Lt-Col E M Britto  
                                  The Hon P R Caruana  
                                  The Hon H Corby  
                                  The Hon Mrs Y Del Agua  
                                  The Hon J J Holliday  
                                  The Hon Dr B A Linares  
                                  The Hon J J Netto  
                                  The Hon R R Rhoda  
                                  The Hon T J Bristow

For the Noes:           The Hon J L Baldachino  
                                  The Hon J J Bossano  
                                  The Hon Dr J J Garcia  
                                  The Hon S E Linares  
                                  The Hon Miss M I Montegriffo  
                                  The Hon J C Perez  
                                  The Hon Dr R G Valarino

The Bill was read a second time.

HON CHIEF MINISTER:

I beg to give notice that the Committee Stage and Third Reading of the Bill be taken later today but that will not be before lunch. In other words, I will just give the indication that when we have done the First and Second Readings I would like to recess until this afternoon.

Question put. Agreed to.

### **THE PRISON ORDINANCE (AMENDMENT) ORDINANCE 2000**

HON CHIEF MINISTER:

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

Question put. Agreed to.

### **SECOND READING**

HON CHIEF MINISTER:

I have the honour to move that the Bill be now read a second time. Mr Speaker, this is a simple, short and uncontroversial Bill which I hope will enjoy the support even of the Opposition. It is simply consequential on our amendment at a previous meeting of the House of the Criminal Offences Ordinance where we abolished the death penalty for treason. Mr Speaker, the sections of the Prison Ordinance which this Bill now before the House seeks to repeal are the sections of the Prison Ordinance which deals with the regime applicable to prisoners under sentence of death. Section 57 relates to the Superintendent making standing orders to be observed in the execution of any sentence of death. Section 58 refers to the Superintendent publishing a notice as to the fact that an execution is about to take place. Section 59

relates to the place of execution. Section 60 relates to the persons who shall be present during an execution. Section 61 relates to the signature of certificates and declarations of execution. Section 62 requires an inquest to be held into every person executed in the prison. Section 63 deals with the burial of executed prisoners. Section 64 deals with the transmission of documents by the Superintendent to the Governor relating to the execution of prisoners. Section 65 is purely technical and was a saving provision at the time that that legislation was originally introduced, it is not a substantive provision itself. Mr Speaker, there is no point in the Prison Ordinance containing provisions relating to the execution of prisoners when the law of Gibraltar no longer provides for the execution of prisoners. I therefore commend the Bill to the House.

Discussion invited on the general principles and merits of the Bill.

HON J J BOSSANO:

Even the Opposition, Mr Speaker, does not have an objection this time.

HON CHIEF MINISTER:

Well, Mr Speaker, I should not reply in case I spoil even that position.

Question put. Agreed to.

The Bill was read a second time.

HON CHIEF MINISTER:

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

Question put. Agreed to.

**THE DEVELOPMENT AID (MISCELLANEOUS AMENDMENTS)  
ORDINANCE 2000**

HON CHIEF MINISTER:

I have the honour to move that a Bill for an Ordinance to amend the Development Aid Ordinance and to repeal the Income Tax (Amendment) Ordinance 1991 be read a first time.

Question put. Agreed to.

**SECOND READING**

HON CHIEF MINISTER:

I have the honour to move that the Bill be now read a second time. Mr Speaker, the Bill makes provision for a policy requirement of the Government in the system of providing rating relief for development projects. Under the Public Health Ordinance the Government can lay down criteria for remitting or reducing rates in cases of inability to pay or where it is in the interests of the development of Gibraltar and I believe, although I cannot be certain, I am almost certain, that that is an amendment to the Public Health Ordinance that they introduced when they were in office. But sections 15B and 15C of the Development Aid Ordinance which provides for a gradual increase in the rates in respect of development projects, the whole increase in rateable value does not apply straight away but is phased over a number of years. In other words, the hon Members know that under the Development Aid Ordinance rates relief is a tapering affair. In other words, it starts at 100 per cent and then the amount of the relief reduces until after five or 10 years one comes to pay 100 per cent of rates. The problem is that when the Government have laid down criteria under the Public Health Ordinance to remit rates in respect of a project that enjoys development aid, we then found that we did not have the power to stop the clock on that rates tapering relief under the Development Aid Ordinance. This has arisen entirely in the context of the Harbour Views problems. There was a project which is the subject of development aid, it is

still within the period of rates relief, the Government as a matter of policy have given rates relief during the period that each block is under construction repair but we found that under the Development Aid Ordinance we could not stop the clock which was ticking away in terms of the rates relief under the Development Aid Rates Relief. So when we said to the owners of apartments in Harbour Views, "You will be exempted from rates during the period of time that your building is under scaffolding; in other words, during the period of time that your building is under remedial repair works" they then raised the question, "Fine, but will you stop the clock on development aid so that when I start paying rates again I still have one or two years left of rates reduction left. If you do not do that", they pointed out, "then our rates holiday, so to speak, are partial rates holiday under the Development Aid Ordinance will expire during a period that we are not paying rates at all because you have remitted them. So if I am now paying rates at 80 per cent and I have got another year left of rates at 80 per cent before I move on to rates of 100 per cent and this year you are letting me off rates altogether because my building is under repair, this next year should not count for the benefit of that 80 per cent. In other words, I still have one year at 80 per cent when I restart paying rates". And that is what this Bill achieves. It enables the decision to be made under the Development Aid Ordinance to freeze the passage of time, to freeze if it is five years, the 10 years to freeze the countdown of those number of years of tapering off rates relief during any period when rates are exempted altogether pursuant to criteria laid down by the Government of Gibraltar under the Public Health Ordinance in the interests of the development of Gibraltar or in cases of inability to pay.

Mr Speaker, the Bill also repeals the Income Tax (Amendment) Ordinance 1991 which the Opposition Members never brought into force and as the Opposition Members passed the Bill when they were a majority in this House never brought it into force, we have looked at it. We do not know why the Opposition Members did not bring it into force but certainly it has not been brought into force in the nine years since it was passed in this House and in those circumstances we think that it is appropriate to repeal it.

The Bill dealt mainly with the replacement and repealing of the Development Aid Ordinance in respect of rates and taxes. Those matters are perfectly adequately provided under the Development Aid Ordinance. It may be that the hon Members changed their minds after the Bill had passed through the House about the need to replace the Development Aid Ordinance in that connection but certainly to the extent that we are now repealing the Bill, it is by way of tidying up exercise rather than leave legislated but uncommenced this Bill for any longer. I commend the Bill to the House.

Discussion invited on the general principles and merits of the Bill.

HON J J BOSSANO:

Mr Speaker, we will be supporting the Bill in the light of the explanation that has been given on the general principles although it is certainly not obvious to us that there is such a need. That is to say, that there is a problem in dealing with the question of tapering relief and the question of the clock because it would appear to us that if one has got the power to reduce or remit rates in the Public Health Ordinance then one could remit what the clock puts back every year and one would achieve the same result. It would appear that that should be possible but if it is not, since we support that the power should exist there is no point in having the power if administratively it cannot be made to work in the light of the explanation that has been given by the mover in the general principles of the Bill so we are supporting it on that basis.

The 1991 Ordinance was in fact moved at the time by the Financial and Development Secretary and the explanation he gave in the House was that there were problems in dealing with the identification of the relief under the Development Aid Ordinance which had been found by the department. I think it was some difficulty related to the granting of development aid and at the same time whether this meant that the depreciation of the assets was now removed and that development aid was advanced depreciation of assets or whether, in fact, the granting

of development aid was over and above the depreciation of the assets which meant that effectively one was writing off the capital costs more than 100 per cent. Writing it off in a straight line reduction and then on top of that, under the development aid in a lump sum. I think that is a difficulty that has arisen with some developers in that area, it might even have been Queensway Quay originally, that led to the Tax Office coming up with some suggestions that we ought to have it all under the Income Tax Ordinance rather than in a separate Ordinance. I cannot say, frankly, why it was that it subsequently was not implemented, I was not aware that it had not been subsequently implemented, I would have expected that there should have been a starting date when they were ready to operate it and that would have been it. The impression I get from the Bill, in fact, is that the section in the Public Health Ordinance to which reference has been made, was in fact put there by the Bill in 1991. I am not sure if the Bill was never put into effect, whether the section is.....

HON CHIEF MINISTER:

Bits of the Bill were put into effect, Mr Speaker. The explanation appears to be that the Bill being repealed introduced these sections into the Public Health Ordinance even though they had already been introduced into the Public Health Ordinance previously. So it was in that respect a re-legislation of the matter. When the Bill being repealed introduced these same sections into the Public Health Ordinance, the one establishing criteria or the one giving the Government the power to establish criteria, that amendment had already been made to the Public Health Ordinance previously by another piece of legislation, No.11 of 1990. I cannot tell the hon Member what the name of it is but it must be the Public Health (Amendment) Ordinance presumably unless it was done in a composite Bill. Therefore the sections of this Bill were never commenced either in respect of this amendment to the Public Health Ordinance. Having said that, Mr Speaker, I am now speaking purely from memory, I have not got the Bill in front of me I am afraid, but I seem to recall that there were other things in that 1991 Bill which had commenced and are operative. I do not know if the hon Member has got the Bill in front

of him and whether he can see whether it has anything in it other than, as I recall it was a four or five page Bill, and all those other things were indeed commenced.

HON J J BOSSANO:

Well, then Mr Speaker, if those were commenced and we are now repealing the Bill then what are we left with? Presumably what was commenced will be removed from the laws of Gibraltar and there is no explanation as to whether it is that we do not longer want those things there or that we are substituting something in place. For example, at one stage there is one particular clause here that says, "Amendment to section 40 of the principal Ordinance" which is the Income Tax Ordinance, I take it, "is amended by omitting the word "Commissioner" and substituting the words "Financial and Development Secretary". If that is something that was introduced, for example, is it that we are now going back to Commissioner? Presumably the repeal of this Ordinance, I am right in thinking, means that whatever was implemented becomes unimplemented, am I right in thinking that?

HON CHIEF MINISTER:

Yes, but all of it is consequential on the Development Aid Ordinance on the transfer into the Income tax legislation of what previously used to be the Development Aid Ordinance. For example, that switch of Commissioner of Income Tax for Financial and Development Secretary, the example that the hon Member has given. To answer the hon Member's question and this point has been specifically checked, we are not repealing any operative provision of the 1991 Bill. I think that is the point he was making.

HON J J BOSSANO:

Mr Speaker, I will then conclude by saying, as I said in my opening remarks, we will be supporting this. The points that I have raised in clarification is just that we are obviously interested in seeing good legislation being produced and we just wanted

satisfaction on those points in case something had been overlooked.

Question put. Agreed to.

The Bill was read a second time.

HON CHIEF MINISTER:

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

Question put. Agreed to.

The House recessed at 11.00 am.

The House resumed at 3.05 pm.

### 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 Immigration Control (European Economic Area) Bill 2000.
- (2) The Prison Ordinance (Amendment) Bill 2000.
- (3) The Development Aid (Miscellaneous Amendments) Bill 2000.

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

## THE IMMIGRATION CONTROL (EUROPEAN ECONOMIC AREA) BILL 2000

Clause 1 stood part of the Bill.

Clause 2

HON CHIEF MINISTER:

Mr Chairman, I have circulated a letter giving notice of certain amendments and there are one or two amendments introduced by clause 2 of the Bill which, of course, introduces a large part of the whole content of the Bill and therefore it raises most of the amendments.

In the definition at clause 2 at page 24 of the Bill, in the definition of "EEA national" I propose to amend by the deletion all the words appearing after the words "EEA Agreement". In other words, an "EEA national" in the Bill is defined to mean "a national of a State which is a Contracting Party to the EEA Agreement or a national of the United Kingdom of Great Britain and Northern Ireland". Well, the United Kingdom is of course a State which is a Contracting Party to the EEA Agreement and therefore I am advised that it is unnecessary to make separate provision for the United Kingdom. I do not know, Mr Chairman, whether you wish to put each of these amendments at a time or all the amendments that arise out of clause 2.

MR CHAIRMAN:

I think we will put it one at a time because there are a number of amendments.

HON CHIEF MINISTER:

Mr Chairman, the next batch of amendments, hon Members will find relate to page 27 of the Bill and hon Members will see there, in the definition of "a worker" and also in the definition of "a provider of services" and also in the definition of "a recipient of

services", hon Members will see article numbers of the Treaty establishing the Community. Of course, there is now a need to amend those numbers because when this Bill was drafted actually it was pre-Amsterdam. Amsterdam has altered the numbers of the various articles of the Treaty establishing the Community and it is therefore just necessary to change the numbers so that they read the current numbers of those particular articles which are: in the definition of "a worker" there should be a reference to "Article 39" instead of "Article 48". In the definition of "a provider of services" there should be a reference to "Article 50" in lieu of "Article 60" as it currently reads. In the definition of "a recipient of services" there should be a reference to "Article 50" as well instead of the present "Article 60".

Mr Chairman, over the page, in the definition of "a self-employed person", in other words, in sub-article (2)(ii)(e) but on page 28 in letter (bb), there is a reference to "has terminated his activity in a self-employed capacity as a result of a permanent to work" and that should read "permanent incapacity". In other words, insert the word "incapacity" after the word "permanent".

HON J J BOSSANO:

Mr. Chairman, can I raise a question in relation to 43(1)(f), Qualified Person, "a self sufficient person", is there a definition of a self-sufficient person somewhere?

HON CHIEF MINISTER:

Yes, Mr Chairman, this is one of the directives. This is the extent to which this Bill, one of the directives that I told the hon Member this morning was transposed was Council Directive 90/364 which is currently not reflected in our legislation at all and that is the directive relating to the rights of self-sufficient persons and there is a detailed definition of what is a self-sufficient person in that directive and it relates to medical insurance, having an income above a certain percentage above the minimum state security, social security support levels. In other words, there are definitions there of what is a self-sufficient person. As to whether that



directive has been set out in the Bill, I think the answer is that it has not. The definition of a self-sufficient person is set out at page 28 which is (f) of 43, subsection (2), "a self sufficient person" who has ceased economic activity in Gibraltar means a person who and then it is set out there and those are the provisions of this directive that I have pointed out.

HON J J BOSSANO:

Can I ask, Mr Chairman, if a self sufficient person is one who in fact acquires a right of residence purely in respect of having sickness insurance and enough money not to qualify for social assistance, this must mean practically everybody in the European market, if that is sufficient means?

HON CHIEF MINISTER:

Yes, but remember we are talking about economically inactive.

HON J J BOSSANO:

Yes, but the definition of a qualified person in 43(1) says it means someone who undertakes the activities of a worker, a self-employed person, a provider of services, a recipient of services so it seems as if by the time we remove each one of those possible aspects of the person, there does not seem to be anything left, how can there be somebody left who is not either a worker or a self-employed or a provider of services or a recipient of services or a self-employed who ceased economic activity or a self-sufficient person or a retired person or a student? What is left after all that?

HON CHIEF MINISTER:

I would need notice of the question. The point is, Mr Chairman, that this morning the hon Member asked rhetorically was this not already in the law of Gibraltar? The answer is that it is not. The law of Gibraltar contained in the Immigration Control Ordinance does not transpose at all the self-sufficient persons directive, the

retired persons directive or the students directive. The only persons who are under our present law enjoy the right of entry and residence are EU nationals as opposed to EEA nationals which this Bill is now introducing pursuant to EEA Agreement and then even in respect of EU nationals our present Immigration Control Ordinance only extends to employed persons and self-employed persons. In other words, Gibraltar has failed to transpose until this Bill the directives which extend those rights beyond employed persons and self-employed persons to retired persons, self-sufficient persons, and students. And, of course, these directives were evolved over years gradually extending the category of persons that had these freedom rights. We are doing four of those categories now having done two actually before we joined the Community, it is interesting that we transposed the self-employed and the employed persons right of entry in May 1972 which must have been in anticipation of entry. All the other categories of persons that have had the same rights as employed and self-employed people were given back in 1968 and if we had done it at the right times we would have done them one at a time. Now that we are doing them altogether the answer to the hon Member's question may be that now there is no one else left, I do not know, I will have to think about whether these five or six categories between them encapsulate every possible resident of the Community, for example, students, retired persons. The only category that I can presently think of is non-self sufficient persons and the families of some of these people. For example, to the extent that the families of qualified persons are only entitled to these rights whilst they remain the families of a qualified person theoretically, I suppose in practice there must be many people who do not qualify in their own right. In respect, and I think this gives me the opportunity to expand on what I said this morning and in response to the hon Member's question, there are three directives that are being transposed in this Bill which are not covered in Gibraltar law at all and they are 90/364 dealing with self-sufficient persons; 90/365 dealing with retired persons and 93/96 dealing with students. The other directives mentioned ought more properly to have been described in the explanatory memorandum as clarifying and completing the transposition because there has been partial transposition of the earlier

directives in the Immigration Control Ordinance but inadequate and insufficient transposition and certainly not transposition which is, I do not know on whose advice it was done at the time, whether it was done on the UK Government's advice at the time or not, this was before the hon Member's time and mine in Government, it is just a completely inadequate transposition of the directive. It fails to extend many of the rights that the directives require to be extended and it fails to make provision for many of the administrative things that the directives require provision to be made for. So what we are doing in this Bill is that we are completing the transposition of the first six directives that are listed; we are transposing completely totally the last three directives that I mentioned this morning and they are all being extended to EEA nationals beyond EU nationals. Our present law does not make any provision for EEA nationals.

HON J J BOSSANO:

Mr Chairman, I am still particularly interested in the implications of the category of self-sufficient persons which we appear to be introducing for the first time as a result of Directive 90/364. Is there a conflict between this and the requirement for qualification for residence for a high net worth individual? That is to say, in terms of if any EEA national has got a Community right to simply come here and take up residence in Gibraltar on the basis of the definition in (f) that he has sufficient resources not to become eligible for social assistance and has sickness insurance then can we apply the requirement on the level of income required in respect of another legislation to EU nationals or does that mean that EU nationals are now out?

HON CHIEF MINISTER:

No, Mr Chairman, I do not think it means either of those things. Remember that the underlying objective of the HINWI regime is to deliver an extraordinary tax benefit to the HINWI. An EU national provided that he fits under one of these rights and entitlements can come and establish themselves in Gibraltar regardless of the HINWI rules but then of course he does not get the benefit of the

limitations of taxation liabilities that extend to HINWIs. So if there is a French millionaire who wants to come and live in Gibraltar he does not have to apply under the HINWI rules, he can exercise his EU rights if they exist, if he comes under one of these but then is liable to the ordinary laws of Gibraltar of taxation on his income. The point of HINWI is that if he chooses to avail himself of the HINWI regime there is a cap on his personal taxation liability. So there is not a conflict but I suppose there is a choice. I know the hon Member has not said anything that suggests otherwise, but the HINWI rules are obviously open to non-EEA nationals and I suppose that the hon Member is just posing the question in respect of EEA nationals. An EEA national that has a Community right to establishment in Gibraltar either because he is self-employed or employed or self-sufficient or retired or a student can certainly avail himself of those rights but then finds himself subject to the ordinary taxation laws of Gibraltar.

HON J J BOSSANO:

The point I am trying to establish, Mr Chairman, is that it seems that the level of income which enables somebody to qualify to say he is self-sufficient, given that it is the level which would not trigger off entitlement to social assistance which is a fairly low level. If somebody has got a capital of £2,000, they do not have to be a French millionaire. The point is it seems to me the implication is that the definition given that for the first time anybody of any age can come to Gibraltar without having to be coming here to seek employment or to set up a business or to have any economic activity or to study or to do anything other than because he likes to live here, can come along and say, "I have got £2,001 savings and since that means I cannot claim supplementary benefits because I am above the threshold I am now a self-sufficient individual entitled to residence". Is my interpretation correct? *[HON CHIEF MINISTER: Absolutely.]* So effectively it means practically everybody. The concept of a HINWI was both, to give people an incentive to be here if they had a lot of money but also to promote it on the basis that provided one had such money one would not be able to come, by implication if one is not able to look after oneself one could not.

This in fact means that it opens the door to a lot of other people in a way that has not been there before, is that not right?

HON CHIEF MINISTER:

Absolutely correct. All of these directives, especially the three that we are now doing from scratch for the first time, extend to these three categories the right of entry and with the right of entry the right to be issued with a residence permit to three categories of people that do not hitherto enjoy it, that is absolutely what we are doing. I am sure it would interest the hon Member to know that one of the things that this Bill does in relation, for example, to directive 75/34 which deals with the right of nationals of Member States to remain in Gibraltar after having pursued in Gibraltar an activity as a self-employed person, now such persons under the Immigration Control Ordinance presently have "the right" to do so but have to apply for a residence permit. Under the new Bill, the hon Member will see it in new section 50B introduced I think by clause 2(2) of the Bill, they are simply permitted to remain in Gibraltar indefinitely without even having to have a residence permit because what the directive says is that all restrictions to their freedom to remain in Gibraltar, this is self-employed people who become economically inactive upon retirement may now stay in Gibraltar indefinitely without restriction compared to the present situation where they need to apply for a residence permit even though they have got "the right" to stay.

HON J J BOSSANO:

On a similar point, Mr Chairman, can I ask the recipient of services which is defined in 43(2)(d) as a person who receives or seeks to receive services within the meaning of Article 60 of the EC Treaty. On the surface that seems a definition that again allows almost anybody to say, "I am here because I want to receive a service and that means I can stay here for as long as I keep on wanting to receive a service" because if one links that to the clause that says that as long as one remains a qualified person one can remain here, then one can spend the whole of

one's life seeking the service and never getting it and one is a qualified person for the rest of one's life.

HON CHIEF MINISTER:

Mr Chairman, the answer to the hon Member is yes but I thought he was going to make a slightly different point with which I would have agreed and that is that unfortunately I have not intervened in this matter early enough but I personally think it is bad drafting technique to incorporate into the laws of Gibraltar definitions by reference to an article in a Treaty which the average citizen has difficulty in getting hold of. If the ordinary citizen wanted to find out what is a provider of services, he has got to find Article 50 of the Treaty establishing the European Community. There is uncertainty of research at least in what the law of Gibraltar actually is. I would much rather that the definition in Article 50 of the EC Treaty were either set out verbatim as a defined term on the face of the Bill or otherwise at least included in the Schedule so that people when they have got the Ordinance in their hands they have everything that they need in order to find out what the law of Gibraltar is. Indeed at some future date I might move an amendment to incorporate all these definitions which are introduced by reference to articles of the Treaty to set out the definitions verbatim. I cannot tell the hon Member, as I speak, what is the definition in Article 50 of the EC Treaty of a provider of services or a recipient of services.

HON J J BOSSANO:

Mr Chairman, can I ask one final point, in relation to both the explanation that the Chief Minister has given of the extension for retired persons under 73/34, that they have now the right to an indefinite stay. And also the clause on residence which says that a person is entitled to remain in Gibraltar for as long as they are qualified, they meet the definition of a qualified person. Does this in fact now change the position in terms of applications for naturalisation where a person requires the temporary lifting of residence or immigration conditions? If somebody has got a right now indefinitely to stay here or a right to be here for as long as he

meets the definition, does that mean that that does not apply to EEA nationals, that particular clause in the Immigration law?

HON CHIEF MINISTER:

It may mean that because as the hon Member knows, I think it is section 22, the first step to applying for naturalisation as a British national is to make an application to be exempt from the requirements of immigration control. In other words, that one is either exempted from the need to have a visa or one is exempted from the need to obtain a residence permit or both, depending on whether one is a visa requiring national or not. This Bill establishes a class of person, not all of them, only the retired people who had been in Gibraltar as self-employed, they are the only category in respect of whom who are now allowed to stay in Gibraltar indefinitely and I would have to think more carefully about it but I think on the face of what the hon Member says, he appears to be correct. If one can now stay in Gibraltar indefinitely without the need for a residence permit then one is already not subject to immigration control. I cannot think of any EEA country whose nationals require a visa which would be the other method of immigration control. Immigration control is either by virtue of the fact that one needs a visa or the fact that one needs a residence permit. I cannot think of any EEA country, I am sure there are not any EEA countries in respect of which one needs a visa to get to Gibraltar which leaves the only control as the need to obtain a residence permit and if one can stay indefinitely in Gibraltar by statutory right without such a permit then one is already exempted of immigration control which simply means not that one acquires rights to British naturalisation but that that preliminary hoop that everyone else has to jump through, one does not have to jump through but one still has to apply. This does not give anybody rights to British nationality that they did not have before.

MR CHAIRMAN:

If nothing more arises out of this I take it that the amendments are accepted so far.

HON CHIEF MINISTER:

Just before I move on, just to complete our exchanges on that last point, Mr Chairman, the only point that I would make to him is that there is a difference between the rights to stay in Gibraltar indefinitely of such people and his right and mine to be in Gibraltar without immigration control which is that he and I are not subject to expulsion on the grounds of public policy, public security or public health but that all of these categories of people, including the ones who have a right to remain indefinitely, are subject to the sections which transpose three of these directives or contents of three of these directives into this Bill, the concept of the right either to deny entry or to exclude post-entry people on the grounds of public policy, public security and public health and, of course, those terms are not defined in this Bill because they have their own generic meaning in EU law generally.

MR CHAIRMAN:

You can now proceed with the other amendments.

HON CHIEF MINISTER:

Mr Chairman, the next amendment is just a typing error. In section 50(B)(b) the hon Members will find at the top of page 33, it says "isablement" instead of "disablement". Mr Chairman, the next amendment the hon Members will find at 50J which they will find at page 36 of the Bill. I am going through all these amendments but of course I am skipping a lot of ground in between. There may be contents of this Bill which the hon Member may have issues further back so we may have to go back. Mr Chairman, the appeals to the Immigration Appeals Tribunal which is there in 50J(i) is now amended in the way set out there at paragraph (4) of my letter of amendment by the complete deletion of that whole section 50J and is replaced by a new 50J in terms of the one set out at the top of page 2 of my letter of amendment. The reason why the whole clause is being deleted and a new one set out is not because there is no change of principle beyond the substitution of Supreme Court for Appeals Tribunal, it is just as a

matter of drafting techniques the amendment would have had to be too many. It establishes the same appeal rights and appeal procedures. The new section 50J has a subsection (2) which gives the Chief Justice the right to make rules providing for the hearing of appeals in the Supreme Court and omits subsection (3) of the version that is in the Bill relating to the Schedule. The Schedule in the Bill used to relate to the Immigration Appeals Tribunal, that obviously all now goes out. Finally, Mr Chairman, under clause 2 there is an amendment to section 50K which is the next section, under the heading "Notice of Appeal", that is amended by substituting the words "Supreme Court" for the words "Immigration Appeals Tribunal" wherever the latter appear and similarly substituting the words "the court" for the words "that Tribunal" wherever those words appear. So again there is no change of regime simply of the entity to which the appeal is available.

MR CHAIRMAN:

As far as this amendment goes nothing arises out of it? Is there anything on clause 2 as a whole?

HON J J BOSSANO:

Can I just point out, Mr Chairman, in relation to 50B, Indefinite Residence, it appears that that is not consistent with the statement that was made just now by the mover that only the self-employed can stay indefinitely on retirement. In fact, 50B says, "an EEA national who has been continuously resident in Gibraltar for at least 3 years, has been in employment in Gibraltar or any EEA State for the preceding 12 months". So somebody who having worked anywhere in the EEA ..... *[Interruption]* So this can mean much wider than a single category.

HON CHIEF MINISTER:

Yes.

Clause 2, as amended, stood part of the Bill.

### Clause 3

HON CHIEF MINISTER:

Clause 3(2) of the Bill contains a reference, it presently reads, "For Schedule 1 and Schedule 2 to the Immigration Control Ordinance there shall be substituted the Schedule to this Ordinance". That is deleted with the consequence that the Schedule is deleted as well and it is important that that be borne in mind. The Schedule of the Bill is introduced by that and as that language goes the Schedule goes with it. That language is replaced by something quite different, namely, "Schedule 1 and Schedule 2 of the Immigration Control Ordinance are repealed". In other words, the effect of deleting the words which are presently in the Bill as clause 3(2) are not only to change those words but to remove the Schedule from the Bill and in addition we are adding words which have the effect of repealing Schedules 1 and 2 to the Immigration Control Ordinance. The hon Member will recall that Schedule 1 is the one that used to define "Community national".

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

The Long Title stood part of the Bill.

Question put. The House voted.

For the Ayes:	The Hon K Azopardi
	The Hon Lt-Col E M Britto
	The Hon P R Caruana
	The Hon H Corby
	The Hon Mrs Y Del Agua
	The Hon J J Holliday
	The Hon Dr B A Linares
	The Hon J J Netto
	The Hon R R Rhoda
	The Hon T J Bristow

For the Noes:           The Hon J L Baldachino  
                              The Hon J J Bossano  
                              The Hon Dr J J Garcia  
                              The Hon S E Linares  
                              The Hon Miss M I Montegriffo  
                              The Hon J C Perez  
                              The Hon Dr R G Valarino

### **THE PRISON ORDINANCE (AMENDMENT) BILL 2000**

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

### **THE DEVELOPMENT AID (MISCELLANEOUS AMENDMENTS) BILL 2000**

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

### **THIRD READING**

HON ATTORNEY-GENERAL:

Mr Speaker, I have the honour to report that the Immigration Control (European Economic Area) Bill 2000, with amendments; the Prison Ordinance (Amendment) Bill 2000; and the Development Aid (Miscellaneous Amendments) Bill 2000, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

Question put.

The Immigration Control (European Economic Area) Bill 2000.

The House voted.

For the Ayes:           The Hon K Azopardi  
                              The Hon Lt-Col E M Britto  
                              The Hon P R Caruana  
                              The Hon H Corby  
                              The Hon Mrs Y Del Agua  
                              The Hon J J Holliday  
                              The Hon Dr B A Linares  
                              The Hon J J Netto  
                              The Hon R R Rhoda  
                              The Hon T J Bristow

For the Noes:           The Hon J L Baldachino  
                              The Hon J J Bossano  
                              The Hon Dr J J Garcia  
                              The Hon S E Linares  
                              The Hon Miss M I Montegriffo  
                              The Hon J C Perez  
                              The Hon Dr R G Valarino

The Bill was read a third time and passed.

The Prison Ordinance (Amendment) Bill 2000 and the Development Aid (Miscellaneous Amendments) Bill 2000, were agreed to and read a third time and passed.

### **ADJOURNMENT**

The Hon the Chief Minister moved the adjournment of the House sine die.

Question put. Agreed to.

The adjournment of the House was taken at 3.50 pm on Thursday 29<sup>th</sup> June, 2000.