

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

30TH APRIL 2002

(adj to 2nd, 3rd, 7th, 8th, May;
14th 18th, 19th, 20th June, (Budget)
12th July)

**REPORT OF THE PROCEEDINGS OF THE HOUSE OF
ASSEMBLY**

The Eighth Meeting of the First Session of the Ninth House of Assembly held in the House of Assembly Chamber on Tuesday 30th April 2002, at 10.00 am.

PRESENT:

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

GOVERNMENT:

The Hon K Azopardi - Minister for Trade, Industry and Telecommunications
The Hon Lt-Col E M Britto OBE , ED - Minister for Public Services, the Environment, Sport and Youth
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 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 H A Corby - Minister for Employment and Consumer Affairs
The Hon J J Bossano - Leader of the Opposition
The Hon Miss M I Montegriffo
The Hon Dr R G Valarino

IN ATTENDANCE:

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

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 13th February 2002, having been circulated to all hon Members, were taken as read, approved and signed by Mr Speaker.

DOCUMENTS LAID

The Hon the Minister for Trade, Industry and Telecommunications laid on the Table the Employment Survey Report for the period ended October 2001.

Ordered to lie.

The Hon the Financial and Development Secretary laid on the Table the Draft Estimates of Revenue and Expenditure 2002/2003.

Ordered to lie.

ADJOURNMENT

The Hon the Minister for Trade, Industry and Telecommunications moved the adjournment of the House to Thursday 2nd May 2002 at 10.00 am.

Question put. Agreed to.

The adjournment of the House was taken at 10.10 am on Tuesday 30th April 2002.

THURSDAY 2ND MAY 2002

The House resumed at 10.05 am

PRESENT:

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

GOVERNMENT:

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 Lt-Col E M Britto OBE , ED - Minister for Public Services, the Environment, Sport and Youth
The HON J J HOLLIDAY - Minister for Tourism and Transport
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 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

Question put. Agreed to.

The adjournment of the House was taken at 1.05 pm on Thursday
2nd May 2002.

ABSENT:

The Hon P R Caruana QC - Chief Minister
The Hon R Rhoda QC - Attorney General

FRIDAY 3RD MAY 2002

IN ATTENDANCE:

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

The House resumed at 10.05 am.

PRESENT:

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

ANSWERS TO QUESTIONS

The House recessed at 11.50 am

The House resumed at 11.55 am

GOVERNMENT:

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 Lt-Col E M Britto OBE , ED -Minister for Public Services,
the Environment, Sport and Youth
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

Answers to Questions continued.

ADJOURNMENT

The Hon the Minister for Trade, Industry and Telecommunications
moved the adjournment of the House to Friday 3rd May 2002 at
10.00 am.

OPPOSITION:

The Hon J J Bossano - Leader of the Opposition
The Hon Dr J J Garcia
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 P R Caruana QC - Chief Minister
The Hon J J Holliday - Minister for Tourism and Transport
The Hon R Rhoda QC - Attorney General
The Hon T J Bristow - Financial and Development Secretary
The Hon J L Baldachino

IN ATTENDANCE:

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

ANSWERS TO QUESTIONS (CONTINUED)

The House recessed at 11.45 am

The House resumed at 11.55 am

Answers to Questions continued.

ADJOURNMENT

The Hon the Minister for Trade, Industry and Telecommunications moved the adjournment of the House to Tuesday 7th May 2002 at 10.00 am.

Question put. Agreed to.

The adjournment of the House was taken at 12.45 pm on Friday 3rd May 2002.

TUESDAY 7TH MAY 2002

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 Youth
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

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

ABSENT:

The Hon T J Bristow - Financial and Development Secretary

IN ATTENDANCE:

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

ANSWERS TO QUESTIONS (CONTINUED)

The House recessed at 11.50 am.

The House resumed at 11.55 am.

Answers to Questions continued

The House recessed at 1.10 pm.

The House resumed at 3.00 pm.

Answers to Questions continued

The House recessed at 5.00 pm

The House resumed at 5.20 pm

Answers to Questions continued

The House recessed at 7.45 pm

The House resumed at 7.50 pm.

Answers to Questions continued.

ADJOURNMENT

The Hon the Chief Minister moved the adjournment of the House to Wednesday 8th May 2002, at 1200 noon.

Question put. Agreed to.

The adjournment of the House was taken at 9.10 pm on Tuesday 7th May 2002.

WEDNESDAY 8TH MAY 2002

The House resumed at 12.05 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 Youth
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

OPPOSITION:

The Hon J J Bossano - Leader of the Opposition
The Hon J L Baldachino
The Hon J C Perez
The Hon S E Linares

ABSENT:

The Hon R Rhoda QC- Attorney General
The Hon T J Bristow - Financial and Development Secretary
The Hon Dr J J Garcia
The Hon Miss M I Montegriffo
The Hon Dr R G Valarino

IN ATTENDANCE:

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

ANSWERS TO QUESTIONS (CONTINUED)

ADJOURNMENT

The Hon the Chief Minister moved the adjournment of the House to Friday 14th June 2002, at 10.00am

Question put. Agreed to.

The adjournment of the House was taken at 1.45 pm on Wednesday 8th May 2002.

FRIDAY 14TH JUNE 2002

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 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 Youth

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

ABSENT:

The Hon K Azopardi - Minister for Trade, Industry and Telecommunications

The Hon H A Corby - Minister for Employment and Consumer Affairs

IN ATTENDANCE:

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

COMMUNICATIONS FROM THE CHAIR

MR SPEAKER:

Before we start I need to say something, hon Members must be aware of the recent Supreme Court decision were the Honourable the Chief Justice in connection with jury service purported to amend section 19 of the Supreme Court Ordinance. That decision has now been appealed by Her Majesty's Attorney General.

I will not say more at this stage except that this House is very protective of its powers and prerogatives. Should this House consider that the legislative powers of the House of Assembly have been usurped, a situation would arise which we do not need or want.

HON CHIEF MINISTER:

Mr Speaker with your indulgence if I could make a very short observation on your statement. The decision of the Government to appeal the ruling of the Chief Justice is divisible into two; one relates to the substance to the ruling but the other relates to the very point that Mr Speaker has himself raised and that is whether the correct decision for the Chief Justice to have made might not have been to declare it unconstitutional leaving it to this House to correct the Constitutional defect through its own legislative mechanisms.

HON J J BOSSANO:

As far as we are concerned there are two aspects to this, one is that it is a political issue which as far as we are concerned if the Government of the day want to move in that direction and that possibility has been there for as long as I have been in the House and no Government have decided to do so then it becomes a matter for this Parliament to debate and consider the merits or otherwise of it. It is difficult to understand how the Constitution could have been there since 1969 and nobody has thought it conflictive with the Constitution since then but I would have thought that even a view that it was unconstitutional would still be contestable and appealed against and I think that a move to change what is there should be a matter for the Government to bring to the House or for the Opposition if we thought it was needed or that we wanted to do.

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 documents on the Table.

Question put. Agreed to.

The Hon the Minister for Education, Training, Culture and Health laid on the Table the Report of the Gibraltar Health Authority for the year ended 31st March 2000.

Ordered to lie.

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

- (1) Statement of Consolidated Fund Reallocations approved by the Financial and Development Secretary (Nos 5 and 6 of 2001/2002).
- (2) Pay Settlement – Statement No 7 of 2001/2002.
- (3) Supplementary Funding – Statement No 8 of 2001/2002.
- (4) Statement of Improvement and Development Fund Reallocations approved by the Financial and Development Secretary (No 2 of 2001/2002).

Ordered to lie.

BILLS

FIRST AND SECOND READINGS

THE APPROPRIATION (2002-2003) ORDINANCE, 2002

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I have the honour to move that a Bill for an Ordinance to appropriate sums of money to the service of the year ending with the 31st day of March 2003, 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 confine my contribution as is customary at this stage of the proceedings to an outlying of the content of the Appropriation Bill for the financial year ending on the 31st March 2003. The Bill is in three parts, first the House is being asked to appropriate an amount not exceeding £130,675,000 as set out in Part I of the schedule to the Bill. A further £23,175,000 Consolidated Fund charges not requiring a vote of the House brings the total expenditure from the Consolidated Fund for the financial year 2002/2003 to nearly £154 million. Hon Members will see from the Government's Estimates that recurrent revenue for the year is projected at £162,655,000 producing a budgetary surplus of nearly £9 million. Taking into account the exceptional revenue item the surplus is just over £12 million. This takes us to the second part of the Bill. The surplus of £12 million makes up the contribution from the Consolidated Fund Reserve to be appropriated to the Improvement and Development Fund for various capital and economic projects. The other leg to this second part of the Bill is a small provision of £20,000 for any residual spending by the Government on the Moroccan resettlement scheme. The third and final part of the Bill seeks the appropriation of up to £27,800,000 to the Improvement and Development Fund as set out in Part III of the schedule. The main sources of finance for this expenditure on capital and economic projects is the £12 million contribution to which I referred earlier and a further £8 million of public sector borrowing and various revenues including that from the sale of Government land and buildings and utilising the monies held in the Improvement and Development Fund.

Mr Speaker, I would make one additional remark on this occasion, Members of the House will be aware of recent articles in the UK press touching on doubts about the transparency of the Gibraltar Government's finances. I consider such expressions ill informed and a nonsense as evidenced by the estimates before this House and the debate we are about to undertake. I now give way to the Chief Minister to present the Government's budget and I commend the Bill to the House.

MR SPEAKER:

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

HON CHIEF MINISTER:

Mr Speaker, I have the honour to report to the House that the economy of Gibraltar remains sound and stable as I said last year at this time. And it remains sound and stable despite various external factors which are outside of our control and which are having a negative impact on that soundness and stability.

We have had the events of September 11 that have affected the entire global economy and Gibraltar has not been an exception, being as we are reliant on tourism and financial services. Additionally, Gibraltar as the House will know, has faced a challenge from the European Union under a State Aid Regulations to the two tax laws in Gibraltar which are at the core of our financial services centre. We have also in the last 12 months given the commitment to the OECD to implement and comply with their report on so called 'Harmful Tax Practices'. And last but not least the economy of Gibraltar has sustained the

uncertainty and consequent damaging effect of the unwanted Anglo-Spanish negotiations about our sovereignty and future status and that despite these challenges with the case of September 11, the simple loss of customers, in the case of the political situation, the uncertainty that it ejects, in the case of the State Aids challenge, the uncertainty it effected by the transition period until the new Tax Reform is introduced. That the economy of Gibraltar remains in the buoyant state that it is despite these challenges is, I believe, a credit which I would like to recognise here and now to our local businessmen and the expertise and professionalism of those operators in our Financial Services Centre.

It is ironic that Her Majesty's Government in the United Kingdom say that they want to do a sovereignty deal with Spain so that we can have a prosperous economy, yet the only threat to that prosperity comes from her Majesty's Government own conduct towards Gibraltar. The cause of Gibraltar's economic threats and challenges is not the need to do a sovereignty deal with Spain but the uncertainty created by the current negotiations, the way they are being conducted and most shamefully by the remarks being made, not made by Spain but from United Kingdom sources in support of that campaign to denigrate, smear and in that way, I believe, undermine the economic prosperity of Gibraltar which both the UK and Spain see as a threat to their ability to achieve their own political agendas in Gibraltar. It is not I who say this, although I do, but hon Members will have seen in the last Chamber of Commerce survey of trade that when businessmen were asked "which are the uncertainties arising?", well I will come to that question in a moment. When first they were asked "what is the single most important factor adversely affecting business?", the answer was not as the Minister of State of the Foreign Office had us believe that our status is unsustainable, or that there is a need to do a sovereignty deal with Spain. The answer was "uncertainty about our political future". Well that uncertainty has been introduced by the Anglo-Spanish negotiations and the way that they are being conducted. In 2000, hon Members may be interested to recall that the answer to the same question - single

most important factor adversely affecting business - the answers were exchange rates, taxation issues, and staff recruitment. And asked "are the uncertainties arising from current discussions on Gibraltar's political future having a negative impact on investment and planning?" In other words, "is your business suffering from the discussions that are taking place and the uncertainty that they are creating?" Sixty-seven per cent of all businesses in Gibraltar said "yes." So, the second threat to Gibraltar's economy from the current situation comes in the form of what the UK press itself, what UK Members of Parliament themselves, what an American television interviewer on NBC - the famous John McLaughlin, I understand that the programme is being televised in Gibraltar at some stage. What he put to me as being smear campaigns to undermine Gibraltar. Of course, Mr Speaker, smear campaigns whether or not they are true, causes serious harm to our economic prospects. Hon Members know that the stock and trade of economic prosperity is stability and reputation because this undermines stability and reputation and undermines economic prosperity and there are those lurking in the dark corners of the British Government who clearly understand that.

This brings us to the infamous article in the Guardian newspaper with which hon Members will be familiar. Mr Speaker, with your indulgence I would like to quote at length from it. "The Foreign Secretary, Jack Straw has asked the Gibraltar Government to explain why it has failed to publish key accounts and economic statistics amid the growing concern in Whitehall that the colony is being used as a centre for money laundering the Guardian has learned". Hon Members will have read the Government Press Release in which before this article came out, I think it was on a Monday, on the previous Thursday or Friday the Government put out a statement pre-empting this because sources in the British media had contacted the Gibraltar Government and said, "look these stories are being spun out about you. It is not true that the Foreign Secretary has said the things that are in that statement." It is certainly true as I will explain to hon Members in a moment that he had written to me a letter, an erroneous letter, to boot, raising certain issues relating to statistics. It is not true that

Whitehall has expressed and it is not true that Whitehall actually harvests any concerns about Gibraltar money laundering. How could they? Our laws comply with theirs, comply with all European Union obligations. The Financial Services Commission which is responsible for the supervising of money laundering is appointed by and answerable to the British Foreign Secretary and law enforcement in Gibraltar is the Constitutional responsibility of the British Governor in Gibraltar. How could Whitehall have these concerns? If they had them they would be concerned about themselves, not concerned about us. "The Gibraltar Government have not published official figures covering the colonies revenue and expenditure for more than a year." Untrue this is just fabrications based on innuendo, innuendo based on fabrication and it does not appear in the Guardian by accident. I know that the hon Member is probably getting feelings of *deja-vous* then to make sure that in the eyes of British public opinion Gibraltar's principal political advocate, at this point in time me, because I happen to be the incumbent Chief Minister with the obligation to be Gibraltar's principal political spokesman in the United Kingdom. A clear attempt to make sure that this complete fabricated spin lands on my political reputation. Not the Government of Gibraltar, no, no, the person that the British public sees on the screens of Sky Television and on the screens of BBC and listen to on the Today's Programme and radio and say, "who is that? Well that is a chap called Peter Caruana. Ah! Well let us blame him for it." So, how do hon Members think the Guardian discovered and why would they put it in this article "Responsibility for the Statistical Office was transferred two years ago from the Colony's Trade and Industry Department to the Secretariat of Chief Minister, Peter Caruana". There you are all readers of the Guardian next time you see this man on your screens you must dismiss him as a perfidious money-laundering, untransparent fiend who probably has his hand in the till of the Gibraltar taxpayer. That is what that is intended to do. "Mr Straw is understood to have approached Mr Caruana more than once" - not true. And then we get to the real reasons behind this. The latest allegations come up for a series of high level meetings between Spanish and British Ministers over the future of the Rock which Mr Caruana boycotted claiming that Britain was planning to sell us out. Well what is the

relevance of that? Figures published by the Gibraltar Government in 2000 show an estimated revenue. Well look Mr Speaker if on 3rd June they had wanted to see the figures, they had more up-to-date figures available to them than June.

“The Gibraltar Government”, this is reason number two for this act of peak and spite. “The Gibraltar Government have spent hundreds of thousands of pounds on a massive newspaper campaign in Britain opposing talks between Mr Straw and Spain over the future status of the colony including the possibility of joint sovereignty.” It then goes on to quote Albert Poggio as having made reference to this having been funded from ‘Special Funds’. I suppose that means from black money, probably the proceeds of at the very least drug trafficking if not arms running or probably the slave trade. And further that it was paid for out of different budgets. These nefarious colonial governments who have different budgets for different things – terrible!

Mr Speaker, hon Members of the House will be interested to learn that in saying that we have spent hundreds of thousands of pounds, the Guardian has been very unambitious. I certainly have no difficulty in revealing to this House that the cost of the advertising campaign undertaken by the Government of Gibraltar has been £1.6 million and I have yet to find anybody in Gibraltar who does not consider that it is some of the best taxpayers money spent that there has been in Gibraltar for some time. The Government would spend more than that if it were needed, and indeed, do not discount the possibility of spending more than that should there be a need to continue with the campaign. “The pressure on Mr Caruana to give a full account of the colony’s economic performance coincide with serious worries in Whitehall that Gibraltar could be used as a money-laundering centre.” I cannot demonstrate this with any figures but I would be very surprised if there was not more money laundering in the City of London in 25 minutes than there is in Gibraltar in an entire year. And then comes what I call the washing machine syndrome. Now that we have created this sort of atmosphere of complete inequity

then throw in the lot. “The Colony has some of the most lax tax laws for companies on the wealthy.” Our tax laws are common to most other international finance centres. I do not know why the Guardian has to put in that we have some of the most lax. They are neither more lax nor less lax than the regimes standard in most international finance centres.

“There are estimated to be some two hundred millionaires” (I wish there were) “living in the territory each paying a maximum of £20,000 tax a year”. It then goes on to say “that there are 28,000 companies of which 8,500 enjoy tax exempt status. No VAT, no gains tax, no gift tax, no wealth tax, no estate duty, and then this 4th and 7th Company Law Directive” having admitted that of course we have now implemented the 4th and 7th Company Law Directive requiring us to file accounts. However, we require Gibraltar companies to file accounts at Companies House. It then goes on to say, “However, close examination of the small print” - well, it is most unusual for two journalists from the Guardian newspaper to look at the small print of Gibraltar Legislation. I wonder who has fed that to them? However, “close examination of the small print reveals that unlike Britain, small companies need only file an abridged balance sheet and do not need to publish profit and loss accounts to be independently audited or to be independently looked at.” All I can tell the House, as the hon Members already know, is firstly that the Gibraltar Legislation transposing of 4th and 7th European Union Company Law directives complies with the 4th and 7th Company Law Directive that specifically permits these things in the case of small companies and secondly, that our Legislation to implement that directive was approved by London, as it does, all our Legislation to implement EU directives.

There are also laws protecting the secrecy of accounts of companies dealing with Gibraltar residence, I have to say I do not understand what that means, I have not even been able to decipher what the allegation is but there is certainly nothing of the sort. They have to declare figures to the Government but they do not have to make them available to the public. There we have it, a

real attempt to cause as much damage to Gibraltar at a time when the Foreign Office is trying to persuade the people of Gibraltar that the Foreign Office is motivated by our best interests by the need to establish a secure, stable and prosperous economy for Gibraltar. Therefore, in my judgement it is this irresponsible behaviour that is a threat to Gibraltar's economy. Not the unsustainability of our status and not the need to do a joint sovereignty deal with Spain.

Mr Speaker, even though the Foreign Secretary's letter to me about three weeks ago, I think, I cannot remember the date, it was either late April or early May. Even though the Foreign Secretary's letter was confused and mistaken it did raise two issues which are recognisable. Albeit, in a different form and albeit that the position and its consequences are not as he believed them to be or as he set out in that letter but the issues were recognisable as issues that we might debate across the floor of this house, legitimately. The Foreign Secretary, who is obviously a keener follower of the proceedings in this House than the Leader of the Opposition and I had imagined, spotted that the Leader of the Opposition asked me in November a question about the Abstract of Statistics, does he remember that question? He does! As suggested in his letter the fact that there was delay in the publication of this Abstract of Statistics suggested to him that there was an absence of comprehensive statistics in Gibraltar. It is true that the Abstract of Statistics has not been published since 1998 in respect of 1997. Of course, the Abstract of Statistics is not a statutory requirement. Unlike the Tourist, Employment Survey, the Hotel Survey and the Air Traffic Survey which are statutory requirements, but Mr Speaker, what the Foreign Secretary appears not to have been told by those who encouraged him to write that letter and what the Leader of the Opposition appears to understand, because he did not ask this question in order to have the effect in question, is that most of the information published in the Abstract of Statistics is separately published annually in a number of Government Reports, Police Reports, Health Authority Reports, Education Department Reports et cetera and in the four surveys that I have mentioned and that is the Hotel, Tourist, Air Traffic and

Employment Statistics Survey. Therefore, there is very little connection between the publication or not of the Abstract and of the availability of that information in the public domain. But the Leader of the Opposition will recall that when he raised this question with me in November, I think it was of last year, I said that I could not give him an explanation why the Abstract had not been reported but that I would certainly look into it because I could not think of any reason why it might not have been published. I said to him that I would find out and I am very happy to offer him the reasons that I have been given now. The first reason has been that there has been a change during that interim period of the computer system and an upgrading of the software in the Statistics Office. The second is that the Statistics Office thought that it would be a good idea to revamp the Abstracts of Statistics, apparently feeling that the tables and charts are by today's presentational standards unacceptable and I interpret all that to mean that they just wanted to modernise the presentation of the Abstract which I repeat is a compendium of information, the vast majority of which is separately published elsewhere. The revamped Abstract is not yet ready because resources have been focused on the publication of the four statutory reports, the Employment Survey, the Hotel Occupancy Survey, the Tourism Survey and the Air Traffic Survey which hon Members will note have this year been laid before the House in record time in relation to the period to which they relate. That required a transition period whilst the basis of interviewing was changed, the way the information is collated has changed. The Statistics Office have also conducted a Census last year, and therefore, following the Leader of the Opposition's question in November regardless of whether the Statistics Office want to re-vamp the Abstract, that is not a reason why they cannot carry on publishing it in the form in which it was before until they are in a position to re-vamp it if that is what they think ought to happen. I am happy to report to the hon Member that thanks to his raising of this matter in the House, the Abstract will be ready in the next few weeks, I understand it will be published sometime in the next two weeks by the Statistics Office.

The second issue that the Foreign Secretary raised in the letter was National Income Accounts. Now, there appears to be some difficulty, not just in the Foreign Office but indeed some difficulties in the British media understanding the difference between National Income Accounts and the accounts of Revenue and Expenditure of the Government of Gibraltar. Let us be clear, National Income Accounts are not the accounts of the Government's monies or the Government's revenue or the Government's expenditure. National Income Accounts are the accounts of the entire economy of Gibraltar. The Accounts of the Government of Gibraltar are something quite different and indeed it is the expenditure of those monies and the estimating of that expenditure and of that revenue, which we are debating in this House today, as we do every year about this time, when the Government by Constitutional obligation lays the Estimates, and these eventually emerge at the end of the financial year when the year becomes history and the revenue has been raised and the expenditure has been made, those become the Accounts of the Government of Gibraltar, the public accounts meaning the accounts of the income and expenditure of the Gibraltar Government just as a particular company might have its own accounts. Let us be clear, nothing in the Foreign Secretary's letter relates to the financial transparency of the Government of Gibraltar. It is, I think, pertinent to point out, that National Income Accounts for Gibraltar have never been published. The accounts themselves have never been published. The Government of Gibraltar have never published National Income Accounts. We are preparing to do so and that was one of the reasons why we commissioned the Input/Output model, which as I have said to the hon Members I think at the last meeting of the House, we have now received in draft. So for the first time in its history, Gibraltar was in a position to publish full National Income Accounts. It is true that the bottom line GDP figure, not the accounts themselves, the National Income Accounts themselves but the figure that they produce at the bottom, the figure for GDP. Well, one of the bottom line figures that could be extrapolated from National Income Accounts but those have historically been published and that they have not been published since 1996. The reason for this non-publication is nothing to do with Government's reluctance. Given

that any publication of National income figures is bound to show an economy growing healthily and growing steadily why would the Government want for their own reasons to prevent the publication of statistics which will show the Government's handling of the economy in a politically favourable light. The reason why we have not published those National income figures is that there has been no reliable figure to publish. In this respect I would like to refer the hon Member to the public statement that he put out on this issue last week. It says that there is absolutely no justification for estimates of the output of the economy not to have been produced for six years. Well, I hope to persuade him that far from there being no justification, absolutely no justification, for their non-publication, their non-publication was actually essential in the interest of honest and transparent Government. However imperfect the previous method of calculation of GDP was it should have been retained whilst the new one was ready to replace it. This is useful information to have been able to examine how the economy was doing. Mr Speaker, I regret to inform the hon Gentleman that I cannot agree with that statement nor do the Government's Statisticians agree with that statement. Even though we could have done so, we could have continued to publish GDP figures on the basis that they were previously done, which as I say would have put the Government in very favourable political light, I refused to publish figures which I was told, on arriving in Office, by the Government's professional Statisticians and other consultants, were so inaccurate as to be totally unreliable and I refused to publish figures which are capable of that criticism and therefore endorse, through publication, figures which the Government were being advised were wholly unreliable. It is not to provide information, it is not to practise transparent Government to put into the public domain information which at the time that one publishes it one knows, because one is being told by the experts, are so riddled with errors as to be unreliable to the point of being practically useless in relation to the information which they purport to give. That is not transparent Government that would be paying lip service to transparent Government and it would be practising a form of cynicism which this Government were unwilling to practise.

On the 11th of July 1997 the Statistician wrote to me, sending me the GDP figures for 1995/1996. The letter refers to residual errors of £109 million in 1994/1995 and £57.2 million in the following year in a GDP that was measured at about £320 million. In other words, the margin of error was in the region of 30 per cent. It is not my job to calculate the Government's economic statistics but it is my political decision whether to publish professionally produced statistics which the professional producers of those statistics are telling me are completely unreliable and error riddled and the very last paragraph of the Government's Statistician's letter to me says, "...the errors are still very large and are no cause for comfort. It is very important that an expert in national accounts should review the accounts and advise us inter alia on how to reduce the residual errors." The actual figure contained in the GDP estimates, that I refused to publish because they were unreliable, actually shows in the last year in respect of which the hon Member was responsible for the management of the economy the economy shrinking. It says, 2 per cent shrinkage in the economy at a time which in the run up to an election the hon Member was bragging a growing economy. Politically, it would have suited me perfectly to have turned a blind eye to the unreliability of these statistics and to publish them. That is what would have suited me politically, it would have suited me to publish them so that I could have pointed to the hon Member, accused him of presiding over a shrinking economy at a time that he was bragging over a growing economy. Yet we did not because as I have explained the Government took the view that it was not willing to continue with the routine and systematic publication of statistics that we were being told were completely unreliable and I will tell the hon Members what we did instead of that unacceptable course of action. The terms of reference, prepared by the Government Statistician, of the Consultants' Report that we commissioned as an alternative to continued published unreliable statistics, say, "During the financial years 1991/1992 to 1994/1995 - the years that we were all saying that we were growing faster than Luxembourg, I do not know if the hon Member remembers that, the residual errors or balancing item between income and expenditure methods of calculation of GDP have been increasing. In 1995/1996 the error had been reduced to around half the

1994/1995 level. However, its magnitude was still quite large still around 17 per cent of GDP." The previous year it had been about 35 per cent of GDP, the error in the figure. The Consultants' Report, when it eventually came, said "the National Accounts Estimates of both levels and changes are weakly based and little confidence can be placed on them." That is why we did not continue to publish, and the hon Member may remember that we used to criticise these figures apparently on the basis of suspicion when we were in Opposition. So what did we do? I accept that just as my Government inherited historical practices, his Government inherited historical statistical practices. I have not said that the hon Member sat there cooking the figures. We all inherit the administrative systems that are dragged in to our administration from history but then we either just carry along with it or we make a decision to break the vicious circle and introduce a new basis and a new status and correct the historical errors in our developing administration, and that is what the Government chose to do. The first act was to issue political instructions to do the necessary to place the Government in a position to produce and provide annual reliable statistics including National Income Accounts, which have never been published in Gibraltar before. The British Government were approached, could they recommend we asked them an expert in National Income Accounts. They recommended a Mr Mansell from the private sector in the UK I understand, who came out at our request and as a result of his report in 1998, which was highly critical, I just read one sentence of his report saying that they were weakly based and little confidence could be placed on the figures that had been historically published. We therefore as a result of that advice commissioned a full input/output model study of the economy in 1999. We acknowledged the changes in the economy meant that devices for measuring economic activity had become inappropriate to the measurement of the economy when it was substantially public sector and MOD based. There was clearly a need to re-measure, re-photograph the economy which had changed enormously to ensure that we had the measurement systems for that changed economy. I do not want to over-labour this point but it is important because it has been the subject matter of an assault on Gibraltar, if it had just been an assault on me or

on the Government we could have dealt with this in the usual way political opponents say things. If the hon Member had said these things we could have had a debate and that would have been the end of it, but this has been used against Gibraltar in a political context and I therefore think it is important that we deal with it.

In my budget speech in June 1999, I had the following to say and again with Mr Speaker's permission if I could read from Hansard. I quote myself in Hansard, "Mr Speaker, the two greatest impediments to economic management and planning are the poor range and quality of statistics available to the Government and the lack of a recent model of the Gibraltar economy, that is, a recent input/output study. This not only impedes economic policy transparency in terms of the information that Government can provide, to the House, to employers and to Trade Unions, it also prevents the construction of credible national accounts and conventional economic growth and performance statistics. There have been two previous Input/Output studies in the economy of Gibraltar. The first in around 1981 and the second in 1987. These studies looked at the economy in the context of specific and major extraneous events happening at that time. In the case of the 1981 study it was the anticipated closure of the naval dockyard and in the case of the 1987 study, it was the impact of the opening of the border with Spain. Since then the structure of Gibraltar's economy had changed significantly, having adjusted to the effects of further substantial defence cuts, the considerable growth in home ownership and the diversification flowing from the development and expansion in financial services, tourism and port activities, including post-GSL construction in ship repairing activity. The economy has therefore not only undergone continuous major changes but has also been increasingly exposed to market forces, such as fluctuation in interest rates et cetera et cetera, and I went on to continue to list the changes that I thought at the time the economy had undergone in the previous decade – diversifying away from the Ministry of Defence expenditure – "In such a situation it is all the more important in order to determine optimum economic policies to be able to analyse each sector of the economy and the way in which they

interact with each other." The Government have therefore commissioned economic consultants to undertake a further Input/Output study of the Gibraltar economy, the purpose of the proposed study is to provide a detailed model that will simulate the behaviour of the Gibraltar economy in response to a wide range of influence. The Input/Output study will take around a year - that is what we were told at the time - consultants have already expressed serious concern about the poor state of economic statistics availability in Gibraltar from the point of view of the Government and private business activities. The consultants, who are the same ones who did the 1981 and 1987 studies, have observed that fewer reliable statistics are available now compared to the situation in 1978 and 1988, which they attribute mainly to the run down in the resources of the Statistics Office since 1988. As the House knows, I have myself lamented the deficiencies in the statistical data base on a number of occasions. Government are determined to correct these at the earliest opportunity. The consultants have been requested to include this in their study. A number of limited steps have already been taken by the Government to improve the situation. With the help of the Input/Output team the Government hope to equip Gibraltar with quality, reliable, economic statistics that are so necessary for sound economic analysis and long-term economic management.

Mr Speaker, since that time the whole House, both Government and the Opposition, have been waiting patiently for this report and I will give the hon Members a situation report, of where we are precisely with that Input/Output study. The last point that I would like to make before I move on just a little is to say this. Of course, we have debated in this House, often the hon Member has asked me questions about the Input/Output study, how is it going, how long is it going to take, why is it taking so long, and I have given him all the explanations. The first one was the earthquake in India where all the numbers were being crunched et cetera, et cetera. Those that are responsible for planting the article in the Guardian newspaper, those that are responsible for procuring the Foreign Secretary to sign the letter that he sent me, of course he does not draft them himself, know this. They know that the Government

are at the tail end, indeed we have already said publicly that the draft Input/Output study had already been received. So what do they do, instead of saying at long last the fruits of the Government's labour is about to yield results, and Gibraltar is at last going to have, at the eleventh hour, in the knowledge of all these things, they choose to make a political issue out of it. In circumstances, where far from the Foreign Secretary having raised with me, on many occasions, false, I get a letter out of the blue, signed it is unheard of, I do not know if the hon Member can confirm this, it is certainly unheard of since I have been Chief Minister, it is unheard of for a Foreign Secretary to write to the Chief Minister on an issue that has never ever been raised before. Usually Foreign Secretaries are wheeled on the last moment when they want to play their last card. Here is an issue, the quality of the financial transparency in Gibraltar, the quality of Gibraltar's statistics, the absence or non-absence of National Income Accounts, had never been raised with me before by anybody not by the Minister of State, nor by officials in the Foreign Office not by the Convent, never been raised with me. The first thing we hear of it is a letter from the Foreign Secretary before they get their response to the letter in writing, which pointed out all the very substantive factual inaccuracies in the Foreign Secretary's letter, even before they had got a response to that letter it had already been leaked to the Guardian.

Mr Speaker, hon Members and others in Gibraltar can draw their own conclusions from that chronology of events. What I will say not just on behalf of the Government that I lead but on behalf of Gibraltar as a whole, and that is that I am actually immensely proud of the contribution that this Government have made to Government transparency and Government accountability. Hon Members will be aware of all the reforms that we have introduced since 1996. They will be aware about how we have restored 100 per cent of Government finances to the scrutiny of this House at budget time by restoring revenue and expenditure to the Consolidated Fund, and in cases where there is still expenditure outside the Consolidated Fund for a particular reason to put as appendix to the Estimates Booklet a pro-forma estimate of

revenue and expenditure for those entities. Hon Members have seen that there has been a reduction in the number of, and the activity of Government owned companies and that their accounts are now laid before the House. That Ministers are no longer directors of those companies and that the accounting and financial affairs have been placed under the direct control of the Accountant General. The House will also be aware of the steps that the Government have taken to distance the Principal Auditor from the Government themselves. We have ring fenced the Principal Auditor as much as is constitutionally possible from the rest of the Government. We have ring fenced the staff from the remainder of Government staff. We have significantly increased staffing levels and other resources and we have taken steps to prevent the Principal Auditor's office from being de-staffed in the future. The Principal Auditor is one of the principal constitutional tools in Gibraltar for invigilating over the proprietary of Government revenue and expenditure custody and this Government believe that the Principal Auditor therefore should be as distant, ring fenced and independent from the Government as possible. The House will be aware how every single Government procurement contract whether it be of goods or services is now open to transparent public tender process conducted by a Treasury departmental tender board and then a Treasury Tender Board. How all recruitment to Government companies, agencies, even single purpose Government contractors is effected by open advertising recruitment process culminating in a selection process conducted by Civil Servants. The Government have established, for the first time in Gibraltar, a public service Ombudsman to provide citizens with a way of reaching into the heart of the public administration and obtain investigation of their allegations of misfeasance and mal-administration which is unprecedented in Gibraltar's entire history. We have introduced open planning laws to give citizens the right to express views and to participate in Gibraltar's planning procedures. Our approach to statistics has been no different, no different at all. It has been the same approach of opening Government out to scrutiny, to accountability, to external and independent audit and the hon Members will be aware that we have done this because it was in our manifesto, it was in our first manifesto to do it. One of my first speeches in the

House after being elected into office related to this issue. We have commissioned a report that I have already referred to. We have increased the staff and resources of the Government's Statistics Office. We have given it new premises. A lot of very good work has already been done in improving the timeliness of the publication of those statistics and I hope that the hon Members will recognise and appreciate that there is no limit. No limit, to the quantity, volume and nature of the statistical information that we provide to the hon Members at Question Time. Even to the point of, in effect, doing on a monthly or on a quarterly basis, accounts of departments that normally would not be done until the end of the financial year to see how much money had been spent out of this Head or that Head and on what. The Government's policy since we arrived in office has been, and I think that we are justly given recognition of this by people at large, is that we have done all that we reasonably can to make the Government of Gibraltar transparent and accountable to an extent which is unprecedented in our constitutional political history.

Mr Speaker, before I leave this area altogether, I have to say and this is another reason why this suspiciously timed attack in the British press is suspicious. It is not just the Gibraltar Government that believe all the things that I have been saying. When the present British Government, in July 1998, gave evidence to the Public Accounts Committee of the House of Commons, the British Government in their evidence, their evidence, the present British Government's evidence said and I quote from their minutes of evidence "The present Gibraltar Government have made a significant effort to ensure that the principles of accountability and transparency are applied to all Government bodies and companies. As a result the accounts for all Government bodies and companies, as well as most public revenue and expenditure, are laid before and subject to appropriation by the House of Assembly. They are now open to public scrutiny." That such a Government or that anybody in it or anybody connected to it, could then perpetrate the events which have resulted in the Guardian leak is something about which each of us should form

their own view. Not just as to the chronology of events but about the purpose of it, the timing of it and the reasons for it.

Mr Speaker, I said to hon Members that I would give them an overview of where the Input/Output study is. As I have reported to this House before the input/output study commenced in 1999 but unfortunately suffered protracted delays beyond the completion date which had been originally fixed at 2001. This was mainly due to problems over the accuracy of available trade statistics and when that was rectified a severe halt to data processing of these statistics, when the major earthquake which hit India at the time, affected the operation of the Indian data processing company which was commissioned by the Input/Output consultancy team to undertake this work. Let me just explain that. When the Input/Output study team came to Gibraltar they found that because the nature of the economy had changed so much, the sort of information that was available within Government, which was adequate to yield the sort of statistics relevant to the MOD type economy, was no longer yielding the sort of statistics that were needed to measure what was now a much more private sector based economy. So they found that there was not available to them the statistics that they needed to build the economic model. They therefore said, well we have got to rectify that and they did. Hon Members will recall that they conducted a survey, a questionnaire in the private sector for which they got, I understand, a very good response. They obtained import and export figures from Customs going back years. All this is data in raw form, some of it from Government some of it from the private sector, was then shipped out after the time it took to collect it all, especially the questionnaire from the private sector, was then shipped out to a company in India which specialises in crunching numbers of this sort and in converting that crude material into the segregated information that was needed for the Input/Output model. No sooner had they started doing that, that the earthquake hit that zone of India and the town in which this company was located and the whole project was stopped for four or five months and until the information could be resent to them again the company was able to get up and running again and the

whole thing had to start again. It would sound like a likely story if it were not actually true, but it is actually true and that is why there has been a delay of about a year in the completion of the Input/Output model. The study is now complete in draft form and as I said to the hon Members at Question Time a few weeks ago, a draft report has now been received. This is now providing a firmer basis for sourcing and validating data for National Income Accounting. Professor Fletcher and his other colleagues that are engaged in this model, will soon be visiting Gibraltar, I understand within the next two or three weeks, for the purposes of reviewing the model and the data with the Government Statisticians to set up the model which actually comes in a computerised disk. It is an organic model in other words it is not just a snapshot of the economy at a given time, although it is a snap shot of the economy at the time that the data was produced, it is also a model that allows it to be used every year, so long as one carries on putting into it the data year after year, one will continue to get snapshots at regular basis every year, and also to train the staff at the Gibraltar Government's Statistics Office into its operation.

Mr Speaker, I can report at this early stage to the House that the consultants have reported that the response that they have had to the data trawl has been good and sufficiently accurate to complete the study with a high degree of confidence. I can say to the House, that once the consultants have finalised their work in Gibraltar, the Government will publish a full report on the study. I have also indicated to the Leader of the Opposition that any aspect of the study which the Government may decide is not in the public interest to put into the public domain, we will certainly nevertheless be happy to show it to Opposition Members.

Mr Speaker, I am in a position however to provide this House with a preliminary outline macro assessment of the findings of the study. The study confirms the significant restructure of the economy over the past 10 years or so. This is the third Input/Output study to be conducted in Gibraltar since 1978. The House will recall that the first study in 1979/1980 analysed the

impact of the Dockyard closure and the subsequent reduction in MOD activities. The second study in 1987 concentrated on the effects of the reopening of the Frontier. The new study has identified the massive changes consequent to those important turning points in the economy led by the development of the Financial Services sector and no less significant to the growth of tourism and port shipping related activities. The consultants point out in their report that the adaptability of the economy to such major changes has been remarkable.

Mr Speaker, not surprisingly, the report confirms that the Finance Centre in Gibraltar is now a major leading activity and a vital segment of the national economy. As expected the linkages of this sector with the communications industry and the business services industry and indeed much of the hostelry and eatery industry are particularly significant. The impact of the Financial Services is seen by the report more widely than just to the income generating activities all over. The Finance Centre is recognised in the report as having the additional benefit in the economy, that it enhances the skill sets and the entrepreneurial expertise of the labour force and diversifies an economy that is necessarily narrow because of its small size. According to the draft report, in 1998 the Financial Services Sector Accounts directly or indirectly, for a total income level of around £130 million supporting unemployment level of 1,847 full-time equivalent jobs directly and indirectly. When account is taken of the multiplier effect the Government receive revenue of about £90 million from this sector. In 2000 the tourism industry has grown substantially and accounts for a total income level of about £107 million. In terms of employment tourism accounts directly for around 2,300 jobs and when account is taken of the relatively high employment multiplier for this industry, the total employment generation from tourism is at around 4000 jobs, Government revenue derived from this sector including direct, indirect and induced is estimated at about £33 million. The other major export earning activity in the economy shipping and port related services which has been a traditional mainstay of final demand is also recognised in the report. Because of the industrial classification used for the study

no detailed breakdown is yet available but disaggregated results are expected very shortly. The contribution to total output is calculated at over 15 per cent that is for port and port related services. The study also highlights the significant contribution which was made to trade, total output in the economy by the retail and distributive trades, the construction industry and Government themselves most of which grows from the high levels of employment in these sectors. Total output for the economy was over £1 billion with total employment at the time around the study said to be at around 12,000 people resulting in a figure of around £96,000 per employee and a per capita income of just over £15,000 per person.

In terms of national income and subject to final validation of the results the consultants estimate that GDP in 1999/2000 was £418 million, that is GDP not GMP. The hon Member I am sure is aware that GDP excludes the Ministry of Defence which is not treated as part of the domestic economy. The last Government statistic estimate for GDP was produced in respect of the year 1995/1996 and was put at that time at £328 million. Although the basis for this latter calculation is different to that applied for the Input/Output study it suggests that the growth in GDP between 1995, 1996 and 1999/2000 was of the order of 27 per cent giving an increase in GDP in real terms that is to say after deducting inflation of around 18 per cent over the five year period an average real growth rate in the economy of about 3.6 per cent per annum.

Mr Speaker, in terms of the segregated sectorial breakdown which are so far available applying the model to the statistics and calculating GDP it has not yet been possible to calculate a figure for GNP, that should be ready very soon, but appears to show that the Financial Services Centre accounts for 25 per cent of GDP, tourism for about 17 per cent, the Government for about 19 per cent, the construction industry for about 10 per cent and also 10 per cent attributable to the real estate sector. The MOD which as I say is not included in the GDP calculations but would be

included in the GNP calculations when they merge, but the MOD is calculated to amount to about 10 per cent of national income.

Moving on to a review of the state of the economy and starting with the Private Sector and in addition to the indicators that I have just given the House on recent and historical GDP figures all the available indicators suggest that the economy remains as I described it in my opening remarks in a sound and stable condition. Unemployment figures remain static, fluctuating within a narrow band of about 310-340 that sort of range. The employment levels show interesting development. Measuring employment as opposed to unemployment levels, measuring employment levels first of all using the Employment Surveys, hon Members will perceive from the information they have been provided that the Employment Survey show that in October of each of 1996, 1997, 1998, 1999, 2000 and 2001 employment levels were 12,975, 12,762, 12,774, 12,936, 13,381 and 13,931 for October 2001. This indicates a growth in jobs of 1,157 between October 1998 and October 2001. That is a 9 per cent growth in jobs in the economy in a 3 year period. Using the other measure available of employment in the economy which is the insured labour force and dealing only with employed as opposed to self employed the figures for each of those six years that I have indicated from October 1996 all the way to October 2001 are 11,508, 11,408, 12,311, 13,138, 13,254, and 14,068 for 2001. If one includes employed and also self-employed people and derive those figures from the insured labour statistics then the figures go from 12,074 in 1996 to 14,695 in 2001. Hon Members will note that there is an interesting converging correlation between the figures under the Employment Survey and the figures under the insurance record, but if one looks at the figures for 2001 the figures under the employment survey show 13,931 and that the figures for employed people under the insured labour force the DSS Statistics show 14,068, a difference of around only 100 people and I do not know what the explanation for that is, probably the results of increased illegal labour penalties and inspections and also the changes that have taken place for the payment of social insurance contributions. In other words, these

things are now paid in cash quarterly and employers are therefore much more up to date and there is less. The figures would tend to suggest not just a healthy growth in the amount of employment in the economy but also a fall in the amount of illegal and unregistered labour in the economy. Of course those figures of growing employment are fully supported by the growth that there has been in the Government's yield, in the Government's collections from personal income tax even at a time when the Government have been year on year introducing substantial tax cuts. If the Government are introducing tax cuts and the Government still collect more money, some of that is explained by the fact that of course wages do go up and therefore Government's share of people's wages amounts to more money but also it is explained by the fact that there are more people paying tax because there are more jobs in the economy.

Mr Speaker, the traditional Port and Tourism statistics show some of the figures continuing to rise but some of the figures for the year 2001 showing the effects of particularly the September 11th events. So in terms of the overall number of ship visits again it was up to further record level up from 4489 in 2000 to 4510 in 2001. In terms of the volume of bunkers supplied by our port which incidentally the Input/Output study report identifies as an important part of our economy, the volume of bunkers supplied in 2001 shows a 10 per cent increase over the figure for 2000 and now stands at 2,991,755 metric tonnes.

In terms of air traffic there continues to be a growth of 5 per cent year on year between 2001 and 2000 and indeed hon Members who I know show great interest in these statistics by the assiduousness with which they ask for them, will have noticed, especially the hon spokesman for Trade and Industry, that arrival seats used have increased from the 83,300 in 1997 steadily increased to 108,833 in 2001. That amounts to a 5 per cent increase over last year and to a 31 per cent increase in the last four years. The Frontier statistics also show a small increase up to 7.48 million from 7.31million so a very small increase 2001 over

2002 but historically still at near record high. Hon Members will recall that the figure for 1995 was 5.3 million but then there are a number of areas which show albeit small but still declines at a time when we would all have wished to see increases. This is absolutely the result of September 11th event which hon Members will know resulted in an almost complete cessation on travel for a period of about two weeks and then for a steep decline in tourist travel for many, many months thereafter. The number of coaches that arrived in Gibraltar in 2001 fell by about 300 in 2001 over 2000, from 14,763 to 14,428. The number of visitors to the Upper Rock fell from 790,000 to 743,000. The number of cruise liners arriving in port fell from 175 to 150. The number of cruise passengers that they carried and brought to Gibraltar fell from 133,000 to 117,000, and hon Members will see that these are the most tourism industry sensitive statistics which certainly show the effect of September 11th, but I would comment that whilst they do show a decline, the decline that has affected Gibraltar, the extent to which Gibraltar has been affected by the September 11th factors would appear to be considerably less smaller than the extent to which other tourist destinations like London and European capital cities have been affected, other tourism destinations just from what one hears in the press, although one does not have proper statistics to show this but just from the atmosphere created in the press one would think that continental Europe and continental United States have been much more adversely affected by September 11th events that these figures suggest we have been affected by. The percentage room occupancy in our hotels has increased from 58.9 per cent to 64.2 per cent and that is up from 43 per cent in 1996. The number of arrivals in our hotels therefore have obviously risen up at 53,000 from 48,000 and the number of sleeper nights have also increased. The yield from company taxation to the Government and here there has not been an increase or decrease in rate except to the extent that we introduce small companies rate, but that is up £11 million. Or rather it is up from £11 million in 1998-99 to £14.2 million in the year 2001-2002. Therefore these statistics sustain what people can see more or less with their own eyes just by walking around town and that is that the economy despite the external challenges that we face continues to be

reasonably buoyant, certainly stable and prosperous. That judgement, is supported and sustained by the findings of the Chamber of Commerce 2001 Business Survey which was published at the same time as the answer that I started with namely the effect of the Anglo-Spanish negotiations. In terms of business performance 82 per cent of businesses in Gibraltar felt that they had done the same or better in 2001 than in 2000, 47 per cent thought that they had done better, 35 per cent thought that they had done the same therefore between them 82 per cent felt that they had done the same or better and that finding also sustains the view that the economy remains very much on an even keel, very much as it was this time last year when we last debated it. In terms of business outlook, at that time and expressing the view, their view, of their business prospects up to December of 2002, 79 per cent of businesses in Gibraltar then expected to do the same or better than they had done in the year 2001. Interestingly Mr. Speaker when they were asked to express the view of their business expectations beyond December 2002 and in the light of the answer to the political uncertainty question, the figure of those who thought that they would do the same or better beyond December 2002 had fallen from 79 per cent to 53 per cent. So 53 per cent thought that they would do the same or better beyond December 2002 and I think that figure shows the concerns in the business community to their prospects caused by the uncertainty in Gibraltar's political status caused by the current Anglo-Spanish negotiations.

Mr Speaker, in relation to the gaming industry I informed the House at the budget last year that there were 629 employees engaged by nine licensed gaming companies at that time. The House was subsequently informed, in answer to Question No 315 of 2002, that there was a total of 412 persons employed by eight licensed operators as at the 31st January 2002 . The latest survey that the Government are undertaking indicates that there are currently over 500 employees working in the offshore gaming industry. The largest operator Victor Chandler, continues to expand their business and now has about 300 employees. Victor Chandler and the other licensees have reiterated to the

Government their continuing commitment, not only to maintaining it but also growing their Gibraltar based businesses. Three new operators are in the process of being licensed. One of which is expected to create over 100 jobs. This company has already established a head office in Gibraltar and an administrative calls centre employing 40 people in total. The Government therefore remain confident that as we go forward the offshore gaming sector will return to unemployment level of around 600. Following the decision by the British Government to abolish betting tax in March 2001 I inform the House that Ladbrokes had advised the Government that it would transfer its UK call centre from Gibraltar between October 2001 and January 2002. At that time the company had informed us that 138 jobs were at risk out of their work force of 225. Subsequently Ladbrokes not only relocated their UK telephone betting operations but also to the Government's disappointment their international sports book operations. This latter business was the one that they had originally established in Gibraltar in 1993. The hon Member will recall that because he was then in Office, and employed 30 persons prior to Ladbrokes' expansion. This restructuring led to Ladbrokes reducing their presence in Gibraltar from 225 employees in April 2001 to 24 in January 2002. What remains in Gibraltar is the newly licensed Ladbrokes Internet Casino and the internet sports book and casino operation Ladbrokes runs for Playboy co-operation. The Government understand that Ladbrokes have subsequently expanded these operations and currently employ 31 persons and are still actively recruiting. Only one other company subsequently decided to move back to the United Kingdom and that was Coral Eurobet who had employed 18 persons in Gibraltar. The company have retained a presence in Gibraltar through an internet sports book operated by Internet Betting Co Limited and the recent establishment of an internet casino. These operations currently employ six persons. The Government are aware of the prospect of further changes to the UK gaming legislation, following the white paper call a safe bet for success, issued in March this year by the department for Culture, Media and Sport. There has also been a report to the Home Secretary on internet gambling issued by the gaming board for Great Britain. The Government will continue to monitor

developments closely and take whatever steps are necessary to ensure Gibraltar remains an attractive jurisdiction for reputable internet and telephone gaming operations. Whilst on the gaming industry I would just add that the onshore casino in Gibraltar the Gala Casino has given notice of a collective redundancy affecting I think about 15 of their employees.

Mr Speaker, moving on to the Finance Centre, the Finance Centre has perhaps been the sector of our economy that has most been disrupted by events over the last 12 months. Not only has the events of September 11th had some impact even on financial services business but also the Finance Centre has had to contend with the fall out in the State Aid challenge to our tax laws by the European Commission by the OECD Report on Harmful Tax Practices and with the Anglo-Spanish political negotiations over the future status of Gibraltar, all of which bring with them uncertainty. Hon Members will know that uncertainty is the worst friend of the Finance Centre which particularly needs and wants stability in order to satisfy customers of the good sense of doing business in Gibraltar. There are some statistics available which suggests the extent to which some aspects of the Finance Centre have suffered during the last year as a result of these factors. So that, for example, were as in December to January 2000/2001, 1,321 companies were formed in Gibraltar. In the same period in the year 2001/2002 only 697 companies were formed and hon Members will see a very significant reduction in just the company formation statistic. Yet I think it is true to say that the Finance Centre remains busy. It remains busy because it is developing a greater portfolio of more sophisticated work than simply brass plate company formation. This is a both sensible and desirable trend for our Finance Centre to follow and adopt and I think it is a tribute to, as I said before, the skills and entrepreneurship of our Finance Centre operatives that they should be quietly but steadfastly relocating the Finance Centre to a more sophisticated sort of work, less to the bread and butter of company formation, upon which we still rely but there are increasing number of law firms, accountancy firms dealing in niche products, in specialists financial services products of the

sort that Gibraltar has historically not dealt with before and that is keeping the Finance Centre really ticking over nicely despite the problems in certain areas.

HON J J BOSSANO

Mr Speaker, may I ask the Chief Minister to clarify the figure he gave on company formations, was he saying that this was in one month only?

HON CHIEF MINISTER:

No in two months.

HON J J BOSSANO:

For the whole of December and the whole of January?

HON CHIEF MINISTER:

Yes. Mr Speaker, I think that this a convenient moment to review certain aspects of the State Aids case. Hon Members will be aware that the Government had, before the Commission issued their decisions of July 2000 to launch these investigations, that the Government had submitted argumentation to the European Commission explaining why in the Government's view it would be wrong for the Commission to regard Gibraltar's Tax Laws as State Aid at all and certainly why it would be wrong for them to choose to investigate it as a new aid as opposed to existing aid. Of course hon Members now know, that the vital consequence of the distinction between the procedure under aid

and the procedure under existing aid is that if one is found to be in default of State Aid rules after the new aid provisions have been followed, the aid is repayable for recoverability, if one is found to be in breach of State Aid rules after the existing aid provisions have been followed then the new aid is not recoverable, because until the end of that enquiry the aid is not illegal it is just under investigation. We were unable to persuade the Commission of that view. They proceeded with their decision of July 2000 and therefore the Gibraltar Government initiated, in the European Court of First Instance, the action of which the House is now aware. Members will also be aware of the fact that the Gibraltar Government scored a significant success in that the European Court agreed with the argumentation, of which the Government had been trying to persuade the Commission, in respect of the exempt company. The position with respect to the enquiry on the exempt company is that the Court has told the Commission that the procedure under which it had been conducting that inquiry may be the illegal aid provision is wrong and that therefore that inquiry is discontinued, but it remains important to remember that the Commission is free to and probably will restart that inquiry under the existing aids procedure, which at least will not carry with it the threat of recoverability. So the main achievement, the main achievement and indeed the principal objective of the Government initiating this litigation against the Commission, given that we already had in mind the tax reform. The main reason was precisely to eliminate the risk of recoverability of the aid. So, the Government's objective was completely achieved in respect of the exempt company, but was not achieved in respect of the qualifying company and of course it is important to protect the qualifying companies as well. There was a partial success, I would not put it any more strongly than that, in the case of the qualifying company because even in that case, the Court said that the letter from the Commission in July did not amount to an adjudication, even though it sounded as if it did. Even though the content of the letter would have led people to believe that it did, in fact, according to the evidence given by the Commission in the Court Case itself, contrary to what it said in the letter, the Commission still considers, even on the qualifying companies, the question of whether it is existing or illegal aid to be open.

Mr Speaker, not only because the Exempt Company Investigation can be restarted under the existing Aids provision, not only because the threat to the qualifying company is greater, always has been greater, than the threat to the exempt company. Because of course the qualifying legislation is post-accession to the European Community and therefore much harder to argue that it was existing at the time of accession, not only because the Finance Centre does not want the uncertainty to continue, the Government and indeed the Finance Centre believes that the need to reform Gibraltar's tax system remains as it is, remains now as it was before the Court ruling. The Government therefore intend to continue with their proposed reforms of Company Taxation in Gibraltar which is the only way, in the Government's view, and in the judgement of the Finance Centre, to remove the uncertainty, to remove the instability, to remove the further instability and uncertainty that would result when the Commission starts again the investigated procedure under the alternative procedure and also given that there are other things to comply with not least the EU Code of Conduct on business taxation.

Mr Speaker, as to where we stand on those tax reforms, the scheme is now complete, there has been, as hon Members know, a very long and detailed consultation with all sectors of the Finance Centre industry and indeed with leading players within each of those sectors and also separately with those companies that would be most adversely affected by the proposed tax reforms. There has been an enormous amount of work done, not just at political level, but also by a team of draftsmen that the Government have put together from the Finance Centre industry itself. The advice that the Government have from their European lawyers is that, in order to achieve legal certainty for its tax reforms, that they should be submitted to the Commission for their indication that they will not be challenged by the Commission. That process has begun and it has begun with the assistance of the British Government. Her Majesty's Treasury in the United Kingdom is persuaded that these proposed tax reforms comply, not just with EU State Aid Rules but also with OECD reports, also with the EU Code of Conduct on Business Taxation and are

therefore supporting the reform and supporting and helping the Gibraltar Government in steering them through the Commission. The aim is still to try and launch the reforms by the 1st July, although bureaucratic delay in the Commission's machinery may result in some slippage to that date. The basis of the scheme is not one that the Government wish to place in the public domain in the detail of it for a few more weeks yet to come, but I am in a position to indicate publicly, at this stage, that the scheme involves certain principles. Firstly, it abandons the taxation of profit as the taxable event in the case of companies. In future companies will not be taxed by reference to the profit that they make, they will be taxed by reference to other criteria. Secondly, it would be entirely non-discriminatory. In other words, the onshore economy, the butcher on the corner and the shoe shop and the whole of the domestic economy will benefit, will be subject to exactly the same tax regime as will apply to offshore company users of Gibraltar. It will be the same Company Tax Regime for the local businessman as it will be for Finance Centre users of Gibraltar companies. All local companies can expect to be substantially better off under the proposed tax reforms than they are at present, and of course, the Government expect to at least maintain their current level of revenue from company taxation, which is not just for £40 million that we derive from company income tax but also the £2 million that we currently get from exempt status fees. So, we are looking to retain about £16 million revenue at current levels at the same time as completely, to say that it is a reform of the tax may well be an understatement, it is a complete transformation, I do not know if that is stronger than reform, but it is the complete alteration of the very basis upon which taxation is led here in Gibraltar and I am very happy to explain to the hon Member, even at this stage, the reason why it is necessary to abandon profits as the taxing criteria there is absolutely no other way of eliminating the discrimination between local and offshore companies, preserving Government revenue but allowing Gibraltar companies to continue to be competitive for use by offshore Finance Centre users. So those were the three criterias. Government Revenue to be maintained, non-discrimination between offshore and local company users and Gibraltar's Finance Centre to remain internationally competitive

and not just to survive but to prosper under the new regime. I am happy to say, that the Gibraltar scheme has been very favourably eulogised within almost every international, obviously this is conceived for example in the Primarolo group, to where the British Government have taken it. It has been very favourably commented upon. Indeed, if people like Jersey and the Isle of Man are being recommended to come and consult Gibraltar as to how it is possible to comply with all these international initiatives without thinking that the world or that light is going to end as a consequence and I have received a request from my opposite number in Jersey to come to speak to me so that we can indicate to them how we have been able to deal with these factors in our reform proposals.

Mr Speaker, moving on to telecoms, hon Members will be aware that during the last 12 months the telecoms liberalisation regimes have come into full effect and that there are already indications of impact of this on the prices of several telecommunications products. We expect, as indeed the liberalisation legislation intends, that that will increase when a further comprehensive telecoms company is licensed. The intention of the Government are that there should be, at least, a second fully licensed telephone company to compete head on and on equal terms with the combined Gibtel and Nynex and there are such applicants for licences and they are presently being considered by my Colleague, the Minister for Trade and Industry who is the Licensing Authority in Gibraltar, just as is the Secretary of State for Trade and Industry the Licensing Authority in the United Kingdom. I would just mention one point on liberalisation, and that is, I am sure that the hon Members will join the Government in accepting that this concern is a real one and that Gibraltar is right to see that it is protected. With the advent of technology, it is relatively easy for people making a minimal investment in local infrastructure and requiring a minimal amount of local employment to siphon off and export the cream, the commercially, economically valuable parts of Gibraltar's telephone traffic leaving those companies established in Gibraltar who employ people in Gibraltar and create jobs in Gibraltar, and who maintain the local

telephone infrastructure, the network in Gibraltar, to survive as best they can with severely reduced revenues following the fact that part of their revenue would have been siphoned. Not by people who are competing locally on the same terms but by people who are siphoning off revenue without making any meaningful measure of investment in the local infrastructure or contributing to the local infrastructure to local employment. It is not for no reason that the directive allows the Licensing Authority to take such factors into consideration when licensing the applicants and is allowed and entitled under the directive to impose on incoming licensees the obligation to undertake investment in the Gibraltar telecommunication's marketplace. In other words, to invest in network infrastructure, to engage and invest in servicing infrastructure so that they are genuinely part of the domestic telephone industry and competing as such and not sitting with a clever piece of equipment siphoning off revenue from the local telephone industry but actually destabilising the economic liability of the domestic telephone industry which would ultimately lead to a run down of Gibraltar's telephone, physical telephone network, because it would be in no ones commercial interests to maintain it, leading to a run down in employment in the local telecommunications industry. I can tell the hon Members that the Government mindful of that are keen to encourage competition in the local telephone but competition from people who will come to Gibraltar and behave like a local telephone company and invest in the Gibraltar domestic telephone infrastructure so that we do not through these uncompetitive factors end up just becoming an extension of the neighbouring country's telephone infrastructure on the basis of our traffic just being siphoned into theirs. There has from time to time been public comments, accusing the Government of all sorts of uncompetitive attitudes. They are not uncompetitive attitudes. The Government are fully committed to competitiveness in the telephone sector, the Government fully intend that there should be a second fully fledged competitor but that it should be of the sort that the directive allows the Government to insist on, mainly somebody who stands in the marketplace and invests their fair share in the Gibraltar telephone....

HON J C PEREZ:

Would the Chief Minister give way?

The last sentence is the crucial element here. It is whether or not the Government are able to do it under the liberalisation proposals or the liberalisation terms within the EU because we all know that for example a service that has been present in Gibraltar like "Callback" has been exactly doing what the Chief Minister wants to avoid and because it is acceptable in the rest of Europe it has not been able to be stopped either here or anywhere else. So, what I would like to ask the Chief Minister is whether the legal advice he has is that that can be sustained indefinitely, I understand the argument and we will support it.

HON CHIEF MINISTER:

Mr Speaker, if the hon Member would permit me for not willing to allow him to convert my presentation of the budget statement into a debate on telephones. I am very happy to debate this with him either at Committee Stage or perhaps later when he answers. So, if I could just very quickly say, he should not interpret this as an assault on "Callback". The point that I was making was much wider than "Callback". The Government are aware of what the legal position is in relation to "Callback" and that does not affect the fact that the directive itself specifically permits licensees to be required to make financial investment in the network. So, we are exercising rights that we have under the directive. We are not trying to exercise rights that we do not have under the directive. Where there are legally dubious issues, the Government may decide to test the matter in Court or not decide to test the matter in Court. I am not aware that any such issue, as I say, I am not conducting these issues myself, but I am not aware that any such issue has arisen and we are not just talking "Callback" we are talking about a comprehensive telephone service. There are people willing to come to Gibraltar and stand up face to face against Gibraltar Telecommunications as I think it is now called,

and that is fine. That is precisely the sort of competition that the Government think is good for Gibraltar, is good for telephone users, will drive prices down, but will drive prices down in a way that the benefit of that stays in Gibraltar in terms of employment, in terms of investment in our telephone infrastructure and not in a way that causes profits to flee and undermines our network infrastructure.

The other aspect of telephones that I would just like to flag up for the hon Members, we have debated it before, is the continuing political problems relating to the numbering issue. Hon Members will recall that at the last Question Time I explained to them the basis of the Spanish Government offer to extend the number of telephone numbers available to Gibraltar and why that was unacceptable to the Government and then I also explained to them how to boot they had converted the original historical 30,000 numbers to the unacceptable basis that they had introduced for the new 70,000 numbers. So, I will not go over that ground because it has already been articulated in the House, except to remind the House that the Spanish Government's offer to extend the number of telephone numbers to Gibraltar is on the basis of a complete usurpation of the Government of Gibraltar's jurisdictional and licensing rights under Gibraltar law, to a complete usurpation of the Gibraltar's Regulators Regulatory Powers under Gibraltar's Regulatory Laws and that it is therefore politically, commercially, and from a regulatory point of view unacceptable. The Spanish Government's statement, as I have also explained previously in the House, suggests that come the end of this year the 30,000 old numbers are going to be withdrawn so that we will only have the 100,000 new numbers which are made available to us on terms that are unacceptable and this is obviously a device to try and force us into accepting, not the 100,000 numbers, but to try to force us to accept the unacceptable terms upon which the 100,000 numbers have been made available.

Mr Speaker, the Government do not intend to subject to that process. I have already said to the hon Members before, that it is not this Government's view, and I do not suppose it was the previous Government's view either, that the 30,000 numbers that we presently have are Spanish numbers that they have lent to us. That these are Gibraltar numbers and that Gibraltar's own numbering plans which the Spaniards have enabled to be reached. They have limited to 30,000 the number of our telephone numbers which are reachable from the Spanish network. Therefore, discouraging us from having more than 30,000 of our numbers in use because if we did we could have a million numbers in use tomorrow, the result would be that only 30,000 of them would be reachable from Spain. So we would have 30,000 numbers reachable from Spain and as many numbers as we wanted not reachable from Spain but reachable from every other part of the world. Now, that is the correct analysis of the position, it is unacceptable, but that is the correct analysis of what the Spanish offer seeks to do now. Not just in respect of the new 70,000 numbers but also retrospectively in respect of the original 30,000 numbers is to make perfectly clear that they are Spanish telephone numbers being made available to Gibraltar. So they are all allocated to Telefónica because they are a Spanish licensee and Gibraltar licensees are supposed to go to ask Telefónica "please may we have some numbers", therefore making it a Spanish owned numbering plan, literally made available through a Spanish licensee, Telefónica, to Gibraltar sub-assignees of Telefónica in that way. I have to say that the latest indications are that the Commission, the European Commission looks at that Spanish offer and says "well, it may not be illegal under EU law", so the question is not whether it is not illegal under EU law the question is whether it satisfies the fact that Gibraltar is not part of Spain. Gibraltar is not part of Spain for telephonic purposes and the Spanish offer, which hon Members will see that British Ministers have stopped warmly welcoming in public once we explained to them the basis of the offer, that the Spanish offer is wholly unacceptable, not just politically but also commercially and from a regulatory point of view and therefore, we have this tiny issue, that if the Spaniards go ahead with their threat to disconnect the existing 30,000 numbers and to say, "well

look, here are the new numbers, use them if you want to but if you do not use them you will be in effect telephonically disconnected with Spain". The price of using them is that we have to accept the basis of the Spanish offer, which is unacceptable. I indicated at the last meeting of the House, that the Government were looking at contingency plans for escaping this alleged catch 22 predicament and hon Members will be aware that they are inconvenient, but nevertheless feasible, technical means available to overcome this problem which the Government will hope to make a policy statement on in the not too distant future. It is clear to the Government that the nature of this Spanish offer and the terms upon which it has been put, the timing of this and the fact that it has been integrally dragged into the current Anglo-Spanish negotiations suggest that they are using this as a first flag-ship example of in effect joint sovereignty and that the implications of this transcends the question of telephones and becomes relevant to the much wider issue.

Mr Speaker, speaking to public sector reforms, the Government, as I hope the House will recognise, continues to show their enduring commitment to the public sector. This has been shown in many ways amongst them, the refurbishment of offices and depots, a very significant injection of staff training opportunities, there are literally hundreds of civil servants undergoing training courses in Information Technology, in Management Courses and within specialist technical functions relating to the particular job that they do. Government will continue to invest in the skills and qualifications of their employees. And thirdly this support for the public sector is shown by further recruitment and further promotion opportunities where the need for public service and the need of the taxpayer show it to be required. In terms of the staff levels in the public sector, the total number of public sector staff expected to be in employment during 2002/2003 is 3,222 compared to 3,140 in 2001/2002. The figure for 2002/2003 of 3,222 breaks down into 2,249 civil servants, compared to 2,203 in 2001/2002 and 973 in statutory bodies compared to 937 the previous year. In terms of civil service salaried staff, the number of salaried staff shown in the Estimate for 2002/2003 stands at

1,682 compared to 1,628 in the Estimate of 2001/2002. The cost of salaried staff has increased by £2.5 million against that estimate but actually has only increased by £800,000 which is 1.6 per cent. That is this year's estimate compared to last year's forecast out turn. In other words this year's estimate compared to last year's reality as opposed to compared to what we had estimated would be last year's reality at the start of the year.

The increase includes the cost therefore of 54 additional posts together with the impact of pay awards and increments. Of this it is estimated that between £500,000 and £600,000 is accounted for by the new posts. In terms of the industrial staff the published number of industrial staff for 2002/2003 stands at 567 compared to 575 last year. Reflecting a reduction of eight posts. Two in personnel, one in the Police, one in the Department of Trade and Industry and five in the Buildings and Works Department which were not posts lost but posts that were re-graded to non-industrials. This was offset by an increase of one in the Education Department making a reduction of eight. The cost of industrial staff increases by 81 per cent overall or 1.03 per cent compared to last year's forecast out-turn. This is mainly due to wage increase. In terms of other public sector employees, not civil servants, the number of GDC employees as at the 1st April 2002 was 159 compared to 157, that is two less, as at the 1st April 2001. In addition there are 45 temporary posts financed by the GDC comprising 27 lifeguards, 14 visitor information patrol staff and four data input operators to assist in the computerisation of the Government's statistical system.

In addition the GHA, is reported in the Estimates as having 671 employees on 1st April 2001 compared to 650 on 1st April 2002 that is an increase this year over last year of 21 people in posts as from 1st April 2002, as opposed to 1st April 2001. The Elderly Care Agency employs as at 1st April 2002, 143 people compared to 130 on 1st April 2001.

Mr Speaker, I would like to take this opportunity to make a few comments about public sector reforms. There are one or two departments that my Colleague the Minister for Government Services will go into more detail. There are three areas Post Office, Building and Works and to a limited extent Sport, where the Government's wishes are driven by the view that the reform is necessary in order to improve the service to the general public. In the Electricity Department and in the Port the reform is driven by the need to create a structure, that is, the reform in terms of converting a Government Department into a Statutory Authority is driven by a slight different consideration which is the need to create a structure that enables pay and conditions to be improved in favour of the staff to eliminate historical situations and in the third category the Social Services Agency the need to establish a Statutory Agency created by the need to absorb at the end of the Milbury contract by the need to absorb people who are presently employees of Milbury, by the need to absorb them into the public sector given that the Government are going to take over through the Social Services Agency the functions presently being carried out by them. Mr Speaker the Government have got no privatisation agenda. None. Unlike the views apparently held by the Members of the Opposition when they were in Government, we actually are not persuaded that privatisation brings long-term worthwhile benefits. I make a reference to the hon Members Mr Speaker, because I was more than a little bit surprised and also more than a little bit disappointed to read the Leader of the Opposition's public message on May Day on this issue. In that, he says ".....in its May Day message a year ago the Government promised that their policy of replacing Government Departments by semi-independent agencies working outside the rules and conditions of the Public Service would only proceed if there was agreement with the workforce. Regrettably again since then statements in the House have been made suggesting that the Government whilst preferring to obtain disagreement nonetheless believe they have the right to introduce a range of statutory authorities even without such agreement. We believe this is wrong and indeed we have questioned the wisdom or need for this altogether. In the private sector we have seen increasing insecurity of jobs, short-term contracts and cross-border workers

eroding long established pay and conditions achieved since the introduction of parity many years ago. The answer to these challenges is for people to join their union and play a full part in its Committees".

Mr Speaker, workers in Gibraltar would be touched by the Leader of the Opposition's apparent concern for their welfare were it not for the fact that they would still remember what life was like for workers in general and in the public sector in particular under his Government. I really do not enjoy raking up the events of that many years ago but really when the hon Member makes public statements in the year 2002 which are so inconsistent with his ideology in office when he was on this side of the House, it is more than a little bit provocative of the Government.

Mr Speaker, workers will remember the years between 1988 and 1996 the many hundreds of workers that were shunted with poor working conditions and legendary job insecurity in joint venture satellite companies. Members of the public sector who he now encourages to join the Union or to turn to their Union for protection allegedly needed against the Government will remember the manpower reductions in the public service under his Government. They will remember the rundown in personnel not replaced. They will remember the complete lack of recruitment. They will remember the complete lack of promotion and they will remember the complete lack of training opportunities.

Mr Speaker, does the hon Member really think that he can make public sector workers in Gibraltar or indeed any worker in Gibraltar feel a need of protection from his party against my party. If he really feels that, if he really believes that, I have to tell the hon Member that he is living in cloud cuckoo land. In addition to what we have done for public sector workers, which of course includes equalisation of industrial and non-industrial pensions, all workers in Gibraltar and of course, needless to say, restoration of

manning levels, restoration of promotion opportunities. In addition to all equalisation of industrial and non-industrial pensions in relation to everything that we have done for public sector workers, all workers in Gibraltar are infinitely better off under this Government than they ever dreamt of being under his Government or that he ever dreamt of putting them in when he was office. We have frozen the annual increases which he used to have in Social Insurance contributions there has only been one increase in the very regressive Social Insurance Tax. Regressive meaning that it penalises the hardest, the lowest paid. There is only one increase in Social Insurance Contributions since 1996. He used to increase every year by 10 per cent, a tax on the poor. We have introduced very substantial tax cuts which have very significantly reduced the tax burden of ordinary working people in Gibraltar. We have very substantially increased the minimum wage and have extended it to all workers not just to the narrow group of workers that used to benefit from the minimum wage when he was in office. We have introduced redundancy compensation rights for all workers in Gibraltar not just for the very narrow group of workers that used to enjoy it when he was in office. Hundreds of workers in non-occupational, pensionable employment in the satellite companies that he set up have now been given occupational pensions by this Government under the Gibraltar Provident Scheme. Hundreds of workers that he was happy to employ without pension provisions for their retirement now have pension provisions. Why did he not do any one of these things to improve the lot of workers in Gibraltar which he now professes to be concerned about again and which he had the power to do when he was in office, chose not to, we do it and then he has the cheek to suggest to workers on May Day that there is need of protection by him from me.

Mr Speaker, unfortunately for the hon Member the memories of working people in Gibraltar are not as short as they would need to be for the hon Member to succeed with this strategy. Try as he might he simply lacks the credibility to pretend that this Government are a threat to workers' rights. Workers will understand that the very opposite is true. In no period of four

years in the Government of Gibraltar have there been so many improvements to workers' rights as there have been in the five or six years since this Government have been in office.

Mr Speaker, I regret to inform the hon Member that in this respect he lacks credibility even when he distorts and misrepresents the Government's position because, of course, he personally would lack credibility even if what he says is true, but what he says is not true. To boot it is not true. None of the authorities that the Government have been working towards implementation, none of them, not one has proceeded without worker consent. None. So why does he say that any of them are proceeding without worker consent. All of them have been the subject matter of negotiations and agreements - I realise how uncomfortable the hon Member gets when we touch on this area - which he considers to be ideologically his terrain but is now ideologically more our terrain than his.

HON J C PEREZ:

I doubt that very much.

HON CHIEF MINISTER:

Mr Speaker, the hon Member has to deal with the facts and not with what he thinks he would like the facts to be when they are not and he then has to grapple with this Government's vastly better record on doing things of value for working people than they ever did in eight years in office and I am not even a Socialist. I am not even a Trade Unionist. What I have got is a social and moral conscience and with a social and moral conscience the Government have introduced worker rights and protections and worker benefits in the last six years which they, alleged Socialists and apparently paid up members of the Transport and General

Workers Union, chose not to introduce when they had the power to do so. Those are inescapable facts there is no need to argue about them. There they are what we have done is on the record. What they did not do as well as what they did do is also on the record. It is a matter of public record.

Mr Speaker, all of them have been the subject matter of negotiations and agreements with the Trade Unions and staff. As the Government are tired of saying in this House most recently said by the Minister for Public Services at the last Question Time none will be imposed on staff. Indeed most of the ones that we are working on are intended for the benefit of staff.

Mr Speaker we have privatised nothing. We do not believe in privatisation, we have no privatisation agenda and the reality of it is that we have privatised nothing. Would he care to compare his privatisation record with ours? And when he has recollected the long list of privatisations that he implemented and recalls that we have implemented none, would he like to repeat his May Day warning that "in the private sector we have seen job insecurity and the erosion of long-established pay and conditions." No Chief Minister in the history of Gibraltar has ever tipped more public sector workers into the apparent insecurity of the private sector than he has. On what basis does he pretend to warn the public sector workers about the risk of non-existent privatisation now, when all the privatisation of public sector that has ever happened in the entire history of Gibraltar has been perpetrated by him, not by us. When he laments the job insecurities of the private sector, this is the same job insecurity into which he has tipped hundreds and hundreds of public sector workers.

Mr Speaker, we have privatised no public sector employee and we have no intentions of transferring any public sector employee into the private sector. May I also remind him that even when after agreements with staff when it can be obtained, functions are transferred from Government Departments into Statutory

Agencies, these remain public sector activities and the staff remain public sector employees. Even then, that is to say, even if and when we are able to introduce a statutory agency it is still not true to refer to it as privatisation. There is even then no privatisation. There is only one function in Government where the Government are rapidly running out of options and that is after we have offered a package within the public sector negotiated with the Transport and General Workers Union and what the Transport and General Workers Union has described as generous and attractive. It has still been rejected by the workers and that is the postal delivery workers in the Post Office. That is the only group of workers in which the Government may be forced beyond where its natural inclinations would take it in the interests of the public sector. The Leader of the Opposition's May Day Message does remind me to caution against a worrying and increasing trend, and that is an attempt at the return to the 1970's and 1980's style of party political interference in public sector industrial relations. Let me tell hon Members that we are told this by the workers themselves. This is evident in several areas where the Government are attempting to reform the public sector not just for the benefit of users, not just for the benefit of citizens and the taxpayer but also for the benefit of employees themselves. There are cases of agreements reached with the Union, which have fallen prey to such party political interference and undermining.

Mr Speaker, it is not just I who say so because at the same time that the Leader of the Opposition was making his completely inappropriate and inapplicable May Day message, the District Officer of the Transport and General Workers Union was also making a May Day message and this is what he had to say and I quote him, in the rest of the message he is quite critical of the Government. I can take criticism on the chin, the question is can the Leader of the Opposition take criticism on the chin or does he proceed on the basis that all criticism of him is necessarily maliciously motivated.

“The District Officer of the Transport and General Workers Union, Mr Montiel, to all workers in Gibraltar on May Day. The above scenario creates of necessity a deficit which is constantly exploited by politically motivated competing interests through direct interference in the legitimate affairs of the Union. Within these context certain political interests engaged in discrediting the leadership of the Union and in so doing ensure that no reasonable solutions are found to pure and simple industrial matters even when the worker’s pay and conditions are actually improved. Individuals who hide behind the protection of the Union do a great disservice to the credibility of the Union and the reputation and dignity of workers in general. Public Sector-The preservation of an efficient public sector and the economic well being of Gibraltar is in the interest of both Government and the Union and is best secured by a conscientious and professional management and a dignity towards the work ethos and not the advancement of political interests or greed”.

Those are strong words in public from the District Officer of the TGWU, it does no more than to support and sustain information that reaches us directly from workers who are exposed to this political pressure. Now, the hon Members may choose to laugh but the whole of Gibraltar remembers how the Leader of the Opposition used the Trade Union movement to reach office in 1988 or does he think that people have forgotten that as well? And does he really think that either the Government or the people of Gibraltar or even the workers of Gibraltar are going to tolerate a repetition of that sort of political manipulation of their interests as workers. I can assure the hon Members that the workers in Gibraltar need no protection from this Government and they certainly need no protection from the Members of the Opposition who were the last people to assault the interests of workers in Gibraltar and now seek to swap the sword that they used for that assault into an alleged shield to protect them from this Government. People have got eyes and people feel and the people in Gibraltar just are no longer willing to put up with that sort of condition.

Mr Speaker, the estimates of the revenue and expenditure that is before the House. *[Interruption]* This is another area which the hon Members appear to have a shortness of memory which is really not good for their political health. When they were in Office, *[Interruption]* when they were in Office, by shouting me down, by shouting me down he can delay for about 10 seconds, no more, hearing the inevitable. When they were in Office there was no reference to the Consolidated Fund at all, indeed, how could there be? Given that the Estimates of Revenue and Expenditure at that time, contained only 60 per cent of Government Revenue and Expenditure how could they possibly have a debate. So when the hon Member giggles as if to say, ‘at last you have come on to something relevant!’ Can he please recall his own budget speeches which gave none of the information that mine give, which dealt with everything except the Estimates of Revenue and Expenditure and which, of course, did not deal with Revenue and Expenditure for the very simple reason that as a measure of the Government’s revenue and expenditure the Estimates that he used to publish were a meaningless document. We only ever used to have 60 per cent of the picture in front of us as we did not have the other 40 per cent we did not know how much there was and how much there was not, how much was being spent on et cetera, et cetera. I am glad to say, that the Opposition is now better able to do their job than I was when I was in Opposition. As the Financial and Development Secretary has informed them the forecast out-turn of last year’s figures suggest that we will have a surplus, on recurrent revenue and expenditure of £50.7 million. For a variety of reasons the projected surplus for the current year in terms of recurrent revenue and expenditure is £8.8 million. The attitude of the Government towards recurrent fund management has been to curtail growth in recurrent expenditure unless it could be demonstrated, that the additional expenditure in recurrent terms would deliver a needed and identifiable improvement to public services. So when Ministers put up a proposal to spend more money, on the Elderly Care Agency, and demonstrate that this adds an additional social caring service for the local community, that extra money is made available. When the Minister for Education and Health do the same, the same approach is made. But in terms of recurrent expenditure that just

disappears into a morass of administrative expenditure there is a tight lid kept on the growth of that sort of recurrent expenditure and of course, the majority of increase in expenditure comes from things which are outside the Government's control which is payroll increases which given the parity arrangements these just come across automatically in Gibraltar, and they have whatever cost they have. In terms of the Improvement and Development Fund, Mr Speaker, the ability to spend the estimated funds has increased considerably this year. The hon Members will note that we estimated that we would spend £25.7 million. We have in fact spent nearly £23 million that is £22.8 million. This year, we are estimating an expenditure of £27.8 million and again it may well be that that is not spent in its entirety but all the projects that we would like to make a start on are there. Now, in terms of what these projects are and whilst my colleagues will be giving details of them, they break down basically into the following main projects. There is a very significant amount of money going to be spent in the continuing programme at major remedial repairs and beautification and refurbishment works to the Government Housing Estates. Hon Members will be aware that there is a systematic programme to refurbish all Government Housing in Gibraltar not just to improve the quality of life of Government tenants but indeed also as a contribution to the enhancement of the physical appearance in Gibraltar generally and also there will be significant money spent on the on-going, lift installation programme in Government Housing Estates. Government are focusing, last year, for example we abolished import duty on computer hardware and software in recognition of the fact that Government recognised information technology as an essential aspect of the development and formation of the work force and indeed of the students in Gibraltar and a significant amount of money will be spent in very significantly improving the provision of computer infrastructure within our schools. The Theatre Royal project which is on-going will continue to unfold and there will be significant expenditure on that project this year.

Another project that is underway and hon Members may have noticed, is a project which is estimated will cost in the order of

about £1 million to create a new baggage screening shed at the airport. This is an essential requirement of the current security climate where we have to introduce a conveyor belt and x-ray machine system whereby all luggage is passed through a mechanised x-ray system before it is loaded onto an aircraft, and obviously the land frontier building refurbishment contract will continue. We hope and we have made financial provision this year to proceed with the relocation of the small boats to Coaling Island, and this year also we will be proceeding with the new public transport system about which the Government have been making their ideas known publicly and gradually. There is a heavy programme of road construction and road resurfacing. There is a project to drive a new road through Chatham Counterguard, and there is another project to build a new road up Willis' Road, Castle Road area to facilitate traffic flows in that area and the Government have made financial provisions for proceeding with the construction of parking facilities in the Upper Town Area. There is a significant provision for Rock Safety Coastal protection and retaining walls and indeed for investment in our sewer system. Hon Members may recall in my budget speech last year I warned that there would be a need for substantial investment in sewers and indeed in stabilisation works and then as fate might have it since I made those statements we have had a major rock fall which resulted in the tragic death of a young Gibraltarian man and we have had a major collapse of the sewer system in Rosia Road. Both of those projects will require a very substantial capital expenditure in addition to many other rock stabilisation and retaining wall stabilisation programmes that the Government already had programmed to carry out this year and will continue as well. We hope, to proceed this year with the project for the demolition of the Piazza and the return of the John Mackintosh Square back into a City centre town square at street level. I hope that the hon Members will agree that this is a worthwhile project, and with the Upper Town beautification project as well. There is financial provision this year also for the completion of the new Bayside Sports Facilities which hon Members will know are already underway and of course there will be major expenditure on the new state of the art Hospital for which a very large amount of consultation with employees,

doctors and user groups, a very detailed amount of design work, contract preparation work has been done, the tender that was done according to EU tendering requirements because of the size of the project, this has now been completed. The contractor has been appointed and so the works, physical works will be starting very, very soon. There will also be investment in the Elderly Care Agency where the programme to increase it to nearly double its capacity will get under way and this year we will also be constructing a swimming pool for elderly and disabled persons that we hope to provide in the reclamation area.

Mr Speaker, there is a varied and wide programme of continuing capital infrastructural works. The position of the Government reserves and debt is as follows:-

In terms of Government reserves the forecast out-turn for the reserves as at the 1st April 2002, that is to say the beginning of this financial year, was that the reserves stood at £42.1 million and that the estimate as to what the reserves will be at the end of the current financial year and after a significant contribution to the capital investment programme, that I have just outlined, that those reserves will stand at £37.1 million. In terms of the public debt of Gibraltar that is forecast to have stood at £78 million at the 1st April and is estimated to have reached £86 million by the end of the current financial year.

Mr Speaker, can I just take this opportunity to correct the Leader of the Opposition on one small point. It was in addition to the programme, I have only listed the major programmes, there is a plethora of more minor programmes that also go up to make the £27 million but can I just correct the Leader of the Opposition on one comment that I detect, since he has taken to make them once again, it is some time since he last made them, but I heard him in a Spanish television interview complain that the Government were just spending the money that he had left. He describes the money that he had placed in reserves, and that sort of thing, but

can I just explain to him, nor that it makes any great difference, because the money is neither his nor mine, it is the taxpayers. But let me just explain that actually we are not spending any of the money that he left. All the money that he left, such as it was, nor was it the figure that he mentioned on that television programme in Spain, but never mind, leaving that aside, all the money that he left is still there. The money that he left, that we all know where, is still there. Indeed, it has been supplemented. The money that he left in the reserves and in the Government companies are still more or less at the same level and all the projects that we have undertaken have been funded either by an increase in public debt or in a minor way given that we have spent nearly £122 million since we have been in office and public debt has increased only £15 million. Most of our capital investment programme has therefore been funded through budget surpluses that have been generated. Finally, hon Members know that the Government have since 1996 taken annual steps to reduce the burden of personal taxation. This has taken several forms. There has been only one increase in Social Insurance Contribution since we took Office. Personal Tax Allowances have been very, very substantially decreased, tax bands and thresholds have been restructured. Last year we introduced a tax credit of £100 for any tax payer with an earned assessable income of less than £7,000. That was a measure designed specifically to target tax reduction at the lowest paid. Last we have also exempted senior citizens from tax on income less than £7,760 with generous tapering off marginal relief all the way up to £13,000 of income. We have reduced the top rate of tax from 50 per cent to 48 per cent. We intend to continue with this policy. Accordingly I can now announce the following measures.

As a further step in Government's continuing commitment to progressive and sustainable reduction in personal taxation and continuing the annual reductions that we have implemented since 1996, there will be a reduction in the tax rate applicable to the first band. At present, tax is payable on the first £3,000 of taxable income at the rate of 20 per cent. This rate is reduced now to 17 per cent. This reduction is worth £90 pounds a year to every

single taxpayer. The 45 per cent tax band will be widened. At present the 45 per cent tax band consists of taxable income of £4,500 after which the remainder of the income passes into the maximum marginal rate which used to be 50 per cent and is now 48 per cent. The tax band of 45 per cent is widened to £8,000. This is worth up to £105 per annum to tax payers with income in this tax band. There will be a further reduction in the top rate of tax. Last year the top rate of tax was reduced from 50 per cent to 48 per cent, it is now further reduced to 47 per cent. In terms of personal allowances we have over the years increased the personal allowances to an extent that more than restores their real value to their 1987 level, which was the last time that they had been increased since before we came to Office. Accordingly, personal allowances this year are all increased by 3 per cent, except the following two allowances which are increased by higher amounts. The Medical Insurance Allowance will rise from £300 to £500 and the Private Nursery Fee Allowance will rise from £650 to £850. In respect of the low income earners tax credit, as I said, last year, I introduced the low income earners tax credit as a means of giving back some of the tax paid by the low income earners in Gibraltar. Anyone with assessable income less than £7,000 per annum would get back £100 by way of a tax credit. This is now increased to £130 and in addition will be payable to anyone with an assessable income less than £8,000 per annum that is up from £7,000 per annum. Now this measure is worth £130 a year in addition to the previous benefits that I have just announced, it is worth an additional £130 a year to every tax payer with income less than £8,000 per annum of which there are several thousand.

Mr Speaker, in terms of savings, in order to encourage personal investment and savings, before I say that, can I just make a public statement reminding people that the low income earners tax credit has to be applied for in tax returns and it arises for the first time at the end of the current financial year. So I would urge people with low incomes, of less than £7,000, as soon as possible after the 30th June, to submit a tax return so that they can be in receipt of, in respect of last year the £100 credit that they will get under this

new scheme, introduced last year and of course this time next year the same will be true of more people in respect of a higher amount, £130 per annum and affecting more people because it will benefit anyone that earns less than £8,000 a year as opposed to last year's which was only £7,000.

Mr Speaker, in order to encourage personal investment and savings for the future the first £5,000 per annum of any individual's savings income will be exempt from income tax. Savings income will be widely defined but the definition will be restricted to ensure that earned income, that is wages and salaries, are not disguised as savings income, the exemption will apply to such things as bank and building society deposits, shares in quoted companies and quoted bonds, debentures and gilts and savings products of that sort.

Mr Speaker, last year I announced the abolition for one year of import duty on computer hardware and software. This measure was designed to reduce the cost of information technology thus making it more price accessible to ordinary people. The Government attach great importance to the attainment of computer skills by the people of Gibraltar. This import duty abolition is therefore extended until at least the 30th June 2003. Finally, if I can just comment that there are no measures for company taxation and that is because these will be included in the imminent and substantial reform of company taxation in Gibraltar which reformed will deliver substantial benefits and advantages to all tax paying companies in Gibraltar. In overall conclusion, may I once again say as I said last year that this is a balanced and sensible budget. It is balanced because it complies with what is now the hallmark of our approach to the management of the economy and our hallmark to the management of Public Finances and to budgets, and that is that there should be a balance between capital investment in our physical infrastructure and in our facilities and public amenities, that is to say, an investment in the present and future generations of Gibraltar in terms of the physical infrastructure and facilities in Gibraltar. In

addition that there should be investment in modernisation and improvement and upgrading of our more important public services, especially Health, Education and Social Services. Thirdly, that there should be a balancing of expenditure on those two items with reduction in personal levels of taxation and fourthly that the Government should maintain a prudent level of reserves and public debt. This balance is the blue print and hallmark which has underlined every budget that we have introduced since we have been in Office in 1996. It is the best way to balance the interests of present and future generations and to balance the interests of Gibraltar as a whole with our interests as individual citizens. I commend the Bill to the House.

The House recessed at 1.00 pm.

The House resumed at 3.05 pm.

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 documents on the Table.

Question put. Agreed to.

The Hon the Chief Minister laid on the Table the following Accounts:

- (1) Gibraltar Co-Ownership Company Limited –
Year ended 31.12.1999 & 31.12.2000
- (2) Brympton Co-Ownership Company Limited -
Year ended 31.12.1999 & 31.12.2000
- (3) Westside Two Co-Ownership Company Limited -
Year ended 31.12.1999 & 31.12.2000
- (4) GRP Investments Company Limited -
Year ended 31.12.1999 & 31.12.2000
- (5) Gibraltar Commercial Company Limited -
Year ended 31.12.1999 & 31.12.2000
- (6) Gibraltar Investments (Holdings) Limited -
Year ended 31.12.1999 & 31.12.2000
- (7) Gibraltar Land (Holdings) Limited -
Year ended 31.12.1999 & 31.12.2000
- (8) Gibraltar Joinery & Building Services Limited -
Year ended 31.12.2000 & 31.12.2001
- (9) Gibraltar Industrial Cleaners Limited -
Year ended 31.03.1999

Ordered to lie.

Debate continued on the Appropriation (2002-2003) Ordinance 2002.

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

HON J J BOSSANO:

Mr Speaker, last year when the Chief Minister opened the budget debate and spoke for two and a half hours I thought it might be the influence of his recent visit to the Havana seminar, this time it is three hours and he did not even go to Fiji. What is new this year is not the length, although I suppose we can expect three and a half hours next year by extrapolation but the fact that out of the three hours what the House has been told least is why it should be voting in favour of the £144 million expenditure before the House which is what we are supposed to be doing and given that he has established that it is possible on the premise that one is talking about the expenditure for the year 2002/2003, to talk about anything else, for example, one line in my May Day message generated half an hour of the three hour speech. The Guardian article generated another half hour of the three hours speech. The Straw letter and the Hain manipulation of media all led to further explanations from the Chief Minister and in particular explanations about the Input/Output study and the Abstract of Statistics for none of which we are voting. There is one thing in the forecast out-turn which for us is an important issue of policy which has not been mentioned and on which the Opposition feel very strongly and there is therefore a clear political divide in this House. The estimates show that in the financial year just ended, £5 million have been removed from the Social Insurance Short Term Benefits Fund and paid into the Social Assistance Fund. We are totally opposed to this decision. When the Government brought an amendment to this House to provide for money to be taken out from the Social Insurance Fund and transferred to the Consolidated fund or to another special fund we opposed it and

argued against. Social Insurance Contributions are compulsory payments to fund the receipt of identified benefits, they are not taxes on income to provide general revenue. If a private company raided the pension fund of its employees they would be taken to court so in principle we are against this methodology. In addition it is in fact contradicting everything the Government have said in this House since 1996. In the first budget the Chief Minister said that following agreement with UK it had decided to set up an Open Pensions Fund to deal with rights accrued from the 1st January 1994 and onwards on a continuing basis in the future, a closed fund for pre-1994 pension rights and a Short Term Benefits Fund. The Chief Minister argued that the Government policy was that the new open scheme should not be a budgetary item and that it should not become an item of expenditure which had to be met from recurrent revenue. He said that it was the policy of the Government that resources would have to be allocated to restore the value of the Pension Fund and that the Pension Fund liabilities should be met from designated income for that purpose. The reality is that the Government have done the very opposite of the policy they announced, he has raided the Social Insurance Fund and removed £5 million of its capital. He stated that the old Social Insurance Fund contained of the order of £17.5 million in 1996 and that traditionally it had consisted of an amount much nearer £50 million. This statement was untrue and utter and complete nonsense. Never in its history has the local Social Insurance Fund had £50 million balance. He announced that they were about to engage in an actuarial process to establish the degree to which the fund had according to him been depleted over the years by the GSLP. No such actuarial process was concluded in 1996 or to our knowledge since, nor is it the case that the Social Insurance Fund was depleted between 1998 and 1996. Later on in the year when the Social Insurance Ordinance was brought to the House he repeated his unfounded and incorrect accusations. He said, "there is a much depleted Pension Fund whereas when the hon Member, meaning me, reached office the Social Insurance Pension Fund had a sum of £55 million, as we speak today there is £15 million in it, that was in 1997. So, there is a substantial problem of underfunding of the scheme which the Government

will have to find resources for. This statement which in a few months had shifted from £50 million to £55 million as the 1988 figure was again a complete fallacy. What are the facts available in published Audited Accounts of the Government? The Social Insurance Pension Fund did not even exist when I took office in 1988. The Social Insurance Fund at the time covered both, Long-Term, that is, pensions and Short-Term Benefits and its balance was £16.5 million, not £55 million as was recently confirmed in answer to Questions in this meeting of the House. The separation into two funds, the Long-Term and the Short-Term took place in November 1988 as a result of our agreement with the UK Government that they should pay for Spanish pre-1969 pensions. In addition to the Social Insurance Fund there was the Employment Injury Fund also paid for by insurance contributions with a balance of £2.2 million in March 1988 the combined balance therefore of all Social Insurance money was £18.7 million in 1988, and of the order of £36 million in 1996. So, far from depleting the Social Insurance Fund in our eight years the accrued capital doubled. It is true that as a result of the separation the balance in the Employment Injury Fund grew from £2.2 million to £4.9 million and that in the Short-Term Benefit Fund it grew to £6.7 million to protect Gibraltar against UK's objective of making us pay for Spanish pensions. The Chief Minister admitted this when he introduced an increase of £1 in the contributions to the Open Long-term Fund he said then, ".....it is intended that the shortfalls in the Long-Term Fund should be met by transferring funds from the currently and indeed historically recent history over-funded Short-Terms Benefit Fund." He told the House, ".....the balance in this fund exceeds £8 million therefore it would be easy to meet the £1.8 million annual shortfall in the Long-Term fund." He has not done what he said was intended. He added, "...even if we use the whole of the £8 million accumulated capital which is in the Short-Term Fund which is in a sense money that might otherwise have gone into the Pension Fund we are still talking about two or three years in respect of the shortfall." That Mr Speaker was in 1997 not only has he not transferred these monies five years later, but instead he has expropriated £5 million to use for something else, why? He said at the time, ".....I recognise that there is this £8 million

which can be easily diverted, " why was it not done? Let us look at the facts and not at the spin. The Short-term Benefits Fund had £6.7 million when we left. In 1997 when the Chief Minister was making these inaccurate statements it had reached £8.3 million. By March 2001 last year, it stood at £11.1 million, and now after plundering it to remove £5 million it stands at £6.4 million therefore below the 1996 level and removing all the money entering that fund since he was elected. What has happened in the meantime to the Long-Term Fund? In 1988 it had £23 million and was dropping by about £2 million a year. By the year 2000 it had £19.5 million and today it is probably at something like £15.5 million, we do not know what the latest figure is. Where does this leave the commitment given by him to this House in 1997 when he said, "...the Government are determined that the financial provision available for the payment of Old Age Pensions will be put on a more secure footing than has been the policy during the last eight years when incidentally the reserves went up. We will also now in the next year or so and then later find ways of making positive capital contributions to it so that the income shortfall is addressed by the allocation of additional capital resources." He did not do this in the next year or so after 1997 and he did not do it later either. In fact, he has just done the opposite, removed capital resources instead of providing it. Unfortunately, Mr Speaker, this is not the end of this sad story of mismanagement and incompetence for which the Chief Minister carries political responsibility and the Financial and Development Secretary carries legal responsibilities.

In the original Ordinance on the Closed Long-Term Fund which pays Spanish pensions, the Government introduced a clause to unfreeze their level and pay increases and we warned them at the time and questioned the wisdom of this provision but they refused to listen. Subsequently, they brought an amendment to this House to remove the provision that they had put in at the insistence of the Foreign Office. I said about this provision, "...it seems to me that by putting that clause there what we are saying in this House is that there is a possibility that this rate, that is, the pension rate which has been frozen since 1989, will be increased

or could be increased if the Minister so decides and the House approves it and that possibility as the Chief Minister has said can only come about by one of two ways, either by the UK agreeing to pay or by the Government of Gibraltar agreeing to pay, both of which seems to be highly unlikely sets of circumstances." His reply was, "...I may be as successful as the Leader of the Opposition in negotiating with UK." Well, Mr Speaker, recent events do not seem to indicate that he is particularly successful at negotiating with the UK Government. Be that as it may he was certainly indicating the political will to see Statutory Social Insurance Old Age Pensions from the Closed Fund increased for Spanish Pensioners. We know Spanish Pensioners are asking for revalued pensions from 1989, we are talking about an increase of 45 per cent in the level of the Index of Retail Prices since they were frozen which probably translates into more like a 60 per cent cost increase when the accumulative effect is taken into account. Suppose UK agrees to pay the back-dated inflation increase to Spanish Pensioners, the fund will then have to do likewise for local pensioners, Gibraltarians and Moroccans and the estimated balance of £15.5 million currently there would be wiped out overnight. Let me say for the avoidance of doubt that I am talking exclusively of Social Insurance Statutory Pensions and not payments which are discretionary by a local charity which has nothing to do with this issue and which is merely a transparent attempt by the UK to pass the buck, but if the Government way back in 1997 were willing in principle to see Social Insurance Pensions increased for Spanish and local pensioners, where is the logic of removing the money from the local insurance fund at this particular time when it has become a hot issue. What is more Mr Speaker, if the economy was in a bad way, if Government revenues were weak, if there were other competing overriding national needs, I might understand though not necessarily support the decision for this unprecedented radical move but it is not the case if we are to believe the glowing picture of solvency which we have heard from the Chief Minister.

Since the Government have collected £10 million more than budgeted last year why on earth do they need to make use of that

£5 million in the Short-Term Social Insurance Fund which clearly has been identified since 1997 and 1996 as required to top up the money in the Open Long-Term Fund which is where the current contributions go or to be transferred directly into the Closed Long-Term fund which is where the bulk of pensions are paid from.

Mr Speaker, here we have an example of how the Chief Minister makes statements in the expectation that people will forget them and not be challenged on them like he did on these £55 million which when I asked at the earlier meeting of the House nobody seemed to know where it had come from and just like he paints a picture of saying we depleted the Social Insurance Funds in eight years when the opposite was taking place, the same applies to his whole approach to politics in that when he entered the political arena there were two pillars to his philosophy, one was anything that was good was an optical illusion and anything that was bad whether it was real or not did not matter because it was perception. I am afraid that he is now at the receiving end of somebody in London who shares his philosophy and believes in perception and in optical illusions. I will grant him one thing Mr Speaker, he is the master of spin and propaganda. He has sequestered practically all my arguments against the Brussels process but still supports it and he has regaled this House year after year with glowing accounts of economic success but dismissed my request for figures to back it up with an alleged obsession on my part with statistics which is what he accused me of in the last budget.

Let us look at the statistics as it is supposed to be my obsession. Let us dissect the Caruana economic miracle. I will not dwell on the number of buildings that have been repainted many times over, or the number of plants that have been planted, or the number of pavements that have been repaved all of which are laudable projects that will go up to make a year's GDP when the Input/Output study is finally completed but do not generate income and economic growth. We will have to await for the full report although we have been given an initial glimmer and I will be

commenting on that later on of its structure and content. We will reserve our final judgement of that new methodology when we see the thing finalised but I have to say the initial figures presented today are not encouraging.

Let us look in terms of the revenue and import duty. He knows as I do that what I might call general merchandise now provides the same amount of import duty as it did in 1994/1995 and that the balance comes from items potentially susceptible to hostile neighbourly actions. Let us look at banking statistics, during what he describes as the bad GSLP years bank deposits grew from £500 million to £3.4 billion at the highest, a figure that has never been surpassed since then. Let us look at expenditure from cross-frontier visitors with the numbers every year exceeding the previous year and of course prior to 1996 the view of the Chief Minister was that cross-frontier visitors should not really be counted as tourists because all they used to buy was Edam cheese and packets of sugar. The Chamber survey from which he has quoted shows that the percentage of trade generated from such visitors goes down every year as the number goes up. The survey this year shows that the dependence of the retail trade on resident consumers is higher than ever. Let us look at this engine of the economy that is the private sector and who it employs. Let us look at the employment survey reports tabled in this House. We now have the most recent figures available, the October 2001 Survey and I acknowledge that this is better than we were ever able to produce in terms of the time between the production of the information and then tabling in the House and we were promised that when the system was changed and we doubted that it could be achieved but it has been done this year. The important thing of course is what it does show. It shows for the first time since 1996 an increase in private sector employment and an increase that is taking year 2000 with the year 2001 and it also establishes a clear trend since 1996 of the deterioration in the quality of the jobs in the private sector. The numbers employed full-time in the private sector had shown no increase between 1996 and October 2000 in spite of the fact that every year we were being told that there were other indicators and every year when we pointed out

that the indicators were not being reflected in the official statistics of the Government of Gibraltar tabled in the Parliament the answer was that we were obsessed with statistics or that we used or I used statistics to change them around and paint a picture that was not real. The statistics are there and we are talking about simple arithmetic and one number is either higher or lower than the other. It is only in the last survey covering October 2000 to October 2001 that the figures have gone up by over 500, half of these being in the construction industry and some certainly being in Government funded agencies which as we have known from answers to Questions in the House appear here as private sector. However, even though there are more full time jobs in 2001 than in the previous year, Gibraltarian employment is still some 500 jobs less than in 1996, yes, "where are they?", the Chief Minister asks and that is what he asked me last year, he said "if they are not in the private sector and they are not unemployed where are they?" Well I know where they are not, they are not in Gibraltar because if he knows of a better explanation it can only mean that we are losing Gibraltarians and replacing them with Spaniards, and they are not finishing up on the dole, they are finishing up outside our shores or else contrary to what he has told us there has been an increase in illegal labour but this time all the illegals are Gibraltarians.

Mr Speaker, the Chief Minister brings the Survey to the House and quotes those figures in support of his analysis, well then he has got to live with the figures in the same report that do not support his analysis. There is a clear trend and that is that the private sector every year since 1996 has been relying more, and more on Spanish workers. Even when we exclude construction which traditionally since 1986 has acted as an area which absorbed Spanish labour in line with demand, if construction went up Spanish construction workers came into the market and if construction went down they left, and that has been going on since 1996 and therefore there is no clear trend every year up, there are less, for example, in the survey of 2001 than there were three years ago. If we take that out and we look not at the construction industry but at the rest of the private sector, what do

we find?, what we find is that in the rest of the private sector there has been between 1996 and 2001 a 255 per cent increase in Spanish labour from 484 to 1,234.

When the Government first announced measures of financial assistance to businesses, in fact in a Chamber dinner, the Chief Minister said that he had expected that that would result in more jobs for local residents otherwise the purpose of the exercise would have failed. I am afraid the surveys produced by the Government and Tabled in the House shows that they have failed to meet this objective.

Mr Speaker, I think it is also interesting that in the analysis that we have had about economic activity we have been told that the greatest threat comes from uncertainty and that the Chamber survey shows that in the year 2001 the negative impact of adverse publicity was affecting 67 per cent of the respondents. It is very strange that we have had between 1996 and 2000 no increase in jobs and no negative impact and this year is the year of negative impact and 500 extra jobs. The Chief Minister can shake his head as much as he wants, I can tell him that if he cares to do the exercise or get somebody else to do it for him he will find that there has been no improvement in private sector full-time employment since 1996 until this year. If he does not believe me I will give him some figures so that he can have them looked up. In the private sector in 1996 there were 7,736 jobs, in the year 2000 which was the highest before this one it was 7,742 a difference of six and in those six we have to discount the people of the Elderly Care Agency and the people in GBC and any other areas which are shown here as private sector. Areas that are paid not from private sector activity but from the Estimates we are voting today of expenditure, so, the fact that it is in the private is one thing to have GJBS in the private sector because GJBS is actually selling to the Government the product of its workforce and why should it not be there simply because it is Government owned. It is in fact acting as a commercial construction company like AMCO or anybody else but when one has for example, an

area where the Government simply votes money in the House and hands it over and there is no correlation between that money and a product which is identified, contracted or unpaid for then that is no different from the rest of the public sector. Indeed, the Gibraltar Development Corporation is in the private sector in these figures, we have been told that in answer to Questions. In 1996 full-time Gibraltarians were 4,950, in the year 2001 it was 4,379 and this year it is slightly above but very little difference. So, if it is indeed the case that the effect of the things to which the Chief Minister made reference when he opened this debate, if those things are going to have as he believes a negative impact, and as he says is predicted by 67 per cent of the Chamber of Commerce then I am afraid the welcome increase in this year in the private sector is going to be very short lived.

When he was making a reference to what happens when things get planted in the UK media as an aside, he says, " I might get a feeling of déjà vu," well yes, I can tell him that when the UK media said I was being threatened with 'direct rule' and I challenged the Minister who I think was David Davis at the time because it was attributed to a senior, I was not even sure it might not even have been the Guardian as well, attributed to a senior official in the Foreign Office, I can tell him that what Mr Davis told me over the telephone, because I rang him up in London was that they had no knowledge who this unnamed official was and that they were investigating it and searching for him and that he would end up in the Tower of London if they caught up with him. They never did, I hope they have better luck this time but of course I can also tell the House that when I issued a press release saying, "this is what the Minister has told me," the Minister rung me up very upset because he said, "look you are not supposed to make that public, I was only telling you that for your benefit." So, that might help him to pre-empt the next stage in this comedy that we face in dealing with our friends in London. Although we have put questions in this House about the non-publication of the Abstract of Statistics and about the delay in the production of an estimate of GDP as we have made clear publicly it is utter and complete rubbish to suggest that the fact that the figure and the document

in question have not been made publicly available has absolutely nothing to do with money laundering or anything else and therefore it will be an incredible level of ignorance of anything to do with Gibraltar and its economy if it were true that people in the Foreign Office are worried that because the Abstract of Statistics has not been published since 1996 there must be money laundering so we have absolutely no problem in condemning that for what it is and in guaranteeing to the Government that the British Government cannot count on us to do their dirty work for them and that therefore we will reserve our right as we are elected to do to criticise the Government in our Parliament which is where they are answerable because they are answerable to this Parliament and to the people of Gibraltar and not to the guys in the Foreign Office.

I am not sure whether the £1.6 million that has been the cost of advertising is one that everybody in Gibraltar thinks that it is the best spent money that we have ever had. The Chief Minister may not have found anyone, I can give him a list of names who think otherwise, but everybody is entitled to give their opinion and as far as I am concerned it is the judgement of this Government that that is the way in which to defend Gibraltar's interest and they come to the House and we will vote for the money to be spent because we agree in the defence of Gibraltar. It is probably the case that if we were in Government we would not be dishing out £1.5 million in advertising but certainly long after the advertisements are forgotten it seems clear that we are going to be still fighting to defend our corner and I imagine that that rate of expenditure and advertising cannot be kept up indefinitely.

In telling us of the letter from Mr Straw, the Chief Minister said that he had answered a question, initially from me saying that he did not know why so many years had passed without the publication of the Abstract and that he had promised to investigate it, and he gave us a number of reasons. In fact subsequent to that answer I have asked him in this meeting of the House what was the reason and what he told me most recently was that his investigations had

produced no reasons and that he could not give me any. [*HON CHIEF MINISTER: At the time*] No, no Mr Speaker, the first time I asked he said he would investigate and the second time I asked, when I asked "when is the Abstract for 1998 going to be produced" I was told, "..what has been decided is that we are going to publish the Abstract in the year 2003 and it will cover all the years up to 2002," but the investigation has not produced an explanation as to why it stopped. We have been given an explanation today as a result of him feeling that he should tell the House what the reason is following Jack Straw's letter or maybe because he has gone back to the department and insisted on getting an answer which was not there before but I must say that as he himself acknowledged, if one wants to change the presentation then there is no reason to stop the thing being produced in the old system, and as he has said, and I accept, it is not as if it was information in the main that has to be calculated anew because some of that information has been in the public domain because it has been given in answers to Questions, for example, import and export figures.

Then there was the question of National Income Accounts, we have been told that they have never been published and that for the first time it will be when the Input/Output model comes out that this account will be published. Presumably what we are being told is that it will contain some kind of breakdown of the global figure which has always been published in the past. As the Chief Minister acknowledged, the system in place was the one that was there before 1988 and on which the 1988 GDP figure was calculated which was supposed to be £150 million. As far as I am aware, as far as I was told when I asked how this was done, I was given a thick tome which is called 'The Blue Book' on UK National income and National Accounts and that adapted to Gibraltar was the basis of the calculation. I was also told that this was not peculiar to UK but this is the methodology that everybody else uses for their national income figures, so it seems to me that what is being proposed here is something that may well be peculiar to Gibraltar for the purpose of calculating national accounts, I do not know and as I have said we will see what emerges, but I have to

say that the Statistics Office never said, "We need to scrap this system and put another one in its place before 1996." It is true that there was this discrepancy but let us be clear what we are talking about. There are two methods to arrive at the figure and one is called the 'Income Method' and the other one is the 'Production Method' and in one what one does is that one adds everybody's income in Gibraltar and that gives one a figure and with the other system what one does is that one adds up the value of the goods and services produced by everybody in Gibraltar and in theory the two should be the same because for every penny that somebody has received, in the sale of a product, somebody else must have paid a penny for that product. So, one can either count the money received by the seller of the service or the product received by the buyer and the discrepancy arrives because the two figures did not tie up and that was the residual error. The residual error was the difference in the calculation between the two. The fact is that the correlation on the income side was the one that was most consistent with other figures because if one looked at earnings from employment in the Employment Surveys which can be arrived at by getting the table of average earnings and multiplying by the number of earners, and one gets the global figure, the changes from year to year in that correlated with the changes in national income from year to year. Therefore the most reliable element in the equation was in fact earned income which was a big chunk of total national income. When the Chief Minister was talking about these preliminary figures I did not interrupt him because I know he does not like being interrupted by me, and sometimes he refuses to be interrupted by me, but he said that the preliminary figure on output was £1 billion and that that meant that per person employed in Gibraltar we produce on a per capita basis, £95,000. There must be some people producing a hell of a lot of millions because I do not know how many of the ones on that side are currently generating goods and services or having earnings of £95,000 a year but there are none on this side. So, if we start removing all of us who are below the £95,000 and adding it to the ones who are above the £95,000 it must come to a very substantial sum of money. I am afraid I do not understand the relationship between output being £1 billion and Gross Domestic Product being £480

million. I am prepared to give way to the Chief Minister if he knows what the £1 billion is, I do not.

HON CHIEF MINISTER:

Mr Speaker, the £1 billion is what I said to him this morning, the total output in terms of his kitchen explanation of the difference between the Income and the Production Model, £1 billion is the total invoiced value of the production of the economy. If one adds up all the sales of the finance centre and the banks and all the companies in Gibraltar, that is the output of the economy, nothing to do with national income. It is one of the statistics that is produced by this economic model which is of some value but it is not part of the national income in terms either of the Gross Domestic Product calculation national income or the Gross National Product calculation. I am only a humble lawyer, I am not a qualified statistician but the Chief Secretary is a qualified statistician and Professor Fletcher who has produced this model is the UK's foremost expert in the production of National Accounts and National Economic Models for small economies. When the model is available I have said to the hon Member he can see it, he will be able to examine it and I hope he has many enjoyable evenings in the pub with Professor Fletcher over pints of beer to try and pick holes in his work. I am certainly not in a position, and for a start I have not yet seen the model. The model is locked up in a disc and until Professor Fletcher arrives and reveals it and explains it to the local Statistician all we have is the accompanying explanatory notes.

HON J J BOSSANO:

Mr Speaker, I will tell him what is the connection between what he calls my 'kitchen explanation' of the output and the income method and the figures that he quoted and the explanation that he has just given.

The Output Method it seems to me from what he has just told us which is to add the values of all the output in the economy, of all the goods and all the services in this model produced £1 billion and the income method produces £480 million, so now we have a residual error of £520 million because the residual error was always the difference between the two approaches of calculating it. Therefore whether one is talking about Gross Domestic Product or Gross National Income which he told us did not include the MOD which I am not sure that he is right about that, and national income collectively, the national accounts are also described as national income. I must say that I am not impressed by the fact that the Chief Minister tells me that Professor Fletcher is the top authority in the United Kingdom on national accounts and I shall tell him why. The last time I heard a Chief Minister saying something like that was in 1987. In 1987 and previous to 1987 when we were arguing in this House that it was possible to do something to pre-empt the Spanish pensions liability, Sir Joshua Hassan stood up in this House and told me almost with the same inflection that Sir David Hannay was the top authority of the European Union, that Mrs Thatcher used to call him Mr European Union and how could I possibly pretend to know better how to deal with the Spanish pensions than Sir David Hannay. I am afraid that history has seen proof that Sir David Hannay did not have a clue what he was talking about when he came to Spanish pensions, created a £200 million liability which the British Government tried to pass on to us and we have been told today as we were told initially that the approach that was made by the Government was to people who had done the Input/Output model in 1981 and in 1987. Well, the 1981 Input/Output model of the economy and the 1987 Input/Output model of the economy proved to be totally useless, totally useless. I do not know whether there were world experts on Input/Output models or what they were but they proved to be of no use at all to us and I would have thought that before going back to the same people who had already produced at some expense to us two useless models we would question the wisdom of engaging them to do a third and of course this one has taken a hell of a long time in being produced, there have been attempts to disrupt the work by creating earthquakes in India and all sorts of things and therefore we will see to what extent the earthquake has

affected the accuracy of the results of the model when we see it, but I find it odd that when we have just been told when I gave way to the Chief Minister, that he does not even know what is in the model because he has not seen it yet and because it is in a disc and it has to go into a computer, that the figures that he was plucking out of thin air a couple of years ago appear to be substantiated by the figures that he has quoted today as a preliminary result. We have been told that the finance centre provides 1,847 full-time equivalent direct and indirect jobs. We have been told that it contributes £130 million to the economy, I am not sure whether the £130 million is to the £1 billion because it is the sale of services or whether it is of the income side that they had a wage bill of £130 million.

Tourism we are told provides £107 million. I am not sure how that figure compares with the figures tabled in this House by the Minister for Tourism on tourism expenditure from the Tourist Expenditure Surveys but certainly if the tourist industry provides 4,000 jobs, it does not leave a great deal of the private sector, by the time we take out from the private sector Nynex, GJBS, Community Projects, GBC, GDC, shipbuilding which does not depend on tourists and the banks, there are not enough jobs for tourism to generate 4,000. We are not mentioning the gambling. I suppose all these gambling dens are not here because of tourists since they are doing all their business over the telephone and on the internet. I find these preliminary figures do not encourage us to believe that we are in for something that is going to be an improvement on what used to be there in the past and certainly look forward to having the opportunity to meet Professor Fletcher so that he will be able to clear my doubts once the report is finished and published, but, I would certainly be very surprised if the £150 million that the Government spend on recurrent expenditure and the odd £20 million that they spend on capital expenditure was no more than 19 per cent of our economy. From recollection I think that the Government of Gibraltar historically has always been 40 per cent or 45 per cent of Gibraltar's economy not 19 per cent.

The Chief Minister gave figures from October 1996 to October 2001 on the total level of employment in the private sector according to the Employment Surveys. I note that when he was quoting the employment levels based on the model he used full-time equivalents. Of course one of the things that one needs to look at in the survey which started off with 12,975 total employment in Gibraltar in 1996 and showed less in 1997, 1998 and in 1999 we have 12,936 so it is only in the year 2000 and 2001 that the global employment goes up, but of course the global employment includes the Gibraltar Government and if we are looking at what is happening in the economy I do not think that Government can say we are being successful in economic growth because we are employing more people. This is why the figures that I have given him and he was shaking his head are entirely consistent with the ones that he has given because I have spoken about full-time jobs in the private sector and he has talked about jobs in Gibraltar including the Gibraltar Government, the Gibraltar Development Corporation, all the agencies and including full-time and part-time and it would be absurd to argue that if for example, Safeways decides to reduce full-time shop assistants and split jobs and employ two part-timers the economy is growing because there are now two jobs where there was one. In looking at that one cannot simply use a global figure but even the global figure given by him shows that the 1998 figure is below the 1996 figure and it is only in 2000 and 2001 in the very recent years that the employment surveys indicate global growth. The comparison with the Social Insurance records I do not think can be taken to mean anything. I am not sure how we can have a figure for Social Insurance records for the year 2001 given that we have been recently asking questions about the Social Insurance schedules which are sent out which were introduced in the year 2001 and the information that we got back is that this is still in the process of being brought up to date and in the past the other source of possible levels of employment was the records in the Employment and Training Board of open contracts but we all know because the figures have to be revised retrospectively that at the end of the year one cannot assume that every open contract means that the people are still there working. So the employment Survey is based on what the Employer's claim are the numbers working for

them in October and on the assumption that employers are not lying when they fill the questionnaires, if an employer says that they have so many people employed and the figure that they give for Gibraltarians is 500 less than the one that was there in 1996 then it must be because they have got less Gibraltarians employed, I do not see how else one can interpret that.

I think it is true that there has been increased profitability in the private sector and I would remind the Chief Minister that in 1996 he had little confidence in the yield from company tax remaining at the level of £11 million to £11.5 million which it was then because he argued that this probably contained an element of arrears and because at that point in time he was arguing that the economy was on the point of collapse. In fact not only did it not collapse in 1996 but it has kept on with a steady pace. *[Interruption]* yes of course because he came in and he grabbed it just before it was going over the edge of the lighthouse, this is precisely what the British Government are doing to him. They are saying to him "we are going to save Gibraltar in spite of everything you are doing by not producing the Abstract of Statistics" and just like they are doing it to him he attempted to do it to me.

Mr Speaker, the growth in profitability in fact would be consistent with static employment because if businesses are able to have higher turnover and manage it with the level of labour they have got then obviously they become more profitable and pay more company tax but it does not necessarily produce more jobs and therefore increased company tax yields in the years up to 2000 and static employment levels do not contradict each other. There is of course something else that was happening in those years and something else which the extra payment of allowances, this is something that came out in the course of the election debate when we debated the economy on the eve of polling day in the year 2000 and that is that the one thing that has now gone out of the system is the millions of pounds in tax reductions that were made available to encourage home ownership. The £10,000 deduction from one's income in respect of the capital cost of the house has

tbeen declining since 1996 and is now out. Therefore, what does that mean? It means that if the money that one used to have reduced because one was claiming the allowance is no longer there even though the tax rate may have gone down by 1 per cent or 2 per cent one may still be paying more tax. It was 2 per cent last year and it is 1 per cent this year. Yes from 50 to 48 is a drop of two points and from 48 to 47 it is one and if one is a homeowner, and one is saving before on one's £10,000, £5,000 the fact that one pays 47 per cent instead of 48 per cent will not bring ones tax bill down. Obviously if the thing had not come down one would have paid that extra £1 out of every £100 but that is part of the element that has been reflected in increasing tax yield with a static workforce because the earnings do not show vast increases in pay levels in 1996, 1997, 1998 and 1999 so it is all very well for the Chief Minister that brings the statistics to this House to interpret them as it suits him and then when I question and quote him to say that I am trying to interpret them as it suits me. If the people are not unemployed they should be working and he says they are not working and then he says to me, "...well tell me where they are?" Well I do not know where they are, he is the Chief Minister so he can tell me where they are. I am here to ask questions not to give answers, I used to give answers before.

Obviously what has continued to grow and I imagine that this must be included in other services in the surveys and it is good to hear that the concern about the collapse of the gaming sector has not happened, but of course, that has never been identified as a pillar of the economy by the Government nor did they have it in any of their manifestos nor did they say, "we have sent out roving missions to bring in people to open gambling things here." Neither have they appointed a director for gambling at £80,000 tax free like they have a director for finance at £80,000 tax free. So, what it does show is that we do not necessarily have to spend vast amounts of money to attract new businesses to Gibraltar and what it also shows is that in fact to the extent that we have got growth in the economy and to the extent that the growth seems to be better in the last 12 months than in any of the other previous years since the Chief Minister came in, we are talking predominantly of organic

growth of staff that was already there. There is very little that has come in that is new and when the Chief Minister spends half an hour on one sentence in my May Day message to which he will be getting soon half an hour answer and when he picks on an answer that I gave in a debate 'Canal Sur' where they said to me, "...is there anything that you regret about your eight years in Government?" I think they expected me to say the lack of negotiations with Spain, I imagine that is what they were after, the answer that they got was " yes what I regret was that I did not spend more of the money that was made in our eight years on things that I felt personally were deserving..." because we used to have the philosophy of what we called the 'rainy day fund'. The first thing that the Chief Minister says, "People are mistaken if they think that we are spending all the money that you left, this is not true it is still all there." Well, one cannot blame them for thinking that he has spent it all because the first thing that he did in his first budget was to come here and say, "the rainy day is today," and I am now going to start taking money from the 'rainy day fund'. Mr Speaker, he was the one telling people I am taking money from the 'rainy day fund' in 1996 because "it is a rainy day today." Well, I do not think that we have been hit by the storm yet and let us hope that it never happens but if it does I am not sure how solid we are to face it but I am totally convinced that the economy of Gibraltar is built on solid foundations and that those solid foundations were not there in 1988.

However much he may want to rewrite history it is all very well to say when he suits him in the context of the May Day Message, "Ah but you privatised things." In 1988 the municipal telephone department had a cross bar exchange which was a museum piece and a situation in which the Government of Gibraltar were running a recurrent annual deficit of £2 million and had to borrow money to pay wages in 1988 and what we did because there would be no finance centre, no gambling, no internet, none of the other things for which the Chief Minister takes credit if we did not have Nynex and we would not have had the equipment and the infrastructure if we would have had to do it ourselves because we did not have the money, what we did was try and find somebody with the expertise

and the capital and an interest in putting a foot in Europe to come to Gibraltar and then we went to the Union and said, "Look, everybody in the Government have got a job guaranteed for life but there is an opportunity if you want to go to this new company which is vital for Gibraltar survival because we need the new technology and we need the telecommunications before we can attract any other business and anybody that does not want to will continue to be paid in the job that he is doing with the wages that he is doing even if he does nothing for the rest of his life." I do not think that is the kind of offer that he is making to people today and that is what he accuses me of doing when I was privatising people against their will? Every single person that left to go to Nynex, left voluntarily and if the Chief Minister thinks that I run the Union in order to get myself elected into Government then of course I can only put it down to the fact that in the years when I was in the Union fighting battles for improvement of working people, he was nowhere to be seen. He did not know who was in the Union or who was not in the Union, or who worked in the Dockyard or who worked in the City Council. He did not even know where Varyl Begg or the Laguna Estate was he discovered all these posts and all this brand new world after 1991 when by accident he found himself in this House in a by-election. In a by-election where the person sitting next to him told the people of Gibraltar not to vote for him because he could not be trusted.

HON LT COL E M BRITTO:

Mr Speaker, on a point of order. The person sitting next to the Chief Minister never said that, in that by-election I did not take part, that by-election was fought by somebody else not by me.

MR SPEAKER:

All right.

HON J J BOSSANO:

That is not a point of order because I am not lying and because in fact the Minister was in fact at the time supporting the candidate that was saying that on a manifesto of the party to which he belonged and since the party of Mr Henrich had a manifesto making that kind of accusation and he was a member of that party.....

HON CHIEF MINISTER:

Mr Speaker, would the hon Member give way?

HON J J BOSSANO:

Of course.

HON CHIEF MINISTER:

Was this before or after the Hon Dr Joseph Garcia tore up his manifesto in GBC?

HON J J BOSSANO:

That was before Dr Garcia tore both our manifestos in GBC, yours and mine. But the difference between that and the situation that I am pointing the Minister is that in 1991 Dr Garcia said that the policies of the GSD and the policies of the GSLP were rubbish compared to his policy which seems a perfectly sensible thing to say if one wants people to vote for oneself. [*HON CHIEF MINISTER: Rubbish*] Of course he thought this was rubbish

because he was trying to persuade people that his manifesto was better than ours but he did not think then that I would do a deal with the Spaniards. We both thought and so did the Minister that he would, the three of us.

HON CHIEF MINISTER:

Mr Speaker, on a point of order and whilst we are engaged but the same presumably does not apply to his Colleague Dr Valarino who was in the AACR Government that signed the Brussels Agreement which he thinks is the worst thing that has ever happened to Gibraltar. This exchange is completely irrelevant and I am very happy to leave it at that, but there are people in all corners of this House that have at one time or another been on different opposing political thoughts. Actually on the Government side there is much less than on the Opposition benches but I do not point it out. We both have one AACR member.

HON J J BOSSANO:

Mr Speaker, I have given way to the Chief Minister but let me say that this debate has taken this route because he chose to raise things that are totally extraneous to the money that we are voting in this budget.

MR SPEAKER:

It enlightens the House.

HON J J BOSSANO:

It enlightens the House, well, I am going to enlighten it even more. Since the Chief Minister has chosen to point to the contradictions supposedly with Hon Dr Valarino having been a member of the AACR that signed the Brussels Agreement let me remind the Chief Minister that the AACR did not sign the Brussels Agreement, the Brussels Agreement was signed by Sir Geoffrey Howe. The Brussels Agreement was something that meets his criteria because first of all the Brussels Agreement would not survive a rejection by this House and that is the only condition he puts to the British Government. The Brussels Agreement was made at referendum to the House and Sir Joshua Hassan committed himself to come and defend it here and we debated it and we voted on it. The vote was carried eight to seven but since he says his only objection is to done deals which will survive the vote, well that one would not have survived a negative vote according to the terms that were put to us at the time. Secondly, the AACR saw the errors of its ways in the by-election the Chief Minister stood, in 1991 the AACR disowned the Brussels Agreement and he fought the election saying as the defender of the Brussels Agreement, "I am entitled to the AACR vote."

The other point that he has made in relation to the AACR is that it is not just a question of people having people from other parties it is just that when the Hon Mr Azopardi was a member of the National Party he actually said in a by-election that they should not support the GSD precisely because it was against the Brussels Agreement. The one thing that the Chief Minister said that he cannot accuse me of is of ever having changed my position on the Brussels Agreement, ever, since it was signed or of the Lisbon Agreement in the 1980's since that was signed, or on the Strasbourg Talks since 1976 when that was signed. If the Chief Minister is not sure whether it is true I can tell him that the British Government never had any doubts immediately after my election in 1988 that I would ever participate in the Brussels talks. *[Interruption]* Well the perception that the British Government had last year was that the Government of Gibraltar was going to

participate in the talks and I am not saying that the Chief Minister was going to do it, I am going to use his terminology, that is the perception that they had. I do not know whether he would have gone or he would not have gone prior to his ultra nationalist statement of National Day which seemed to have set a new route but the British Government seemed to have that perception and I do not know to what extent that encouraged them to go down the route that they have done. I can tell the Chief Minister that certainly I remember him saying at one stage when he first offered himself that it was perfectly safe to go to the Brussels talks as Sir Joshua Hassan had done, that we must have trust in the British Government, and that we had a veto on sovereignty because it said so and it made a reference to the preamble. He then at a later stage said he supported tripartite talks. The Chief Minister then went on in 1997 to say that he was going the extra mile to try and meet the Spaniards and in an interview on GBC he said he was giving up tripartite talks because it was impossible to convince the Spaniards to accept two flags three voices and that if one was insisting on two flags three voices one might as well say one was against dialogue. Then of course he now says he has three flags, three voices although it does not mean the same thing that it meant in 1996. I think those nuances of position for which he is well known which allow him to claim when it suits him that he describes something in black and when it suits him otherwise to say that he described it as white because probably on one occasion he has done one and on another occasion he has done the other. That is the approach which enables him to stand up here and say if I say in a May Day Message as I did this year that he had told us in the House that he would not move people out of the Government into Government Agencies. I did not use the word privatisation, I said into Government Agencies because that is what he had said, only if it was possible to reach agreement but that subsequently the position had been changed. It was because of answers that we have been given in this House. I think that the only person so far as I can recall that sticks to that original position is in fact the Minister for Tourism and Port who told us that if the Port Authority was not possible to man with the existing workers of the Port Department because it was not possible to reach an agreement with them then the Port Authority would be there on

paper and the workers would still continue working in the Government as civil servants in the Port Department. That is what he told us in this meeting of the House at Question Time. That to me is consistent with the original statement that people could not be moved out and the fact that he says, "....well it does not matter because if they are in the agency they are still in the public sector." Well it is not a question whether they are in the public sector or not, the terms of the contract that they are being asked to accept, the restrictions on their rights to take industrial action, like the other things that he has done in that area where for the first time since the AACR lost the 1988 election, a Government in Gibraltar has said that secondary action in support of fellow workers or action which falls short of strike and involves selective stopping of some elements of one's job are not acceptable as a matter of Government policy. There have only been two Governments in Gibraltar's history that said that, those were the AACR prior to 1988 who never actually did much to implement it but asked for a mandate to take action in selective industries which were considered to be essential services to limit the right to take action and they did not do it because they lost. When we came in in 1988 the first thing we did was to change the Post Office Ordinance to extend the right to take industrial action of the postal workers even though as the Government we did not particularly enjoy when it happened to us. No Government likes to have their employees taking industrial action but one has to live with it if one believes that trade unionists and workers are entitled to it, and I am afraid I am not living in 'cuckoo land' as the Chief Minister thinks because I can tell him that whatever he may want to say in this House about how cruel I have been to the workers of Gibraltar and how much he loves them, I am afraid that the perception is the opposite and I do not make these perceptions, I just note them from this side of the House just as he noted all the perceptions that he used to say he saw when we were in Government. Election results are made up by a lot of things, by his analysis everything that we did against the workers between 1988 and 1992 met with the approval of 73 per cent of the population because all the things that he said we were doing wrong after 1988 was tested in an election in 1992 and we got 73 per cent and he got 20 per cent, so what does that mean? That we

did nothing wrong in the first four years and everything wrong in the second? No, we all know what it means. It means there was a concerted campaign which may well be restarting but if it restarts this time we will do absolutely nothing, absolutely nothing, to aid and abet it because as far as we are concerned our policy is that it is not a question to try to tarnish somebody with a brush because it suits outside interests, and it should not even be happening because it suits internal interests but at least for internal interests it happens everywhere in the world. When it happens for external interests which is what we are talking about, it is colonialism and all the colonies have been subjected to that kind of tactics since time immemorial.

Mr Speaker, it was the work that we did in the Trade Union that gave us the ground support that we have but the Chief Minister must know that I was elected to this House before I took up employment in the Union. I was not elected here on the basis of being an officer of the Transport and General Workers Union and when I joined the Union what everybody used to say to me was that being on a picket line and the first picket line that I joined was in 1972 when I had been a Member of the House for three months, and it was a picket line outside the Generating Station, when we were taking the troops out, and when the Minister for Education had not yet joined the union, he joined in the general meeting that took place *[Interruption]* yes, I was there with a sticker on my arm and I was the only Member of the House there. *[HON DR B A LINARES : I was there too.]* So was I. *[HON DR B A LINARES: You must have been standing at the back]* And when the Minister went back to the Cathedral to say Mass I came back to the House of Assembly to defend the position of the workers and the union and we each did what we believed in and what we thought was right but the fact is that the argument that I heard in those days was not that being involved in the frontline when people were on strike was vote winner but a vote loser, so, now the Chief Minister is trying to rewrite history to say I put people on strike so that the community that had the consequences of those strikes would vote for me, presumably by that distorted logic which can only occur to a very sick mind it must have been that the people

felt hijacked by me and that they thought the only way to end the strikes is to put him in Government. That must be the theory. They did not live to regret it ever after because they were so happy about it four years after that they increased the support of the Government by 50 per cent. So the Chief Minister is wrong. *[Interruption]* Yes, we then proceeded to lose very quickly and we all know what started very quickly after I went to the United Nations in 1992. The Guardian articles, that is what started in 1992 and 1993 with the now Government Ministers aiding and abetting it because I can tell the Chief Minister that if there is one thing that the British Government are interested in transparency is to find out how much money we have got, not so that the guy in the street wants to know whether the vote this year is £106 to £150 million which means nothing at all to him, because he is only interested in is where at the end of the week he is going to be better off or not better off in his home. The people in London want to know whether he is going to be able to pay the millions they want us to pay in Spanish pensions and the more he puts here the easier they will know how to do it.

Mr Speaker, we have been told about the latest position on the State Aid Case and the new tax system because it is not a tax restructure if profits are not going to be the basis for paying taxation. I certainly look forward to being given outside before the thing is made public an indication of what it is because the Chief Minister offered to do so but it certainly does not occur to me that there are many alternatives to profits from the options that I can think of. If one has a business and one wants to pay tax and it is not going to pay tax on the profits that it makes, then it must be related either to the sales volume or to the assets or to the number of persons it employs because I cannot think of another variable that can be quantified in a way which shows activity. If we are not talking about profits, or assets, or turnover or employees then it is difficult to see what else there is, but if this scheme meets the requirements of the Code of Conduct which until very recently we were being told we did not have to meet anyway because it was a political agreement which was not binding and it addresses the question of State Aid, and it addresses the OECD requirements

then what I cannot understand is why given that uncertainty is so bad for business, why is it that we did not adopt this approach at the beginning, why did the Government not come back right at the start of this process?

Mr Speaker, the Chief Minister has told us that they hope to bring in a competitor to provide an alternative to the present telephone system. The present telephone system which I was mentioning earlier was one of the things that we did in 1989 when we brought in Nynex, here we have a situation where in this year's estimates we have the revenue from the sale of Nynex shares. When the Chief Minister says that it is not true that what he inherited in 1996 is what is producing the wealth that we have got today, it is true that when he says to us much of the capital programme of the Government, £122 million since 1996 has been the result of property sales, a big chunk of those property sales are land sales because the land existed when he got elected and because when the land was being created we were being told not to do it because we were being accused of taking a gamble which would put a millstone around people's necks. The guy that first says to us "do not do it because you are going to ruin future generations of Gibraltarians" eventually finds himself in Government sells the land and says, "look how clever I am and how much money I have made this year," from selling land he was saying should not be there in the first place. The Gibtel shares which we got for nothing and which he has just sold to Nynex. The dividend that he gets from Nynex and from Gibtel and the dividend that he gets from Lyonnaise, all these things which are all in the estimates of expenditure were all there before 1996 and since 1996 there is very little that is new. There is much that is repainted but there is very little that is new and the fact that the business community has started employing more people in the last 12 months is still only very little to do with new businesses. We have to see whether there is going to be more growth in the gambling areas but certainly in the other areas it is very little. Where there is more employment in retail trade it is employment which is increasingly part-time and increasingly cross-border.

Mr Speaker, I do not know to what extent now in the economy of Gibraltar cross border workers spend their wages here and take goods back home as they used to in the pre-closure days. Obviously the terms of the contributions to the economy it makes a big difference whether they spend the bulk of their earnings here or they spend the bulk of their earnings there but I will imagine that it cannot be almost 100 per cent as it used to do in those days because we both know that prior to the closure a Spanish worker in Gibraltar could double his wages by taking goods back instead of taking the cash.

Mr Speaker, after telling us about the position on the telephones the Chief Minister then went on to tell us about the Spanish numbers and the implications of the offer made by Spain. I have to tell him that I do not know how long he has been aware of this but I think it is the first time that we have heard him give this explanation in the House. I think it is the first time that he has actually said, "...what we are trying to do is remove the 30,000 that we have got." The law published in the Spanish official bulletin in November last year the text clearly said, "the existing access code for Gibraltar" [*Interruption*] I am sure that it will not stop him saying when he uses the right of reply, there is no need all along and that he has been saying it all along notwithstanding the fact that that is not the case. He has not been saying it all along in fact although he objected to the conditions attached to the 70,000 the Government press release that was issued rejecting the 70,000 when it was originally offered did not say "we reject the 70,000 and we condemn the fact that they want to take away the 30,000." It did not say that but the official Spanish 'Boletin del Estado' already made clear that, and I said so in an interview at the time that it was published, already made clear that the code 9567 would disappear on the 31st December 2002 and that the new number, the new access code to ring Gibraltar from Spain which would come into effect on the 1st January 2003 would run in parallel with the old number and then at the end of the year that access code would go back to the Regulator and the 30,000 numbers would only be capable of being accessed by the new

code and that has been there from day one and therefore it was obvious from day one that if one did not accept the new code and one did not link the switch at the end of this year one would lose the 30,000 numbers because nobody could use the 9567 anymore. It would no longer exist. Throughout the public statements that have been made and the statements that have been made to the British Government that was not being said. I do not know whether the Government have woken up recently to this and we were not conscious of it at the beginning or the people who had looked at it had not flagged it to the Government, but all I can say is that it is quite obvious that it was not known in the business community because the business community at the time was urging acceptance of the 70,000 numbers just like the businessthe Chamber of Commerce element of the business community was urging us to be reasonable and accept what the Foreign Office wanted us to do or is it that the Chief Minister has forgotten that I spoke at a dinner of the Chamber of Commerce where in fact I took the opposite view to what the Chamber was taking which luckily now seems to be universally accepted but at the time what was being said was that we had to be realistic and that the British Government were asking us to be realistic and that we had to accept the extra 70,000 numbers and that we had to accept that the only way ahead was to go along with what the British Government wanted us to do, a position that I assume the Chamber has now abandoned as its view given that it has not repeated it recently. I cannot imagine that the business community was aware that there was a problem beyond this year not just of any new numbers not being accessible from Spain, because as the Chief Minister has said there is nothing to stop us issuing the numbers tomorrow but one would not be able to ring from Spain one of those new numbers. I am not very sure what will happen if one rung from Spain with the old code, whether it would mean that two telephones would ring, one here and one on the other side but I remember that at the time that we came out with this analysis of what the official 'Boletin del Estado' meant, people in the business community thought we got it completely wrong. They said nobody in the Government are telling us that and certainly the British Government are not telling us that and even the roaming ambassador that the Spanish Government have

in Gibraltar was saying this is not what it means and we did not push this more forcibly other than making that original statement than that original analysis because we thought perhaps we are reading more into it than is indeed the case. Since other people do not seem to be aware of it I have to say that for the Government to confirm this now it seems to me an astonishing thing that when we are six months away from the deadline we have confirmation that this is so and that in all the statements that have been made in the House of Commons by Ministers there has not been an immediate response on the terms that we have had today because if this is a flashing example of joint sovereignty then I think that should have been said on day one, the day the thing was published, and it is being said today for the first time. [HON CHIEF MINISTER: Rubbish] I know the Chief Minister says it is absolute rubbish because he has always been saying the same things from the beginning. In his many interviews he says, "...my position on Brussels has been the same since 1991, I have never changed." I have quoted three changes. "Sir Joshua Hassan was right it is perfectly safe to go under the old system of Brussels" - in 1991, in 1996 - "...we will go only if it is tripartite," in 1997 - "...we will go the extra mile and we are not demanding tripartite, we will now go as part of the British delegation, but it has to call itself the British delegation and not the English delegation." The Chief Minister may have made a living by playing on words like that in court, but he cannot expect to get away with it in Parliament. For heavens sake does he really expect us to swallow that the dividing line between going to the Brussels talks was whether the delegation of which he would form part was called the British delegation or the English delegation. [HON CHIEF MINISTER: Yes] That was the position in 1997 [HON CHIEF MINISTER: It still is the position today.] So he is claiming that Sir Joshua went along as part of the English delegation. That is nonsense, it was never called the English delegation, he invented the English delegation in order to show the progress that he was making. [HON CHIEF MINISTER: UK not English, the distinction is between the UK delegation and the British delegation and the two flags and three voices.] No, the two flags three voices as he well knows because he supported the concept at the beginning was tripartite and when he spoke to the United Nations very recently he

seemed to be going back to demanding three separate voices, that is, tripartite. Therefore I am afraid that it would be better for all of us if he made up his mind once and for all what is his position and then stuck to it. Preferably sticking to a position in which we can both be in total agreement because that is better for all of us but if he cannot, at least we would know whether he was closer to our position or closer to the position of the British Government which is that the Brussels Agreement that was there from day one, it was always unacceptable to us but the British Government have always argued that there is no alternative to the Brussels Agreement and that indeed he holds that view that there is no alternative to the Brussels Agreement. We do not hold that view and it is quite obvious that independent of any other consideration the degree to which we proceed with the development of our economy in the immediate future is going to have to be assessed on the basis of whether the attempts at persuading us to go down the route that we do not want to go, and we have no intentions of going, are going to be limited to articles rubbishing the Government in the Guardian because frankly if the best that the British Government can think of is the kind of rubbish they publish in the Guardian then I do not think we have got anything to fear about and I as I have said the growth in Gibraltar's economy between 1988 and 1996 shows that Gibraltar can still prosper and push ahead notwithstanding the fact that the relationship with the United Kingdom may be strained or the fact that Spain may be hostile. The Chief Minister argued entirely on the basis in 1996 that the problems with London were my fault and the problems with Madrid were my fault so it is quite obvious we are back to this question of perception on the one hand and the way that one presents facts to suit ones interests. It is quite obvious that if they attack me I am to blame and if they attack the Chief Minister they are to blame. I think he can be confident that not only am I not to blame but that I am prepared to stand in his defence when they attack him because I think that the only guy that is entitled to attack him is me. [Interruption] Well the Chief Minister ought to because it is something that impressed people in the United Nations, the Chief Minister ought to because I can assure him that it is not something that happens very often in politics elsewhere and I am prepared to do it because I believe

that it would be a nonsense for any serious politician to want to be a party to things that hand Gibraltar on the basis that is going to help him get into Government. Therefore given that scenario the position we have before us is that the Government expenditure over the next 12 months is based on revenue streams which in the last 12 months have exceeded the prediction by £10 million. We have already made clear how strongly we felt about the decision that was taken notwithstanding that extra £10 million to use money in the social insurance fund and it is an important issue of principle for us and if there was a way of remedying that, I wish the Government would do it because there would have been absolutely nothing to stop them putting £5 million from import duty into the Social Assistance Fund on top of the amount that they have already provided in these estimates. Beyond the current 12 months and of course, the current 12 months do not appear to be estimating an increased revenue stream which is consistent with much increase in economic activity because when we look at the global figure if it goes from £160 million to £162 million and in fact last year they were expecting £150 million and they finished at £160 million it would mean that without a slowdown in the economy one would expect that the revenue estimate here would be on the conservative side, especially when we have just finished a year were the employment survey shows for the first time more jobs and I do not know whether the jobs would have come in throughout the year but if one takes the figure which is the difference between October 2000 and October 2001 one would expect that the full effect on economic activity and revenue yields would be more likely to be seen in the estimates for the next 12 months than the last because the increase happened in the last financial year and therefore it would not have happened, all the jobs would not have come into existence on the 1st of April 2001. Next year in the year 2002/2003 will be the first year in which a full 12 months effect of those additional jobs for last year will be seen and we will have to see to what extent the trend continues or whether it comes to an end.

Mr Speaker, in looking at the level of debt the Chief Minister always used to be very critical of the debt of Gibraltar and one of

the things that he did was to do away with the General Sinking Fund which as I pointed out at the time was not an invention of the GSLP. The Ordinance provides discretionary powers. One can have a General Sinking Fund if one wants it and not have it if one does not want it. We inherited a system where there was a Sinking Fund for each loan and we decided that rather than have a Sinking Fund for each different loan we will have one for all the loans. On the basis of course that in looking at the money that needed to be put into that Sinking Fund we did what I think would be considered to be a prudent way of amortising debt which was to say, if one buys something that has a life of 10 years and one borrows money for 10 years then each year one puts aside from one's annual revenue one tenth of the cost. That is in fact how it used to be done in the old Municipal Accounts in the City Council so that at the end of year one is putting one tenth and then at the end of the 10 years [*Interruption*] if the Minister thinks that that is not a prudent thing to do then he had better ask his financial advisers whether it is or it is not. Actually it is not something that many countries do because many countries do not do it, they just keep on mounting debt and hope that when the time comes either they have the money or they will be able to reschedule the debt by borrowing to pay and there is now one single reserve where the surplus is in a savings bank in the Note Security Fund, in the Consolidated Fund were they were all put in 1997. There is no leeway to pay off the £50 million debt in a few years time but what we are being told is that the Government have no intention of paying it off, what they intend to do is to issue new debt to replace the existing one. That is what I was told sometime ago. Fine, but issuing new debt to replace the existing one with the existing borrowing ceiling limits one's borrowing capacity. If they are actually redeeming maturing debt, one can then borrow to spend, but if one borrows to redeem the debt one cannot borrow. As long as the Government are in a position to say, "...I have got a surplus that I am going to be using for capital," that is fine but the moment that they do not have that position then they may have a difficulty given the present unhelpful position that the British Government are adopting. I do not think that they have any right to do it but I can tell the Chief Minister that originally the British Government's position in 1988/1989 was that the level of Gibraltar's public debt

was a matter entirely for Gibraltar and I had it in writing and then when they became less helpful after 1992 they suddenly decided that it was not a matter for Gibraltar that it required ministerial consent from London to set a new ceiling and since the ceiling is set by an ordinance they cannot prevent it happening. The point that I am making in relation to the level of debt certainly we are not going to be scared because the Government are borrowing extra money this year in order to fund expenditure in the Improvement and Development Fund, we believe in it, but we think it would have been wiser to do that unless of course the Chief Minister is confident because I remember he said at one stage it was up to the Government and it was open to the Government to decide to fund long term projects by borrowing and service the debt from recurrent revenue. That would have meant given the level that we are already projecting this year I think it is £78 million, then we are coming up against the possibility of exhausting the £100 million capacity. I do not know whether the Government are confident, I have to say that we do not think that the £100 million is a high figure in relation to the sense of our economy or the level of revenue but I do not know whether he is confident that there is no problem with that and I can tell him whether a problem exists or not seems to me to be determined less by the technical scientific analysis of what is a reasonable prudent level of debt than by whether the British Government believe he is behaving himself or not.

Mr Speaker, since the year 2000 the income of the Government has grown in a way which obviously the Government were not as confident of as we were because their main argument against us in the last election was that the list of measures that we proposed to introduce at specific dates could not be done. We have no doubt that with the level of income that there is here they could have been done and not only could they have been done, all of them could have been done probably quicker than we anticipated and it might well be that some of the other things, we might have decided to spend less on advertising in UK newspapers but the Chief Minister says everybody in Gibraltar is happy that it is money well spent, I can tell him that there are some people in Gibraltar

who believe that the competing aim of the advertising campaign is whether the main target is persuading public opinion in the UK and the second target is persuading public opinion in Gibraltar to vote for him or vice versa but I think in most people's minds it is a close thing between the two. It may well be that the degree of exposure [Interruption] of course I think it is valuable [Interruption] no, no I do not enjoy anything that the Government does, period, whether it is successful or a failure [HON CHIEF MINISTER: *Exactly, analyse that statement tonight*] the Chief Minister has a picture of himself when he was explaining all the awful things that I was doing to working people in Gibraltar and all the wonderful things that he has done since 1996, he was painting a picture of himself which is not the perception that many people have of him. The perception that many people have of him, at least when they talk to me, they may say the opposite when they talk to him, but when they talk to me it is that he is a vindictive guy that humiliates everybody around him and makes life a misery for them. Not this cuddly Father Christmas figure that he would have us believe. Maybe he is a cuddly father figure to the rest of the Ministers but certainly he has a reputation for all he says about transparencies of making sure that everything has to get past him before it happens, not just the umbrellas in the restaurants in the Casemates and their colour, or the pastel colours of the buildings, or who gets the tenders and who does not, who gets a job and who gets the promotion, I do not know whether it is true or not but I can tell him that there is a perception of this and we all know how dangerous perceptions are. He kept on warning me about these perceptions because he wanted me to protect myself against these malicious perceptions so that I would not lose votes and since I owe him the favour I am now telling him all the perceptions, all these nasty perceptions that there are in town so that they will not cost him votes and he hopes I am doing it out of gratitude for all those perceptions that he constantly paraded when he was the Leader of the Opposition. Thank you, Mr Speaker.

HON MRS Y DEL AGUA:

Mr Speaker, Social Services are not about Gross Domestic Product, on national income figures or statistics, I am sure listeners will be glad to hear. Social Services exist to provide a wide range of care and support for the many who need it in our community. These include, amongst others, elderly people, people with physical or learning disabilities, people with drug or alcohol abuse problems, ex-offenders who need help with resettling into society, or children in care. In reality, social services are for all of us. Many of us are likely, at some point in our lives, to need to turn to these services for support, whether on our own behalf or on behalf of a friend or relative. Often this will be at a time of personal and family crisis – the birth of a disabled child, a family break-up, or maybe a death which leaves someone without the carer they had come to rely on. Any decent society must make provision for those who need support and are unable to look after themselves, and I have no qualms in stating that I am proud of my Government's track record in this regard.

Mr Speaker, the delivery and extent of social care in Gibraltar has indeed come a long way. From a small team of social workers running the services from very cramped conditions with limited facilities, social services has developed into a much larger, properly structured department in its own right. The heavy investment by Government into this arena and the recognition of the important work undertaken by this team of dedicated professionals, has provided them with much needed motivation and has allowed social services to expand in a much more structured, coherent and effective manner, for the benefit of all service users. Credit must be given to the contracted agent, Milbury Care Services Ltd, who have been instrumental in developing this service and imparting their expertise and well tested operational policies as a sound base from which to continue to develop the service even further. Milbury retires this coming November and plans are well underway for the creation of a statutory Social Services Agency, fully funded and supported by Government as is the case with the Elderly Care Agency.

Without doubt, the most important and innovative achievement in the field of social care within this last financial year has been the closure of Bishop Healy Children's Home and the end of large scale institutions for children in care. These children have now taken up residence in four flats within residential areas in Gibraltar. The tremendous improvement brought about by this change to their quality of life and the enthusiasm with which they spoke to me about their new homes when I visited them, has made every single penny spent in providing this new service more than worth it. Government have now asked the Social Services Agency, in conjunction with the Disability Society, to consider the possibility of a similar supported living scheme for those people with disabilities, currently living in Dr Giraldi Home, for whom this might be appropriate. A report is expected very shortly.

Mr Speaker, since this Government amended the Criminal Procedures Ordinance and made Community Service Orders available to the Courts, all of these (Juvenile, Magistrates and Supreme) have made use of this sentencing option to a much greater extent than originally anticipated. Offenders on the scheme have generally responded well to the stringent conditions attached to community service, with only one offender having been breached for non-compliance. The value of this new service has been greatly appreciated by the Courts and has also proved extremely beneficial to those offenders for whom a stay in prison would not serve much purpose. The placement of offenders in a working environment with a non-offending group is proving to have a very positive influence in changing the offender's attitude. The concept of reparation, that is, paying back to society, is evident to the offender. By working in places like Homes for the Elderly, youth clubs, voluntary groups and charities, which are the main placement areas, the offenders open their eyes to the needs of other more disadvantaged people than themselves. Out of the 27 people who have received Community Service Orders since the introduction of the scheme, 15 are currently on the scheme, and 11 have successfully completed their hours with none of them re-offending. It is also most encouraging to note that out of the

11, six have subsequently found employment. All in all, the introduction of this scheme has proved extremely worthwhile.

Mr Speaker, with regard to the Prison, work has already commenced on the introduction of sanitary ware for the cells. The cells are being equipped with a toilet and wash basin incorporating hot and cold running water. This will represent a significant improvement for all inmates and will bring our penal establishment in line with the United Kingdom and other European countries in this regard. In addition to this, the flooring of walkways within the different wings and cells are all being fitted with appropriate ceramic tiles which will greatly enhance the overall appearance, cleanliness and hygiene of the living accommodation. In relation to the treatment and training of inmates, we are looking at the possibility of introducing a scheme whereby inmates could undertake modules of a construction related National Vocational Qualification. The idea behind this is to explore whether inmates can obtain some form of qualification for the voluntary work they carry out whilst in prison. These types of training courses offer a comprehensive package of qualifications covering basic craft skills in many occupational disciplines at three different levels. Initially, the intention is to take these steps gradually and encourage prisoners to commence at certificate level. It is envisaged that the starting date for this scheme would be September of this year. The Department of Education and training are also willing to assist those prisoners wishing to enter the Vocational Training Scheme. This will provide offenders, up to the age of 25, with the opportunity of seeking employment on completion of their respective sentences and assist them in their social rehabilitation and transition from prison life to freedom.

Mr Speaker, turning now to the Elderly. Yet another important development in the provision of support for elderly people is the Government's initiative to fund food and provisions for the four day centres which exist in Gibraltar. These centres have historically been run by volunteers, who meritoriously give of their

time to look after the many elderly citizens who attend. The volunteers, some of them elderly themselves, enjoy the work that they do which consists of driving the less mobile clients to and from the centres, cooking for them, entertaining them, and taking them on outings. What I think is unacceptable however, is that these volunteers should be paying for meals, daily provisions, outings and Christmas parties out of their own pockets or relying on charitable donations. Government are therefore now fully funding these centres and two social workers are deployed to manage the service and work with the highly committed volunteers. In addition, and I know these will be welcome news for those citizens who attend the day centre at Bayview House, provision is being made to move this facility to very suitable premises within the building which currently houses the Social Services Agency. Government are also pursuing the possibility of funding training for those volunteers who wish to undergo courses in first aid, food hygiene, manual handling et cetera.

As the Chief Minister has already briefly mentioned, Government have committed £100,000 this financial year for the provision of a purpose built swimming pool for elderly people and others with physical disabilities. For many reasons, beaches are not the most accessible of places for some elderly people or people with mobility problems, and since the disappearance of the Montagu Bathing Pavilion many of our residents have been unable to find suitable alternative venues affording access and safety for swimming or bathing. These new bathing facilities in the reclamation area, will consist of a shallow pool with handrails, wide steps into the water and possibly seats that would enable adults to sit in the water. It will also incorporate changing facilities and amenities and hopefully, if logistically possible, access to the sea. By so doing we hope to considerably improve the quality of life of those people who have for many years been unable to enjoy this sort of amenity or pastime.

Mr Speaker, I believe that my Government's commitment to our elderly is clearly evident. The first step that we took after coming

into office was to give specific responsibility for the elderly to one Minister in order to ensure that top priority was given to all issues relating to elderly people. This move was followed by the creation of a statutory Elderly Care Agency. We then took the bull by the horns and set about tackling what was then a political hot potato in our society which previous Governments had not had the courage to handle. I am talking about Mount Alvernia, Mr Speaker. The injection of very considerable human and financial resources on the part of Government, coupled with the dedication and willingness of the staff to make things work, has paid off. Not for Government to claim success, but for the benefit of the residents whose home it is. It is they who are reaping the rewards and so it should be.

Only a few months ago, faced with the ever increasing demand for admission into Mount Alvernia, Government made available further funds which enabled another 11 staff members to be employed in order to increase occupancy from 78 to 90 residents. An activity coordinator has also been employed. This has been greeted with enthusiasm and delight by the residents, primarily because the range of social activities like arts and crafts, bingo, film nights and other recreational pastimes have been greatly increased. We have also committed the sum of £160,000 this financial year for the introduction of domiciliary care to assist those in the community in most urgent need. The structural mechanism is being set up and will be implemented shortly. A fuller domiciliary care package will be available once the modification works in the home are finalised. Which brings me to that very topic, Mr Speaker. After some unavoidable delays, the contract for the modification and refurbishment of the Home has now been awarded and works will commence on the 17th June. The completion date is estimated to be June 2003. The much needed works will consist of the renewal of mechanical and electrical services, renewal of existing lift facilities and the provision of an additional lift, the replacement of all windows, a complete refurbishment of the kitchen and equipment, specially designed bathrooms for people with disabilities, together with an increase in the number of bedrooms. The fabric of the building will also be generally improved in quality and appearance. After

refurbishment, the bed occupancy will increase to 138. The total cost of these works will be in the region of £2.1 million.

Also as part of the development and promotion of Elderly Care, the concept of an annual award to an Honoured Elder has been introduced this year. The purpose of the award is to give recognition to one elderly person in Gibraltar who has achieved something outstanding or exemplary, despite any difficulties they may have due to their advanced age. The overall aim is threefold:

1. to motivate elderly people to retain or develop mental and physical activities;
2. to promote the concept that the elderly are capable of carrying out activities commonly associated with younger people; and
3. to encourage others to support our elderly in such activities.

The response of the community to this scheme has been excellent with 59 nominations being received. I am pleased to say that the recipient has already been chosen by an independent panel and I will be presenting him with his award next week.

Mr Speaker, I now turn to the matter of Social Security Benefits. As from the 1 January this year, Industrial Injuries Benefits have been increased by 33 per cent. These benefits, which have not been up-rated since 1990, include Injury Benefit, Industrial Disablement Pensions and Industrial Death Benefit. Injury benefit is payable to employed persons who are unable to work because of an accident at work or due to certain contracted diseases. This benefit has been increased from £56.70 to £75.60 per week. In the case of a married couple with two children, the rate of injury benefit has increased from £79.80 to £106.05 per week. The

industrial death gratuity, which is a lump sum payable to widows and widowers when an injury at work results in death, has increased from £16,050 to £21,350. In addition, the recently introduced Maternity Allowance has also been increased from £56.70 to £76.60 per week.

Finally, Mr Speaker, I am very pleased to say that most of our manifesto commitments relating to social security, social services and the elderly, over which I hold ministerial responsibility, have been met or are well in the process of implementation. I am hopeful of being in a position to announce the few unimplemented items in next year's budget, well before our term of office is over. In concluding, I would like to once again sincerely thank all of my support staff. It is all very well for Governments to take credit for their achievements, but recognition should be given to the fact that however many good policies Government come up with, successful policy implementation is mainly due to the efforts and dedication of the employees within our departments. I thank you Mr Speaker, and the hon Members, for your attention.

HON J L BALDACHINO:

Mr Speaker, as spokesperson for employment and social services, I will be dealing with these two departments in my contribution. I will start with social services. As I did last year I will be dealing with Milbury first of all as most of the users and relatives were not happy with the service that Milbury were providing at Dr Giraldi home. Especially, as tax payer's money to the tune of £1.6 million was being paid to Milbury. The forecast out-turn for the financial year 1998/1999 was £897,000. This figure then increased progressively every year, to reach the £1.6 million. The hon Lady, Minister for Social Affairs, gave us an explanation as to the increases. We will therefore be asking in Committee Stage, why she is budgeting for this year £150,000 less than in the 2001/2002 forecast out-turn. In the light of the explanation she gave us previously on the increases. We would

like to know what has changed since then? The Chief Minister in his opening speech and now the hon Lady have touched upon, we were not sure what was going to be replaced in Milbury Management Structure. The hon Lady just indicated that it would be in the "something like in the Elderly Care Agency," in those lines. We will reserve our position on that until we see actually when the Minister brings a Bill to the House establishing that.

Nevertheless, neither her or the Chief Minister have said if this will be ready before November which is when Milbury's contract expires. I do hope that Milbury's contract will not be extended when it expires in November of this year.

Mr Speaker, during the budget speech of 2000 the Minister for Social Affairs said, " as promised in our manifesto and as part of our commitment to improve the quality of life of senior citizens, a free minibus service to and from the town centre will soon be in operation to assist elderly people who live in the upper town area." There have been questions asked in this House in relation to the minibus service for the elderly by my hon Colleague Mr Perez and myself. Initially the Government said that the bus service would be provided by the Government, then I recall telling the hon Lady that the existing private bus service could be used as an interim measure. It made sense, more so, as the hon Lady had said in her contribution that such a service was necessary for the quality of life of our elderly citizens.

Unfortunately, my suggestion was not accepted by the Government. They argued at the time that they were not prepared to subsidise a private bus operator. Yet, in a following question by my hon Colleague Mr Perez, after they had said this, they told him that they were in contact with private sector operators so that the service would be provided by them. Two years, have now elapsed and our elderly citizens have still not had their quality of life improved as promised by this Government.

Seeing how long it takes this government to put into place their commitments, it could well take another two years for them to deliver. I hope that the pool that they have just mentioned does not receive the same fate.

Mr Speaker, I would now like to turn to another matter. It has also been brought to our notice that staff at the frontier have been given instructions that disabled car passes are not to be accepted by them, unless the four lanes are in operation. I do not know who has taken that decision, neither can I understand the logic behind such a decision, as there has not been a public outcry against the granting of car passes to disabled persons at the frontier since its introduction. The Minister must be aware that there are cases when any sort of waiting, irrespective of the length of time, constitutes, stress and discomfort to those who suffer disabilities. I trust that this decision is reverted for the benefit of the disabled.

Mr Speaker, a policy which we are against, was the decision taken by the Traffic Commission to refrain from accepting applications from disabled persons for car parking discs. In answer to my Colleague Mr Perez's question in this House, the Hon Mr Holliday, Minister for Tourism and Transport, defended that decision on the basis that there were persons abusing the system. We are not against the system being reviewed but we believe that the fairest way to have dealt with this situation would have been to carry out a review of the system but in the meantime the old system should have continued so that genuine cases would not have been adversely affected, as has been the case. I have had at least two persons coming to me and saying that their application has not been accepted. I think that they are genuine cases, I am not in any position to verify whether they are or not but I think that if the Government were going to review the situation which we do not know how long it is going to take, the most obvious thing is that before one replaces anything with something else the old system should have been kept in place and then once they had whatever they wanted to implement then the other one should have been taken off.

Mr Speaker, the Government announced during the budget of 2000 that they would issue cards to women 60 years of age and over and men 65 and over, which is the pensionable age. These cards would enable the Senior Citizens Association, to negotiate with the private sector, so that discounts and other benefits could be provided to our elderly. I do not know how effective this has been but that is not the point we want to make. The point we want to make is that the Government should have taken the lead by showing that they are willing to participate as well. They could have exempted elderly citizens from paying their annual television licences, even though in the last House the Minister said this was under review but this has been under review for nearly a year and six months. In this manner, the private sector could have seen that in the same manner the Government expects it to do something, the Government would also be seen to be providing financial assistance as well.

During the last two budget sessions, I spoke about the Working Time Bill which the Government passed in 1999. It gave effect to Council Directive 93/104/EC. My argument at the time, was that what we were passing was inferior than what we had in our law already, which protected young people, as persons aged 17 were going to be treated as adults under the new Bill, which was not the case in other clauses of the same Ordinance. A young person is considered to be between the ages of 15 to 18. In answer to the point I raised, the Hon Mr Netto, the then Minister for Employment, said, "but I can say that that particular point that the hon Member has just said now, will be covered in a following Bill to come to the House on the EU directive on the protection of young workers."

Three years have since elapsed, and the Government have yet not brought this Bill to the House. If the Government knew it was going to take that long, surely they should have accepted my suggestion not to repeal the part of the Ordinance that gave protection to 17 year old persons, thus leaving them exposed. Moreover, if there is an EU directive on the protection of young

workers, by what date and year should it have to be transposed into the national law of EU countries.

Mr Speaker, moving to employment, the minister responsible, the Hon Mr Corby, said in his contribution of last year that persons who had completed a drug rehabilitation programme, were having difficulties in seeking employment. He said the following, "....my contention is that if a person completes a programme and lives a life free from drugs, it is essential that this person be given a second chance to reintegrate into society. The Government will be looking at ways and means in which it might help, in order to assist them back into employment." I would not agree more with those sentiments, as a job is essential for any person who has the misfortune to fall under the influence of a drug addiction, to once more feel useful in the society he or she lives. They are then able to build up their confidence. I would therefore like the Minister to confirm at Committee Stage whether he has done what he said he would do, or whether he has already done so. If so, what measures has he introduced.

I will now like to refer to the employment surveys, looking at the situation for Gibraltarians and other nationalities, I will do so on an employment basis rather than economical basis. During the years 1995 and 1996, and comparing these years with the figures of 2001, which are the latest figures, that have been published by the Government. Even though the figure for persons in employment in the year 2001, is higher than the previous year 2000, and even though it is still higher than the figures for 1995 and 1996, the reality is that when one compares the number of Gibraltarians in employment, there are less Gibraltarians today in employment than the previous years. The figure for October 2001, shows that there are a total of 13,931 persons in employment, which includes part-time jobs. The comparable figures for 1995 and 1996 were 12,713 and 12,975, respectively. But, to whom have the extra jobs gone to? For example, in the year 1995, there were 9,206 Gibraltarians in employment, UK nationals 1,553, Moroccans 910, Spaniards 600, EU 200, others

244. In 1996, the Gibraltarians' employment element was 9,390, UK nationals 1493, Moroccans 907, Spaniards 793, EU 188, others 204. In the year 2001, which are the latest figures that we have, the figure for Gibraltarians is 9,154, UK 1,879, Moroccans 812, Spaniards 1,566, EU 278, others 242. This, therefore, means that the situation today is that there are not only 52 Gibraltarians in employment less than in 1995, and 236 less than in 1996, but in contrast there are 326 more UK nationals than in 1995, and 966 more Spaniards than in 1995. If we compare the figures for 1996 with the figures for 2001, there are also increases in all of the nationalities, with the exception that the figure for Gibraltarians and Moroccans in employment has come down. So, the true picture is that even though on paper there are 1,218 more persons in employment than in 1995 and 956 more than in 1996, the increases have been taken up by other nationalities and not by Gibraltarians or Moroccans. I have used the 1995 and 1996 figures, because they relate to when the GSLP was in office.

Mr Speaker, let us look at the situation in the financial sector, an area the Government give a lot of importance to. In the year 1995, I refer to direct employment in this area, there were 1,584 Gibraltar employees in this sector. In 1996, there were 1,596 employees. In 2001, there are 1,183, which means that the figure here also goes down by 401 compared to 1995, and 413 compared to the figure for 1996.

Mr Speaker, there was a statement made in this House, by the Hon Mr Netto when he was the Minister for Employment, with which I certainly do not agree with. He said that he did not consider women seeking part-time work, were genuine job seekers. He fails to understand that working mothers are playing a vital role in our economy and quite a number of them prefer to work part-time because of the duties at home.

More so, there are more women now working part-time than before. Both them and the economy benefit, their standard of living improves and our economy is injected with further spending. So women should be encouraged to seek part-time work and full-time work, which is a far healthier situation than having more foreign labour taking up jobs in our community, as they are already doing. So, I hope that I can now convince the Minister and if I cannot convince the Minister by what I have just said I think he should read the Employment survey of 2001, to accept our argument that women seeking part-time employment should indeed be considered by Government to be genuine job seekers.

Finally, Mr Speaker, I move on to unemployment. In the first quarter of this year, there have been 1332 vacancies filled, of which only 625 have been filled by Gibraltarians. This means that more than half of these vacancies have been taken up by others, a trend that started in mid 1996 and has continued up to this day. In 1996 Gibraltarians taking up employment in the whole year was 72 per cent. In 2001 Gibraltarians taking up employment was 41.5 per cent of the vacancies filled making it a great difference between one and the other. New entrants by Spanish labour was 712 and Gibraltarians employed which were 1,118 of job vacancies taken only 581 were unemployed registered with the Employment Agency.

Mr Speaker, the unemployment level for the first quarter of 2002 is slightly lower than 2001, but it is still higher than it was in the year 2000. The average unemployment figure for the first quarter of the year, that is, for 2000, 2001 and for 2002 was 304, 358 and 346 respectively.

Mr Speaker, therefore, every effort must be made to ensure that Gibraltarians fill up as many of the vacancies available, something that has not been happening since mid 1996, as the figures that I have quoted in my contribution prove.

ADJOURNMENT

The Hon the Chief Minister moved the adjournment of the House to Tuesday 18th June 2002 at 10.00 am.

Question put. Agreed to.

The adjournment of the House was taken at 5.45 pm on Friday 14th June 2002.

TUESDAY 18TH JUNE 2002

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

ABSENT:

The Hon R Rhoda QC - Attorney General
The Hon J L Baldachino

IN ATTENDANCE:

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

Debate continued on the Appropriation (2002-2003) Ordinance 2002.

HON H A CORBY:

Mr Speaker, as Minister for Employment and Consumer Affairs I should first like to turn to the Employment fund. Gibraltar's economy continues to generate wealth by way of job creation. Whilst it will be the goal of this Government to aspire to full employment like all Governments within the EU, present day circumstances do consequently determine the existence of some unemployment. In our particular case the figure of just over 300 appears to be the mean over the last few years and that is the lowest level of unemployment as a mean over the last 10 years at least. Still, it will be the top priority of this Ministry to ensure that every effort possible is made to assist the registered unemployed back into the labour market. It is now evident that the Gibraltar economy has been transformed from being public to private sector led. The changes that this transformation has brought about still demands high levels of adaptability and flexibility all round. I realise that this is an issue which I have referred to in some depth in previous budget speeches. I consider this issue of such vital importance that I must again reiterate this year and in future years if need be my strength of feelings. These were my words last year and I make no apologies for repeating them again this year and again next year if necessary. Of course one can sense the growing awareness of the need to adapt to new employment opportunities and to the notion of flexibility. Change in our economy has naturally brought about new projects, expectations, new and different challenges and with all this has come about new employment opportunities. Slowly the competition edge that dominates private enterprise, and the emerging picture cannot but portray the change and adaptability that the circumstances demand and that the labour market, employers and employees in particular need to fit into. It is imperative for our economic growth to maximise a locally available resourcing, indeed how often do we hear the term that we must make maximum use of available resources, yet I must quickly draw distinction between available resources and locally available resources, so much more when I refer to human resources or workforce. Still on the issue of adaptability and flexibility this is where I cannot stress enough the importance of our potential

workforce, that is the unemployed and people in employment alike and our job providers that is employers at large coming to terms with each others expectations. Whilst Gibraltar has always remained and will probably for ever need to maintain a foreign labour contingent it is evident that maximum use of locally available resources will remain a target so long as we have locally available human resources in unemployment.

Mr Speaker, my ministry through its employment service will forever attempt to maximise the use of locally available human resources much as it recognises and values our foreign labour contingent. Employers much realise that the ready response of the Employment Service to any notified vacancies will be the submission of suitable resident and registered unemployed persons. Who could possibly act any differently? But employers are increasingly notifying a vacancy at the same time as notifying the corresponding recruitment not even for meeting the submission of suitable candidates by the Employment Service. Much as one can accept that as long as it was a resident worker that was engaged it will not make much difference. Nothing much the same can be readily accepted when a worker has been drawn from a non-resident available workforce and worse without even having attempted to find out from the Employment Service if a resident worker was available from the unemployment register. If we have compulsory registration of vacancies it is clearly to be able to afford the registered unemployed at least the possibility of attending a job interview in the genuine expectation of a possible job offer. It is far too readily accepted by employers and potential employees that vacancies arising within certain sectors often referred to as non-traditional work sectors will be impossible to fill within the resident workforce. Such a barrier must come down and it will only be brought down if the key players, employers and employees, the workforce both employed and unemployed are prepared to be flexible and adaptable. For its part the Employment Service will endeavour to bridge any possible gap through its efforts to truly maximise locally available human resources and the endeavour and efforts of the Employment Service to assist the resident registered unemployed back into the

labour market will, and continues. Through its Job Club many of the unemployed persons who are assisted in being submitted to job interviews on vacancies filled and many are those who in this way manage to secure employment in much the same vane those registered unemployed who find it more difficult to secure employment are further assisted through the Job Club.

Although primarily aimed at the longer term unemployed the Job Club offers an all round job seeking assistance programme aimed at enhancing the individuals employability. Whilst greater employability is usually associated with possessions of relevant qualifications or experience the employability aspect that the Job Club sets to develop evolves around a more specific job search fundamentals, such as the basic but increasing important job seeking document that is a person's CV. Other such employability fundamentals include the all important concept of motivation and self-esteem, interviews, skills et cetera. All in all the invaluable assistance that this recent and different service affords to the registered unemployed again particularly long term registered unemployed is noteworthy and of further assistance to the long term registered unemployed much also ranks highly the various wage subsidy schemes that the Employment Service currently administers.

Whilst traditionally wage subsidy measures have been geared and continue to be geared towards assisting the long term unemployed back into the labour market, other wage subsidy measures are now being considered in order to assist other disadvantaged groups like for example, ex-offenders and those returners wishing to take up employment after having taken time off for personal or family reasons. Always subsidy measures are in any case designed in such a manner that they afford the greatest possible opportunity of not just a job but a permanent one which will provide longer term employment beyond merely the period of wage subsidy. All efforts therefore continue to concentrate in assisting those unemployed who are actively seeking employment and not merely registering as unemployed as way of being able to

continue indefinitely drawing unemployment related benefits. To this effect both the Ministry of Employment and the Ministry of Social Affairs continue to work very closely and have jointly devised and set up a liaison system which allows for monitoring and detection of benefits claimants who fail to keep up the conditions of benefits by not demonstrating basic job seeking efforts, for example, not attending the weekly appointments with an employment officer or refusing a reasonable job interview offer.

In such instances the unemployed person risks and may indeed end up losing altogether the unemployment related benefit he or she would be drawing. The message Mr Speaker is quite clear, people registering as unemployed and actively seeking employment will be supported and assisted by the Employment Service and no effort shall be spared to this effect. Those who may choose to register as unemployed for reasons other than actively seeking employment will find themselves caught out , certainly with no efforts being spared to this effect either. In consequence and in the light of positive combined effort by this Ministry and that of Social Affairs the Government are currently reviewing the best way in which to take forward the job seeker's agreement.

Mr Speaker, turning now to issues relating to employment legislation, a number of developments need to be highlighted, June of 2001 saw the introduction of the announced conditions of the Employment Redundancy Pay Order. The Redundancy Pay Order was long overdue, for contrary to what has been common belief, not all employees whose employment was terminated as a result of having been made redundant were entitled to redundancy pay. Only employees covered by industry specific pay orders were so entitled, like for example, the retail of wholesale trades. All employees with very few exceptions are now entitled to redundancy pay should their employment be terminated by way of redundancy. In similar manner the Conditions of Employment Standard Minimum Wage Order 2001 introduced last July not only afforded a review of the minimum standard wage rate and

corresponding increase to £3.75 an hour. It goes from making the standard minimum wage payable to all employees irrespective of whether they are paid monthly or weekly. Before it had only applied to those who were paid weekly, pre-empting the obvious unfairness and even unscrupulous abuse. The increase to £3.75 also went a long way to bridge the gap that had been created over the years for the lower paid workers. With regards to family friendly policies September of last year also saw the introduction of the Parental Leave and time off work for dependent regulations taking effect from the 1st December 2001. Comprehensive guidelines on the new regulations were circulated to all employers in an effort to create general understanding on the new rights. Coupled this with the Maternity Leave Regulations the new regulations allow for a more family friendly employment scenario which no doubt employees with young families will better appreciate.

Mr Speaker, all in all the legislation package I have just highlighted no doubt enhances employment conditions generally and brings about a far more fair and just employment scenario in tune with modern day working and family life patterns. While on legislation I must make reference to the Employment Regulations of Expenses Ordinance, the legislation that allows for the position of six penalty fines to the tune of £1,500. As I have done on previous occasions I should once again like to emphasise the work of the Labour Inspectorate and the deterrent effect of the legislation but fines still have to be imposed. I say fines have unfortunately still to be imposed because certainly it would be in the best interest of all if fines were not imposed, a sign indeed of compliance with the law. All the more reason I believe to better appreciate the work of the Labour Inspectors and the so often unpleasant task. The imposition of a £1,500 fine is one that cannot be taken without the exercise of good judgement and where appropriate reasonable discretion. Such is the degree of responsibility demanded of these officers and which I am satisfied they exercise with all due diligence and attention.

Mr Speaker, as a general note on employment legislation, much work has now been dedicated to completing a comprehensive Employment Legislation Guide in a user friendly frequently questions asked format. It is also expected to make this guide available as an electronic service, details will be made public as soon as this guide is completed. Another area in which Government hope to be able to make an announcement is that in relation to Social Insurance Contributions in respect of casual and part-time workers. Through the forum of the Labour Advisory Board, the social workers have been engaged in a consultative process which has made possible the various options that Government could consider introducing. Government are now in the process of considering all options open in order to alleviate what it considers to be an obstacle to employment particularly for those people who only want or can only work part-time.

Yet another area in which the Government persist and which remains high in the agenda is their commitment for occupational pensions for private sector employees, with equalisation of pensions, gratuities and retirement age in the private sector now formally addressed by Government the challenge now rests in ensuring that over a reasonable period of time all private sector employments in Gibraltar will be pensionable by law and that has reached this regrettable gap that exists between public and private sector employment. At this point I would like to take this opportunity to convey my gratitude to the officers of the Ministry of Employment for all their work and efforts. Employment work is about working with people, and working with people is about caring, and the staff of the Ministry for Employment certainly care and before turning to other areas of responsibility within my ministry I wish to commend the valuable contribution made by the social partners through their representations in the Labour Advisory Board. Their efforts and contributions towards matters affecting the labour market are well appreciated. Their valid contribution and spirit of co-operation always supports Government assistance in their deliberations.

Mr Speaker, turning now to those other responsibilities in my ministry, I wish now to briefly report on consumer affairs. Government continues making progress in consolidating provisions for an efficient and reliable consumer protection and trading standards office. Whilst a Consumer Advisory service has operated since the end of 1995, consumer affairs generally in this area still requires to be developed. Nevertheless the present Consumer Advisory Service continues to provide the general public with the basic consumer protection office. Within its limited capacities this office has responded and taken appropriate action in respect of the many claims and complaints they have received on a daily basis. The effectiveness of the Consumer Advisory Service however needs to be supported and developed by adopting appropriate legislation in this area. Towards this end the Misleading On Comparative Advertising Ordinance has already been enacted and much work has been progressed on the Price Marketing Ordinance, the latter is currently a subject of consultation with the business community. At the same time relevant training has been afforded to one officer having recently attended a very intensive course on training standards organised by the UK Trading Standards Institute and held in London. Attendance at this course has also opened up a number of useful contacts and sources of information which no doubt will prove most useful in the development of our own consumer protection and trading standards office. As for the Citizen's Advice Bureau progress is well under way and such a service will soon be available. This will centre around an Advisory Service to the public on their rights in general inclusive of course to the rights to Government services and benefits.

Mr Speaker, I would now like to report on Bruce's Farm Rehabilitation Centre.

Bruce's Farm Rehabilitation Centre was established in Gibraltar by the New Hope Trust in September 1999. It is a non profit making organisation and sponsored by Government. This is a free service offered to all Gibraltarians. It provides a fully comprehensive

health care package for the treatment of all addictions, alcohol, drugs, eating disorders, gambling and related family illnesses. The philosophy of the treatment programme at Bruce's Farm is that addiction in itself is a primary disease. The disease is characterised not only by the inability to control whatever substance, but also by the state of mind which the sufferer is quite unable to recognise his or her dependency or the behavioural or consequences of that dependency. The goal of treatment at Bruce's Farm is that of total abstinence from all mood altering substances. Treatment approaches involve medical assessment and evaluation, detox, medical care, individual counselling, group therapy, rehabilitation and aftercare planning. The treatment programme is based on the Minnesota 12 Step model and the duration of an inpatient may range between 12 to 20 weeks. Bruce's Farm has now been operational for 32 months. During this time 205 patients have benefited from the residential programme offered but needless to say this service has also been extended to the families of all patients where help and guidance has been instrumental for the wellbeing of the family as a whole. The necessity of the family of a person suffering from addiction to meet, talk, discuss and plan the way forward ahead is a reality which also requires constant attention. As addiction is a family illness, children as well as adults suffer throughout the active using days of the addict, at the moment we offer children and family therapy. The numerous calls received at Bruce's Farm from families, employers and friends for information seeking help or just support are far too many to log down. Every call is heard, supported and guidance is given. Without any publicity whatsoever Bruce's Farm has become a help line for the whole of Gibraltar. On completion of a treatment programme the patients are offered an official after care service every Wednesday, however we find that most of the people who leave Bruces' Farm and leave in abstinence need to maintain their sobriety, so counsellors are constantly working with them as well as in-patients. The additional service allows the patients and the families the best all round treatment and to ensure their on-going continuing care for patients. The Centre has also been approached by the Prison Service to help them formulate a

programme through active participation on Bruce's Farm's part to create Drug Free Zones within their environment.

Mr Speaker, in order to afford the best possible to patients it gives me great pleasure to announce today that the new aftercare centre will be operational within a few months. This facility will be situated in the heart of town at 304A Main Street opposite the Wesley House. It will offer a follow up programme to the work undertaken at Bruce's Farm by holding AA sessions as well as providing a safe home where patients and families can meet socially and discuss their successes and failures with an atmosphere of solidarity and understanding. There will also be a counsellor in attendance should anyone need his or her services on a one to one basis. This centrally situated facility will be acceptable to all patients which was not the case when the service was operated at Bruce's Farm.

Mr Speaker I was not here when the memorial to Mrs Gladys Perez was said in the House so I would like to take this opportunity to say so now.

Mr Speaker, I would like to take this opportunity to pay tribute to Mrs Gladys Perez who was taken away from us on a very significant day, Ash Wednesday. As a trustee and counsellor she performed her tasks with determination and courage spending endless hours in the service of others. Even when told that she had to undergo surgery her first thought was to prepare a comprehensive programme for the after care service before her departure. This shows the metal of this great woman who was a shining example in the realms of drug rehabilitation. She is sadly missed by all of us but her legacy I am sure will linger on to encourage all of us to follow in her footsteps in the quest to help those who are caught in the web of drug rehabilitation. I will finish with a quote from Matthew, Chapter 25 verse 37 which was one of her favourite sayings and which sums up her dedication to others, " Truly I say to you, whenever you did this to one of the least of my

brothers, you did it to me." Finally Mr Speaker I wish to conclude by placing on record once again my most sincere gratitude for all the good advice and generous assistance afforded to me by the Management and staff at the various sections of my ministry. I truly value their support which greatly assists me in better discharging my responsibilities as Minister for Employment and Consumer Affairs.

HON J J NETTO:

Mr Speaker, in Friday's sitting, the Shadow Spokesman for Employment, the Hon Mr Baldachino in his speech, made two separate references criticising me during my time as Employment Minister. It is a pity that he is not in the Chamber, for reasons that we all know but I am determined to put the record straight. These two references by him refer to the introduction of the Working Time Directive and alleged statements by me purporting to suggest that women are not genuine jobseekers.

With regard to the Working Time Directive, he intimated that following the introduction of that Bill, Government had given notice to further bring separate legislation on the protection of a Young Workers' Directive. And given that this has not materialised, I was personally guilty of leaving young workers unprotected from the application of the Working Time Directive.

My interpretation of the Working Time Directive, subject to advise by the Legislation Unit, is that the Bill as transposed then, also implements the provision of the Young Workers' Directive which relates to working time, and this is stated in Hansard. It is a separate issue, as I was informed then by the Legislation Unit, that there were other aspects of the Young Workers' Directive to be applied, but that would depend on existing local legislation, because in some cases it offers locally more protection than the UK one. However, one would have hoped that rather than personally demonise me in such a crude way, he would take it up

with the current Minister for Employment, as to any development or clarification in this field.

Mr Speaker, the other outrageous comment attributed to me by the Hon Mr Baldachino, was to suggest that I believe women not to be genuine job seekers. The context of the arguments then about genuine job seekers was not in relation to gender, but rather about some unemployed persons who, whilst registered as unemployed, are not either available nor seeking employment. I would have thought that this is a well known fact. Women, just like men, do a very valuable contribution to society through their efforts, regardless whether they are paid for it or not. However, I have to say that I have been taken aback by the manner in which the Hon Mr Baldachino has thought to score cheap political points, or whether this is just his style. The fact remains that it is very unparliamentarian to try and tarnish one's reputation with such baseless and personal arguments.

Mr Speaker, given the amount of reviews and projects initiated in the last financial year, this one will prove to be an eventful one in which Government will peg the pole of reforms and services at a higher level than ever before in its history of Housing services. We will endeavour to ensure that both the Ministry for Housing and Buildings and Works have the necessary capacity and know-how to deal efficiently with the duties they are entrusted with by providing a better benefit to its users.

Mr Speaker, what I intend to do is to initiate my speech on matters of finance first, followed by the projects that will be initiated through the Improvement and Development Fund and provide an outline view of the Government's new Housing schemes, and lastly, mention aspects of reforms that will be implemented within the Ministry for Housing and Buildings and Works.

In matters of recurrent expenditure, in this financial year just passed, the Ministry for Housing has kept expenditure within the approved estimates in this House. With regard to Buildings and Works, for the first time in five years, supplementary funds were obtained last February to finance over expenditure in its bonus payments and materials subhead. With regard to Head 3 – Housing, in this year's estimates of revenue and expenditure, hon Members will have noticed various changes in both the establishment figures and the new subheads to take account of the increase in the complement.

Mr Speaker, I will be giving the hon Members at the Committee Stage of the Appropriation Bill a clearer picture as to the numbers of new employment, transfers and non-industrialisation of some industrial jobs. And later on in my address I will be covering the role and functions that these individuals will be performing in the two distinct organisations referred to. An amendment that the Financial and Development Secretary will be making at the Committee Stage, will be the substitution of the Controlling Officer for revenue and expenditure for Head 3. This is as a result of the restructure taking place in the Ministry for Housing, and Buildings and Works. The new Controlling Officer will therefore be the new Principal Housing Officer – Housing.

Mr Speaker, major remedial works completed in the last financial year were the Glacis Estate beautification together with the lift installation, MacMillan House, Sandpits House and Anderson House.

Projects started in the last financial year and continuing in this one are the Laguna Estate beautification, Heathfield House, Coelho House, Tankerville House and the Prison Quarters. With regard to this financial year, the Government will be hoping to start the following major projects:

- Electra Flats
- Penney House
- Kent House
- Belvedere Flats
- Scud Hill House and Upper and Lower Witham's House.

As hon Members will have noticed, Government have already advertised for the tenders at Varyl Begg Estate. Finally on the topic within the Improvement and development Fund, I would also like to mention the buildings that we will be hoping to have works commence for the installation of lifts in this financial year. This will be in:-

- Knight's Court
- St John's Court
- Penney House
- Alameda Estate
- Varyl Begg Estate
- Schomberg.

However, I would like to stress that this is only part of a rolling programme, and in subsequent years other buildings in other estates will be included.

Mr Speaker, without a shadow of doubt, this Government's record in major remedial works is most unprecedented and reflects this Government's firm and enduring commitment to refurbishing the Government housing stock in Gibraltar in order to create the best possible living environment for tenants. The Government are determined in this, as other areas of housing policy, that Government housing and their tenants would fully participate in the upgrading and beautification of Gibraltar.

Mr Speaker, as this House will be aware the Government's manifesto commitment with regard to the provision for new housing is of three types:

1. Home ownership
2. Senior citizens for rental
3. Government Housing list for rental.

During the next month the Government will be announcing these schemes and projects. Together they will provide 500 new apartments. In addition, there will be more than 100 existing Government housing flats that will be released from current sitting tenants who would then move into the new constructed apartments.

Mr Speaker, the level of rent arrears continues to increase as we have seen from year to year. Consequently, Government are considering a new approach to ensure that tenants, who capriciously opt not to pay, in future will do so. In order to be taken seriously, a number of things need to happen. For a start, one needs to recognise that the current joint approach between the Housing Agency and the Central Arrears Unit has not worked well. So during the course of this financial year the Ministry for Housing will be provided with a new dedicated unit, for the purpose of concentrating exclusively on rent arrears. Additionally, they will be resourced with new software programmes that will make their task easier to pursue, and to remind debtors continuously of their obligation to pay. Finally, on this aspect, the Government are considering the introduction of primary legislation to introduce 'An Attachment of Earnings Order', that will allow Orders to be placed on employers for the recovery of rent arrears by deduction from wages/salaries an amount towards the arrears.

Mr Speaker, another area under review is the application of the Rent Relief Formula. As hon Members may be aware, the allowance has remained unchanged since 1988, when the AACR

Government last updated its value. Therefore today they do not reflect current living costs. This means that some tenants will not be entitled to rent relief even though their gross income is low because the value of rent relief has been eroded by inflation. The fact that rents in Government Housing stock have also remained unchanged generally does not impact on this issue, other than those critically on the poverty trap. So, on this issue Government will review the rent relief formula in order to increase the amount of relief to be provided and the number of people to obtain it. In reviewing the current standard rent relief formula, we note that the previous GSLP Government decided to apply a different albeit more punitive formula to obtain relief from pensioners living in Sir William Jackson Grove (Gib V). I have tried to find out the reason for such a departure. However, no written instructions for such a formula exists, nor is the methodology or reasoning behind it available in written form. This situation creates confusion and frustration particularly amongst pensioners and friends who live in Gib V and Varyl Begg Estate.

The effect of having a higher application in the formula at Gib V, even if the household income is the same to any other pensioner elsewhere in Gibraltar, is that the Gib V pensioner will not be entitled to rent relief whilst the pensioner elsewhere in Gibraltar with the same level of income will be entitled to rent relief. Government believe that there should not be any difference to the application of the rent relief formula, especially when it comes to having two different treatments to our pensioners. For this reason and in the interest of consistency and equity, we will bring the rent relief formula in Gib V into the standard one applicable elsewhere in Government housing.

Mr Speaker, the subject of reforms within the Ministry for Housing and Buildings and Works has been much talked about both in this Chamber and with the unions. Unfortunately, as we are aware, the degree of progress in addressing those vital issues in the consultant's report has been minimal and of a late start. Regrettably, as hon Members are aware, last December the

TGWU/ACTS withdrew from the negotiations with Government which would have provided for a radical overhaul of the structure, procedures and services available to the tenants in return for an improved package of pay and conditions of employment for the staff within a new Authority to be established. However, as we have made clear to the unions, Government are not prepared to allow a situation in which tenants generally have been historically at the receiving end, and continue to be at the receiving end of a service which leaves much to be desired. The Government wishes there to be significant improvement to the service available to the user. Therefore, to the extent to which Government can reform Buildings and Works for the benefit of tenants, we will continue to do so in the absence of the unions resuming the negotiating table.

Mr Speaker, for those hon Members familiar with the consultant's report, they will know that the most important issue to be addressed is the role and positioning of Buildings and Works in relation to the Ministry for Housing. In essence, what the consultants were criticising was the fact that Buildings and Works historically were themselves doing their own specifications and working towards their own outcome as specified by themselves. Therefore, in addressing this core issue, in future it will be the Ministry for Housing that will be responsible for producing a strategic plan for works. It will also be the Ministry that will set the specification and standards of work to be applicable, and it will be the Ministry that will conduct the monitoring of what I have just stated. The Buildings and Works Department will then execute the work in accordance to the programme given to them by the Ministry. This will include the target time set and standards given to them by the Ministry. In setting the target times, the Ministry will emulate to some extent the UK Local Authority Performance in this field. This will mean that in the category of Response Maintenance (known locally as minor works), the Ministry will codify and categorise the works under four main pillars. Namely, 'Emergency', 'Very Urgent', 'Urgent' and 'Routine'. In introducing this new system, and modelling the procedure to those applied by local authorities in the field of housing maintenance, the Ministry

for Housing will be able to assess the performance of Buildings and Works in this category of works, and judge the service given to tenants. Tenants likewise locally will then be able to compare this service against the service given in the UK.

Mr Speaker, with regard to the category of flat refurbishment, I want to say firstly that in the UK the National Target Time for Local Authorities to refurbish an empty flat and re-let it is eight weeks. However, any UK Local Authority that aspires to be a benchmark in this area would have to carry out the refurbishment and re-let the flat in four weeks.

In Gibraltar, with regard to information given by me to this House on the 30th April 2002 as to flats that have become vacant and awaiting refurbishment this means that we still have flats awaiting refurbishment going back even five years. The total number of flats awaiting refurbishment by Buildings and Works was then 132. The Government consider this situation to be inadmissible and one that causes much frustration and anguish to both applicants for housing, and also to staff members of the Housing Agency who are at the receiving end of some individuals who vent their anger against them. The Government believe that this situation cannot remain unremedied. Buildings and Works exists for the benefit of tenants and applicants in the waiting list. Their interest must therefore take precedence over all others. Government would much prefer to have the work done by their directly employed labour in Buildings and Works in a timely fashion and will therefore continue to reform the department in order to have the work done in reasonable time.

Mr Speaker, It is the view of the consultants as stated in their report, that Buildings and Works should be a lean and focussed organisation in the area of maintenance alone. Areas of work such as the cleaning of estates, is not a core activity of the department. It is the consultant's opinion that there should not be any distraction away from this focus in maintenance. Their

recommendation was therefore to transfer this activity away from Buildings and Works. It is true that all Tenants Associations are not happy with the level of cleanliness of their estates. Indeed, some like Glacis and Laguna Estates are clearly pressurising Government for the contractorisation of the functions given the millions of pounds this Government are investing through the beautification schemes.

Government intends to make new arrangements for the cleaning of streets, pavements, and open areas, to ensure that this is kept to the standard tenants expect to be maintained. This new arrangement will not affect the job security or earnings of the existing staff members of the Wardens Section.

Another innovative introduction to value for money that I have commissioned for is to produce an independent performance audit. This exercise will allow the Government to know at what rate of production Buildings and Works is operating, and what the All-In-Rate of cost will be to Government to have Buildings and Works perform their duties. The first exercise has already started with completed works done in the first six months of the last financial year. Obviously, this first exercise would probably take more time to do, as there is no existing methodology in place. However, once done I intend to have at least once a year an independent performance audit. Once carried out the results will be made public.

Another GSD manifesto commitment is to empower Tenants Associations as much as possible in the running of their estates. In looking back many years, one service which was very popular amongst tenants in the estates was what was then referred to as "El casero". However, this service was discontinued by the GSLP Government. Tenants Associations argue that since then, services such as cleaning, replacement of faulty lighting and having a more human touch to the need of senior citizens during working hours has deteriorated. Needless to say, Tenants

Associations have made representations to me in order to have this service restored.

In considering the matter, the Government have concluded to reintroduce it and upgrade the service by having Estate Managers introduced in the estates during this financial year. Secondly, in allowing the Associations a greater say in their estates, at least those wishing to do so, we will allow them to have a day-to-day monitoring and supervision of certain defined devolved services. Namely, cleaning and lighting, upkeep of planted areas, parking control, et cetera. The Ministry for Housing will remain in overall strategic control of such services.

Mr Speaker, during this financial year, the Ministry for Housing will be introducing a Charter of Tenants Rights. The Charter will illustrate the rights and responsibilities of both the Ministry for Housing and its tenants. Amongst other things, it will indicate the target times the Ministry is setting for Buildings and Works to respond in terms of every category of work.

Another different pamphlet that the Ministry for Housing will be producing is a framework document in which it will define, amongst other things, the functions of the Ministry and the reformed Buildings and Works, as well as the inter-relationship between them two. This document will set the aims and objectives of both organisations, and how they will discharge their responsibilities. Once finalised, copies of this framework document and any future amendments will be published.

And on a final point, regarding publications, it is my hope to further publish an information pamphlet to tenants regarding Housing Services generally, in which whilst driven by the Ministry, other useful amounts of information by other Government departments and NGOs will be made available.

Mr Speaker, both the new Ministry for Housing and Buildings and Works are together an important sizeable organisation. In the past, there has been very little political will to modernise and upgrade its infrastructure and its resources.

Mr Speaker, within my speech I have passed review almost of all aspects of Housing services generally. The Government have a need to overhaul such services for the benefit of its users, the tenants and those applicants on the list. But everything I have said or spoken about, is not in isolation, all the various aspects follow a careful Government strategy that will transform the way we provide the service and the new standards our customers will become to depend on. In summary during this financial year we will:

1. Continue to invest in maintaining our Housing stock;
2. Continue to restructure both the Ministry for Housing and Buildings and Works;
3. Continue to invest in new software programmes for both the Ministry for Housing and Buildings and Works;
4. Launch a Tenants' Charter;
5. Amend the Housing (Special Powers) Ordinance, the Regulations and Allocation Rules;
6. New arrangements for the cleaning of Housing estates;
7. Reintroduce the Estate Managers in Estates; and
8. Build more for home ownership, senior citizens and rental.

All of this and much more will mark this new financial year as one of the most important one in the history of Housing. All of this has been possible thanks to a GSD Government, which is well-rooted in the community and is eager to give local issues the importance that they deserve. Finally, once again my sincere thanks to my staff for all their efforts in bringing about changes that will pave the way for the future. Thank you.

HON DR R G VALARINO:

Mr Speaker, as hon Members will know Housing and Housing Maintenance come under my area of responsibility in the Opposition benches together with the environment, heritage, urban renewal and beautification. Throughout the past financial year I have asked numerous questions in the House in order not only to find out how Government are tackling the issues facing them in the Housing Agency but to ensure that these are solved quickly and fairly. However, if I may refer to the second annual report of the Ombudsman covering the period from January to December 2001, the Ombudsman again reports that in this year the Housing Agency and Buildings and Works Department have again attracted the most complaints with 29 per cent and 14 per cent respectively. A total of 43 per cent of all complaints. The Minister continues saying that although some of his recommendations have been acted on, the Housing Agency still attracts a large number of complaints. Out of a total of 618 complaints received by his office against Government Departments or Agencies, 184 were against the Housing Agency. I hope that this number will decrease this year as the Minister has pointed out that certain changes will take place.

Despite the monthly meetings of the three committees set up under the Housing Allocation Scheme and allocations to the Housing Waiting Lists, too few houses are being allocated. The constant complaint confirmed by figures provided by the department is that there are too many houses lying empty and too long before they can or are allocated. This is an issue which the Minister has to address as it is the most common complaint I hear. The Housing Agency tell those waiting for an allocation that there are no flats available for them. People live in hope and a more tolerant and sympathetic attitude towards those who need rehousing should be shown by the department. Some people have no recourse but to approach me, the Ombudsman and often the Chief Minister and we all have to try to help. This is what we are getting paid for. At present there are nearly 600 in the waiting list and over 300 on the pensioner exchange list, no wonder

people complain. In this day and age there should be a reappraisal of the award of points of the Housing allocation scheme with special emphasis on waiting time and overcrowding. Talking about tolerance let me give an example, there could well be a couple 50 years plus living in a 4RKB yet they prefer a smaller house and are keen to move to a 3RKB for reasons that they may have, often they take care of one of their grandchildren. However as their entitlement is a 2RKB they get nowhere fast and the end result is that they stay in their original flat as the Housing Agency is not willing to allow them to move to a bedroom less accommodation. I mention this because this is a case that has been brought to me, and the other one is that the pensioner exchange list remains in more or less in status quo yet according to the Holy Bible, the GSD manifesto, in page 7 it states, "...exchange rules will be changed so that it will always be possible to exchange for a similar or smaller flat even if the smaller flat exceeds your entitlement. There will be an active management of the pensioner exchange list." I also urge Government not to increase rents over their next two years in office. There is a fear amongst certain Government tenants that this revenue raising measure may be needed to provide monies for the building of new flats. Government should also seriously consider a discount of 20 per cent for rates paid on time for residential premises. This discount applies to both rented and owner occupied accommodation. This will help all those in the lower income group together with the first-time buyers. The plight of those who genuinely become homeless is something that must be looked at more carefully. The department seems not to be properly equipped to deal with these cases. If, for example, a person finds himself or herself living in a car for explainable circumstances there is no recourse for immediate remedy. The department knows that cases of these nature exist and the length of time it takes to find a solution. A mechanism should be found to tackle these cases more expeditiously. Another problem is how to help those couples who experience the break-up of their marriage and have children, often these are young people and instead of penalising them the children should be encouraged to be able to spend time and weekends with either their mother or their father. Such an arrangement would provide the children with a more

settled way of life and in this way encourage them to a permanent relationship once they become adults, it needs the Housing Agency to take a far more relaxed view in these matters.

Mr Speaker, buying a home is by far the biggest transaction and investment an individual or a couple will make in their lifetime. At present house prices are so high that first time buyers are finding it very difficult to obtain a reasonably priced home. The only opportunity to purchase at lower prices have been resales by 50/50 owners which have become available on a 60/40 basis. In the last election the GSLP and Liberal Alliance had a manifesto commitment to build 500 housing units in a four year term and to provide for rented, 50/50 and also to provide 100 per cent finance to cater for different income groups. Even if Government were now to announce a new project of providing about 500 flats within the next month these would not come into the market until at least two to four years time thus it would be over eight years since the present Government took over and during this time the only new flats built have been the 86 flats at Bishop Canilla House and these are for elderly tenants. There are no more 50/50 schemes available since no new ones have been initiated since 1996, those estates completed after 1996 were those in respect of which a commitment already existed and which the GSD honoured after the 1996 election. There has been a clear housing problem for some years now and many young Gibraltarians are being driven once again to find homes in the Campo area because they are being priced out of the local market. The same situation which existed prior to 1988 and which the GSLP addressed by the land reclamation scheme, the construction of new estates and the introduction of the 50/50 scheme. In the meantime Gibraltarians have been forced to live in the hinterland because of economic necessity with all the social, economic and political implications that this has for Gibraltar. Furthermore even when new extra housing appear on the market, mortgage facilities have changed out of recognition within the last year. Homebuyers are finding that the old repayment back type of mortgage or mortgage through endowment policies are not only expensive but often do not meet the required amount needed to pay outstanding amounts. Last

week in UK several lenders said they were allowing borrowers to repay their mortgages over periods as long as 40 years. The extended terms are intended to help first time buyers, however even these schemes have been criticised as simply another way for lenders to make more money and tie in borrowers for longer. Another way of being able to live in their own home has been homebuyers in the UK resorting to never-ending mortgages that can be passed down from generation to generation in a bid to keep repayments to a minimum. People are being forced to take out interest only loans which cost less in capital and repayment schemes. Mortgages of 100 years have already appeared in Japan. The property is so expensive that buyers have no option but to pass the debt on to their children. Government in Gibraltar have to address this issue in consultation with building societies, banks, et cetera and come up with appropriate proposals. Life expectancy has nearly doubled with people living longer. Life expectancy for men in 1901 was 45 years but will reach 80 by the year 2010. This tends to favour longer periods as far as mortgages are concerned. Whereas at present 20 per cent of the population are aged 60 and over, by the year 2040, this figure will be over 35 per cent bringing added problems to Government. These figures come from the Actuary's Department in UK and there is no doubt that similar figures will be reflected in Gibraltar. In our press release of the 18th April 2002 we stated that any new houses had to be modestly priced at around £60,000 for an average unit and be available on a 50/50 basis in order to address the needs of those wanting to buy and currently unable to do so. By appointing contractors direct the profit margin would be limited to that required by the contractor to carry out the works, that is, building costs plus overheads and profits. The land would be the asset that the Government provide as investment, the process would have beneficial effects in other ways ensuring the survival of small to medium sized contractors and employment to workers, however, in order to do this the infrastructure must be set in place. Homeownership should not remain a status symbol but a right.

Bishop Canilla House despite the Government's euphoria and well named because whenever winter comes it is like a "canilla" and

there is water pouring in from every layer. It is obvious that these have been due to architectural design faults and I would urge Government to look into this problem before they plan and build further housing units. The implementation of building designs should be carefully considered, certain areas would benefit from certain types of housing over others. It is necessary for Government to investigate different building techniques that would result in cheaper buildings. There are various systems ranging from pre-fabricated timber elements to pre-cast concrete however, the quality of the building must be high regardless of the systems used. Sir William Jackson Grove is an excellent example of a high quality components fabricated development.

Mr Speaker, as far as the environment is concerned, let me add that both the Upper Rock area and the Lighthouse area need a speedy clean up. People, not only Gibraltarians have already expressed their disgust at the state of these areas. Both are tourist sites and need repeated cleaning especially during the summer season. The threat of fire in the Upper Rock during these months is ever present.

On heritage I am glad to see that the Theatre Royal refurbishment is proceeding albeit with an extended date of completion. The Chief Minister has mentioned in his speech the redevelopment of the Piazza, surely the time has come to move the House of Assembly to the Garrison Library and therefore not only bring into use this wonderful building but also providing better facilities to all Members and staff of the House. I notice that no provision has been made for air conditioning in this year's estimates and certainly this building needs major repairs if it is to continue as the seat of our Parliament. Whilst on the subject of redevelopment of the Piazza I wonder whether Government have considered the possibility of providing underground parking at this site or at Governor's Parade, if they have considered it maybe they could let us know what are the architects' views.

Finally, to finish my contribution let me express the hope from the Opposition benches that the Dangerous Dogs Ordinance will soon be ready and can come to this House for us to approve, and I quote from the Gibraltar Chronicle dated Friday 14th June 2002, from a press release from the Gibraltar Women's Association, "The Women's Association feel that due to the apparent increase of these dogs in Gibraltar and with the warm weather upon us coupled with children finishing school for summer holidays, there is a potential attack waiting to happen." The damage that these dogs are capable of is well known to all of us and I fail to see the delay in the presentation of this Bill.

HON DR B A LINARES:

Mr Speaker, it is my privilege to present to the House the Government's budgetary provision for Health, Education, Training and Culture for the current financial year and as it is customary I will also outline the progress and developments in these areas of public service during the past financial year and our plans for the future.

Health Services - before entering into details I wish to make a point of a general nature. I want to say that I do believe in the goodwill, the dedication and the tireless efforts of the vast majority of those who work for the Health Authority and wish to commend them for the service that they give to our community, but we do live in a society where the blame culture prevails and in a sensitive and complex area such as health care it is easy to disparage the work of these practitioners who as a result often feel demoralised as they work under constant stress and in some cases facing threat of abuse and even violence. Our health services in Gibraltar are marked by the same problems, difficulties and strains on its resources as those in other western countries today such as Britain and Spain, but it is important for me to assure the community as a whole that there is no question of crisis. It is a verifiable fact that over the last six years there has been an

impressive development in our health services, the expansion of Primary Care Services and secondary care technology, properly structured training for local nurses and continued professional development for all clinicians and professionals allied to medicine, the School of Health Studies validated up to diploma level by the University of Sheffield, the increased provision of Elderly Care both residential and domiciliary, the increased deficiency and availability of the ambulance service, the recognition of the nursing unit not only through regular constructive meetings with management but also by funding a full time convenor, increased security protection for staff offered, as I said exposed to abuse and aggression, preventive medicine and public health education promotion and increased staffing resources at all levels. More consultants, doctors, general practitioners, professionals allied to medicine, nurses, hospital attendants, administrative staff et cetera.

The Government have had the courage to embark on a multi-million pounds enterprise to provide for our people a state of the art new general hospital which will be the pride of our community. Only last week we were able to announce that Fitzpatrick Contractors Limited jointly with Rotary International Limited were the successful contractors selected through the open tender procedure to carry out the reconfiguration and fitting out of buildings 1 to 4 at Europort to the tune of £23,240,000. Having completed the detailed design produced by the multi-disciplinary team led by Devereaux Limited, the appointed contractors are now ready to commence work on the 1st July with an anticipated completion date in mid-November 2003. The prestigious new hospital which will replace the existing St Bernard's Hospital, the main facilities include 201 public in-patient beds comprising surgical, medical, maternity and paediatric together with critical care and trauma departments, a suite comprising three operating theatres, a dedicated accident and emergency department with separate children's area, radiology department with four diagnostic rooms, dedicated out-patients department, a medical investigation unit including an endoscopy suite, full support services including the provision of a School of Health Studies, day surgery suite,

integrated rehabilitation services including hydrotherapy, staff and visitors canteens, a chapel with a seating capacity of 100, a mortuary with a room for reflection and comprehensive data and IT cabling throughout.

In my budget speech last year and in subsequent statements which I have made in this House I have committed myself to ensure that the creation of a new hospital should serve as a catalyst so to speak for renewed attitudes and heightened expectations. I have also explained that as a form of protocol for the operation of the new hospital it is our intention to carry out this year a comprehensive audit of all aspects of our health services led by the UK National Clinical Governor's Support Team under the direction of Professor Aiden Halligan. Only last week Mr Ron Cullen, Deputy Director of the NCGST and Miss Terry Hobbs of the same organisation were in Gibraltar drawing up together with our own Chief Executive and the Director of Operations a nine month programme which will bring under review all aspects and areas of our health services, clinical practices, systems and procedures. This is a crucial and historic exercise aimed at achieving standards of excellence as we approach the opening of the new general hospital.

Mr Speaker, there is no doubt that the vital human infrastructure of all our aspirations in terms of improved health care is the development of professional training which was sadly neglected during the previous administration. The policy of this Government have been since we came into office to invest unreservedly in properly structured training and continued professional development of all our staff at all levels. The School of Health Studies was created in 1998 under the auspices of Sheffield University and since then its growth and attainments have been truly impressive. But it is not I who claims this. In recognition of the achievement by all those engaged in the School of Health Studies please allow me to quote from the report by the validation panel of Sheffield University who visited Gibraltar in January to monitor progress in the school and they say, " The panel was

extremely impressed by the progress achieved since the initial validation in March 2000. The Panel was particularly impressed to hear the culture shift that has taken place in nurse education in Gibraltar. The Panel commends that the Gibraltar School of Health Studies for its work in bringing about a change in the way that nursing and nurse education are viewed and welcomes the evident enthusiasm for continuing professional development and lifelong learning that the Diploma Programme has generated. The Panel recognises the efforts that have gone into introducing the Diploma in Nursing as a viable and innovative force within Gibraltar and commends the teaching staff and Government for their support and initiative. Students speak highly of the exciting programme and clearly feel that they have contributed to the development of the course as it has been delivered to date." I am pleased to report that eight local staff nurses who have been locally trained up to Registered General Nurse level, were taken into our complement last year. At present there are 11 students in their second year studying for the Sheffield Diploma and they are due to complete their training in September 2003. The next entry for the Diploma Course is due in September this year. We have received 23 applications with the correct entry requirements, that is, five GCSEs and a total of 15 have been selected for the course. At present there are also seven pupil nurses who will complete their training in March 2003. Parallel to these structured courses leading to first level nurses, Staff Nurses, the School of Health Studies requires all employed nursing assistants to undergo basic training leading to NVQ's. At present there are eight candidates, six working for the GHA and two for the Elderly Care Agency. All these pre-registration courses carry a strong element of ward practice which has to be methodically supervised by qualified nurses and assessed by qualified mentors. Accordingly the School of Health Studies also runs courses to this effect for all staff nurses and a more specialised recognised course, the ENB997/998 for senior nurses to qualify as assessors in clinical practice settings. Seven of our senior nurses completed this course in September 2001. At a higher level the Government are sponsoring post registration courses in UK in various specialisms. Six of our senior nurses were selected for promotion and are currently training in teaching hospitals in UK for various

specialisms. Sick children nursing, surgical nursing, medical nursing, district nursing, theatre nursing, and health visiting. Another local nurse is pursuing a distance learning course leading to an MA in Health and Social Care Management. Apart from these systematic courses the School of Health Studies holds regular seminars and study days for nursing staff and other medical practitioners such as advanced life support, lymphoedema management, wound care, law and ethics in nursing, food hygiene, manual handling and accident reporting. Finally with support from training funds provided by the Department of Education and Training, eight of our qualified nurses are currently engaged in distance learning courses aiming at higher qualifications, however, an area focused by Sheffield University as underpinning a proper academic provision was the serious need of investment in their library and information technology services. Historically these have been disjointed and piecemeal and Sheffield recommended indeed as a condition for validation the creation of a central health studies library staffed by a qualified librarian and adequately stocked. I am pleased to report that a qualified librarian together with a library assistant have now been employed. The Information Technology to run the system has been installed and over 2,500 text, medical nursing, management and paramedical have been acquired and we now subscribe to over 50 medical and 20 nursing journals. At present all these are housed in Bleak House but with the planned incorporation of the School of Health Studies within the general hospital all these facilities will be much more available, accessible, to all our professional practitioners.

Mr Speaker, only last month the Derek Wanless Report commissioned by the UK Government entitled "Securing our Future Health: Taking A Long Term View," argued that Primary Care as an interface with home based community care and as a substitute in many cases for hospital care is the point of the future delivery of top quality health service. The Wanless Report indeed recommends an increase in UK of two thirds GPs and one third of specialist nurse practitioners. There is no doubt that we have to move in this general direction in our own Primary Care Service

and I am pleased to report of the following developments in the past year and our planned developments during the forthcoming year. We have increased the GP complement from 13 to 14 and another GP will be recruited in the course of this financial year. This has allowed over the past two months the use of two GPs at any one time to run a rapid access emergency acute illness clinic and the other GPs are consequently seeing a smaller number of patients per session and they are thus able to improve the quality of their care and attention to these patients. The return of Gibraltar born GPs to work in the Primary Care Centre, Dr Negrette and Dr Monique Risso and the decision of Dr Luis Mañetto to take up permanent and pensionable status, this is highly indicative of the sense of hope and purpose that is now felt in the Primary Care Centre. A recent appointment, 2nd May 2002, of a highly qualified and experienced UK trained nurse practitioner, these nurse practitioners are in short supply and high demand in the UK may I say. The Wanless Report states that 20 per cent of the work currently done by GPs and junior doctors could shift to these highly trained nurse practitioners thereby reducing the load on doctors. The introduction in the Primary Care Centre of open access echo cardiography for GPs in an organised way, within an organised protocol. Our GPs are very satisfied and our patients are well served by the current arrangements with two Spanish Radiologists to obtain open and direct access by them to CT and MRI scans. The groundwork has been done to begin re-registering the patient population on a computerised database. Re-registration of patients should be finished in about a year. Five clerks have been engaged on a temporary basis for this purpose and the new computerised register will form the demographic cornerstone of the Primary Care Centre, Health Authority Patient Computerised database. It will establish entitlement to treatment, demarcate more closely and fairly the catchment patient groups for each GP and involve the issuing of up-to-date Health Authority Cards to each patient. The Primary Care Administrative and clerical staff continue to give a highly efficient and courteous support service that is greatly appreciated by all the medical staff and by the general public. All of the GPs, administrative staff, clerks, nurse practitioners, professionals allied to medicine will be now soon networked on a computerised database system in the

next year and the computerisation of clinical past medical history summaries will be given high priority. This will be the first time that such information has been available in Gibraltar and it will have a vital part in future strategic health planning. The implications for GPs with such a system are immense. For the first time in Gibraltar it will be possible to address systematic risk management and clinical effectiveness. Electronic aids to clinical decision making will be built into the network. The appointment system should be fully computerised within the next year and computerised communications between the laboratory and some hospital departments should help with the flow of information.

Professions allied to medicine, perhaps it is in this area so important in rehabilitation, community and supportive therapy that we have invested largely in additional qualified staff during the past year. We have engaged two additional Occupational Therapists, a Physiotherapist an Orthoptist, Dietitian, and a Dental Officer. This has not only greatly reduced waiting lists for these services but also enabled us to develop more widely community based services, for example, increased visits to patients' homes, hydrotherapy, pain clinics, palliative care, community psychiatry away from the KGV, aids to daily living, for example, bathing and physical exercise in the home for elderly patients in the Bishop Canilla Housing complex and elsewhere. The employment of an Orthoptist last year and a further Optometrist in the course of this financial year both operating from the Primary Care Centre will greatly release the pressure on the consultant Ophthalmologist who will be able to concentrate more on acute surgery and consequently reduce his waiting lists.

A number of innovations are also planned for the coming financial year. Diabetic screening for adults by the Orthoptist, cardiac rehabilitation and parentcraft by the Dietitian and education sessions for nursing staff on nutrition and feeding. Development of in-patient services with a use of a nutrition screening tool, improvements in audiology which are already being brought about

by the speech therapist, a multi-disciplinary seminar to be held soon on dysphagia which is a sort of eating disorder.

Mr Speaker, I have already indicated increased staffing resources in various departments as I reported on them but it may be useful, in order to convey the considerable investment that the Government are making in reviewing manning levels in all areas as we move closer to the expanded facilities in the new hospital to list here the additional posts created during the past year.

- 1 Consultant Gynaecologist
- 1 Consultant Elderologist
- 1 General Practitioner
- 2 Senior House Officers
- 1 Ward Pharmacist
- 1 Medical Librarian
- 1 Orthoptist
- 2 Typists (1 Primary Care Centre and 1 in the School of Health Studies)
- 1 Physiotherapist
- 2 Occupational Therapists
- 5 Registered Nurses
- 1 Hospital Attendant
- 1 Dietitian
- 1 Dental Officer
- 1 Executive Officer
- 1 GHA Clerk.

Mr Speaker, we have traditionally looked at the UK for specialist investigations and medical treatments which are beyond our limited resources, whereas the clinical expertise and attention received by our patients generally from UK consultants would be difficult to match anywhere in Europe, a certain disquiet has been expressed from user groups locally such as the Cardiac Rehabilitation Group concerning standards of cleanliness, catering

and nursing care in some hospitals in UK. I am pleased to say that following strong representations from us and indeed pressure in UK itself these identified hospitals have reportedly shown a marked improvement in these aspects of patient care.

In my budget speech last year I was able to announce that we were discussing with relevant authorities in the neighbouring regions of Andalucia practical ways of expanding the availability to Gibraltar of medical centres in Spain. Since then some of our consultants have been surveying existing facilities in Spain relevant to their specialisms and have referred patients to freely opt for this facility. As a result over the past year an increasing number of patients have been referred to medical centres in the neighbouring region not only as emergencies but for on-going specialist treatment, but at all times as I have said the Spanish option if I may put it this way will be offered to individual patients on a voluntary basis and when judged by our own consultants as clinically indicated.

A further and very positive development in the administration of our system of patient referrals to UK which is being considered at present is the possibility of entering into a consortium arrangement with the health authorities in Guernsey and Jersey. Like ourselves the Channel Islands operate a system of referrals to UK NHS hospitals for specialised investigations and treatments. We have held discussions with health authorities in Guernsey and Jersey who would be prepared to accept our own authority into their consortium. Although there has been no commitment on our part there is evidence that the system presently operated by the Channel Islands not only results in reduced costs but also improved quality of service, both clinical and also in terms of patient and relatives accommodation, transport, escort service to patients, shortened waiting times, guaranteed access to major teaching hospitals and improved relations with provider Trusts and hospitals. However, the logistics and financial implications of such a move are being carefully considered by the GHA management at present.

Mr Speaker, health awareness, health education, health promotion, comprise an area which often goes by the name of preventive medicine. The responsibility comes under the Public Health Department which over recent years has developed a wide programme of health promotion initiatives in liaison with other relevant bodies especially the Education Department, the Sports Department and other agencies and voluntary bodies. An intensive programme of events, campaigns and activities were organised throughout the past financial year. No Smoking Day, the Asthma Awareness Day, Diabetes Awareness Day, the parents of children with Diabetes actually helped immensely with the campaign and their effort is to be commended, Sun Awareness Campaign, the Miss Gibraltar contestants helped here in many ways helping to promote the concept of sun safe behaviour relevant to beauty care. Child Safety Day, World Aids Day, the Good Health Award aimed at catering establishments a criteria for restaurants and other catering establishments to gain the award will continue to be passing a dietary questionnaire, No Smoking areas assessment and qualified staff in food hygiene. A health promotion group is in the process of completing a health pack for nurseries and play groups and the health promotion group is also involved with the Gibraltar Inter-Agencies which is made up of a number of Government Departments some of which have an enforcement role within our community and the campaigns that have taken place are Drugs Awareness Day, Fireworks Safety, Drink and Driving Awareness Campaign, Child Safety Day and Summer Safety Day. The Public Health Department is also responsible for the GHA's programme of immunisation, infection control, and the Cancer registry. The most significant new measure by far this last year has been the introduction of the Meningitis 'C' immunisation campaign for the entire child population. The ambitious programme intended to cover nearly 8,000 children has progressed well, faster than expected, and is due to be completed by April next year. Meningitis 'C' vaccines are given to children from two months to 18 years of age, the actual dosing depending on age. Once the entire population of current children have been vaccinated the Infant Meningitis 'C' vaccine programme will continue as routinely part of infant immunisation schedule. Infections due to food poisoning bacteria

continue to rise, principally from salmonella and campylobacter, which is a bacteria which causes food poisoning, usually related to contaminated meats and dairy products. There were five notifications of meningococcal disease in 2001 including three tragic deaths but despite exhaustive search no links were found between the individual cases which were spread out in person, place and time and the serogroups 'B' and 'C' were also evenly divided.

The Cancer Registry continued to record notifications in accordance with policy. It was started in November 1999, the intention being to establish a scientific base following guidelines from the International Association of Cancer Registries and produce an analysis and interpretation of our compiled statistical database. The statistics were published in the GHA's annual report but it still remains to carry out a scientific comparative study of our incidents statistics with those in other relevant areas in Spain, Britain and other parts of Europe.

Mr Speaker, in order to guide the new hospital design team, the GHA has carried out with advice from computer and telecommunications experts a comprehensive policy on the installation and use of information technology and other advanced telecommunication techniques throughout the health services. The preferred model is one which integrates multiple health care levels with a simple software solution and a network cabling design. This would link Primary Care data with other areas of health care such as the laboratory, radiology department as well as general administration and records. The system will be the main tool for the re-registration process that was previously explained. During last year we have installed much of the required hardware, for example, in the Primary Care Centre including all the doctors' clinics, KGV, Community Care office and some departments at St Bernard's Hospital. It is expected that during the current financial year the Primary Care Centre and other management and administration services including the laboratory and the radiology department and the IT system as I have just

outlined will be fully functional operating the appropriate software, and it is intended, to make available in the new General Hospital what is called a "touch screen information kiosk" enabling users to obtain information on services, appointments et cetera at the touch of an icon or a label on a screen. There will be one for wheelchair users and another for able-bodied persons. Needless to say this revolutionary but nowadays essential development of information technology in our health services will run parallel to a programme of skills training for the practitioners at all levels from departmental specialist operations to generic computer familiarisation of all staff.

Mr Speaker, as the House is aware I am also privileged to hold ministerial responsibility for Education and Training another area of vital importance for the quality of life in our Community in its broadest sense, that is, spiritual, moral, social and indeed economic. I do believe that we can be justly proud of our educational system which has been built over the years through the dedication of professionals at all levels, wise planning and investment on the part of Governments and administrations and above all supportive commitment of teachers, parents, children and the community as a whole. As Members of the House are aware our educational system is entirely modelled on the UK system. I was personally involved as a Member of the Commission appointed by the Government at the time which recommended the adoption in Gibraltar of the National Curriculum. I believe today that this was a wise decision since our opportunities for higher education in realistic terms reside in Britain where we currently sponsor 559 students in British Universities and Colleges and the most effective way of gaining access to these institutions is through the academic route of the National Curriculum, the GCSE examinations and the GCE advanced levels. Following this route has not been without serious difficulties not always have recent changes in curricular reforms and teaching methodology been received in UK itself with enthusiasm by educators and teachers. It is claimed for instance that the teaching process has been straight-jacketed somewhat at the expense of the natural creativity, flexibility and spontaneity of the teacher in the classroom situation. When I met recently with

Nigel de Gruchy, the Secretary General of the Teachers' Union, I asked him what was the root cause of this exodus of teachers and the difficulties in recruiting teachers experienced in UK. He answered simply that it was the unacceptable workload and stress brought about by the bureaucratic measures introduced into the schooling process by recent reforms. Fortunately we have no problems of recruitment and retention of teachers in Gibraltar but in trying to keep pace with developments in UK as we should the Department of Education is sensitive to ensure that the morale and commitment of our teachers is maintained at the level which is traditional amongst us and of which we are rightly proud.

The toughest challenge for our teachers in secondary school has been the adoption of post-16 developments in the UK. The post-16 curriculum will offer students a broader and more flexible programme including the opportunity to combine academic and vocational study while maintaining rigorous academic standards. This has presented our comprehensive schools and the College of Further Education with a real challenge in terms of resources certainly, but also established teaching methodologies. There is no doubt that the present tripartite segregation of Bayside School, Westside School and the College of Further Education is open to review. For this purpose I have appointed a working group chaired by the Director of Education and Training with representation of the relevant institutions together with representatives of the Training Unit and the Employment Services to review all aspects of the current curricular delivery in terms of the sample duplication of resources as isolation of teaching and learning experiences, social and gender segregation, constraints on children's options and lack of interaction between academic and vocational courses. The aim is to foster greater collaboration between the three institutions to offer a wider choice to 16 year olds after the GCSEs. The target date for the implementation of joined programmes is September 2003 and as we speak the Director of Education, the Education Advisor and the NASUWT President were in UK to discuss with local authority officials and headteachers how schools have got together to form this sort of consortium between them to enable them to pull resources and

offer greater and more varied choices to students. At the same time they will also learn at first hand how the new very important green paper on 14-19 education published recently by the UK Department of Education and Skills is being implemented in practice, it is worth quoting the intent and aim of this far reaching document, "...more people need to be better educated than ever before to improve economic competitiveness and promote social justice, we need to develop the skills and talents of young people across the full range of abilities. Young people need to continue their education and training past 16 and must be challenged to reach their full potential and this is as true for those who face significant barriers to learning as it is for natural high-flyers."

Mr Speaker, the fact that we are ready to review and indeed widen and improve our post-16 educational provision should not be seen as a mark of dissatisfaction on our part with our current public examination results. The fact that over 40 per cent of our annual intake gain access to higher education is proof of our success in preparing our pupils not only at secondary levels but throughout their school career for public examinations. The statistics speak for themselves. Our pass rates are well above national averages in the UK and our results place our schools amongst the top ranking schools in national league tables. In 2001 at GCSE our pass rate, that is:-

- 'A' star to 'C' grades was 64 per cent,
- 'AS' level 91 per cent,
- 'A' level 92 per cent.

The number of students in UK universities and colleges during the past academic year as I have stated is 589. The cost of tuition fees for these students which is no longer paid as previously by the British Government but continues to be paid by us is £585,864. Maintenance grants continue to be means assessed and currently 247 students obtain maximum grants of £4,320 in the London area and £3,513 elsewhere and 70 students obtain minimum grants of

£1,466 in the London area and £776 elsewhere. These grants are increased annually to keep up with inflation rates in UK but as the House is aware, last year the Government increased substantially these grants not only through an overall increase of 10 per cent as had been promised in our manifesto but by actually reducing the so-called parental contributions which is an element in our system of means assessment. I would venture to say that our Government's investment in Higher Education has been historically unique and significant offering a record number of students the opportunity of Higher Education abroad.

Mr Speaker, I spoke earlier of the department's sensitivity to the issues on morale and welfare of teachers. In this respect I have to put on record the genuine co-operation of the Teachers' Union, the NASUWT Branch in Gibraltar. This is clearly demonstrated by the very satisfactory pay settlement between Government and the Union which was signed earlier this year and which has brought considerable improvement to teachers' salaries at all levels. I wish to put on record the boldness and the integrity demonstrated by teachers and their union in submitting their pay claim, I believe for the first time in Government pay negotiations, to a system of performance management assessment. Performance management affects all teachers, from the Director who will be assessed by an OFSTED trained educational consultant from the UK, to the teacher who has just completed the compulsory induction year. Team leaders have been identified within each school and a 'cascade' model operates, the benefits of target setting and working towards them are already being felt. The department is confident that the introduction of performance management has not introduced unnecessary bureaucracy or has increased workloads substantially. Schools have been advised to fine tune their priorities. The introduction of the new salary scales also enabled all teachers who are eligible, that is, those already on the maximum of the main scale the opportunity of crossing what is called the "threshold" to an upper pay scale. Progress up the upper pay scale as is progress up the leadership scale in which Heads and Deputies are placed, is dependent on success in performance management.

Mr Speaker, the Department of Education has in recent years leaned heavily on professional development relying on the expert advice and services of OFSTED assessors. There is no doubt that this programme of school focus visits by external monitors has sometimes placed increased stress on our teachers and it is to their credit that they have borne the strain in such good and co-operative spirit. They will be comforted to know that the UK advisors have highly commended our local profession generally as well above average in the established rankings prevalent in UK. The department is currently offering an educational management course in conjunction with Sheffield Hallam University, 20 teachers started in October 2001 completing their studies for the post-graduate certificate in September 2002 and a second cohort of 18 teachers started in February 2002 and they will be finishing in February 2003. On successful completion of the first two modules, teachers will be awarded a post-graduate certificate in leadership and management education. Those aspiring to promotion particularly to the senior posts, deputies and Heads, obviously will be required to go through this course.

Mr Speaker, whereas I have highlighted the Government's investment in Higher Education I want to assure the House that the Department's philosophy and indeed practical policies are in no way elitist or exclusivist. The department has adopted whole heartedly the UK code of practice on the Identification And Assessment Of Special Educational Needs 1994, and its revised version which came into effect in UK on the 1st January 2002. The department's policy is spelled out in a booklet published this year entitled, "Meeting Special Educational Needs - Guidelines For Gibraltar." Our policy is based on the principle of equal opportunities. In broad terms and as far as resources allow children with special educational needs will be educated in ordinary schools and will be engaged in the activities of their peers but never at the expense of prejudicing the learning opportunities of others who do not have special educational needs. For those children for whom mainstream education is not appropriate, specialist provision is made within the pre-school unit which we created last year as an annexe to St Martin's School, in St Martin's

School itself or in the Special Resource Unit within main stream schools. In order to ensure an effective implementation of these programmes we have appointed in each school teachers with special responsibility for special educational needs and they have all undergone specialised training. In terms of resources to carry this programme through, we have engaged:-

- 10 classroom aides in main stream schools,
- 4 nursery nurses employed in main stream nurseries,
- 2 vehicle escorts for children with special needs,
- 15 full-time equivalent classroom aides in St Martin's Special School, where the children have to be attended throughout on a one-to-one basis.

Classroom aides have also been given foundation courses by the department's Education Advisor for Special Educational Needs and for children with more specific physical disabilities, for example, visual impairment, experts from UK are engaged to visit us regularly to monitor progress and induct our own dedicated teachers to adopt appropriate methods and resources. The department has also set up a referral unit with a behaviour support team made up of three peripatetic teachers highly qualified in supporting children with emotional and behavioural problems. These teachers will work closely with special needs co-ordinators in each school and in the case of pupils who are excluded or suspended, arrangements are made for them to be attended offside by the Behaviour Support Team teachers assisted also by the Special Needs Advisor and the Principal Educational Psychologist.

Mr Speaker, most of the construction work during the past year has been directed to the creation of suitable lunch facilities in the schools. The only other works carried out have been essential

repairs and when safety was at stake but the programme of works during the current financial year is the following:-

- Construction of a Computer Suite in Bayside School
- Removal of the carpets at St Mary's School and refurbishing of existing flooring.
- The replacement of windows and rendering of cracks at the College of Further Education.
- The construction of a mezzanine floor and a small building at the Gibraltar Training Centre.
- The replacement of windows and repairs to the roof at St Joseph's First and Middle Schools.
- The refurbishment of the gymnasium and music room at Sacred Heart School.
- The resurfacing of the playground and installation of new playground equipment at St Martin's Special School.
- The replacement of a complete staircase at St Bernard's First School.
- Repairs to part of the roof at Notre Dame School.

The department is planning to carry out this year a major programme to equip all our schools with ample resources for information technology. ICT is now included in the core subjects of the National Curriculum and Government are committed to promoting e-commerce and e-business which necessary requires a proficiency in computer technology. We have budgeted £200,000 for an initial programme this financial year which will include not only many more up-to-date

computers in all our schools but also easy access to internet for the pupils and networks which can link interactively the schools and indeed the individual classrooms and the individual pupils to centralised resources. The greatest constraint in terms of school accommodation continues to be the increased demand for school enrolments in Bishop Fitzgerald and Governor's Meadow School, as a result of the great increase in population in that catchment area. Government have actually increased this year's intaking to Bishop Fitzgerald School from the traditional four groups of entry to five groups in order to keep class sizes within acceptable teacher-pupil ratios and we are building two temporary classrooms on one of the tennis courts adjacent to the school and we have to increase the teacher complement in the school accordingly. During this financial year we will carry out a pre-construction logistical survey and design with the aim of building a new first and middle school complex in this area so that hopefully by September 2003 we will have found a more permanent solution to this problem.

Mr Speaker, perhaps the greatest challenge faced by the Department of Education in the past year was not of a strictly educational or academic nature, but certainly it taxed the department's managerial ability in steering through logistically a huge change in the pattern of school life requiring a radical change of school hours and an extensive reconfiguration of school buildings to enable over 4,000 children to have their mid-day lunch within the school premises. I am delighted to report that the whole thing has been a resounding success. There is general satisfaction about the way all the necessary arrangements have fallen into place and I have put on record my appreciation of the efforts of all those who have ensured this successful outcome. The Director, the officers in the department, the contractors of GJBS who worked against time, the agency Serviceall Limited who are responsible for the supervisory service, the Luncheon Supervisors themselves who are giving excellent service and of course the Headteachers and Deputy Headteachers in the schools, and last but not least the parents and the children for there excellent and co-operative

response. This success is also the outcome of heavy Government investment which we thought was warranted by the fact that we are responding to a very real sociological need in our community and which would add as it has done to the quality of life of many of our families. Mr Speaker, £2,232,231 has been spent on the construction of the necessary facilities in our schools. The number of parents now availing themselves of this facility has also increased because of the increased popularity of the service over the past year to 90 per cent of parents in the First Schools, 92 per cent in the Middle Schools, and 60 per cent in Secondary Schools and this has also entailed an increase of Supervisors from 117 initially to 140 currently and the cost for the first term has been £129,289. I am glad to say that all those prophecies of doom from the Opposition spokesman who spoke of shambles, mismanagement and warned me pointing his finger in a TV programme of impending disaster and chaos, I am glad to say Mr Speaker, that all this has come to nothing, and I am indeed happy to note that his only problem at the moment appears to be just the question of 'peanuts' in the suggested menu, a matter which in any case has also been satisfactorily resolved.

Mr Speaker, I have spoken before about educating the whole person and about education for life. This are constant fears to me and to which I have been deeply committed personally throughout my life as an educator not just as a teacher but well before that. I am glad to see that the pendulum somehow is now swinging from an overemphasis in recent years on academic attainment and methodologies to once again focusing on aspects of spiritual, moral, social and civic awareness faced with Britain's woeful record on divorce and family breakdown, educators there are now turning to strategies in their educational programmes to teach pupils those traditional values of citizenship, of moral integrity, social commitment, environmental concern and healthy lifestyles. Our own educational advisors are now launching a series of inservice activities to encourage and prepare our teachers with the necessary resources to promote these programmes under

timetable sessions of religious education and personal and social education. In this context perhaps it is appropriate that I should also make reference to the wide programme of educational exchanges between teachers and pupils from our schools and from schools over the frontier. Despite the Spanish Government's abrasive attitude towards Gibraltar, educators on both sides of the frontier realise and understand the importance of forging links of friendship and understanding amongst our peoples, especially the young. Countless activities and events have taken place during the past academic year but perhaps I can highlight the very successful sports fun day only a few weeks ago organised by the Department of Education and the Sports Department which brought together hundreds of children from our own junior schools and from similar schools in Los Barrios. Finally I would also like to congratulate the teachers and pupils in all our schools for their generous efforts throughout the year and every year in raising thousands of pounds in aid of a whole range of worthwhile charities, not only local but in support of children suffering poverty and hunger in other parts of the world.

Mr Speaker, the Government believe that training to ensure the development of skills at all levels and in all spheres of activities is a crucial vehicle to sustain economic growth and permanent employment and at a deeper level to bring about a sense of purpose in our community. During last year's budget debate I gave detailed account of the many schemes now operating 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 but what I do want to state is that the progress has been nothing short of impressive and I want to congratulate all staff involved for their good planning and excellent strategic implementation. I will now just give an updated account of the schemes and courses that are functional as at present –

- **Maritime Sector**

The Department of Education and Training has recently received notification from the UK Warsach Institute that 12 of the 13 candidates who undertook the NVQ Level 2 Navigation Watch Ratings accredited to SDCW 1995 Standards, have passed the formal assessment conducted in March 2002. The Department of Education and Training will be considering a third intake during this year.

- **Tourism Sector**

Up to 46 people have completed the School of Tourism course of which 30 trainees have gained permanent employment within the sector. Presently we have nine trainees from the ninth intake which started in April 2002 and we envisage a tenth intake later this year.

- **Financial Services Sector**

The local branch of the UK Institute of Financial Services conduct regular weekend revision exercises to help local professionals to acquire CIFA qualifications. Over 100 people have attended these programmes. Normally the local branch invites professional trainers from the UK Chartered Institute of Bankers to deliver indepth tutorials during these weekends. Students who are undertaking the Certified Accountancy Examinations known as ACA are provided with a Government subsidy of up to 75 per cent. This has greatly helped members of the Gibraltar Society of Chartered and Certified Accountancy bodies to obtain professional qualifications in an increasingly important profession. There are currently about 12 people benefiting from this facility. The Department of Education and Training continues to liaise with the two main local insurance associations in an effort to provide seminars based around the Financial Planning Certificate, parts I, II and III professional

qualifications. A turnover of around 123 people have attended these sessions.

- **Construction Industry**

A new three year NVQ Level under the Gray Scheme will be replacing the former two year scheme, in addition there will be a much greater emphasis in gaining skills at the workplace instead of just simulation based at the Construction Training Centre. Up to 52 people have achieved NVQ Levels 1 or 2, of these up to 21 managed to obtain permanent employment within their respective trades and up to six have obtained permanent employed in Buildings and Works and seven gained employment in GJBS Limited. The UK joint awarding body is the City and Guilds London Institute and Construction Industry Training Board. Gibraltar received its licence to issue NVQ's in 1998 and not as sometimes claimed by the Opposition spokesman for employment within the time of the previous administration.

Mr Speaker, recent notification from the joint awarding body has announced that one of the Level 3 apprentices in the Gibraltar Training Centre, Mr Shane Smith, a bricklayer, achieved a medal of excellence in the UK Official Construction Trades Competition. He has been invited to receive the medal at a special ceremony in UK and I am sure that all Members will join me in congratulating Mr Smith and indeed the management instructors in the Training Centre as Mr Smith's success clearly reflects the high standards in the Centre having been declared by the official awarding body officially as I reported last year a Centre of Excellence.

- **Engineering**

The main source for engineering apprenticeships is the joint Cammell Laird/Government Training Centre. This November

2002 will see the first apprentice intake complete their four year training programme around 11 are left of the original 15 that started and it is expected that Cammel Laird will employ a number of these apprentices. There are three other intakes which comprise an additional 36 apprentices of which 12 are deployed from the Government's Electricity and Technical Services department. The Government in conjunction with Cammell Laird are considering a new intake this October 2002.

- **Business Administration**

The Department of Education and Training is presently engaged in a third intake, 10 trainees who undertake the London Chamber of Commerce and Industry examinations through the College of Further Education in Business Administration over two afternoons per week, the rest of the time is based at a work placement, up to 11 trainees completed training in intake one whilst similarly from intake two up to nine people completed.

- **Information, Communication Technology**

The Department of Education and Training is planning to launch a wide ranging programme of basic courses of a general nature leading to the ECDL, European Computer Driving Licence, this is being planned in partnership with local established trainers and in liaison with local firms who can express their real needs particularly in respect of e-commerce and e-business. The College of Further Education is also offering a substantial number of courses to help people both from the private and public sectors to gain skills in ICT packages, Windows, Access, for beginners, intermediate and advanced levels, Excel for beginners, intermediate and advance, Powerpoint and finally Word for beginners, intermediate and advanced

- **Management**

There has been an increasing awareness of the importance of sound management skills at all levels including the civil service, consequently the University of Durham was invited by the Department to deliver a one year certificate/diploma in business management. Up to five programmes have now been delivered and a sixth course is being considered. Well over 80 people have completed this increasingly popular course. The Diploma with a badge of the prestigious Durham University's Business Studies School has also been offered to 20 senior civil servants, of which 17 went to undertake the post-graduate diploma in Strategic Management. They are currently awaiting the results of this but indications are very positive. In addition to the above the Government and Durham University is currently involved in the delivery of a Certificate in Management for Administrative and Executive Officer grades. Up to 42 civil servants are currently undertaking this programme and there are plans to offer another 40 staff the opportunity to undertake this course late this year or early in 2003.

- **Vocational Trainer Scheme (VTS)**

This is on-going and replaced the former fudged and discredited vocational cadet programme of the previous administration. The main difference is that the new scheme is structured, it is closely monitored by the monitors of the Training Unit with a pledge by all parties, employers and trainees to follow a predetermined and agreed training plan. There are currently 122 trainees placed within 91 companies.

- **Culture**

Mr Speaker, culture is a vague notion, for some it is an elitist indulgence in its sophisticated artistic pursuit, for others it is pretty well everything under the sun. In setting out a policy on cultural development we have to start by asking ourselves what

is culture. My favourite definition is that of Matthew Arnold if I may quote in his brilliant book "Culture and Anarchy" - "Culture is contact with the best which has been thought and said in the world," and he also says, "...culture is the crucial component of a healthy democratic state." Mr Speaker I am conscious that this is not the moment to engage in the philosophical disquisition on the nature of culture but I do want to say that the Ministry of Culture's policies and general approach is based on an understanding that the human, social, and ethical quality of our community must be reflected and measured by our cultural pursuits. In this spirit the Ministry has indeed sponsored and supported a whole range of artistic and cultural events and evidence of the vibrancy of the arts in our community at the moment is that packed programme of events that we have just recently enjoyed during the Spring Arts Festival including the increasingly popular Spring Art Exhibition which now complements the International Art Exhibition which this year actually attracted 278 artworks from 140 artists, painters and sculptors from Gibraltar, Britain, Spain, Holland and Germany. Government policy has been to encourage the creation of collective groupings, associations, in various spheres of the arts and I believe that this has been the key to the surge of artistic activity that we have witnessed in recent years. Most of these associations have now been allocated premises and especially attractive are the Art Gallery of the Fine Arts Association in one of those magnificent vaults in Casemates, and also in Casemates the Gallery ran by the Arts and Crafts Association. All of which has become a very popular venue for tourists. Similarly the Drama Association has been allocated premises at the Ince's Hall complex and in the Ince's Hall there have been theatrical productions almost every month, from jazz concerts, drama performances, zarzuela, pantomimes, and flamenco shows and both the theatre and the adjacent refurbished rehearsal room have been used on 93 occasions during the past year for rehearsals and drama and music workshops. Those of us who have attended shows in recent weeks in the John Mackintosh Hall Theatre bless the installation of air-conditioning in the theatre at a cost to Government of £40,661. I am pleased to announce that the upper floor of Watergate House in the

Casemates area which used to be the Health Centre, presently occupied temporarily by the Post Office, will be refurbished during this year to create a communal art gallery where we will be able to exhibit fine works of art which the Ministry has collected over recent years including magnificent paintings by worthy local artists such as Gustavo Bacarissas, Jacobo Azagury, Rumecondo Mania and Lenny Mifsud. £80,000 in the Improvement and Development Fund have been budgeted for this purpose. The Ministry of Culture continues to sponsor three musical events in the year which coincide with key moments of celebration in our community. The National Week Concert in St Michael's Cave, the National Day Pop Concert in the Naval Ground and the New Year Concert in St Michael's Cave. A total of £27,000 has been given out this past financial year in the form of cultural grants to 27 groups and organisations and a total of £90,000 have been budgeted this year for cultural grants and activities.

The Ministry of Culture continues to pursue joint cultural activities with our neighbours in the Campo Area and indeed with the University of Cadiz especially significant have been the conferences and seminars organised and funded by the Transborder Institute which was founded by the Chief Minister and the President of the Diputación de Cadiz in November 2000, with the intention of providing a forum for serious academic lectures and debates. Some of these conferences such as the one on World Wide Migration Movements attracted experts from Mexico, California, Guatemala, Costa Rica, Morocco, Ceuta, Holland and Poland. Another important conference dealt with the impact of the Euro on the distinct economies and currencies in the regions around the Straits of Gibraltar. Our Finance Centre was represented by Mr James Tipping, the Finance Centre Director and during Holy Week the Bishops of Gibraltar, Cadiz and Tangier came together at the Instituto to discuss the role of popular culture in the Catholic Churches Holy Week Liturgy.

Finally, Mr Speaker, the exciting prospect of the renovated and restored Theatre Royal will from now on become an increasingly manifest reality. The final design by the architects was displayed in an open exhibition last April and the response both from persons attached to the world of theatre locally and from the general public has been very positive indeed. The tender has now been awarded to Haymills Gibraltar Ltd and the construction price agreed is £5,932,855. The work of renovation will start early next month and curtains will rise again in the great Theatre Royal early in 2004.

Mr Speaker, having been trained and educated by the Jesuits I do not believe in fake humility I am indeed very proud indeed of this Government's record in all the areas in which I have the honour to preside ministerially. Areas which are of vital importance since I have explained into the well-being of our people. I have presented to this House a factual account of progress in the Health Services, Education, Training and Culture and only those who are politically blind will fail to acknowledge the impressive achievement by our staff in all these areas and at all levels. I want to thank them for their loyalty, commitment and hard work and I trust that all hon Members of this House will join me in congratulating them on their achievements.

Mr Speaker, I thank you and all the Members of the House for your attention throughout this lengthy report and I commend to the House approval of the items of expenditure under Heads 1a, 1b, 1c, 102, Appendix 'B' and Appendix 'C' of the Estimates of Expenditure 2002/2003.

The House recessed at 12.20 pm.

The House resumed at 12.25 pm.

HON S E LINARES:

Mr Speaker, with the economy of Gibraltar buoyant as the Chief Minister has stated on numerous occasions abroad to all and sundry, or 'sound and stable' as he has mentioned at the beginning of the statement on Friday, this budget as far as the Education and Training is concerned is very disappointing to say the least. I would like at this stage to give notice that I intend to ask a number of questions but I will be making these at Committee Stage to give the Minister an opportunity to explain a few matters.

In last year's budget statement the Minister mentioned the fact that our system is modelled on the UK system anchored on the National Curriculum and leading to GCSE and 'A' Level examinations validated by the UK examining boards. He went on to say that it was important to keep pace with UK developments, in fact he has mentioned this even this year. Indeed we must keep up with developments in the UK not only on areas that suit him such as examinations but also for the other end of the spectrum since in this area the Government are failing to tackle the alarming numbers of children suspended from schools and truant children. It is very disappointing to see that despite the fact that he has announced having employed two peripatetic teachers to tackle behavioural problems, in actual fact all he has done is snatch them away from the existing complement since as can be seen in the estimate of accounts there is no increase from the already existing 286 in the establishment of teachers shown on page 31, Head 1(III). It is also disappointing that he has not seen it fit to employ more Speech Therapists for the Department of Education that is desperately needed due to the identification of children's learning difficulties. I wonder whether any of the extra Occupational Therapists will be attached to the Department of Education to ease schools in order to fulfil the inclusion policy. It must be said at this point that he has done this to the detriment of some other school. The Minister is recognising that behavioural problems exist and seeing the number of children suspended, that is, 19 already this year, it is highly irresponsible of him to dismiss this fact and not consider having a Pupil Referral Unit, which he saw fit when he

was a headteacher, yet numbers of suspended children then were few and far between. What the Minister calls a Pupil Referral Unit this year with two peripatetic teachers, is just a cover up of what is really needed. His explanation of inclusion and lectures he has given us in this House to justify that there is no need quite frankly are ridiculous. I am a believer of inclusion but there are limits to this. Specialist Educational institutions are needed, we have already got them and this has again been recognised by the Minister even this year. It is obvious that if he does not take developments in the UK seriously or probably cannot keep up with them since he has too much on his plate because just two days after I had come out with a press release and an interview in GBC on this precise issue, the UK Government were announcing the fact that they are to open and set up Pupil Referral Units across the country to tackle children who are suspended from schools. This, despite the fact that in the UK they also have an Inclusion Policy since children should be put into a learning environment and not left out in the streets to cause a nuisance to others and make a nuisance of themselves.

Mr Speaker, how sad it is that although the Minister, an ex-teacher himself, recognised behavioural problems in our education system, he is dragging his feet to bring to this House the long overdue legislation to tackle truant children from schools, despite the fact that this issue has recently been highlighted in the UK media where a mother was sentenced to 60 days in prison for not sending her daughters to school. I would like to make it clear that I do not believe that parents should be sent to prison but likewise a £5 fine and a lot of red tape is ludicrous. It is incredible that we waste so much time passing EU Directives and laws that are important to our children and the community at large are left to one side. I have been consistently asking the Minister at Question Time about this legislation and all he has been able to say is that it is at the drafting stage. His commitment to this issue is nil despite the Minister recognising that it has to be implemented and that it is also an issue in the UK education system.

Mr Speaker, another worrying factor is the fact that subjects both in Westside and Bayside are restricted to pupils choosing their options in Year 9 for entry into Year 10 for GCSE. This has been due to the complicated time-tabling that needs to be done as the Minister knows from the time he was the Head of Bayside. It is therefore important for us in Gibraltar to look closely at this if we are to continue comparing our results with those of the UK. Children should be given a wider choice of subjects. Core subjects should be compulsory and all other foundation subjects available to students at GCSE and 'AS' and 'A' Level. I am happy to hear that the Minister has recognised that there is a constraint of students options and we hope that his announcements are not only announcements but a reality.

Mr Speaker, this unfortunately is also the case with Nursery Education. In my first budget statement in 2000 I said that the Minister had recognised the importance of nursery education. His words were, "...effective pre-school education is recognised today as a key factor in successful schooling." I then went on to say that it should be Government policy to have 100 per cent of 4 year olds in Government nurseries since it was discriminatory to have 315 albeit sharing sessions instead of the approximately 450 children that are of that age range. The Chief Minister had the audacity to say that, ".....as an aspiration of reaching 100 per cent publicly funded pre-nursery school places at least for the four year olds, I would agree...." and he went on to say, "...one cannot go from a position of 120 to a position of 140 within a year, he must understand that the deployment of public resources have to be paced and the improvement to public services need to be gradual." In last year's budget the Hon Dr Linares said, " it is recognised by educators that pre-school education is a crucial factor influencing a child's whole school career." The fact is that with the buoyant economy obviously what they also inherited and not only the figures of 120 in nursery placings as the Chief Minister also stated, there is no financial provision to having more nursery schools for the second year running which shows that this Government have not got a coherent policy at least in relation to education. There incompetence to bring to this House legislation

to regulate nurseries is yet another case that clearly shows the lack of direction of this GSD Government but most importantly it shows that they do things only if it is popular, if there is a photo opportunity and only when they think it is going to create an impact to their petty political goals. Since the regulating of nurseries has not got any public appeal they continuously put it to one side.

Mr Speaker, from the moment this GSD Government took the decision of implementing the change of school hours all it has tried to do is to look as if they knew how and what to do. The opposite has been the case since it is clear that the Government were to change to a one hour break despite producing questionnaires that were mishandled to obtain the result that Government had already decided. This was made clear by the fact that Government started their work to accommodate for a one hour break even before they knew the results of the questionnaire. The Minister promised that parents were going to be able to have the option to, "...continue to go home for lunch if they so wished...." The reality is that any parent who has a child in the First School and a child in either a Middle School or a Secondary School will find it impossible to eat at the same time since the lunch breaks are at different times anyway. The attitude of the GSD Government towards the change of school hours which affects the lives of people has resulted in Government wanting to use wipes to clean childrens' hands and the Health Authority having to state that it was unhygienic and that basins and soap and water had to be provided. This again shows the lack of co-ordination between departments. Two ministries that one would say should be co-ordinating well since they are the responsibility of the same person, that being the Hon Dr B A Linares. The attitude of this GSD Government have resulted in children having to eat on the floors at least a month during the winter period since even the timing of the change was miscalculated. It has resulted in schools being disrupted unnecessarily, it has resulted in patching up facilities from the beginning after representations from parents, it has resulted in more workload on the Headteacher and Deputy Headteacher to the detriment of education generally since both Heads' and Deputies' time has been taken to administer the lunch break. It

does not only boil down to peanuts. The Government apparently have to-date spent approximately £2.2 million on capital expenditure to accommodate the lunch break but again to the detriment in some cases of other facilities to which schools had needed and requested years ago. This means that the figure of £2.2 million which was originally stated for the change of school hours can easily be put down to approximately a mere £1.4 million. Trying to give the impression that the £750,000 spent on St Joseph's First and Middle Schools to accommodate the lunch break is to try to mislead the public. The £750,000 that has been spent in St Joseph's First and Middle Schools has been to build two gymnasiums that were desperately needed, this is not reflected in the estimates of accounts. The money spent on the new building at Westside School, although a separate item, has in this case been used to accommodate the lunch break to the detriment of what was originally going to be built. This again is not reflected in the estimates of accounts as a capital expenditure of the change of school hours as it should be.

Mr Speaker, yet another disappointment in this budget is that although the Minister recognised the need for more secretaries in schools he has not moved to rectify this historic anomaly. There is no sign in this budget to state the contrary despite it being sound and stable, in fact, he has seen it fit to employ a secretary in the School of Health Studies and yet a typist for schools for our children there is none. Any institution that is expected to run smoothly needs a full-time secretary at least to be able to alleviate its staff from normal secretarial work. What is happening at present is that Headteachers as well as teachers not only have to comply now with the school hours, but have to do things such as photocopying, filing, typing lesson worksheets et cetera. This means that the time spent on doing these things are to the detriment of the teacher's preparation time.

At this stage I would like to take the opportunity of commending the work done by the present secretaries, since they are also working against all odds. Clearly what is happening is that the

teachers in Gibraltar are encountering the same sort of workload which he has this year mentioned in the budget speech, that the NASUWT are campaigning against their Government in the UK. Having a full-time secretary in every school as a minimum can alleviate this. In the estimates of accounts we can see clearly the shortfall. We have 14 schools and only 10 secretaries. When one considers that the two comprehensives have two full-time secretaries each, then the rest of the schools share six secretaries. This information was the one the Minister gave me in answer to Question No 518 of 2002 in this House. I wonder what Convent Place would do if the Chief Minister had to share a secretary with other ministries and only working mornings.

Mr Speaker, another worrying issue is the fact that the Minister has announced that in Bishop Fitzgerald there is to be a five form intake. He was the one that thought that small schools are better for children, he did that during his campaign to keep the Governor's Meadow School open when the previous administration were thinking of closing it down.

Mr Speaker, though the Government have invested sums of money for training, we believe that the Department of Education in co-ordination with the Employment Board should monitor whether these courses are value for money. It is interesting to note that the Minister for Buildings and Works is constantly looking at value for money in his ministry yet when it comes to training this is not the case. Training should be:-

To qualify and prepare people to be able to apply for employment,
For professional development for the public service and the private sector,
for leisure, as some adult education courses.

Most of these should be on a self-financing basis. At present training does not seem to have any specific direction, what is worse is that none of the departments concerned seem to be bothered on monitoring the effectiveness of its training in relation to its long term development and progression. This was the case with the course such as training for the unemployed. On the cultural front, apart from the amounts spent in the Theatre Royal which is running to millions, the Minister is constantly boasting about the fact that he re-constituted the Arts Advisory Council yet in nearly seven years of Government, it has met the grand total of five times. Four in 1998, once in 1999 and as far as we know has not met since. This is yet another year that we have not had the Drama Festival, it seems to have been kept very quiet with only a mention by the Director of Culture when exposing the events for this Spring Festival. This despite the fact that Government are spending more money on cultural activities, the Theatre Royal and Ince's Hall. Cultural grants are taking very long to reach the groups. The fact is that these groups apply in June/July and groups do not get their monies until late October and sometimes November. It is totally unacceptable since groups cannot plan their itinerary and programmes of work for the new term which most groups start in September. All these inefficiencies again show that there is no substance in what this Government do yet when the Art Advisory Council was reconstituted the Government did a great deal of song and dance, never a better word said, and a great media show to make people believe that things are being done. When the Drama Festival was restarted the same thing happened. In the UK the Blair Government are constantly being accused of spin but in Gibraltar the GSD are the masters of spin.

Mr Speaker, on the youth front this Government have ignored the advice from the voluntary youth workers and they have treated these people who have given a lot of time and effort throughout in an unacceptable way. These people have brushed aside without giving them the credit and recognition they deserve, be that as it may, Government have now decided that they do not need these voluntary youth workers. What is worrying is that although Government have dismissed or at least quietly marginalised these

voluntary workers, the Government still have not got a comprehensive short, medium, and long term policy for our youth service. I therefore think that it is totally irresponsible of Government to have ignored these people without first knowing what direction they are taking. We still believe that the youth service should have been kept within the Education Department since the drawing up of policy would have been done with a general development of young people which is one of the functions of the Department of Education. This was another decision that was taken to suit the minister concerned rather than having the concerns of our youth at heart.

In conclusion, Mr Speaker, though Government finances are sound and stable as has been mentioned, the Government are clearly not focusing on the real needs of people. They are out to give the impression that they are delivering yet all they have done as far as education and training is to spend lots of money in things that are visible and at times these are not even practical. By not bringing the legislation needed to improve children's lives, by taking decisions without having thought of the long term consequences, by trying first and foremost to look good even though in the long run it is not. Thank you, Mr Speaker.

HON LT COL E M BRITTO:

Mr. Speaker, I once again rise to address this House and inform it on all aspects of my Ministerial portfolio. I will address my political responsibilities in the following order:

1. The Environment
2. Technical Services Department
3. Information Technology Services Unit

4. The Electricity Department
5. The City Fire Brigade
6. The Post Office
7. The Sports Department
8. The Youth Service
9. Public Service Broadcasting
10. The Government Lottery
11. Gibraltar Nynex
12. Gibtel
13. Lyonnaise des Eaux
14. The Philatelic Bureau

Mr Speaker, when I have spoken in previous years about the Environment, I have highlighted the challenges and demands on both manpower and financial resources, which come to us from Brussels in the form of Environmental Directives and Regulations which we are required to transpose into our legislation and subsequently to implement. The position has not changed and I will shortly be bringing before the House legislation transposing directives on:

- 1) the limitation of emissions of volatile organic compounds due to the use of organic solvents;
- 2) landfill; and
- 3) amendments to existing legislation on waste and hazardous waste.

We will also be bringing in legislation on ambient air quality. This will provide for a framework for the management and assessment of air quality and provide limit and alert values in respect of a number of pollutants such as sulphur dioxide, nitrous oxides, particulate matter and lead. Because of the low values to be monitored and the need to update data on an hourly basis, the monitoring equipment required is sophisticated and expensive. However, we need to provide for this since, not only will it allow us to comply with EU obligations, but it will also allow us to monitor and assess our air quality in a manner which has not been possible up to now.

Inspection levels of imported food during the year needed to be increased and additional requirements put in place as a result of the Foot and Mouth epidemic in Britain. These increased measures were necessary to protect other countries from the risk of spread of the infection. Britain recently once again obtained its Foot and Mouth free status and the increased measures and additional requirements have now been reduced to previous levels of normality.

As regards other areas that come under the umbrella of 'environment', we shall be continuing the comprehensive programmes already in place for the cleaning of Gibraltar. I think that the effects are there for all to see and we shall continue to monitor closely and to ensure the standards are maintained and, where possible, improved even further.

There are also programmes in place for the maintenance and upkeep of planted areas. These are working well as can be seen by the many embellished places throughout our town. More areas have been added during the course of the year and we shall continue to upgrade areas in a reasonable manner within our resources.

Playgrounds are also the subject of continued programmes of cleaning and maintenance. During the past year the Moorish Castle Estate playground has been refurbished and can now be better enjoyed by the younger residents of the area. Other playgrounds will continue to receive the attention required to ensure they are kept at a standard that young users deserve. I would like to end my contribution on the Environment, Mr. Speaker, by again thanking and expressing my appreciation to the many individuals and groups that continue to give invaluable help, advice and support on the many and varied issues which encompass this particular responsibility of my Ministry.

Mr Speaker, Technical Services Department has undertaken a total of 27 significant civil engineering and building projects during the last financial year. Some such projects having already been completed whilst others are scheduled for completion during the current financial year. I will now give more details of some of these.

In respect of Rock Safety, work was undertaken and successfully completed on the stabilisation of a large boulder, above the MOD water catchment on the east side, which was identified as having been partially undermined and in danger of being displaced. In the context of the eastside, I have to regrettably mention the tragic incident that occurred at the entrance of Dudley Ward Tunnel and which sadly resulted in the death of a young man. I again take this opportunity to offer my most sincere condolences to the family. As a result of this tragic incident, an in-depth investigation of this area of Gibraltar's cliff face has been undertaken, the results of which are currently being considered. The closure of the east side road will therefore have to continue for a prolonged currently undefined period of time until this matter can be adequately addressed. The design work for the stabilisation of the cliff face bounding the south extremity of the Brympton housing estate was also completed during the last financial year with tenders for such work already having been invited. As a consequence of the major cliff face collapse that

occurred at Camp Bay some years back, the sewer serving the Old Royal Naval Hospital complex, which originally was affixed to the collapsed cliff, was severed during the collapse. Work was commenced last year in reconnecting this sewer and the works have continued and will continue into the current year.

Works on the reconstruction of a retaining wall outside the northern entrance to The Mount was undertaken and practically completed during the last financial year with the few remaining minor items having now been completed.

Work was completed last year on the matting and seeding of the newly exposed sand slopes on the site of the decommissioned water catchments at the east side. This has proved to be a very successful project with the newly planted vegetation having taken hold and contributing to the stabilisation of these otherwise potentially unstable sand slopes.

A number of beautification and refurbishment projects were undertaken and works continued during the year on the City Centre Beautification scheme with the commencement of the current phase of the project. This current phase includes the section of Main Street, from its junction with Library Street up to its junction with Secretary's Lane, Library Street itself as well as the whole of Cathedral Square. Last year the section of Library Street was completed as was the section of Main Street from Library Street to Cathedral Square and the project as a whole is due for completion during the course of the current financial year. The project for the realignment of the 'black spot' was completed during the last financial year although the affected section of the road has only just been opened due to some extra road marking works requested by the Royal Gibraltar Police subsequent to project completion. The realigned road should significantly improve road safety of this notorious 'black spot'.

Work progressed during the year on widening and realigning a section of Europa Road near its junction with South Barrack Road. These works were due for completion some months ago but the discovery of uncharted services as well as the need to undertake the reconstruction of a number of retaining walls in the area regrettably delayed its completion. This project is now complete and has made travel easier and safer along this section of Europa Road.

Following the Government's commitment to assist the residents by carrying out certain remedial works within Sir William Jackson Grove Housing Estate to correct unsatisfactory works undertaken during its original construction, a number of projects were undertaken during the last financial year. All such projects were in relation to health and safety aspects affecting the well being of all the Estate's residents. Such works comprised:

- i. The replacement of the dry risers within all the blocks following the unacceptably deteriorated state of the original risers due to the use of sub-standard materials.
- ii. The complete overhaul and upgrading of the Estate's fire detection and emergency lighting systems.
- iii. The redesign and installation of the smoke extraction systems and louvres in the atrium.
- iv. The re-fixing of the roofing sheets following the corrosion of the original roof fixings.
- v. Alterations to the external open staircase of this building to bring these in line with British Standards.
- vi. The replacement and/or refurbishment of fire doors.

For similar reasons, the Government have committed themselves to undertaking certain works within Brympton Estate. Works commenced this year on the enclosures to the previously open stairwells providing access to the flats within these towers. These open stairwells were a major cause of dampness in a very large number of flats and its closure will resolve a large proportion of such problems.

Works also commenced last year on the new Retreat Centre at Lathbury Barracks. The old Sergeant's Mess is currently under conversion into this multi-function centre, which is due for completion during the current year.

Demolition works undertaken by Technical Services Department during last year included the demolition of the isolation wing at the Old Naval Hospital site as well as the demolition of all buildings within Landport Ditch. A number of other demolitions were undertaken by this department on behalf of other departments. These include the demolition of the buildings comprising 10 Fish Market Lane as well as the demolition of the burnt section of the Devil's Tower Workers' Hostel, and these latter works are now practically complete.

The major project in relation to sewers and storm water drains undertaken during the last financial year was the desilting of a section of the main sewer from its head at the American War Memorial down to North Jumpers Bastion. This proved to be a very successful project judging by the large volumes of sediment removed and the resulting clean condition of the sewer as was evidenced from the subsequent video footage taken. It is hoped that on completion of the repair work envisaged to the main sewer, further such works will be undertaken in the near future to complete this worthwhile and badly needed project. The collapse experienced in the main sewer at Rosia Road prevented further desilting works from being undertaken at the time. The collapse of the main sewer in Rosia Road has necessitated the installation

of an over-pumping operation to ensure the continued flow of the sewer. This enabled the department to undertake detailed and in-depth investigations of the damage as well as to prepare the necessary design and contract documentation for the engagement of a contractor. The very significant depths involved together with the complexity of the works to be undertaken, both in respect of the specialist execution methods needed to be employed and the fact that work will be undertaken within a live sewer, has resulted in unavoidable delays. Nevertheless, a contractor has now been appointed and has currently taken over possession of the site. These works are currently anticipated to take approximately 15 weeks to complete.

A related project commenced during the year was the refurbishment and bringing back into operation of the flushing tanks originally designed to cleanse the contributory and the Main Sewer. Two such tanks were completely refurbished and commissioned during the year and will soon be brought back into service. Work is currently being undertaken on four more such tanks with the idea being to systematically undertake remedial works on all such tanks.

Mr Speaker, this Department has acted as Design and Project Manager on a number of other projects financed from Heads controlled by other Government departments. The projects undertaken under this heading are too numerous to mention individually, but the following are the main projects which were completed during the last financial year:

- 1) Refurbishment and replacement of balconies at Heathfield House.
- 2) Repairs to the Western Arm coping stone and culverts as well as the second stage of the repaving of the area.
- 3) Construction of a footbridge at MacFarlane House.

- 4) Provision of new electrical installation at Devil's Tower Road Workers' Hostel.
- 5) The installation of a new lift at No 6 Convent Place.

The following projects are still on-going and are again being managed by this department:

- 1) Repair of balconies and refurbishment of Coelho House – 40 per cent complete.
- 2) The construction of a new industrial park at Lathbury Barracks – 50 per cent complete.
- 3) The laying of new infrastructure and resurfacing of a section of Rosia Road – 80 per cent complete.
- 4) Frontier refurbishment – 70 per cent complete.

The House recessed at 1.05 pm

The House resumed at 3.05 pm.

**Debate continued on the appropriation (2002-2003)
Ordinance 2002.**

HON LT COL E M BRITTO:

Mr Speaker, before I conclude my remarks on the Technical Services I would like to put on record that Mr Michael Pizzarello, a

Clerk of Works within this department, this year successfully completed a three-year Diploma course in Surveying, which he has attained with 'Distinction'. This was an excellent performance on all accounts particularly this year and as a result, the Royal Institute of Chartered Surveyors has awarded Mr Pizzarello a prize for the 'most distinguished student of the year'. In addition, the College of Estate Management has awarded Mr Pizzarello the Walfords Prize, which is awarded to the 'best student of the year' in the Quantity Surveying Division of the Diploma in the Surveying course.

I want to take this opportunity to extend once again my most sincere congratulations to Mr Michael Pizzarello on such an outstanding and meritorious achievement and wish him every success in his chosen career in Quantity Surveying. In this respect, I also congratulate him on his recent promotion to the post of HPTO Quantity Surveyor within the Technical Services Department.

Mr Speaker, The Information Technology Services Unit continues the on-going process following on from previous years of networking Government Departments. The Police Headquarters at New Mole House has been wired up and work on setting up the network and providing the necessary software will start soon. Similarly, the main office of the Education Department has had the cabling infrastructure set up. The Procurement Unit has been made ready and the possibility of introducing an electronic purchasing system to be used by all Government departments is being explored. The Treasury Payroll section is ready for the introduction of a new Payroll System, which is being developed to consolidate and centralise all departments' salaries and wages. The Central Arrears Unit has been networked in their new offices and the facility to access Income Tax and DSS arrears is now available to them.

The Motor Vehicle Licensing at Eastern Beach will soon be ready and will accommodate the existing Licensing staff located in John Mackintosh Square together with the Motor Vehicle Licensing System. Other departments networked during the past year and which are having the infrastructure set up at the present moment, are the Port Department, Income Tax, Audit Office, Statistics, Tourist Board, Department of Trade and Industry, Main Street Post Office and No. 6 Convent Place.

A Unified Collection System at the Income Tax Department now allows the collection of Social Insurance Contributions in addition to Income Tax payments. The new Income Tax System and the new DSS contribution system now run on the same platform and a shared database of common data, which will be the Central Government Database, is already in place.

A collection system for the Port Department has been implemented which will be used by other collection offices throughout Government and other systems which have been developed include a new system for the Register of Gibraltarians and one for parking tickets and the issue of summonses for the Ministry of Transport.

Systems that are being developed or in the design stage include:

- New Payroll System
- DSS Benefits
- Electronic Purchasing System (to replace the manual LPO system)
- Enhancements to Motor Vehicle System

- Enhancements to Income Tax System due to changes in legislation
- Enhancements to ID Card System
- Inventory System for the Electricity Section of the Technical Services Department.

The Information Technology Services Unit has also been involved in the design of the network infrastructure for the new hospital and advising on software requirements.

A general review of information technology within Government have been conducted by Price Waterhouse Coopers and their report has been presented to Government for consideration.

Mr Speaker, I would like to open my contribution on the Electricity Department by recording that on the 31st March this year Tony Aguilera retired as City Electrical Engineer and was replaced by Francis Xavier Pons. I would like to thank Tony for his noteworthy and faithful service to the Department spanning a period of 34 years of unbroken service.

In respect of the Electricity Department, the units generated during the last Financial Year saw an increase of approximately 1.8 per cent in comparison with the previous year. The amount generated totalled 127.2 million units. Of this total production, OESCO generated 64.56 million units and Waterport Power Station 62.64 million units. The total number of units billed during the same period amounted to 110.56 million units, a similar percentage increase as the units generated. The total amount billed was £10.365 million.

The total number of active consumers stood at 15,446 an increase of 129 from last year, representing 0.8 per cent. These figures confirm the continued growth in the demand for electricity by consumers. The requirements for an additional generating plant are now being studied.

Fuel prices have remained steady since November 2001. Fuel continues to represent by far the major item of expenditure incurred by the Department. Any move, which is not upwards, is therefore welcomed.

The Consumer and Metering Section moved into the new Electricity Centre at Rosia Road during the course of last year. Once the refurbishment works to the main stores building and the works compound yard are completed, the Distribution Section will be doing likewise. The new premises provide the employees with excellent facilities and consumers are finding the new offices pleasing to do business in.

Mr Speaker, an essential service like electricity must continue to look forward and progress if the demands of a modern society like Gibraltar are to be fulfilled. There is an ever-increasing dependence on this utility. The Government are presently involved in on-going negotiations with the employees and Unions with a view to forming an Electricity Authority. This will be a statutory body wholly owned by the Government and the employees will be public sector employees within an autonomous entity. The attendance of faults resulting in power failures is the number one priority of the Electricity Department. The occurrence of these, in the majority of cases caused by third parties, lead to inevitable slippages in the works programmes.

Mr Speaker, I would like to end by thanking all those employees whose efforts continue to ensure that our electricity service is available at all times of day and night.

Mr Speaker, during this past year, recruit training and specialised training has continued to be the priority for the City Fire Brigade. This has resulted in the attendance of a number of officers at the Fire Service College in courses relating to Command & Control for junior officers, Fire and Safety and Civil Defence. Recruit training has also been carried out at the Fire Service College in conjunction with four other brigades, namely, Oxfordshire, Gloucestershire, Buckinghamshire and Wiltshire. The standard of these courses has been extremely high and our local recruits have fared extremely well.

Since April, Selective Industrial Action has been taken by the Fire Service personnel, excluding controllers, in support of their claim for additional sick leave entitlement for injury at work on a parity basis with their UK counterparts. The dispute commenced on the 8th April and has escalated to the point where maintenance and training are no longer taking place. It should be noted that the CFB are on parity with the UK only in respect of Pay and Annual Leave. Other conditions of service as applied in the UK are not automatically applicable locally.

The Brigade also purchased a considerable amount of 'HAZMAT' (Hazard Material) equipment in order to cope with any possible Anthrax incident or alert. Further training is envisaged in this area due to the sensitivity of the subject and its implications for all sectors of the population. The Brigade also acquired an all-purpose 4 x 4 vehicle to replace the existing Land Cruiser, which had been operational for the last 14 years. This appliance is a support vehicle and is used extensively for rescue and diving purposes. A further asset, which was acquired, was a new on-call vehicle, which is manned by the Senior Duty Officer and is equipped with strobe lights, radio communications and operational kit. This vehicle is a front line command and control vehicle mainly used by the Station Duty Officer when units are mobilised in response to an incident.

Brigade staff have refurbished main parts of the Station, which include the recreational facilities, the administration offices and

entrance corridors to the Station. A mini museum has also been set up to display the history of the service.

The Brigade has recently introduced a new working and walking out uniform which conforms to health and safety regulations and which mirrors those used by the UK Northern Brigades.

Mr Speaker, on the operational side the Brigade responded to 1,747 calls between January 2001 and December 2001. These were classified as follows, 181 fires, 998 special services, 335 false alarms with good intent and 233 calls to turn out with the third ambulance operated by the Brigade. The St. John Ambulance operated service was mobilised on over 4,000 calls. The Fire Safety Department has also been delivering basic fire safety presentations to major institutions like the Elderly Care Agency, GHA and other private entities.

Mr Speaker, when I spoke last year during the Estimates Debate regarding the Post Office, I said that Government were determined that the various problems affecting this department and which resulted in unpredictable and unnecessary delays to the delivery of mail would be resolved so that the Post Office would, in future, provide an efficient level of service that the public and the commercial sector were entitled to expect. I regret to advise the House that, despite the considerable efforts that Government have made to find a permanent solution to this problem, this has not yet been forthcoming. For many months, Government have negotiated at a very senior level by a team headed by my Colleague, the Hon Mr Keith Azopardi, and myself, with the Transport & General Workers Union, at the level of the Branch Officer, Mr. Charles Sisarello, who led a team which included representatives of the postal grades. These negotiations lasted for over seven months and ended in a draft agreement, which was approved in principle by the Union. Regrettably, and inexplicably, this agreement was subsequently refused by the postal grades. The Government consider that the

offer that was made to the postal grades was both fair and generous and, in a nutshell, would have ensured the following:

1. The introduction of a single grade for all postal workers (as in the UK) with the consequent increase in basic pay from the present levels of £10,409 (for postmen) and £11,871 (for sorters) to the current UK equivalent of £12,680 for both of them. For postmen this represents a basic pay raise of £2,271 per annum.
2. The introduction of a bonus scheme conditional on satisfactory attendance at work and the sorting and delivery on a "same day basis" of all mail received.

The introduction of such a bonus scheme would have been of benefit to both users of the postal service and the postal workers alike. It would have guaranteed the timely delivery of mail and substantial improved conditions of pay for postal grades by allowing them to earn a sum of £8,800 per year over and above their UK counterparts and their basic salary as long as they:

1. Maintained and improved attendance at work by not being absent from work for any period in excess of 10 days per year over and above their normal holiday entitlement.
2. Sorted and delivered the agreed volumes of mail on a same-day basis.

The Government made clear throughout the negotiations that acceptance of the proposals would ensure that the postal service would remain entirely within the public service and that the postal grades would continue to be Government employees. The position taken by the postal grades in rejecting the agreement is that they wish to "maintain their status quo" and only to "improve

the postal service in a manner acceptable to them". This is completely unacceptable to Government. It is clear to everyone – users, Government, the Consultants who reviewed the postal service (and presumably even to the Union and the postal workers) that the postal service is in need of radical improvement. It is precisely this attitude of holding the community to ransom with unreasonable demands in exchange for a deficient service that needs to end.

The statement by the postal grades that they want the system to remain as it is, is wholly unacceptable to the Government and to the community at large. The problems at the Post Office cannot be resolved simply by employing more postmen under the current system. The Government already employs more postmen than there are postal delivery walks. This would leave those who abuse the system by appalling levels of absenteeism, which results in the creation of backlogs of mail, to continue to do this, and then to claim extra money through overtime to clear these backlogs. The Government's offer was designed to significantly increase the postmen's earnings in exchange for improved attendance at work and the delivery of the agreed volume of mail on a daily basis. The Government are not prepared to allow the postal service to continue to operate in such a manner and have tried over many months to arrive at a point of consensual improvement through negotiations but it is now clear that despite their efforts and the Union's efforts, the postal grades continue to hold out for the maintenance of the status quo. Government are now considering options for action to deliver on their commitments to ensure that improvements are brought about to this important service on a sustainable basis.

On the 1st March this year, a new Management Team was employed by Government with the objective of improving all sections of the Post Office but, in particular, the postal sorting and delivery side, so that an efficient level of service is provided. A new sorting office and postmen's room is now almost ready for accommodation at a location in the North Mole and this will

provide more spacious and better working environment with new postal equipment once the restructuring of the existing situation at the Post Office is carried out. The administration side of the Post Office is still situated at the old Health Centre building at Line Wall Road due to on-going delays in the completion of the Post Office premises at Main Street, but are expected to return there as soon as these premises are ready for occupation and of service to the public.

Finally I would like to record that in September last year, the then acting Director of Postal Services, Mr Alfred Pizarro, retired and I take this opportunity to pay tribute to his work in this post in very difficult circumstances.

During the last financial year, the Sports Department continued to build on the work carried out in previous years in the provision and management of:

- Sports facilities, including the community use of the schools scheme
- Technical support, assistance and advice to the schools and sports associations
- Training, support and sports schemes, through the Sports Development Unit
- Financial Assistance, through the Gibraltar Sports Advisory Council.

Sports facilities available were increased with the opening of the new hockey pitches at Bayside. These are now in regular use and two international official competitions, the Mediterranean Cup and the European 'B' Group Cup Winners Cup, have already been played there. A number of teams from abroad, including the

full England squad, have also visited Gibraltar to play on these splendid facilities. I would like to take this opportunity also to record the very favourable comments on these facilities that have been made by all these international teams that have used them and all the coaches, managers and officials that have accompanied them. The new Skate Park and rink at Coaling Island is also now in full use.

The demolition works at Bayside have now been completed. Although this has caused a delay in the start of subsequent phases of the project, it is still programmed that all the new facilities will be completed, in phases, by the end of 2003. It is also expected that the new sports halls at the St. Joseph's schools will become available for community use, when the installation of all the equipment is completed.

The Sports Department continued to provide support, assistance and advice to the schools and the sports associations in the provision of facilities and equipment and in the organisation of events such as, among others, the Powerboat Festival and the European Shore Fishing Championships, which culminated with Gibraltar winning the Gold Medal.

The Sports Development Unit successfully continued to expand the Summer Sports Programme last summer, including a wider variety of leisure and educational activities. An increased number of National Coaching Foundation courses together with other generic coaching courses from the British Sports Trust, SAQ International and the Youth Sports Trust, have again been run for local coaches. Assistance and support has also been provided to sports associations in the organisation of accredited sports specific coaching qualifications in basketball, football, shooting, skating, rugby union, squash, badminton, hockey, volleyball, swimming, rowing, sailing, table-tennis, tennis, gymnastics and rhythmic gymnastics. The tutors delivering these courses have included separate school in-service training days ensuring that

many teachers and coaches have been able to achieve some level of accredited qualifications, which will assist in the development of sport in Gibraltar. The objectives remain to achieve, eventually, as much self-sufficiency as possible in the delivery of coaching and training.

The Gibraltar Sports Advisory Council, and in particular, its sub-committees, have been meeting regularly. On the advice of the Council, financial assistance has been provided to sports associations through the three funds involved.

The Government provided £95,000 to enable participation by a large number of teams from over 20 different sports to compete internationally and locally at different levels of officially recognised competitions. A further £65,000 was provided by Government to finance Gibraltar's participation in the Straits Games and the Island Games, both of which were very successful. The Sports Development Fund of £65,000 has, together with the involvement of the Sports Development Unit and the efforts of the sports associations, enabled a larger number than ever before, of sports specific coaching courses to be held in Gibraltar. The I&D Improvements to Sports Facilities fund of £100,000 enabled the provision of specific assistance to associations running their own sports facilities, as well as the purchase of essential safety and other equipment and the refurbishment of existing facilities.

In the financial year 2002/2003 the administration of Sport in Gibraltar will be changing when the Gibraltar Sports Authority assumes its responsibilities for the new sports facilities being built, including the hockey pitches. Financial provision is being made to enable the Authority to operate. Negotiations are in progress with the existing departmental staff to find ways in which to incorporate all existing sports facilities into the Authority. As I have already explained, the staff will not be compelled to join the Authority, but will be incentivised to do so. However, if they do not voluntarily agree, no changes will be imposed on existing

staff. I will also take this opportunity to reiterate that, although the Authority will have the power to raise income, it is not the Government's intention that charges be raised for the normal use of sports facilities, which, as at present, will remain free. I repeat that although I have repeated it both in this House and in media interviews because I still get questions from sports associations and in one particular major user of the stadium in particular still appearing to believe that the Government have some hidden agenda for the charging of the use of Government's sports facilities. I will say it again, sports facilities will continue on the same basis as up to now. This of course does not imply that new sports facilities are going to be charged because they are not.

Funding for sport in this year will again be increased, the main aim will be to progress with the next phases of the extension to the sports facilities project. In this respect, the works on the new spectator stands and changing rooms are expected to commence very shortly and immediately afterwards the construction of the new sports hall is due to start. A large amount of infrastructural works in preparation for the subsequent phases of the project are also scheduled. For these purposes, £1.5 million is being provided in the I & D Fund.

Gibraltar sports will continue to participate this year in many official international competitions, including the 2002 Commonwealth Games in Manchester where we will see quite a large Gibraltar contingent representing seven different sports. In the summer of 2002 the Gibraltar Cricket Association will again be hosting a European Junior Championship. Government, on the advice of the Gibraltar Sports Advisory Council, will be providing £95,000 to enable our sports men and women to represent Gibraltar internationally for these events. In the Sports Development Fund, £55,000, is being made available to assist sports associations, based on the submissions received, to cater for the provision of accredited sports specific coaching courses and participation in internationally recognised training programmes in support of the development of sport in Gibraltar.

The number of sports associations organising such courses and events is expected to increase and the level of coaching courses will be progressive leading to highly qualified coaches who will mentor our other coaches leading to the raising of standards of sport generally. The Sports Development Unit will continue to supplement coaching strategies with generic courses and qualifications and with sports development schemes such as the Summer Sports programme. The Unit will also be introducing schemes for outdoor adventurous activities and the older age groups as part of its policy to expand its role in the support for sport, exercise and fitness for all.

Sports facilities available for use will be greatly enhanced with the opening of the new sports halls at St. Joseph's, which will be included in the Community Use of Schools Scheme. These additional facilities may allow the introduction of new indoor sports into the programme. The excellent co-operation that has been built up between the Sports Department, the Education and Training Department and the schools augurs well for the future. Let me explain that the number of indoor sports practised in Gibraltar are at present curtailed by the number of allocations available within the existing sports halls and with the availability of the new sports hall at St Joseph's and the new indoor hall at the stadium it is expected that new sports which are presently not catered for will be able to be introduced.

Mr Speaker, the sum of £100,000 will be provided to further improve existing facilities. The Stadium's squash court repairs will soon be completed and as a result a multi-purpose lecture/meeting room will become available. The sum of £150,000 is also being provided to refurbish vacant premises for use by Associations and Clubs, although this is not restricted to sports and youth societies is also available for similar premises in general. In this connection, a study is being carried out into the feasibility of refurbishing South Jumpers Bastion, on similar lines to what was done in North Jumpers. The provision of adequate

facilities at the Giralda Gardens for petanque will also be carried out, and in fact are also being carried out as I speak.

The demands on the Sports Department and the Gibraltar Sports Authority are expected to continue to increase and Government will continue to review resources in order to ensure that the quality of service is maintained as is being provided.

Sports makes a very valuable contribution to Gibraltar's quality of life and therefore it is Government policy to continue improving facilities and supporting the sports associations in their efforts. Government recognises and appreciates the great work and commitment of the large number of volunteers in the sports associations in clubs and elsewhere who ensure that sport thrives and develops in Gibraltar for the enjoyment and benefit of all. I think words are never enough to praise the efforts of these volunteers who throughout the year provide as the name implies free of charge to all the clubs and associations for which they work such an excellent service which as all who have been involved in sport in one way or another well know, if such volunteers were not involved, sport would grind to a halt not only in Gibraltar but throughout the world.

Mr Speaker, although the Youth Service is an intrinsic part of the Sports Department, I am reporting on it separately to highlight the continuation of changes and improvements to the good work done by the Youth Service for the community. After more than one year since moving from the Department of Education, the Youth Service has now found its rightful place within my Ministry and has established a close working relationship. For the last year, the service has been appraising the delivery of its work and emphasising to users and the community as a whole what the value and role of youth work is in effect. Whilst acknowledging the value of past efforts, the ability to adapt to new developments is crucial too. Government continues with their commitment to consolidate and improve the youth service generally. A lot of its

time has been dedicated to improve its youth work delivery and is committed to continue this work in order to ensure that youth workers deliver programmes that "encourage the physical, mental and spiritual development of young people".

Government will continue to finance not just the Government youth clubs but also those associations that have the interests of young people at heart such as the Gibraltar Scouts Association, the Guides Association and the Duke of Edinburgh's Award Scheme.

Youth work is a form of informal and social education. It empowers young people. The Youth Service is much more than a "provision" service. It seeks to do much more than treat young people as mere customers and consumers. Government recognises the value and contribution that young people can make not just in their own lives but also in the community as a whole.

With these aims in mind, Government provides funds for the Youth Service to equip its youth workers with the skills and support necessary to deliver these objectives and Government will soon be appointing a new full-time youth and community worker bringing the current complement to four full-time workers.

Government have also shown their commitment to the future of the youth service by employing a new Trainee Youth and Community worker. He will be ready to join the current team three years from September on successful completion of a "Degree in Youth and Community Work". A training programme for part-time youth workers started earlier this year and introduced youth work to over 30 people. This was followed by a course which is scheduled to end in July that will give those who successfully complete it a locally validated qualification. This will enable the successful candidates to be able to deliver youth work

within a Government funded youth club or project, as a paid or voluntary youth worker. Government are keen to encourage everyone to undertake training in youth work that conforms to recognised standards in England, Europe and beyond. All these initiatives underline Government's commitment to ensure accredited youth workers deliver competent youth work.

Mr Speaker, at this point, I would like to answer the ill-founded and erroneous criticism made earlier today by the Hon Mr Stephen Linares against the Government in respect of past voluntary youth workers and the alleged wrong attitude of Government of not listening to their advice. The voluntary youth workers to which he referred are a historical appointment dating back 10 or 12 years to a period when Youth Clubs were run by volunteers. These voluntary youth workers (about 6) were formed into the Youth Centre Management Board. These so called volunteers, none of whom are trained or qualified, through the management board developed a system were for all practical purposes and in practice they were the ones who decided the programme for Youth Clubs being run by the Government but this management board in which these volunteer youth workers were participating decided the programme for the Youth Clubs, in other words, set the policy. Having set the policy they then participated in the Youth Work and in the programmes and got paid for it, and so much for the voluntary aspect of the title. There is nothing wrong in being paid for it, there are plenty of people being paid for youth work but the point being that since the Youth Service came under my Ministry, there has been a change of policy, and I have explained this change of policy to the hon Member before, so if he persists in bringing up the same points again and again I will have to explain it to him again and again. The new policy is now very clear, the Youth Clubs programme is the direct and sole responsibility of the Senior Youth & Community Officer in conjunction with the full time, paid Youth Service Officials. They are the ones who decide the programme, they are the ones who carry it forward and they are the ones who bring in the full time workers and any volunteer workers. Consequently, the Youth Centre Management Board was disbanded because it was no

longer necessary, but the voluntary youth workers to which the hon Member referred were offered training modified to take into account their experience and to continue as part-time paid youth workers, but they refused to do so and they decided to leave the service. If they had accepted the training, they would have continued to work within the Youth Service as part-time paid workers and they would also have been in a position to give advice. They would not have had any managerial or executive responsibilities for decision-making as they had in the past. Their decision to leave the Youth Service was their own, so therefore it is pointless and erroneous of the hon Member to accuse the Government of not listening to their advice or not using them when they were the ones who decided to leave.

Parallel to these new initiatives, the Youth Service continues to develop opportunities for young people that are educational as well as fun such as:

- (a) A youth exchange that concentrated on "environmental issues".
- (b) The cavalcade floats involving young people from the Youth Centre, from rock bands, dance groups and disco enthusiasts in the construction of two floats highlighting live and recorded music.
- (c) Year 9 pupils who identified women's issues during a school visit to Montagu Bastion youth complex.

It is important to note that these young people identified the topics and with the support of youth service staff and other volunteers, carried out their own research and helped in putting the projects together. Credit must be given to the youth workers who were able to respond to the young peoples' initiative and worked with them to create a relevant learning experience. This is the real

value of youth work and the importance of having competent and properly trained youth workers.

Opportunities for young people to visit local places of interest continues with groups visiting Lower St. Michael's Cave, the City Fire Brigade, the local Museum and GBC. Local enthusiasts and professionals have visited youth clubs to talk to members about health hazards, skiing, local projects for disabled and women's groups.

Mr Speaker, The Duke of Edinburgh's Award also gets support for the delivery of its programme. This year a member from the Youth Service attended the meeting of the International Council and Trustees of the Award held in Manchester, at the invitation of the International Secretariat. He was chosen from Gold Award candidates coming from over 80 countries to represent the Award's Youth Forum at this meeting. The Award is a successful youth development programme that attracts young people from a wide diversity of backgrounds and with different levels of ability. This year the Award has moved to the Youth Centre providing a central venue for participants to continue with their respective programmes. Government have already provided a site for a new Duke of Edinburgh Award Centre that will commence construction soon and will be situated in the new Sports Complex at Bayside.

Government will also be assisting the Guides Association with funding to help them pay the cost for six of their guiders to attend the Jubilee Camp, which is part of the Friendship Festival of the Manchester Commonwealth Games once again underlining Government's support to those groups and associations who are willing to support their young leaders.

For the remainder of the current financial year, the Youth Service has plans to continue its work with the Personal Social & Health Education (PSHE) programme. There are educational trips

planned to France, Spain and Morocco. The Youth Service will also be exploring new avenues with the Sports Development Unit as well as contributing to the organisation and running of the Youth Pavilion at the local fair. Government are considering reviving the Youth & Employment Board as a new Youth Advisory Council. This Council will participate in helping to formulate Government policy. It will open the door to yet more voluntary groups and agencies to have their work considered for funding assistance. This will make it possible for more young people to be reached by "youth work trained" volunteers, encouraging more agencies and dedicated volunteers to share their expertise, knowledge and commitment to young people. The Youth Service also contributes to the Drugs Advisory Council, the Royal Gibraltar Police Youth Forum, and the Community Consultative Group and works closely with schools and other agencies that deal with the welfare and personal development of young people.

Soon, works at Plater Youth Club will be finished giving a newly refurbished and improved youth club. A full-time youth worker will be working from this club ensuring more time and easier availability for young people and the neighbourhood as a whole. The same will soon happen at Laguna Youth Club and plans are already submitted to do similarly at Dolphins Youth Club. Discos for young people continue at the Youth Centre and Laguna Youth Clubs, again a new policy, alcohol is no longer sold at any youth club. All these projects underline the importance that Government gives facilities that are of direct benefit to young people and the reasons why we will continue to support the Youth Service in achieving its goals.

Mr Speaker, moving on to public service broadcasting which as the House is aware, is another of my political responsibilities. This service has been provided by the GBC since the Gibraltar Broadcasting Corporation Ordinance was enacted. Prior to this, Radio Gibraltar was already in existence having commenced its transmissions in February 1958. I have made this historical reference as a couple of years after the commencement of the

regular radio broadcasts and for a continuous period of more than 40 years, the transmissions have counted with the services of Mr Gerry Martinez BEM. He retired from the service last May and since then has continued to contribute to the output as part of his work with Community Care. His contribution and total dedication to public service broadcasting has been outstanding and merits mention in this House.

Last year, during the course of my contribution to the budget debate, I said that the Corporation planned to offer a dual programme service during the late evening. This was introduced last October with a four-hour programme between eight in the evening and midnight. The service continues to be developed and this year will see the dual programme service extended until the start of the next day's transmission. Additionally, as from the 6th May 2002, the Corporation has been piloting an evening radio programme generally targeted at an expatriate audience. The programme offers an opportunity for the sale of more commercial airtime. Throughout the year, the Corporation continued to identify itself with the community and in the aftermath of the events in New York on 11th September 2001, the Corporation with the support of the City Fire Brigade and the Defence Fire Service, produced a Radio Road Show in aid of the USA Victims Fund. The event raised over £15,000 and the funds were earmarked towards the New York Fire Department Emergency Fund. Once again the now traditional GBC Open Day proved to be a resounding success. An all time record of £50,000 was raised.

During the year the Corporation played an important role in keeping the community informed of Gibraltar related matters raised in UK Parliament. In addition to the day-to-day news coverage, it provided extensive coverage of Parliamentary debates, Prime Minister's Question Time on a number of occasions and of a meeting of the Foreign Affairs Select Committee of the House of Commons when it considered matters relating to Gibraltar.

"On the ground" support given to the numerous radio and television news crews that visited Gibraltar in recent months is worthy of note. The level of support peaked on 18th March 2002, the day of the public demonstration. The demonstration was covered "live" on both radio and television. In addition to the local coverage, the Corporation provided "live" broadcasts via satellite. The broadcast was utilised by two international news agencies in the United Kingdom and by the European Broadcasting Union in Geneva, Switzerland.

Mr Speaker, Members are aware that the Corporation is empowered to collect and issue television licence fees. During the course of last year it requested that it also be empowered to initiate proceedings against individuals who on the strength of the information received, may be operating a TV receiver from unlicensed premises. Government have agreed to delegate such powers to the Corporation and the necessary legislation is in the process of being prepared. The move should result in an increase in the number of licensed premises.

The sale of commercial airtime during the year increased by 9 per cent as compared to the previous corresponding period and the provisional end of year out-turn indicates a small deficit of £5,800, which the Corporation advises me may be reduced to a break-even result when the accounts are finalised.

The Improvement & Development Funds made available to the Corporation during the financial year just ended, were in the main utilised to fund the on-going capital replacement plan and the completion of the Radio Gibraltar digitalisation project. This year the Government propose to continue to support the Corporation and will be making available a subvention of £990,000. It will also be allocating £150,000 for capital expenditure within the Improvement & Development Fund.

Mr Speaker, the forecast out-turn for the Government Lottery for the financial year ended 31st March 2002 is shown in the Estimates of Revenue and Expenditure as a projected surplus of £550,000 which will clear the previous year's deficit of £12,247, leaving an estimated net surplus of £538,000 to be transferred to the Consolidated Fund. The projected surplus for the current Financial Year is estimated to be £545,000.

The number of returned tickets during the year ended 31st March 2002 was 174,000 out of a total of 515,000, that is, 33.8 per cent. Sale of lottery tickets during the last four years has remained on a par at 66 per cent. Government recently invited the public and other interested parties to submit ideas and proposals in order to assist the Government with a review of the Gibraltar Government Lottery in order to enhance the sales of lottery tickets. Eight submissions have been received by the Treasury.

Mr Speaker, The Telecommunications Ordinance was brought into operation on 19th July 2001 and the Gibraltar Regulatory Authority appointed to regulate the telecommunications industry. In answering questions in this House since then, I have drawn attention to the fact that Gibraltar Nynex and Gibtel no longer consider it appropriate to provide information that could be commercially sensitive in a liberalised market. To do so, would give commercial advantage to their competitors and be detrimental to the interests of the companies and the employees concerned. I will therefore endeavour to limit my remarks this year to telecommunications matters which do not impinge on their commercial sensitivities.

Last year saw the implementation of the Government's policy of bringing Gibraltar Nynex Communications Ltd (GNC) and Gibraltar Telecommunications International Ltd (Gibtel), the two telecommunications companies in which the Government have a shareholding, together under common ownership. On 26 September 2001 the Shareholders of GNC and Gibtel

successfully concluded the extensive negotiations to bring the two companies together. The Government and Verizon Communications Inc, through GNC, are now the owners of Gibtel. I will take this opportunity to record our appreciation for the assistance provided by Verizon in achieving this outcome and to British Telecom for their contribution to Gibtel over the past 14 years. The purchase price paid by GNC was £7.5 million. The shares are being paid for in two tranches. Members will see from the Estimates that the Government received £1.5 million in the last financial year and £2.25 million will be paid in 2002/2003. The Companies paid dividends to the shareholders in line with previous years, except that Gibtel's dividends are now distributed to shareholders as part of the GNC dividend. Gibtel have filed their annual report and accounts for the year to 31st March 2001 at Companies House, in accordance with the new statutory requirements for filing company accounts. GNC and its subsidiaries are expected to file their accounts for the calendar year 2001 later this year. The companies continue to trade separately. GNC and Gibtel employees, although continuing to be employed by their respective companies, are now working closely together in the provision of telecommunications services. The Directors of GNC have formed the new Board of Gibtel. The Board has reaffirmed the shareholders' commitment to employees that there will be no compulsory redundancies arising from the change in ownership and merger of the businesses.

To carry out the process of business and people integration and oversee the running of the companies, a new Management Board has been formed. This comprises Tim Bristow, a Director operating on behalf of the boards of both companies; Charles Fortunato, Managing Director, GNC; and Lucio Randall, General Manager of Gibtel; with other members of management participating as required. The Union is being fully consulted by management on human resources issues arising from the merger. The company's aim is to integrate GNC and Gibtel in an efficient and cost effective manner, in order that the new business can reap the benefits and synergies of coming together and enhance services to customers. Further announcements on the way

forward can be expected from the company as the integration process moves forward. The complaints submitted by GNC and Gibtel to the European Commission regarding the "350" and roaming remain unresolved. In November 2001, the Spanish Authorities announced that the prefix 9567 would be replaced by the prefix 8563 in December 2002. This offer remains unacceptable on political, regulatory and commercial grounds and the Government are currently considering the way forward. The companies have made direct representations to the EU Commission and the Foreign and Commonwealth Office on their objections to the offer at meetings held in April this year. Verizon directors of the two companies participated in these meetings.

Finally, the Government welcome the company's long-term investment earlier this year in a 45 Megabit internet hub using fibre optic technology. Arrangements are also being made to provide resilience via a microwave route to Morocco. This means that the company is now in a position to provide substantial bandwidth to Internet Service Providers whether it be to its own GNC networks or to their competitor Gibnet or to any other licensed provider who enters the market. This readily available bandwidth is an improvement that has been welcomed by the business community and will facilitate greater e-commerce activity in the future.

Mr Speaker, during the last financial year, Lyonnaise des Eaux (Gibraltar) Limited supplied a total of 1,170,000 cubic metres of potable water. Lyonnaise pumped a total of 3.1 million cubic metres of sea water to the various sea water reservoirs. The sewage pumping stations were operated at 100 per cent availability. Following the general review of security worldwide as a result of the September 11th occurrence in the United States, the guidance standards for chlorine levels applicable in the water industry were increased. For a period and whilst additional security measures were taken, the level of chlorine dose had to be increased. Inevitably, when there is a change in the level of chlorine in the water on supply, customers noticed a change in the

taste of water. Once the additional security measures were in place, the chlorine dose was decreased to normal levels for our type of water supply system. Throughout the year the quality of potable water supplied by Lyonnaise complied with the requirements of directive 80/778/EEC and the recently introduced directive 98/83/EC.

The company has acquired two 1000m³/day desalination plants at a cost of some £2 million, thus ensuring that Gibraltar remains self sufficient in respect of this essential service. These plants are now operational and producing excellent quality water at their full rated output. There is still a need to run the Waterport Distillation Plants in order to cater for the increasing demands. The need to burn fuel, as the main source of energy to power the Waterport plants, means that the company is vulnerable to fluctuations in the price of oil and the value of the pound against the dollar. The company has made substantial efficiencies to be able to absorb a substantial part of this increase to date.

This last financial year, Lyonnaise has continued to invest in its water mains replacement and asset renewal programmes. In the last financial year Lyonnaise has spent some £850,000 on top of the investment made on the new Reverse Osmosis Plants. The company has developed its billing software to enable those customers that so wish to receive bills via electronic mail. The system is now operational. The next step is to enable the payment of bills on-line.

Lyonnaise des Eaux (Gibraltar) Ltd currently employs 104 persons. Of these 16 are Government employees seconded to the company. Together they provide the company with the wide range of skills required to operate effectively. The training and development of employees is a priority for the company. A training and development review is carried out at three-year intervals. The organisational, occupational and individual training needs are assessed and a training programme developed. All

employees are invited to participate in this training and development review with an interview with their immediate supervisor to agree their individual skills requirement. The first phase of the current three-year training programme was successfully completed in this financial year.

Mr Speaker, last year the Gibraltar Philatelic Bureau not only set the Guinness World Record in producing the world's fastest stamp but the stamp also depicted a portrait of Her Majesty Queen Elizabeth II. This not only added to the complexity of the task but it made the record even more unique as it is also the only stamp of Her Majesty produced in one day. The event gathered cheerful crowds and a small street celebration outside the Philatelic Bureau's offices in Gibraltar to greet the arrival of the stamps. Last Christmas the third 'Snoopy' issue in the world was issued following USA and Portugal demonstrating a strong profile of the Gibraltar Philatelic Bureau in line with larger postal administrations. This year the bureau also intends to produce the world's first ever Rock Stamp made in part with actual rock bored out of the Rock itself. The issue date is September and all trials are going according to schedule. Our latest issue commemorating the history of the World Cup concentrates on the triumph by England at Wembley in 1966. The Gibraltar Philatelic Bureau will raise more money in aid of Cancer Research from the sale of these stamps. There will also be joint promotions with Royal Mail, Ireland Post and the Isle of Man Post Office to promote the stamps. The bureau continues to enjoy great international success.

Mr. Speaker, in conclusion, I would like to pay tribute to my personal staff in my ministerial office as well as to management staff and all others directly or indirectly involved in the daily running of my Government departments or those commercial entities for which I have political responsibility. The great majority of them remain unseen by the general public and their efforts generally unrecognised. However, without those efforts, many of the things that we take for granted, be they water coming out of a

tap, a room being illuminated when one presses a light switch, or even the occurrence of a scheduled event like the lottery, would simply just not happen. I would like to take this opportunity to thank them all for doing a good job.

In particular, I would like to single out my Principal Secretary, Albert Finlayson, my Personal Assistant, Denise Chipolina and my Personal Secretary, Olga Palao, for their committed, loyal and effective support and for their loyalty and understanding without which I would be unable to meet the wide range of political responsibility in all the areas which I have just spoken about.

HON MISS M I MONTEGRIFFO:

Mr Speaker, another financial year has yet again been completed, and during this time, we have not only monitored the Government's performance, and the results of their policies, but we have also been questioning them in this House, on the more important issues, which, in my case, relate to health and sport. I have listened very carefully to the contribution made by the Minister for Health, the Hon Dr Bernard Linares, and I am afraid that nothing he has said convinces us that he is actually redressing what has been a declining situation since the GSD took office. He has failed to make any significant progress. There is still very little to show after all he has said about the so-called impressive improvements. On top of it all, the Minister has conveniently left out of his contribution, any reference to the many problems and complaints voiced by the users. I am tempted to believe, that the bar at Casemates called "All's Well", must have been named after him. He is the only minister who constantly refers to areas as being in the state of the art condition. What do patients care anyway if, for example, the library happens to be in that category. What is needed are solutions to the many existing problems rather than states of excellence and states of the arts.

I do not know whether it is exceptionally hot today, or that my blood is boiling because of the nonsense he has said in his contribution. More importantly, how does he expect the improvements that he has announced today to take place when he has only increased the budget for this financial year by 1.2 per cent as compared to last year's.

I would tell the Chief Minister that the person who is really living in cloud cuckoo land, a favourite phrase of his, is the Hon Dr Linares, and no-one in Gibraltar believes his assertions anyway. Today, he has said that those people who do not see the improvements are blind. He needs an urgent appointment with the Ophthalmologist.

The real truth is that the GSD Government during all of their years in office, have not only allowed the services to decline but have been unable to come up with the answers to adequately deal with the many ails afflicting them. The Minister, is therefore, only lying unto himself if he believes our health services are doing so well as he says. In this area, the propaganda machinery of the GSD, has definitely failed, for the simple reason that propaganda fails when the people themselves sooner or later are required to sample the product. No matter how well the Government wrap it up, once the inside is exposed, no amount of camouflaging can hide what is inside. The Government have tried every trick in the book, to try and convince everyone that things are not as bad as we really say. They have tried to pinpoint the blame on the Opposition and even the users saying that we were only trying to score political points and that the users are too fussy. Then they said we were exaggerating, and when we brought the many complaints we receive to their attention, they did not want to know or hear about them. They simply said we should channel them through the Complaints Procedure. A Complaints Procedure that does not even work. After that, both the Minister and the Chief Minister have stated in this house that the problems in our health services are the normal everyday ones that can be expected. We have seen that when the Government's line of attack does not work,

they change it, and then they start to use other tactics. When blaming us did not get them anywhere, what did they do? They started to blame the patients. But, the Government have failed in their attempts to exonerate themselves from any political responsibility. They better believe that the people of Gibraltar are as convinced as we are that they are totally irresponsible and that they have made a mess in their handling of our health services.

Mr Speaker, as is customary with this Government, they have given a lot of publicity to the measures they have introduced within the services. Yet, each and everyone of them have not improved matters, rather the opposite has occurred, they have worsened the situation. What has become of the medical & nursing reviews? The Government hailed them as a milestone in the history of our services. Where are the great improvements the Government predicted they would produce? Where are the results of the extra administrative posts they created? What about the mess they have made of the Chief Executive post grading? What about the fiasco of their Complaints Procedure? It was going to adequately deal with all complaints, they said. What about the acute shortages of beds? What about the Gibraltar Formulary Committee, that by the time it takes them to hear a complaint the patient has given up? What about the constant cancellation of routine operations? The many complaints there now are about private practice? Waiting lists are higher with the GSD than when we were in office. What about the unprecedented number of complaints that keep pouring in? All manner of cost saving exercises have been introduced, in return for a complete deterioration in the service. It seems that the list of their blunders is endless and the Minister has had the cheek to sweep them all under the carpet today. He has made no reference to any of the issues that I have just mentioned. He has conveniently forgotten them. So, no matter how hard the Hon Dr Linares tries to paint the picture, no matter how often he says that things are better and will get better, the people have now lost all manner of confidence in the way that his Government have handled the health services. The Government have made a shambles of it, and there is nothing that the Hon Dr Linares has

said today, to make us all think that he is capable of curing the disease his Government has created and how can they cure it if they do not even want to see or acknowledge what is happening, they are faultless according to them. A scenario that they should be utterly ashamed of.

Mr Speaker, in this House, the Minister comes up with three answers. One, where we believe he is treading on dangerous grounds, by looking more and more towards Spanish medical institutions. The second one is yet another comprehensive review, and the third one is his constant reminder of the eventual moving of St Bernard's Hospital into the Europort Building.

As to the minister's performance in this house, it really leaves a lot to be desired. Half of the time he is not aware of what is happening within his department. There are occasions when he says he has not got the information at hand, but promises to pass it over to us, but then he does not keep to his promise. By the time another session of Question Time comes up, which could take months, I have to remind him that he has forgotten to comply with providing the information. We could forgive him, if his memory is failing him but then, there are other occasions, when he suddenly refuses to pass the information over and gives us no valid explanation as to why he has changed his mind. I think it is an opportune moment to remind the Minister, that he still has not been forthcoming with the information requested, as a result of supplementaries in the last Question and Answer session, which he promised to give me.

Mr Speaker, I will refresh his memory. Matters like prescriptions for diabetics, more details on the extra supplementary funding required for prescriptions to the tune of £900,000, information on the temporary non-pensionable employees of the Health Authority. I do not really want, again, to have to wait for September or November for this information, when the next meeting of the House is due. So, I hope that on this occasion he will comply.

Mr Speaker, now as to the Chief Minister's attitude in this House, it can only be described as personally insulting, rather than informative. Perhaps he enjoys being disrespectful, or perhaps that's the only way he knows how to defend himself.

During the course of this last financial year in the House, the Chief Minister has come up with some very extraordinary statements that lead us to believe that he is either ignorant of the true facts, or that he does not want to admit the truth. In his winding up budget contribution of last year, when no-one can reply and he has the last word, his behaviour, reminded me of that of a dragon. Everytime he opens his mouth, only fire comes out of it. The Chief Minister quite honestly sees "red", even though he is far from being a socialist, I think, he does that in the hope, that the fire that comes out of his mouth, will scare us and shut us all up. How dare we question his decisions, or even worse, how dare we offer suggestions! He cannot take them.

The Chief Minister has had the following to say about me and quite honestly I think he goes to extremes. I quote, ".....how ignorant and how arrogant can the hon Lady get"..... ignorant and arrogant was only referring to the cost-saving measures the Government had introduced within the Health Services. ".....I am going to tell her why she is a politically dishonest coward". This was in answer to my allegation that the Health Services had declined. "The Health Authority, I say this to her looking her straight in the eye, is definitely better now than at any time she presided over it." I think that the Chief Minister has flipped his lid and he has got to the stage when he actually believes he is infallible and that what he says is the gospel truth.

Mr Speaker, intimidating tactics might work with some, but they definitely do not work with us. He does not scare us in the least. We do not think he is witty or funny. We think he is just downright rude, acting most of the time like a spoiled public school boy brat. We will continue doing our job in Opposition, regardless of

whichever manner he wishes to behave towards us. However, as the saying goes, what goes around, comes around. Today, at last I have the opportunity to look him straight in the eye and tell him that the only political coward here is none other than himself for not wanting to admit the truth, when the truth is staring at his face.

I will quote a few statements the Chief Minister has made in this House, which are incorrect, not only because we say so but because Government departments in their reports also prove him wrong. He has said the following quotes:-

- "...no surgical operation has been cancelled to date because of a shortage of beds....."
- "Mr Speaker, there is no acute shortage of beds".
- "...she could say that the chaos is due to the absence of a Complaints Procedure, but she cannot, because there is now a Complaints Procedure.."
- "...private patient waiting lists, private patient surgical interruptions no longer have the effect of extending the waiting time of the public waiting lists."
- "...the hon Member is living in cloud cuckoo land (that is him talking about me still) if she believes that waiting lists are longer now than before."

How does he substantiate his argument as to the waiting lists? He has the incredible cheek to say that I invented the waiting lists when I was in Government. Of course, in this manner, he can argue everytime that whatever the state of their waiting lists, they are bound to be better than ours, which did not exist at all, according to him because I invented them. How can anyone really believe that I would stoop so low? In any case, if I would have done so I doubt very much if I would have been able to get

away with it. I am sure, the first to have come out in public would have been the consultants, who would have had every right to complain of my unprecedented behaviour. But, Mr Speaker, only someone like the Chief Minister, would think or would have the nerve to say such a thing. In any case, as is usually the case, ultimately right prevails over wrong.

Only a few weeks ago, I was looking over at some of the papers from when we were in Government and lo and behold what do I come across? None other than a letter from one of our resident consultants writing to the Hospital Administrator giving his waiting time for operations. I have it here in my hand, he even provides a diagram as proof that the Chief Minister's allegation was indeed false. He provides the waiting status for day case procedures, minor operations, intermediate, major and extra major surgery. Attached to this letter also, is the waiting time for surgery for all of the practitioners at St Bernard's Hospital produced by the Gibraltar Health Authority, produced by the consultants and not by me. Moreso, the figures when I was in office, do most certainly prove, what I have said in this House, that the waiting lists before 1996, were by far shorter than what they are with this present Government. We know, that the Chief Minister will resort to saying "anything", to get his own way. Who then is the real arrogant fool, who invents things, I ask myself?

In view of the other allegations made by the Chief Minister I would like to quote statements and figures produced by the Gibraltar Health Authority, and other Government departments in their latest reports, which also totally contradict what he has said. Let me start with the annual report of the Gibraltar Health Authority. It is quite a glossy booklet, with attractive colours and photographs, with the prime aim of engaging again in a propaganda exercise, something, I must admit, the GSD are good at. However, if we study the tables carefully, at the back of the book, table 34 says: "reasons for cancellation of operations" underneath there is a column headed "resource lack – no beds available." The percentage of operations cancelled due to the availability of beds

is stated there to be 37.5 per cent. Furthermore, the figures we have been asking in the House, for the last two years, confirm the number of routine operations that have been cancelled because of beds not being available. The Minister himself, the Hon Dr Linares, has said in this House, in answer to my questions, on more than one occasion that he is not happy at all with the situation, no one has said that the GHA report is inaccurate. Also one only needs to remember all the measures the Government introduced in trying to combat the acute shortages of beds. They have mixed all of the wards with female and male patients. They have tried to get verbal commitments from patients that they should leave when told, they have recently introduced more beds in the leisure areas of the wards.

It is therefore either one of two things, that the Chief Minister is ignorant of all that is happening, of all the reports, and of all the statistics, or as I have already said, that he does not want to admit the truth.

Mr Speaker, the question of the Complaints Procedure is proof of yet another fiasco, and we told the government so, when we saw what the procedure entailed. The many complaints about the Complaints Procedure, have come from the users, from the Ombudsman and from the GHA Board. However, much, the Government have tried to blame it all on our inventions for political gain, the users, the GHA Board and the Ombudsman cannot all be wrong and the Government right. Their analysis coincides completely with the Opposition. For example, in the first report of the Ombudsman, his comments were most critical of the efficacy of the system put in place. He said that not one clinical complaint had been investigated. In his latest annual report, he goes even further by saying the situation is still inadmissible and that the Government must either equip the GHA with the necessary resources or that complaints against the GHA should be referred to an independent authority that will properly and more effectively investigate such complaints. This last suggestion, seems to us to

be the most appropriate course of action, yet the Government have not accepted it.

The Minister, the Hon Dr Linares, has stated in this House, that the number of complaints have been decreasing and he has put this down to an improved situation. We do not agree with his analysis, again we agree with the analysis of the Ombudsman and with the users of our Health Services who still come to see us in numbers. The Ombudsman expressed the view that the decline in the number of complaints lodged could be attributed to the public being disenchanted with the procedure. He continues by saying that in fact the GHA Board in their report stated that confidence in the procedure had been badly dented. If there are less complaints, therefore, that does not mean, that the procedure is working, it is that the users have lost all confidence because it is not yielding any positive results. We honestly believe that the best way forward, is for an independent body to investigate the complaints against the GHA, rather than the GHA investigating themselves. Unless, this is done, I am afraid the procedure is doomed to failure.

Mr Speaker, and now to the waiting lists under this Government. We have been monitoring the situation, and we have brought the matter up here in the House for the Minister for Health to answer. However, his replies have been quite unsatisfactory and prove that he does not do his homework very well. He questioned the accuracy of my statement when I told him his waiting lists were far longer than mine, when the GSLP was in office. However, I reminded him that I had gathered the information from his answer to one of my questions. He then simply replied he would need to study the matter. Very feeble replies from a Minister who is continuously proving he does not do his homework at all. Also, if we do a comparability study from the information available in Hansard provided by Government themselves, in relation to the waiting lists for public and private patients, the picture is as follows:-

1. Surgical waiting time for ear nose and throat - 1 year.
2. Private patients ear nose and throat - no private surgical waiting list.
3. Orthopaedic public patients - eight months.
4. Knee operations - 2 years
5. Private patients Orthopaedic routine operations - 2 to 3 weeks, major - 2 months.
6. Ophthalmology public patients - major 12 months.
7. Ophthalmology private - 3 to 4 weeks
8. General surgery public - 6 months, private - 4 weeks.

We are talking about increases in the order of 300 per cent to 600 per cent for public patients and if we then compare the public lists with the ones the Health Authority provided to me in 1994, which in turn I then gave this information to this House at the time, the public waiting lists with a GSD Government have now more than doubled. So I am not living in cuckoo land, after all.

Furthermore, even the Chief Minister in answer to Question No 702 of 2001, had the following to say about private practice:

“the Leader of the Opposition does put his finger on one aspect. The new system with which the Government are not entirely satisfied and are looking at, the hon Member is absolutely right, (“they” meaning the consultants) use the public list as a marketing tool for their private practice, that is absolutely correct.”

The very analysis concluded by the patients who approach us and the words are attributed to the Chief Minister’s statement in this House.

I am also disappointed that whereas the Minister for Health in February of this year, finally agreed to provide us with the number of private patients being seen on a weekly or monthly basis, in the last meeting of the House, he changed his mind and went back on his word giving no explanation why he had done this. So no matter how much the Government have tried to substantiate their decision to allow private practice for all consultants, because according to them allowing it enables them to control it, the truth of the matter is that the public patients are more than ever being adversely affected.

Mr Speaker, I move on now to the issue of enrolled nurses which the Minister I believe has not made reference to today either, and having been given the opportunity by him to train up to the level of staff nurse. We are again seeing negative effects of the Government having implemented the policy of requiring applicants who wish to join the nursing profession to be in possession of a certain number of GCSEs, depending on the grade. We honestly believe that this was the wrong move. Nurses are required, anyway, to do a 3 year course in the School of Nursing in order to acquire Staff Nurse grade. The Minister, in the last meeting of the House, agreed with us that those enrolled nurses already there and without GCSEs, should be given the opportunity to progress to Staff Nurse. We hope he will put the arguments we discussed in this House, to the University of Sheffield, and that he will be successful.

Talking about the University of Sheffield, I recall that the Government have on occasions and they have done so today, accused us of having closed the School of Nursing when we were in office. This is far from the truth, and I said so, in my contribution of last year. I even gave a list of the training we had

initiated with the help of the University of Sheffield, a contact we made, and they were useful in helping us acquire automatic registration for our nurses with the UKCC. Indeed we trebled the funds for sending our nurses for specialist training in the UK and also for the first time we linked the School of Nursing in Gibraltar to the Sheffield University by computer. It was the GSLP who convinced the UKCC that we could continue with the grade of enrolled nurse in Gibraltar, even though it had disappeared in the UK. Again, I have been looking and I have found proof of what I have said in this House, which, again, is not what the GSD have been alleging all this time. I will therefore also quote as the Minister has done today from two letters sent to me during the time I was Minister for Health, by the UKCC, and by the University of Sheffield. Again, I have both letters here with me, what they said about him they also said about me and I will quote:-

“it was extremely helpful to have the opportunity to meet with you on our recent visit to Gibraltar. We appreciated your time and the attention that you gave to matters relating to nursery and midwifery practice and education. Although our visit was brief, your officials had planned a comprehensive programme which enabled us to see the delivery of health care in Gibraltar, in a wide variety of settings. We saw many examples of excellent nursing and midwifery care and were impressed by your continuing increasing commitment to nurse education.” Mr Colin Ralph, UKCC.

Quote from the letter from the University of Sheffield:-

“.....we provided an overall evaluation of nursing and midwifery education and visited all wards and departments. Our findings indicated that the standard of nursing and midwifery care in Gibraltar was equal to that provided within the United Kingdom and the commitment of the Government to the education and training of nurses and midwives is such that.....” and he goes on to list the significant moves we made when we were in

Government, but in any case not exactly, the picture the GSD have tried to paint all of these years about the GSLP It has been their word against ours, except that today I have found the proof and I have presented it to this House black upon white that what I have said in this House is correct. It is nonetheless, unfortunate, that with this Government we need to present to the House, proof of what we say, but, I do it with the utmost of pleasure, because I have always maintained that the allegations against us were unfounded.

Mr Speaker, turning to the question of the acute shortages of beds, I can also say with conviction that I stand by the statements I have made in this House. With the same number of patients and the same number of beds we never had the same problems as we have witnessed under this Government, and as much as the Minister has said “All’s well, the problems are being tackled,” the milestones and the improvements within services that he attributes to himself ,they have allowed the situation to develop for far too long. The people of Gibraltar no longer believe what he says. More so, we find it most unworthy of this Government now to blame the question of shortages of beds on the elderly. They no longer refer to shortages of beds, today the Minister has not even spoken about the shortages of beds, he now calls it bed-blocking, so as to confuse the issue. It is pertinent to recall that initially they said we were exaggerating and then they said the problems had arisen due to clinical procedures. It is precisely the elderly who need to be cared for far more than anyone else, and asking them to give a verbal commitment that they will leave, puts an enormous amount of unfair and unnecessary pressure, on citizens who more often than not, live on their own, or anyway find it enormously difficult to care for themselves. It is shameful for the Government to now use them as scape-goats. I do sincerely hope that the Minister for Health, the Hon Dr Linares takes the advice I gave him in the last House and puts a stop to this inhuman practice with regard to our elderly citizens.

Mr Speaker, I now turn to another matter, that of dialysis. I have been questioning the Government over their intended provision of facilities within the Europort Building since they announced it during the last general elections. Again, the Government have been evasive, but when further pressed by us, they have admitted that our patients will still require to go to La Linea. Again we need to await the results of yet another report commissioned by the Government on another matter. I think that they commission all these reports because they want to hide behind them. It seems to us that it makes a lot of sense, seeing the way they spend monies on reports, studies, experts, etc. Indeed, during the Chief Minister's contribution of last Friday, he confirmed the Government had spent £1.6 million in advertising. He called it a good investment. Surely, now that they are investing huge sums of money in the Europort Building, they should at least provide exactly what is being offered in the La Linea clinic. This is a good investment, and I would have thought the Minister should be looking at making the Gibraltar Health Authority, more self-sufficient, rather than having to rely more and more on Spain as to what he has termed to day as being the "Spanish option." A dangerous road to take. The Minister has said on several occasions that he is keen on matters of co-operation with Spain. We, however, have warned him that by now we all know what co-operation to Spain means. However, he still persists to go down this route. Just a warning, whenever the Spaniards get upset the Minister ought to remember that if they do not get their own way, they stop co-operating, they have done so before.

Mr Speaker, there has definitely been a clear indication given by the Minister that things are "...definitely not well within our Health Services." This is the public announcement he made on the 12th November 2001 and which he has again repeated today, that a comprehensive review of the services will be carried out early this year. He said and I quote, "...it is to be expected that there will be failures, mistakes, deficiencies," he also said that we live in a blame culture which permeates through society. However at the very same time he announces the comprehensive review of the services, another review, another one. This is a tacit admission

that he wants to be seen to be doing something. He has not learnt his lesson. The two previous reviews, the Medical and the Nursing commissioned by the Government got them nowhere. It appears that the Minister does not know what else to do to get out of a very sticky situation. Ironically he more than anyone else has and continues to practice the blame culture. He has been quick to blame everyone else for the failures of the Health Services in a bid to clear the Government from what is after all their political responsibility. The users expect answers from him and not from the staff.

As I said he looks more and more towards Spain, next he tries to placate the users by steering them towards the hope of yet another review, and of course, we now have the Europort phenomenon. From now until the Health Services are transferred from St Bernard's Hospital to the Europort Buildings, I predict we will have Europort for breakfast, Europort for lunch, Europort for tea and Europort for dinner. God spare us of the indigestion we will all be suffering from.

On the 11th July, an announcement was made that the works would commence shortly but at the same time it was mentioned in that same report, that there was scepticism about the Europort Building not being very well suited for a hospital, as it was not purposely built to house one. Therefore, I would welcome clarification from the Government as to the source of this scepticism. Whether, in fact, it has been mentioned in one of the studies or reports that the Government have commissioned. They have not been made public and that is why we are seeking the information. I would also like the Government to give us a breakdown of the total monies spent to date on Europort included in which we would also like to know how much they have spent in all the experts they have commissioned to produce studies, reports, and the like.

Mr Speaker, another of the latest tactics employed by the Government are to try and get the staff of our Health Services against us. Even as far back as in 1984, when we first became the Opposition Party in the House, we started to say that the dedication and standards of our nursing and medical professions are exemplary. I have said so in every contribution I have made since in this House. We have the greatest of respect for those who have the unenviable task to treat the sick and the dying. We have also said that were it not for their dedication the services today would have collapsed. They have kept it running through their efforts. We have also always maintained that whatever happens in a Government department the responsibility does not lie with the civil servants it lies with the Government as happens everywhere else. However, the Government have done the very opposite of what they preach. They have used civil servants to answer our press releases. They have indeed put civil servants in the front line and they have hidden behind them, something we never did. So much for the so-called alleged political interference they used to accuse me of when I was Minister for Health. Civil servants are there to serve whichever Government is in power and not to enter into political debates with the Opposition.

Finally on health, I am afraid, that however, the Government have tried to cloud the facts, on this occasion, they have not got away with it. If they do not already know that practically the whole of Gibraltar is dissatisfied with the manner in which they have handled our Health Services, they are only kidding themselves. As I said a few months ago, during a TV interview, the Government may improve the image, the fabric of the building with the transfer to Europort, but they will not cure the disease which is inside, a disease they and only they have created, and have allowed to spread and I predict they will never be able to cure it and more so after having heard the amazing contribution made by the Minister for Health today.

Mr Speaker, now to sport. I recall years ago, that the Hon Mr Featherstone of the GLP/AACR when pressed by us from the

Opposition benches, very often referred to the following Spanish phrase: "las cosas de palacio van despacio". This phrase comes to my mind with this Government, as well. Roughly translated, it could read in English like "matters of greatness move slowly". 'A la GSD', matters take an eternity to materialise. I am referring to the sports city, for which the Minister last year at last agreed to give us the estimated date for its completion. He said it would be in the year 2003. I doubt it very much, that it will be finished by then, I hope it will because we do actually welcome a new Sports City being built but I am afraid, the area is still barren.

Much, as we accept that a new Sports City is most welcomed, we are naturally disappointed that, since this was a GSD commitment given during the elections of 1996, it will have taken them more than 7 years to deliver. Another GSD commitment which was made this time during the 2000 elections and one which the Minister has made no reference to today, is that they would build a leisure centre within the King's Bastion. Up to now, the Minister has only confirmed to Questions in this House that works will begin before the end of 2004. This too could prove to be a long-drawn affair.

Two other long-drawn affairs, are the move of the boats at Western Beach to the area of Coaling Island and the handover of the Europa sports ground by the MOD to the Gibraltar Government. In turn, the Minister promised the Gibraltar Cricket Association that it would be passed over to them.

These two matters have been going on for a number of years, something like two to three years and we have pressed the Government on every occasion we have had in this House. Their answer is as usual they have put the blame on others for the delay. It has either been the MOD or Queensway Quay. So, we continue to await developments. Another thing that the Minister admitted last year, had taken him longer than he had hoped, was the refurbishment of the squash court at the Victoria

Stadium. The works began only some months ago, and the Minister confirmed in the last meeting of the House, that the last heavy rains appeared not to have caused any damage. I am glad to have heard today that it will soon be completed but I would like to tell the House that again it has taken the Minister since 1998, four years to do something about it.

Mr Speaker, I now come to a matter on which we have expressed reservations. This relates to the Gibraltar Sports Authority. The Government brought a bill which they passed very recently in this House. As I said at the time we are against the number of new posts the Government are creating. They now appear to be obsessed with the idea of eradicating Government departments and replacing them with Authorities. We naturally support the commitment to provide sports facilities. However, we believe that the work of, for example, a finance officer, or a human resources officer, can be undertaken within the existing resources of the civil service. Indeed, we carried out such an exercise, when we came into office in 1988, with the Gibraltar Health Authority. The previous Government had agreed to a string of new administrative posts. When we came into office, we did not implement the new structure but instead, injected the monies that we saved in the process, back into the service, into areas directly related to the users, and we were indeed successful in the utilisation of existing civil service resources. We therefore believe that the Government are embarking into more unnecessary expense with the creation of the Sports Authority and its new posts. We are most sceptical that the Authority will provide a significant improvement to sports generally.

The Government should remember that they also created a string of new administrative posts within the Health Authority, and the services did not improve as a result. The opposite was the case. We have also warned the Government of possible problems they might encounter with their employees. Problems have already occurred. The first problem they encountered with the staff was over the water-based hockey pitch. The staff consider this to be

an added responsibility which was given to them in September of last year. The Government instead contracted the services of AMCO, whom, we have been told, they are paying the sum of about £3,000 a month to maintain the pitch. It is actually costing the Government more than if they had agreed to give some financial compensation to the groundsmen for the added responsibility.

As regards the new Gibraltar Sports Authority, the employees are alleging, and so is the union, that the Government did not consult them on the matter. In fact, last month, on the 20th May, the T&G issued a press release warning the Government that there could be problems, especially, as they said, and I quote:-

“.....the union say that it has not been consulted over the setting up of a Sports Authority and was only informed officially without seeking its position or that of its members.”

If the Government indeed decided to go ahead with their plans as the unions and as the employees have alleged, this is a sure recipe for disaster.

I now come to a matter which is dear to my heart, and that is the artificial surfaces which we installed at the Victoria Stadium in 1991. I have indeed reminded the Minister in this House that its lifespan has already expired, and hence the deteriorated condition of both the omniturf and the athletic track. I hope that the Government will see sense in investing in having these surfaces replaced. This is what we would consider to be a good and worthwhile investment.

Mr Speaker, we have had reservations about the Straits Games, something again that the Minister for Sport has not mentioned in his contribution today. We have had reservations in the knowledge

that we know that the Spaniards also mix politics with sport. We only need to remember that they are still blocking Gibraltarian Associations from joining International Federations. We know what they are capable of, as we had eight years in Government in which we experienced quite a number of their manoeuvres. The one I remember the most, there was a delegation of the Campo Area came to see me in 1989, with what they said was a marvellous opportunity for our youngsters to improve their standards. Because our sporting associations are autonomous I told them that they needed to make the offer to the Gibraltar Junior Football League, and they did so. Integration via sport was the offer. Our junior football league at the time met with them and they did not accept the offer. However, together with representatives of other local associations they gave them a complete rundown of all the problems that were still being faced by sports people. They never came back. The Spanish Federations are dictated to by the 'Conserje Superior de Deportes' and most of the time they succumb to its political pressure. I hope this serves as a lesson to the Government, Spain only has one aim and they stick to it. Whatever opportunity they have to put into question the sovereignty of our land they will gladly take it.

Finally, Mr Speaker, I also always give credit to our sportspeople for the simple reason that they show courage and determination, however mightier and more powerful the opposition happens to be. Therefore, they must be commended for the many times they win in international events and for the good ambassadors they are to our country. Today, more than anytime in our history we all need to show that same courage and determination against mightier and bigger nations. Last year I remember telling the Chief Minister that he should take note of the way our sportspeople competed and he should learn from them. I said that I did not agree at all with the attitude of appeasement shown by the Chief Minister during negotiations over the Tireless affair, the fishing dispute, the ID cards and the Gibraltar telephone code. I said he had let us down and lost all those battles.

What also really worries us about the Chief Minister are the statements he has made in this House since. He has said, for example, that in any negotiations there is the element of give and take. If he negotiates further, we are naturally worried at what he might again give into. Furthermore, in a debate over the telephone numbers issue he said that he would not hold out regardless of the cost to Gibraltar in other aspects of life, until an opponent lowers his pants to his ankles, regardless of whether these opponents are bigger or more powerful.

He has also said that he does not enter into battles he thinks he cannot win. He has not only shown his attitude is one of appeasement but now he has also shown the attitude of a defeatist. He is not prepared to hold out and he is not prepared to enter battles he thinks he cannot win.

Therefore, when the Chief Minister talks about reasonable dialogue with Spain, (whatever that may mean to him), because we all know what the Spaniards want, his statements send shivers down our spine. Its enough to really scare those who have heard these statements in the House. However, the Chief Minister is like a chameleon, he changes colour according to the surroundings. One day he says one thing and the next he says another.

In his contribution of last Friday he took a very tough line with the British Government. In fact, a line which reminded me of the line we used to take when we were in Government. Except, then, the GSD constantly accused us of being confrontationalists and that we would ruin Gibraltar in the process. They never ever closed ranks with us for the good of Gibraltar. They jumped on the band-wagon of the campaign the Foreign Office mounted against us then. We on the other hand have proved that we put Gibraltar first and indeed we have already shown solidarity with the Government and offered them here in this House our support against any threat from outside quarters.

Mr Speaker, I end my contribution with a very appropriate quote that was said by Mr Willy de Clercq, when he came to Gibraltar in 1998, one which we entirely subscribe to. He said: "Those who do not fight their battles never win".

Thank you, Mr Speaker.

The House recessed at 12.20 pm

The House resumed at 12.25 pm

Debate continued on the Appropriation (2002-2003) Ordinance 2003.

HON J J HOLLIDAY:

Mr Speaker, I wish to give you an overview of the performance of the Ministry for Tourism and Transport looking back on achievements in the last financial year, and looking ahead to what will be delivered during the next 12 months in accordance with Government strategies. In particular I will be dwelling on the impact of revenue and expenditure of Government policies. I would first like to focus on tourism. This is the principal source of income for the economy and so the achievement of growth in this sector is important. Unfortunately 2002 will be a difficult year for many tourist destinations. The impact of the events of the 11th September are still being felt. Many principle tour operators have badly miscalculated the demand for tourism with the result that there is an enormous oversupply of holidays in the market. Tour operators desperate to cut losses have substantially discounted the price of many holiday packages that they offer which means that other destinations such as Gibraltar which offer value for

money are perceived as expensive by comparison. It is against a scenario of falling demand and heavy oversupply in the marketplace that one needs to consider the situation of Gibraltar. I am pleased to say that Gibraltar has performed well and compared with many other destinations which have reported drops in business in excess of 40 per cent we have indeed emerged relatively unaffected. In so far as business through the frontier to Gibraltar in 2001 is concerned, our total figure was £7,048,000. This figure is up on the previous year which in itself was a record year. The increase in visitors came to just over 0.2 per cent over the 2,000 figures, but this is an achievement when set against a scenario of major drops in visitors numbers elsewhere.

Visit arrivals by air were up by 8.6 per cent in 2001 compared with 2000. Arrivals by land were slightly up, and most importantly in my view, room occupancy at our hotels stood at 64.2 per cent in 2001 compared with 58.9 the previous year. This was the highest percentage hotel room occupancy figure recorded by the Government Statistics Department since this figure that was first published in 1988. The only downward trend of 2001 was the 11.9 per cent drop in visitor arrivals by sea and cruise ships as a result of American cruise liners cancelling their Mediterranean calls after the 11th September. This is something which affected all Mediterranean ports and not just Gibraltar. Another blow came with the loss of the Renaissance cruise company which went bankrupt. I nevertheless draw comfort that over 117,000 cruise passengers came to Gibraltar in 2001 which is the third highest figure on record. I am pleased to report that the cruise industry has bounced back more vigorously than had been anticipated. The number of cruise ships which have arrived in 2002 and which are booked to arrive before the end of this calendar year come to 152 calls as I speak, an increase of 2 calls over the figure of cruise calls for last year. However, a word of caution, as cancellations and new bookings are the order of the day. This put pay to those who foresaw that it would take years for our cruise industry to recover from the loss of regular calls by the American

operators who went bankrupt and from the sharp drop in calls by American cruise ships.

This year also saw the arrival and successful handling of six cruise ships at Gibraltar on the 29th April. This is the highest number of cruise ships Gibraltar has ever had in one single day. Gibraltar also successfully handled the 'The Belgian Princess', the largest of the Princess cruise ships and a record ship for us. P&O have recently announced an increase of calls at Gibraltar for 2003 and the future for Gibraltar's cruise industry is starting to look optimistic again.

I attribute the success of Gibraltar's tourism in 2001 primarily to two reasons. Gibraltar offers a good tourist product and above all the Government's marketing strategy to tourism has paid dividends. For the first time last year the sum dedicated to marketing tourism was increased to £950,000. This level of investment by Government in tourism is to be maintained this year. What this means is that for the first time this last year it was possible to develop a larger advertising campaign for Gibraltar's tourism primarily in the UK and in Spain. The sum of £450,000 was dedicated to above the line advertising and much of this was spent last winter to counter the impact of the September crisis. For this year I have looked at the structure of the marketing budget and I have earmarked £500,000 for the above the line advertising through restructuring the focus of this band. The UK market has responded strongly to the home from home campaign which I launched at last year's World Travel Market to counter the impact of events on the 11th September. New advertising media has been used by Gibraltar for the first time, they include radio advertising in the UK, 100 poster sites in the London Underground network and a fleet of 52 taxis in London promoting our destination. One result of the advertising campaign which run last winter is that we received a record number of brochure requests. Almost all the 150,000 brochures printed have been distributed. Consideration is currently being given to reprint the brochure if this is necessary prior to the launch of the new 2003 brochure due in

September, particularly given the heightened interest in Gibraltar as a result of the political campaign which was run in the UK newspapers by the Government. The political budget is making the tourism promotional budget stretch further this financial year given that they will cover some of the costs of the advertising on taxis and on poster sites in the Underground.

I have also instructed that new activities should be undertaken by the GTB in the marketing of Gibraltar. I have approved a three pronged strategy to target consumers, in other words potential visitors, travel journalists, and travel agencies staff. I have sought the advice of the UK GTA of having a Gibraltar stand at consumer events in the UK and as a result there will be a Gibraltar presence at a series of travel fairs this next winter which are aimed at the general public. I have also given the go ahead for a series of travel press briefings which will take place after meetings of the UK GTA in London. In fact I gave the first of these briefings in London on the 26th May during the last meeting of the UK GTA. Another series of briefings is planned for the Travel Trade. This activity will compliment the Roadshows organised by the GTB in London and which are aimed at travel trade personnel and the programme of educational run by the Gibraltar Government London Office under which tour operators and travel agencies staff are informed about the Gibraltar product.

Mr Speaker, I will now turn to the tourist product. In the first instance this year we will see the completion of the refurbishment of our entry point. The Government strategy was to completely and systematically upgrade all entry points in order to ensure that the first and last impressions of Gibraltar should be positive. The last of the entry points to be tackled is the land frontier building. The first phase of the refurbishment building is now complete and in use and the remainder of the works should be completed by the end of the summer. The total cost of the project comes to £700,000. The comments attracted by the first phase of this project have been extremely positive and the finished building will doubtless live up to the expectation of the Government and of visitors. Works are also in progress at the airport on an extension

to the checking area to accommodate the x-ray equipment for holding baggage. Since 11th September all hold baggage is being screened. It was already the strategy of the Government at that time to introduce screening on hold baggage and plans were at an advanced stage to implement this policy. This issue sprung into greater prominence and works were brought forward to achieve this end. It is regretted that passengers should be subjected to inconvenience whilst the works are in progress but the improvements which will be achieved at the air terminal on conclusion of this project will be considerable. The total cost of this project would be approximately £1 million.

The Government have already planned other plans for the airport. It is recognised that the arrival hall is too small, the departure lounge is crammed when two flights are scheduled to leave at the same time, the duty free shopping experience could be improved, airport car parking needs to be expanded, the cargo handling area is now inadequate given the growth which has been achieved in recent years and there is a need to look critically at the facilities enjoyed by airport operators and handlers. As a result the Government are considering a wide range of issues in respect of the facilities at the airport. When this exercise is finalised decisions will be taken and the structured series of improvements to the airport will be undertaken in phases over a period of time. It is expected that the start to this programme will be made during the course of next year. The continued growth in air arrivals means that the development and improvement of the airport has to be a priority for the Government. Air arrivals in 2001 totalled 109,000 compared to 104,300 in 2000, 98,309 in 1999 and 78,190 in 1996.

Mr Speaker, when one hears Opposition Members accusing the Government that a particular air route to Gibraltar has been lost, I believe it is essential that issues of air communication should be placed into a proper context. The essential question that has to be asked is whether or not the number of passengers flying to Gibraltar has increased. The answer is that there has been a

massive 40 per cent increase in air arrivals since 1996 when this Government came into office. This is the reality. Obviously the Government wish to see direct flights to Gibraltar from new airports, however, at the end of the day it is up to an airline to make commercial decisions on the viability of the route. Attracting new airlines, new services to Gibraltar, continues to be a priority for the Government but this process takes time. Discussions continue with several airlines which could result in new services operating to Gibraltar both from UK and non-UK airports. This is something that the Government would welcome. As from May this year, the support package offered to both GB Airways and Monarch Airlines ceased. This package was instrumental in growing the capacity on the London/Gibraltar route and with the case of Monarch of increasing the frequency of service from three and then four times a week to a daily service in the summer. The Government nevertheless remain prepared to talk to operators and to support ventures which will open up new routes and increase the number of services to Gibraltar without a reduction in existing capacity.

It would be easy for the Government to open up new routes. Government have been in discussion with one particular airline. Government have had a proposal from an airline who proposed to fly to Gibraltar daily from the UK and also from a non-UK airport, provided that they would do so at no cost to the airline in respect of landing charges, handling and other expenses at Gibraltar. This would cost the Government over £1 million per annum. The Government are not prepared to stand in the commercial shoes of airlines or destabilise the market by agreeing to such demands. Existing airlines would not be able to compete in such a scenario and the short term gain to Gibraltar would have been obtained at the expense of long term damage.

Similarly, Regional Airlines continues to be interested in offering a service from Tangier and Casablanca to Gibraltar but it currently seeks an annual subsidy of £140,000 which is excessive given the potential value of the routes to Gibraltar. This does not mean that

Government will break off dialogue with this operator. I am convinced that it may be possible to arrive at a position when an airline will be able to take on an acceptable level of financial risk and the Government in turn will assist in whatever way possible and which does not create an unlevel playing field.

The latest position in respect to Fly Europa is that I met them earlier this month and they confirmed to me in writing that they plan to start their operation from Gibraltar to Stanstead and Manchester as from the 16th July. However, an official announcement by the airline has not yet been made. I will obviously make a public statement as soon as there are any further developments.

Mr Speaker, the Government's pricing strategy in respect of tourist products have now been shown to be successful. There were those who said that increasing the parking fees at the Coach Park to £10 last year would spell the end of the coach arrivals in Gibraltar and that this business would end up in our neighbouring town. They were wrong. Although there was a drop in coach arrivals in Gibraltar in 2001, this was directly related to the substantial fall in visitor numbers in the hinterland after the 11th September and not to any other reason. The revenue generated by coaches arriving in Gibraltar in 2001 came to £110,700 an increase of 77 per cent over the £62,561 collected in 2000.

As far as the Upper Rock admissions are concerned the revenue generated in 2001 as a result of the new fees structure that came into operation on 1st April 2001 came to £2.4 million as compared to £1.6 million collected in 2000. The 45.8 per cent revenue increase was achieved notwithstanding the small decrease in visitor numbers accessing the Upper Rock which fell from 790,000 in 2000 to 743,000 in 2001. Let me say that the Government have been monitoring on a daily basis the market share of the Rock Tour business which taxi drivers and coach operators enjoy. Government are keen to ensure that the August

1999 Regulation which provides for taxis to enjoy a share of the cruise business attracted to Gibraltar do not result in a significant change in a division of existing market share. I am pleased to report that this has been the case and there has been no significant change in the way the market is divided between the different forms of transport. The Upper Rock represents excellent value for money and the product has been enhanced this year by the introduction of the new Light and Sound Programme at St Michael's Cave which will be launched later this month. Shortly to follow is the opening up of the section of the World War II Tunnels. This currently requires some logistical works to operate as a tourist site and it is anticipated that the attraction will open to the public later this season. I wish to inform the House that as a result of all these improvements being taken in the Upper Rock I do not rule out an increase in respect of the price of admission to sights in April next year. There is no merit in underselling the Gibraltar Tourist product. Once the World War II tunnels project comes on stream I will be focusing my attention on the east side and on the area of Europa Point.

There are two elements to the east side project, on the one hand the Government wish to refurbish and enhance the beaches at Catalan Bay and Eastern Beach, in the case of Catalan Bay the works to the beach will complement the project now in hand to embellish the village. Secondly the Government wish to see the rubble tip between the beaches develop. Tender documents are currently being prepared which will invite entities to develop this large land mass for hotels and other forms of touristic holiday accommodation and associated sports and leisure amenities. This could include shopping areas, nightclubs, restaurants, swimming pools, holiday villas, flats or marinas as well as residential development. The east side project follows on from Sir Herbert Miles Road scheme for road widening and beautification. It will be followed in due course by the embellishment and improvement in Devil's Tower Road. Already the Government have commissioned the study to develop and embellish Devil's Tower Road which any request for planning permission and

improvement from private landlords in respect of properties facing on to the road would need to comply.

In reviewing the statistics for last year earlier in my intervention. I pointed to the way in which hotel occupancy had been increasing steadily. This has been the situation since the Government took office in 1996 when the trend of falling occupancy year on year was first stopped and then successfully reversed. We are at a stage where during certain months of the year hotels are full and during certain periods clients are turned away. This is a new situation which Gibraltar is facing. We are now at a stage where Gibraltar needs more hotel beds. A hotel is not developed overnight. It takes time for the building to be erected and ready to be fitted out. It is now the time to look towards the expansion of our hotel stock so that given the continued trend of increased hotel occupancy we will be ready with additional capacity to meet the growing demands. I have already pointed to the east side as the location where a new hotel could be sited. There are other possible locations like the Victualling Yard where one developer has proposed its conversion into a hotel and the site of the Stone Block at Buena Vista Barracks. There is interest from potential investors and developers in building new hotels for Gibraltar and the Government continue in serious discussion with various interested parties. The Rosia area has already been put out to tender, the Buena Vista Barracks, North Gorge site and the east side site will go out to tender shortly. I am hoping that one result of these tenders will be a commitment from all the development of at least one or two new hotels in Gibraltar. I believe there is a need for an additional 1,000 beds over the next five years if we wish to continue to grow our tourist industry. The Gibraltar Hotel Association maintains that there is already enough hotel capacity in Gibraltar. The Government do not accept this view. The market is growing and it is Government's duty to anticipate the trend rather than react after the event. Indeed in my discussion with major tour operators who currently do not offer a Gibraltar programme I have been informed that one of the main reasons for this is the lack of sufficient availability of hotel rooms. I know that given an increase in our hotel bedstock there would be an

increase in the number of persons coming to Gibraltar and in hotel occupancy. It is a potential win win situation. One has to remember that many of the major tour operators have their own fleet of aircraft to service their destinations with charter flights.

The possible new hotel development will give added impetus to the school of tourism. This has already trained a number of young Gibraltarians for positions in the hotel and catering industry. More could be trained. The School of Tourism is already performing a very useful job and I am currently exploring with Julia Sibley and Associate at ways of expanding the type of courses on offer so that even more students can be attracted to train for jobs in the hospitality industry.

The further element of the city centre beautification strategy will be concluded this financial year. This is the Main Street project from Library Street to the Law Courts including the recovery of Cathedral Square as an open area. The cost of the project is £850,000 and work is progressing satisfactorily. The next stage of the beautification would be the complete redesign and enhancement of John Mackintosh Square, the Piazza. This will be a very important project, tender for the works will be invited later this month. Side streets leading off Main Street have not been forgotten and a programme to enhance Cornwall's Lane, Engineer Lane, City Mill Lane and Governor's Street will follow in 2003. These will not be pedestrianised and the finish that is chosen for these sites will be different to those we have given to Main Street.

This financial year will also see the start of phase two of the works to embellish Catalan Bay. The works done to-date have given the village a much needed facelift. The second phase will include works to Catalan Bay Hill and to the steps giving access to the village from Sir Herbert Miles Road. I would like to finish my intervention on tourism but before doing so I would like to refer to the issue which affects rock apes.

The Government are aware that apes are sometimes seen in town and that some members of the public find them amusing when they enter a built up area. The Government are not satisfied with this situation and has brought to the attention of the contractors serious specific issues which need to be addressed immediately. I am pleased to say that some of these issues have very recently been addressed. The Government are also aware that apes are being fed by the public and by tour operators within the Upper Rock and also by well meaning but uninformed people who lure them into town to the promise of unsuitable food. It is not in the animals interests that this practice should continue. As a result an amendment to the Criminal Offences Ordinance has been brought to this House making it an offence to the general public including tour operators and tour providers to feed the apes anywhere, be it in town or the Upper Rock. I intend to be monitoring all issues which affect apes and the incursion of apes into built up areas and will take whatever action is needed.

Mr Speaker, I would now wish to focus on maritime issues which impact on the Gibraltar Ship Registry and the Port. I will first cover the ship registry dimension. The Maritime Administrator has been charged with growing the Gibraltar Ship Registry and he has achieved excellent results. When Gibraltar once acquired the ability to grow and develop its ship registry in December 1997 there were 27 vessels flying the Gibraltar flag. The attracting of new ships to the Gibraltar Ship Registry was initially a slow process but by January 2002 when the present Maritime Administrator was recruited, there were.....

HON J J BOSSANO:

I wanted clarification before the Minister moved on to the Port in one of the things he mentioned in relation to tourism to make sure that I have got it right. I thought the Minister had said that there had been an increase in cargo in recent years and in fact the table the Minister produces in the survey tabled in the House.....

HON J J HOLLIDAY:

No, is the hon Member referring to the airport facilities?

HON J J BOSSANO:

That is right.

HON J J HOLLIDAY:

I was saying to the amount of trade that operators of the airport, meaning courier companies, air freight operators, there are a number of none actual cargo operators within the airport, the freight terminal which today do not really enjoy proper facilities.

Today there are 130 ships on register many of which are newly built quality ships. The growth of the registry can only be described as a runaway success story. The Government are committed to increasing the resources of the registry in order to give it the tools to further expand. The demand for Gibraltar as a reliable flag which is attractive to prudent ship owners continue to grow. This year will see further expansion of the registry. The development of the registry should not be seen in isolation, shipping is perhaps one of the most international businesses in the world and administration of a large fleet of ships acquires an important say in the field of shipping. Gibraltar now has a sizeable fleet which continues to grow rapidly and this indicates that Gibraltar will play an increasing role in world shipping. I now wish to encourage young people to look afresh at training in the maritime sector. There are important opportunities which are opening up, some of them on the back of our ship registry. Already one member of the registry team has been appointed as a trainee Marine Surveyor following his studies and on the job training. Another member of the registry has also been

undergoing training. The Government wish to offer further training opportunities to those young Gibraltarians to meet the demands of the Maritime Sector which traditionally have looked abroad for qualified personnel. This is essential in order to sustain the growth enjoyed by the maritime sector and to ensure its potential for future developments.

Another area which has not been tapped is the development of ship financing in Gibraltar. A seminar on this will be held in the early autumn organised by the Ship Registry. There are opportunities here to grow both the Finance Centre and the maritime sector. The aim of the Government is to encourage young Gibraltarians to undergo training which will allow them to manage in time the entire maritime sector in Gibraltar.

The Port has also had a good year in 2001 and the prognosis for this year is stable. Progress on implementing a new structure for technical grades within the port has been slower than Government wished. However, I am confident that the new structure will be in place soon. Discussions and negotiations continue with the staff association concerned. In so far as the Port's activities are concerned the number of ships that called at Gibraltar in 2001 was 4,510 a slight increase over the 4,489 that called in 2000. Bunkering continues to be the biggest activity in the port, almost 3 million tonnes of bunkers were supplied to ships in Gibraltar in 2001 thereby consolidating Gibraltar's position as the largest bunkering supply in the western Mediterranean. The volume of lube oil supplied has also been very significant. The Government nevertheless believe that there are opportunities for further growth in our bunkering market. Two new operators who wish to supply bunkers at Gibraltar have recently applied for licences. The Government have drawn up a series of conditions which will need to be met by these entities for any more wishing to work in the Port. If the relevant conditions are met by these two new possible operators, they shall be granted bunkering operator licences by the Port. The licence carries a premium payable of £250,000.

Mr Speaker, safety and environment control are two vital issues in relation to shipping. The increase in bunkering activities in Gibraltar will therefore be accompanied by the introduction of the Bunker Code of Practice. This is based on the Singapore Code which is acknowledged to be the international bench mark. Failure to comply with the Code will result in the bunkering operator licence being withdrawn by the Port. A Bunkering Superintendent will shortly be appointed by Government to monitor compliance. The cost of employing a Superintendent will be met by the bunker suppliers themselves through a bunkering charge of a formal environmental levy. The appointment of the Bunkering Superintendent will trigger into operation the Bunker Code of Practice. The Government believe that there is little point in introducing regulations that cannot be policed. It is for this reason that the appointment of the Superintendent has to come first.

The bunkering business in Gibraltar is now generating direct income for the Government through tonnage dues. They amount to £470,000 in the year ending 31st March 2002 as compared to £300,000 in the year ending 31st March 2001. This represents an increase of 51 per cent. Obviously vessels calling at Gibraltar just for bunkers were exempt from these duties previously, now they are liable to tonnage dues albeit at a reduced rate. The bunkering business has traditionally generated considerable income for Gibraltar and it is also now providing income directly to the Government.

This last year saw the arrest and sale at Gibraltar by the Admiralty Marshal of the two fleets of vessels the Abu Dhabi tankers and the Renaissance cruise ships. In addition to the commission of payment by the Government on these sales the ships contributed sizeable sums in the form of tonnage dues and berthing charges during the time they were in Gibraltar.

There is considerable competition in the maritime field and the Government have in place a marketing strategy to develop and grow the ship registry and the port. This includes attendance at trade fairs and exhibitions such as Sea Trade Exhibitions in Miami and Genoa and the Posedonia Exhibition in Piraeus. In addition the marketing presentation that is planned in Athens in October 2002 which I will head. This Government's initiative will be supported financially by players in the maritime sector and the Government look on these kind of events as partnership with the private sector.

There has been considerable interest in the four units built by the Government in the Industrial Park at North Mole which will put out to tender both from shipping related entities and from others. These units will be allocated shortly. As a result of the interest shown the Government are considering further ways of providing companies with units such as these in the proximity of the port.

During the course of this financial year, feasibility studies will be carried out on projects designed to improve the port such as the provision of additional berthing for work boats and the creation of more land within the port. Medium and long term strategies have been developed in order to focus the growth of the port. The Government will also be restructuring pilotage during this financial year. For the future the Gibraltar Pilots will be entrusted with collecting Pilot fees which are to be revised. Although the Captain of the Port will continue to be the Pilotage authority the Pilots themselves will have a greater involvement in the day to day control and management of pilotage. The pilots will need to acquire two new pilot boats in order to conform to EU requirements and they will be granted a Government loan for the purchase of one of the vessels.

Mr Speaker, the development that is most eagerly awaited by many people in relation to maritime matters is the move of the small boat owners from Western Beach to Cormorant Camber.

The release of the necessary land to the Government by the MOD will enable this project to proceed. I am now assured that the land should be handed over shortly. All the necessary work and preparation for the project have been long completed in consultation with the Committee and the tender notice is ready to issue. Once the move of the small boat owners to the Cormorant Camber is complete the Government will then assess the berths remaining at Waterport and will take a view on the Marina at Western Beach which may have to close down.

The three lane motorvehicle test centre is scheduled to open for vehicle testing later this month. This project has been delayed for a number of reasons not least of which was the fact that the original contractor went into liquidation. The new Centre provides state of the art vehicle testing equipment and the additional capacity of the Centre will assist in reducing the waiting time for MOT tests. The clerical staff of the Department of Transport will shortly move to the Centre at Eastern Beach so that the general public will be able to enjoy a one stop shop.

Mr Speaker, in so far as the public bus service is concerned the Government have now practically completed their discussions with the existing bus operators. In parallel to this and in order not to delay the introduction of this service any further, the Government have drawn up the tender notice for new buses which will be published shortly. This is an important part of Government's transport policy. The specifications for the new buses have been carefully drawn up to ensure that the buses deliver the sort of quality that the Government consider essential for the new generation of buses for Gibraltar. These buses must be low floor buses so that there will not be a need for elderly or disabled people to have to manage steps. The buses should be able to tilt towards the pavement when stopped at the bus stop. They must have air conditioning and heating, they should perhaps make special provision for disabled passengers. Certain routes will require buses with greater seating capacity, others with more

standing room. The buses will have a propulsion system which is as environmentally friendly as possible. Provision will be made for Smart card ticketing so that a range of different types of fares can be offered, such as weekly or monthly passes, discount cards to entitled persons and so on. As part of the tender process companies may require to bring their vehicles to Gibraltar so that this can be assessed. The Government have to be satisfied that they are suitable for Gibraltar's geography and in particular problems posed by the steepness of our hills and narrow streets. It will take some months for the order for the new buses to be processed as a considerable number of vehicles will be needed. Some larger buses will be required for certain routes and smaller buses for the Upper Town.

While all this is happening the Government will conclude their discussions with existing operators and will set up a new company structure to operate the bus service which will deliver the service which the Government wish to offer. This is a frequent affordable bus service operated on new clean vehicles. The intention is that the passengers should find the bus service attractive and a viable alternative to the use of cars. The introduction of an up-to-date public service is a manifesto commitment and I have every confidence that this will be achieved long before the end of this Government's term of office. I expect the new service to be operational during 2003.

Mr Speaker, this next financial year will also see a major initiative commenced to develop additional car parking facilities. The Government have already got a good track record in this respect. The car park at USOC the former pre-fab site and the old Rodney Hut site speak for themselves. The areas that are now going to be concentrated on are the Landport Ditch and the Upper Town. The creation of a car park in Landport Ditch is about to go out to tender, the documents are almost complete. The Upper Town car park will follow later on in the year. Sites earmarked for car parking are the old Police Barracks next to St Bernard's Hospital and a site close to the top of Tank Ramp. These new car parks

will address a serious need of these facilities in the Upper Town Area.

Work is scheduled to commence this year on a new link road from the entrance of Moorish Castle Prison to Willis's Road. This will allow for the introduction of a one-way system along Willis's Road which will be for southbound traffic only, along Castle Road will be for northbound only and will be of particular benefit to the residents of the area. It will also allow for a pavement to be constructed in the vicinity of St Bernard's School on Castle Road to make it safer for schoolchildren walking to and from school.

This year will also see the introduction of a new concept for road maintenance. Apart from the problem which has been encountered in the past since the difficulty in generating tender documents for each project individually. It is now intended to go out to tender this year on a term contract for resurfacing and maintenance of roads. The successful tenderer will then be charged with carrying out a series of work up to a certain value. I am confident that the general public will see the benefits of this, the larger volume of resurfacing works being completed this year. Under the term contract it is intended to resurface the following roads:-

- Cornwall's Lane
- George's Lane
- Governor's Parade
- Lower Witham's Road
- Alameda Gardens (part only)
- Red Sands Road

- Varyl Begg Estate

In addition major works will be undertaken to replace the parapet walls which are in a poor state of repair bordering –

- Europa Road
- South Barrack Road (part of)
- Scud Hill

Other works which will be completed this year include:-

- the resurfacing of Europa Road by the Casino
- the resurfacing of Rosia Road by New Harbours
- Work on some retaining walls in the Upper Rock
- Paving works at South Pavilion, Rosia Lane and Rosia Parade

This is an ambitious programme, it is being prioritised so that if there are any slippages the most important works will be tackled first.

In so far as traffic improvements are concerned, a pelican crossing will replace a zebra crossing at the junction of Queensway with Waterport Fountain. This will be of particular benefit as a contributor to traffic hold ups which occur in the area and the steady stream of pedestrians who cross over at this point heading between Casemates and the Coach Park. Finally Mr Speaker, the Government have a series of strategies to address a

wide range of issues which impact on tourism, shipping and transport. I am confident that there will be a number of important steps taken this year in all these areas which will result in significant progress and improvement. Thank you.

HON J C PEREZ:

Mr Speaker, we heard the Chief Minister on Friday trying to re-write history by distorting the truth in respect of the achievements of the GSLP in Government on industrial relations. He continuously refers to our years in Government with his own interpretation of events which is neither accurate nor politically honest in order to attempt to justify his shortcomings and failures. We have seen him shamelessly misquoting statements by other people, twisting and distorting history, covering himself with spin, and propelling himself as a right wing hero of working people who is motivated by a social conscience which everybody in Gibraltar knows, he, of all people has not got, because he has to admit to failures in achieving his hidden agendas, he then talks of political interference in industrial relations with the usual innuendo that there is yet another conspicuous plot underhand to undermine him. This is not paranoia this is just plain cheap propaganda.

I do not have to defend the GSLP's record in Government on industrial relations or on anything else because people do have memories and have now had six years of Mr Caruana's medicine and can compare like with like. In any case we are here to review the policies of this Government and I will not be side tracked by the Chief Minister into speaking about my two terms in Government. The duplicity and hypocrisy of it all, words he uses constantly, is that he is governing on the backs of the wealth created by the GSLP and on the structures left in place by the last Government for producing finance for Gibraltar year in and year out. Yet, he continues by attempts to discredit and rubbish everything achieved in order to give the impression that it is his

policies that have turned the economy around when the opposite is true.

When Gibraltar was on its way to self-sufficiency, he was still of the political conviction that a deal with Spain was necessary if Gibraltar were to survive economically. I am glad, since then, we have converted him to the contrary philosophy.

Let us now review his record in office. Slowly but surely since 1996 Gibraltar has been witness to a deterioration in industrial relations within Government departments which is adversely affecting the general public through the services that are being provided. We are being led to believe on occasions that the opposite is true, that Government's strive to improve the services is what is causing the friction and unrest that exists within some Government departments. Yet what everyone can see is that issues that could be solved by normal negotiating procedures become the subject of costly reports by consultants engaged by the Government and that most of the recommendations made by these consultants are then kept away from the public domain whilst lengthy discussions with the unions concerned take place, these on many occasions ending in deadlock. In the meantime, whilst Government tries to enforce their will by force rather than by agreement with the trade unions concerned, the services provided to the public suffer. The shortfall in those services is then portrayed back to the public as justification for Government's arrogance and intransigence when they only have themselves to blame for being incapable of handling industrial relations properly. The GSD whilst in Opposition criticised the GSLP for moving sections of the Government service out of the public sector into a more commercially orientated environment. Every move taken then had a purpose and a long term objective sometimes creating partnerships that brought in expertise and capital and on other occasions improvements in the working environment which in turn improved the output with the end result being that the public service was being improved. Every move that was taken was in partnership and with the consent of the vast majority of the

workforce in the areas concerned and through negotiation and agreement. All the moves resulted in better working conditions, a better working environment and huge increases in salaries for the workers concerned. Indeed most of these entities are still there producing the goods today, and the desired results, and being congratulated by the same persons who in Opposition criticised their creation and their performance, the Ministers themselves.

What we have today is something very different in both nature and approach. We have first of all criticism being levelled at the performance of the workforce by Ministers as a prelude to forced privatisation for the sake of it outside the umbrella of confidence and partnership that must prevail at all times. At least that is the perception that there is.

For nearly three years now Gibraltar has encountered problems with the delivery of mail. This situation naturally gets worse during Christmas because of the normal seasonal increase in mail. There are 20 delivery workers and 13 delivery walks. The postmen not only cover annual leave and sick leave for themselves but also for the Sorting Office given that the absence of a sorter represents a temporary promotion for a delivery worker. Inevitably everytime there is absenteeism within the department it is on the delivery side where the lack of manpower is felt. Is it that difficult to sit down and review the walks and the manpower requirements of the postal workers? It should not be, instead what we get is more consultants, another report with recommendations and the employment of a Commercial Manager bang in the middle of the civil service structure well before any of the unions concerned or the workforce had accepted, even in principle, a move to the private sector. To add insult to injury the post of Director of Postal Services remains unfilled, the working environment is much to be desired and the vehicles are in a state of disrepair. Now we hear in the grapevine and nothing that the Hon Mr Britto has said today denies that rumour, that another Government tactic is to refuse to move the sorters and delivery workers into the alternative site chosen for them until and unless

the Government proposal is accepted. I hope this is just hearsay and that Government will refrain from adopting blackmail as their industrial relations policy. Departing for one minute from this theme I must mention here that the promise of a newly refurbished Main Street Post Office in January has still not materialised and July is nearly upon us. The new target for completion is now October, the Minister mentioned this afternoon that he is still on target, we live in hope.

What then can one say of the fiasco in the Buildings and Works Department which is different to the Post Office? Very little Mr Speaker. Here the contradictions are even worse since the Minister on the one hand echoes some of the criticisms of the Ombudsman and places the responsibility fully and squarely on his workforce whilst on the other hand and in the same session of the House we are presented with a request for additional expenditure to be approved for the Buildings and Works with the justification being that there is increased productivity in the department. This without any type of restructure whatsoever. Here too this Government have spent years identifying the problem. In their first budget we heard the Hon Mr Netto's desire for wanting to clearly identify the management structure in a pyramid fashion, six years ago. After thinking about it for two more years we hear that Government commissions a report, when at long last the report is finished again costing thousands of pounds, negotiations with the relevant unions commence and reach a sort of deadlock in which the lines of communication are still open but no progress is made. The Chief Minister must admit that after six years in Government and broken promises of increases in manpower levels many employees are in their right to feel exacerbated and cheated. Yet, despite this ugly mess and despite the absence of any kind of restructure, the Government do admit that there is greater output although when pressed by the Opposition they say that this is not at the desired level. Again we have here a situation of provocation and confrontation. When I asked earlier in this session of the House whether the relevant union or staff association had agreed with Government the posts that had been advertised in the press the reply of the Government

was that it did not need to do so. Ministers gave the impression that they had encountered no opposition to opening up vacancies for jobs in the proposed new structure of Buildings and Works. When reminded by the Opposition of what has been the standard normal negotiating process in these instances whereby new posts are cleared and agreed by the union with negotiating rights for that particular grade, Ministers looked at each other as if they knew not of what we were talking about. However, it so happens that on the same day as the adverts appeared in the press, the union representing the grades in question, Prospect, wrote to the Chief Minister copy to Hon Mr Netto, objecting to the recruitment of the post without prior agreement with the Union as has been the established practice until now. They knew this all along and said nothing whatsoever. Here again we can see how Government tries to force a managerial private sector of structure in the Buildings and Works Department without even a hint from the workforce that they are prepared to go down the proposed road of authority, or privatisation. If this move is designed to break the impasse let me say it does the complete opposite. It undermines the managers presently in post and creates a climate of suspicion and mistrust. Moreso coming as it does at the end of what seems to be a somewhat more successful outcome in the Electricity Department where negotiations have also dragged on for two years now. I say this because Government confirmed in this House in answer to Questions from me that employees at the Buildings and Works Department were looking at the offer made by Government to employees in the Electricity Department as the kind of incentive that might be considered acceptable. Not every grade within the Electricity Department is agreeing to move to a proposed authority although the Minister told this House that the majority have indicated a willingness to do so. However, we do not know whether those that refused to move will be offered alternative employment within the Government, will be seconded to the proposed Authority by agreement or will remain in post as Government employees under a different managerial structure. We cannot gauge whether the offer made to employees in this area is the result of recommendations by the consultants engaged given that the report continues to be secret. What we do know however is that the deal struck in this particular department has

created expectations amongst employees in the Buildings and Works Department which the Government have said they are unwilling to match even were grades are directly comparable.

Mr Speaker, let us now for a moment look at the Port Department to see whether the pattern changes. Without in any way wishing to cast doubt on the ability, capability or performance of the person in post, the Government decided without consultation to move an individual they employed for his skills in the Tourism Industry to the Port Department, with the objective of creating and heading a new Port Authority. At this stage although discussions had been opened with the Union concerned there was no hint whatsoever that the employees in the department would accept the Government proposals. We have exactly the same scenario as before, consultants being engaged, a report submitted with proposals, and a series of meetings and offers to staff representatives which go on for a couple of years. I keep on asking whether there is any progress in the negotiations and the Minister keeps on telling me that the negotiations are on-going and that he prefers not to say anything so as not to prejudge the outcome. Recently however the Minister confirmed that Government seemed to have reached the end of the road and that a final offer was to be put to the staff side. Indeed he confirmed in the House later that the final offer had been rejected although talks were still being held. In fact, the Minister has just said the same thing now, that the negotiation routes are still open. However, we also found that in the middle of the negotiations and without prior agreement the Minister or his department on his instructions gives out a contract for the security of the Port, it seems that once the contract had been awarded the Minister found the contract could not be realised because this was part and parcel of the on-going negotiations and there was no agreement for this to happen. The Minister was kind enough to write to me after our recent exchanges in the House on this matter informing me that those contracted were presently being used as extra bodies in the Upper Rock were they are not needed.

I also raised last year at the time of the budget session the existing vacancies in the Port Department and was told by the Minister that there was a freeze in the filling of vacancies until the discussions over the proposed Port Authority had concluded. The same vacancies remain unfilled today.

Government announced last year their intention to do away with the Yacht Reporting Berth and its functions. Recently I issued a statement in which I urged the Government to fill two of the five unfilled vacancies in the Port Department because it was mainly affecting the functions of the Yacht Reporting Berth and this had become evident during the recent 'Amber Alert' security exercise. I sincerely believe it would be a grave mistake to do away with the Yacht Reporting Berth. When Queensway Quay Marina became operational a temporary arrangement was entered into whereby the pier master would report incoming vessels to the Yacht Reporting Berth whilst a more central location for the berth was found. A mobile Customs Unit cleared vessels for Customs and Immigration. Before leaving office several sites were being considered including one at Coaling Island, no further decision over this was taken given the elections of May 1996. I understand however that the situation today is such that the mobile Customs unit is no longer in place and that yachts arriving at Queensway Quay Marina are not subject to proper Customs and Immigration controls. I also understand that yachts arriving after 10 pm when there is no pier master are not being recorded as having arrived at Gibraltar and that as a result records are not up-to-date. It is the function of the Yacht Reporting Berth to check that the papers of the vessel are in order, see what was the last port of call, log this, keep a record, and alert other authorities if they suspect something undue or abnormal. A Customs Officer is also at hand for customs control. To do away with this control and place the burden of responsibility on a commercial operator, that is, the Marina itself rather than on a law enforcement agency would in our view be a very irresponsible thing to do particularly in the light of recent security considerations. I would therefore urge the Government to reconsider the position and take advice from law enforcement agencies on this matter. There is already a loophole

which needs to be closed, let us not attempt to use that loophole to justify a free for all.

Mr Speaker, during the budget session of 1996 the Hon Mr Holliday had this to say about the Port Department, “....Government plan to have a well resourced and motivated Port Department workforce within the public sector which we believe to be essential.” I would suggest that the Minister looks towards achieving that goal in a more practical and less contradictory manner than he has until now and he will probably find he is more successful.

Mr Speaker, returning to the general theme of Industrial Relations I could go on mentioning developments in other departments which are being equally mishandled. It strikes me as totally absurd that a uniformed body such as the City Fire Brigade which rightly prides itself in the efficient service it provides the community should be drawn into taking selective industrial action over a matter of such sensitivity as injury protection. We hear now that the Government want to refer the matter to the Gibraltar Trades Council, we cannot understand why. Is it that they prefer negotiating with representatives of the GTC rather than with those directly involved? For two consecutive years the District Officer of the TGWU in his May Day Message has highlighted the centralisation of Industrial Relations decision making in Convent Place. Indeed the vacancy for the post of Personnel Manager has gone unfilled for over a year now with the Government having carried out yet another study to review the responsibilities attached to the post prior to opening up the vacancy again. Filling the vacancy will be no help or progress at all unless and until the person filling the post is given a degree of freedom by the political Government to carry out his functions through fostering good relations and having a certain amount of leeway to negotiate. It should be that person's responsibility to interpret Government policy and put it to the unions. What would be intolerable is that he should simply act as a buffer between the unions and Convent Place with a full decision making powers

resting still with the Chief Minister. We have seen Ministers Netto, Azzopardi, Holliday and Britto the latter to a much lesser degree involving themselves in direct negotiations with the unions and making little or no headway. Indeed in the case of the Electricity Department it would seem that the low profile of the Hon Mr Britto could be the factor that has produced a more positive response for the Government. The Government have got themselves in a mess as a result of their high handed approach to Industrial Relations. They need to show more respect and consideration for the rights and aspirations of their employees if they are to gain their confidence and co-operation in providing the public with the quality standard of Government services they are entitled to. Does the Chief Minister really believe that anything was won in the heated exchanges with the civil service union during the salary dispute when at the end of the day he has now agreed to take the matter to arbitration? Could he not have seen his way to offer that and avoided all the aggro? Was there any necessity to have a row with the TGWU over May Day when the matter had been raised with him months before? If indeed he has too much on his plate and cannot respond to unions within a reasonable time span perhaps he should consider delegating that task to one of his colleagues if he knows how to do that. That is to say, if the Chief Minister knows how to delegate.

Mr Speaker, the same confrontational situation exists although at a different level with the dispute with the taxi drivers which has dragged nearly two years now and which is now the subject of another court hearing. People feel that their livelihood is being threatened by this Government by the actions that they are taking, people feel that there is a witch-hunt against them because for over two years there has not been the possibility of sitting down and negotiating and coming up with solutions which are fair and acceptable to all parties and this is the approach that they have taken on industrial relations and which is failing miserably.

Mr Speaker, turning to other aspects of the Electricity Department I must point out that the recent answers to Questions put by me to

the Hon Mr Britto are a matter of great concern. I asked whether it was the intention of the Government to install more engines at Waterport Power Station and I got an affirmative reply, however, the Minister was not able to say whether the engines would be larger or smaller than the 5.5 megawatt existing ones, what the total capacity installed would be or what was the number of engines envisaged and the estimated costs. Indeed when questioned by the Leader of the Opposition over whether there was a need for land reclamation in order to do this as had been stated in a report commissioned by the then AACR Government and published in 1987, he did not know of the existence of the report. Previously I had asked the Minister whether it was Government's intention to renew the OESCO contract which has a couple of years more to run, "no decision has yet been taken," he told me. When later asked whether the intention of installing more engines at Waterport was to replace the capacity at OESCO again the Minister could not yet say. The point being that matters such as the future source of Gibraltar's Electricity supply must be planned well in advance of requirement, more so if a decision has already been taken to install more engines at Waterport, we presume in isolation and irrespective of any other consideration given the answers by the Minister. We have a situation where he has said this afternoon that the matter is being studied but that there is already a commitment to install engines in Waterport regardless of the study and the consideration that has to be given to the overall matter.

The estimates for this year contain nothing whatsoever to provide that extra capacity at Waterport. It is crucial that these decisions are taken as a matter of urgency if Gibraltar is to continue to be able to generate its own electricity needs for the future. What would happen if the replacement capacity from whatever source were to fall foul to all the hindrances and delays that the Controller Link Project has. Here we have a project first announced by the Minister in his 1996 budget speech, then announced again 1997, a project which would have taken 18 months to complete is now in its fifth year with the completion now scheduled for February 2003, seven years after it was first announced and six years after the

initial funds were provided. Although the damage cost to the software and control equipment was a result of flooding in the area chosen in Gibraltar for its installation, we were told by the Minister that the main cause of the delay rests with the manufacturers. Have Government protected themselves in the contract in order to have recourse to claim against that manufacturer? Not adequately it seems if we look at the published figures of expenditure in the estimates. The February 2003 date is subject of course to manpower resources being available in the department. We could still have the Controller Unit in 2004 or 2005. What would happen to the whole of the economy if such delays were to occur in the provision of extra generating capacity? The delays in the Controller Link Project is not isolated although it is by far the worse case. The number of delays in the completion of public works contracts awarded since 1996 is considerably high, 40 out of 110. Most seem to be related to roadworks thus further exacerbating the unacceptable traffic congestion in our roads. I always thought that these contracts carried penalties for non-completion in time yet everytime that I ask there are unforeseen circumstances that arise to justify the delays in completion. It rarely seems to be the fault of the contractor other than when the chosen reputable contractor has gone bust. I can only hope that now that I have drawn attention to this state of affairs a more cautious and thorough control of contracts is undertaken by Government.

Mr Speaker, despite the Chief Minister repeatedly denying in this House that Gibraltar suffers from an acute traffic congestion problem, the man in the street and in particular the motorists knows this to be true. When I point out that there is traffic chaos the Chief Minister often jumps up in indignation, yet the simplest of changes to traffic flow even of a temporary nature to allow works to take place are absent of consideration for motorists. I mentioned recently that if Lover's Lane needed to be closed on occasions to vehicular traffic might it not be prudent to make Main Street from Referendum Gate to the Convent two way for the duration of the closure, common sense one would think, as it happens Lover's Lane has been closed for innumerable occasions

in the evening with no such accompanying facility to alleviate the effect of the general public. If for example, one needed to get from St Bernard's Hospital to any area to the south of the Convent, one needs to drive to the Convent then through Line Wall back into Winston Churchill Avenue and southbound via Queensway. It is these type of situations that exacerbate motorists and which are totally unnecessary.

The Chief Minister last year mentioned the construction of a new road which would connect Europort to Coaling Island and suggested this would go a long way towards decongesting Queensway. I do not see any provision for this project in this year's estimates although let me tell him that with the huge increase in traffic generated in the area once St Bernard's Hospital is moved to Europort even that new road will have little impact on traffic congestion in the area. The whole approach is wrong. Having spent years saying they were studying the problem, no such thorough review seems to have taken place. Last year the Hon Mr Holliday announced another new road in the Upper Town Area which still has not seen the light of day. This year he has just announced it again for a second year running, that is the road which is to run behind Tankerville House in order to allow the introduction of a one-way system in the Moorish Castle area. This is just a piece in a jigsaw puzzle as is the road at Europort. Traffic Management must be looked at on the basis of looking at Gibraltar as a whole and producing a traffic flow plan which might take several years to introduce in stages but which will ultimately have the desired effect. Reacting to events piecemeal which is what Government are doing will get us nowhere. Again I have to say this year that the decision to insist on annual MOT tests instead of biennial was wrong and that three years after implementing the legislation they still have not got their act together. Delays in obtaining bookings for MOT tests remain with the natural consequence arising being that the RGP have trouble in properly identifying who is in breach of the law given that on many occasions it is not the fault of the motorist that his MOT certificate has not been renewed. It would be in the very interests of the MOT Test Centre and of the Government to write

to motorists advising them beforehand when their MOT test is due and providing a tentative booking but it would be too much for the Government to expect them to 'click' a computer button on a daily basis and write a few letters.

Mr Speaker, I was going to mention the inadequacy of the Licensing Department and mention the picture that came out in the Gibraltar Chronicle but I did note that the Hon Mr Holliday has said that the MOT Test Centre will be opening shortly and that the plans are for the Licensing Department to move to the new MOT Test Centre so that there is one place for every transaction to be made. Given that the staff is being put together and pulled together this might be the time to reconsider writing to motorists beforehand a month in advance and giving them a tentative booking given that the MOT Test Centre is I know one of the first places that have computerisation and it would be a rather simple task to do. Before I move to another issue I have to mention two matters which have been raised by the Hon Mr Holliday. One is the award of a termed contract, I think that at the time of the Committee Stage we will need to know what are the terms of that termed contract in order to be able to gauge in this House the controlled expenditure in a manner which can be done. He has listed the number of priorities on roads that are to be done this year, he has not mentioned whether the term for the contract is a year and the Government identifies the priorities of the roads, whether the roads are measured per square metre in terms of how much money is to be paid to the contractor and for what term and I think these are answers to Questions which we would need to put at the time of the Committee Stage and I am giving him notice of it. The other matter that the Minister raised is the question of public transport. It seems very odd to me that whilst decisions have not been concluded with the existing operators, the last time I raised it the Minister said that he was optimistic that they were going well, they still have not finished and we are making a provision of £1.5 million in the Improvement and Development Fund for Public Transport, this when in years past when I have raised the issue of public transport and told the Chief Minister that the only way of achieving better improvement was to throw money

at it and the Chief Minister has said that in no way was he prepared to subsidise public transport, that improvements were going to come as a result of Government initiative with the companies but in no way did he envisage pumping any money into public transport and here we have this year £1.5 million and we do not know yet whether that £1.5 million is going to be used either to compete with the existing operators which is something the Chief Minister threatened to do if they did not come in line with the thinking of the Government or whether it will be possible to arrive at an agreement with the operators to work jointly with Government. We still do not know that and we are being told that here is £1.5 million we are going to spend on public transport but without being in a position to be able to tell the House yet how that money is going to be spent and in what way. We have heard the Minister say that he is going out to tender for vehicles. Is it that the Government are going to start a competing service or is going to run different routes in competition or is it that the operators are going to come out to tender for the vehicles or is it that the Government are now going to purchase the vehicles for the operators? Because the Chief Minister has in the past said that he did not envisage improving public transport by pumping public money into it. It is not that I would be either against or in favour, I am holding my view until one knows the details of it but this is what the Chief Minister has argued in the past.

Mr Speaker, turning to the Cemetery I notice that although in past years the Chief Minister himself has recognised that it is not up to the standard people expect in respect of cleanliness and general upkeep, there are no funds being provided to correct this. There are many people that feel strongly that we owe it to those that have passed away to maintain the cemetery properly and to regularly cut the weeds around the graves and keep it as tidy as possible. Perhaps the problem lies in that there is no permanent manpower there to do this since Community Projects deploys people to other places on other duties and the cemetery does not receive the treatment it should.

Mr Speaker, if I can now turn my attention to GBC I will not dwell again on the expectations the Government had following the relaunch given that the Chief Minister that year said and I quote from Hansard, ".....the Government do not regard the relaunching of GBC to have been a success." We see in the estimates that the provision of the subvention for this year is £40,000 over the £950,000 figure provided for last year, one would suspect that the increase follows the annual increases in salaries. The figure however is £76,000 lower than the forecast out-turn for the year. This presupposes that either GBC is expected to generate more income or that there are costs attached to last year which will not recur this year.

Mr Speaker, the Hon Mr Britto has announced this afternoon that we are in for night broadcast by GBC aimed at the ex-pat community. I would suggest that the Minister before announcing this as a ministerial achievement in his budget speech should cost it and see the possibilities of success or failure before pinning his little flag on his shirt and saying "look what I have done, I am going to produce night television." I would suspect that if it is increased revenue that they are seeking, they must have taken this strange and odd decision that expatriates do not sleep and watch television, given that if we are going to produce a programme at night aimed at expatriates and we are expecting to increase revenue as a result of that service it would seem to me that there are some expatriates out there that are prepared to sit all night to watch GBC and not sleep at all. It cannot follow any other logic. [*HON CHIEF MINISTER: It is radio*] Oh radio, it still presupposes that expatriates do not sleep and they listen to radio all night. I would be cautious about it and although on other occasions the chief Minister has refused to answer questions about GBC since he has given himself all these responsibilities as Minister for GBC and explained all the good things he has done perhaps at the Committee Stage when we come to vote in the subvention he might be able to explain a little more about that venture before we proceed.

Mr Speaker, if we look at the Improvement and Development Fund we find a provision of £150,000 for equipment which follows an amount of £138,000 in the previous year and an amount of £145,987 the year before. I point these figures out because the Chief Minister said last year that he was not willing to allow GBC to become another Government department in which its source of income becomes academic. He added, "...the Government are not a bottomless pit of funds for GBC nor can its employees consider the Government to be its paymaster when it comes to its pay and conditions of employment." What the situation today shows is that the prospects of GBC being able to generate a substantial amount of income is practically nil that the Government accept this to be the case and that the subvention remains at the level it has always been and that capital expenditure is met from the Improvement and Development Fund. We also have a historic situation under which the extra funds needed in the year for the annual salary review comes out of the Government provision in the estimates for pay awards. For all intents and purposes another Government department. We all want GBC to continue its functions in radio and television in the most successful manner possible. We also want it to strive to increase its income as much as possible but when all is said and done there is one question and one question only that has to be asked, "Are we the people of Gibraltar prepared to pay for the services we get?" and time and time again the answer is "yes" and we are back to that position today, no change at all.

Mr Speaker, I have little option but to dwell on the lottery given recent events when for the first time ever in its history a draw has been postponed indefinitely. That itself could stifle and affect the sales of the bumper summer draw

HON LT COL E M BRITTO:

On a point of order the draw has not been postponed indefinitely.

HON J C PEREZ:

The draw was postponed indefinitely and today or yesterday or the day before it was announced that a date had been chosen for the draw that had been postponed indefinitely when it was postponed. Mr Speaker I have not given way.....

MR SPEAKER:

You have not?

HON J C PEREZ:

Mr Speaker, when a draw is postponed, at the time one postpones it one has a date then one says "It is postponed today and it will now take place next Tuesday." But at the time they postponed it they had no date, it was therefore postponed indefinitely and later on sine die like this House does and later on a date was found which happily I must say is tonight at 7.30 pm and I hope I am the lucky winner this week. That itself could stifle and affect the sales of the bumper summer draw which is normally successful because it creates a crisis of confidence in the draw and because people are still waiting to check their old tickets before deciding to invest more of their money in the lottery. Be that as it may although this year the lottery has made a profit the problems identified by the Principal Auditor remain. It seems given the record that this Government's answer to any problem is to commission a study and the lottery is no exception. The last time I raised the matter in the House I was told that the matter was still being studied. Many people in Gibraltar feel that the lottery is part of their history and way of life and want to see it survive, we want to see it survive on our part and we hope that the necessary steps are taken expeditiously to enable this to happen. We take note that the Minister has said that eight submissions have been received from the general public with ideas and we would hope that he is in a position to announce some radical change in the lottery which he was advocating since he was in Opposition, soon, so that we can

all have faith that the lottery will survive and that it will continue to generate wealth for Gibraltar however little. In days gone by it used to be a provider for funds for housing and historically it has had a direct link with political projects in Gibraltar which it does not have today such as in the UK it is linked to art and culture. In Gibraltar when it started it used to be linked to housing, the proceeds of the lottery used to go directly to the building of houses.

I now come, Mr Speaker, to what is the engine that spurs any economy today which is telecommunications. I will first touch upon the sensitive political position in which we find ourselves today. It gives us no pleasure whatsoever to have been proved right in the 1980's when we warned the AACR Government that the manner in which telecommunications with Spain had been restored left Gibraltar as an extension of the Spanish network and at the mercy of our neighbours in the future. That future is here now and we have been proved right yet again. The Chief Minister said in his contribution on Friday that it could well be that the European Commission take the view that the offer of extra telephone numbers by Spain does not breach EU Law. I think I am correct in having identified what he said. I find it very odd that measures that remove the ability of Gibraltar as a separate telecommunications entity recognised as such by the EU to have and control its own numbering plan and places that power on another telecommunications entity in the EU that that should not be a breach. If that is not a breach of EU Law then what is? The Government must leave no stone unturned to challenge that judgement legally if indeed the Commission were to take that view. It seems to me that without yet having signed an agreement in principle over sovereignty and without defining what that joint sovereignty might mean, Spain in this area is giving an example of what it means for Madrid. It means usurping our power to independently run our affairs and transfer full power to Madrid. The Chief Minister also said that it now seems that the existing 30,000 numbers will cease to be operational at the end of the year if Gibraltar does not accept the terms of the offer of 70,000 extra numbers. The Opposition had warned that this would be the case

in a press release where we were able to get the text of the 'Buletin del Estado' issued by the Ministry in Madrid. Indeed this is one of the issues I raised in a television debate in which both the Hon Mr Britto and the Hon Mr Bristow also participated and all I got from them was a deafening silence to those remarks. What we have been told by the Chief Minister on Friday is that the analysis that we had made is correct and that come the 31st December the possibility of having no normal telecommunications services between Gibraltar and Spain is on the table and that this is being achieved through blackmail. The Chief Minister also indicated that there are certain technical fallbacks which he said we know about and I therefore presume that this is today the fallback position of the Government. I understand how sensitive the situation is and I would therefore ask the Hon Mr Britto to keep us informed of the options being looked at as he has done in the past. There is however one route open to Gibraltar only, for the companies with complaints in front of the Commission to initiate legal proceedings for failure to act against Spain over the non-recognition of the '350' code. This is a battle we must fight and we must win. I am presuming of course that we have now reported to the EU that the Liberalisation Legislation has been transposed in Gibraltar and that there is clear recognition from the EU of our Regulatory Authority and that we are an independent telecommunications entity within the EU. Why else will the telecommunications union in Geneva allocate to Gibraltar the '350' international code? Be that as it may, when the Liberalisation Legislation was transposed in this House, the Chief Minister himself moved an amendment arguing that the Minister responsible, the Regulator, nor the Government could be held liable or responsible for the non-implementation of aspects of the legislation unless and until the numbers issue had been resolved and Gibraltar had a level playing field. This is why I initially queried the wisdom of opening up the market giving that the numbers issue has not been resolved and Gibraltar does not have a playing field. Where are the numbers going to come from? I have repeatedly asked and have been confronted with the same deafening silence from the Ministers. I have repeatedly argued in my contributions to the budget since 1996 that the existing telecommunications companies, that is, Gibtel and Nynex, should

prepare for the liberalisation that is coming by becoming more competitive and more customer conscious. Now we are told that at the time when a competitor is knocking at the door, Nynex have to increase the local telecommunications charges in a supposed rebalancing exercise brought upon us by EU Legislation. In the same breath we are also told that the new operator will be able to offer free local calls. The increases announced this year on local telecommunications charges are in our view totally unjustified and unnecessary. We hope the plans to further increase local charges will not be proceeded with.

The gradual cuts in international charges for telephones commenced whilst we were still in office when Nynex had not yet declared a dividend payment. During the years when the connecting charge by Nynex remained unchanged, the dividend payment to shareholders of the company was in the region of £1.5 million. This current year when we are told that increases are necessary for rebalancing purposes, although the estimate was £1.6 million in dividend payment the result is that £3 million are paid in dividends to shareholders. It could well be that the proposed measure is now streaming the Gbtele profits through Nynex and that this is part of the reason for the increase in dividend payments yet, if we take both companies together for comparison sake the projected dividend payment was £3.2 million and the result is £3.9 million. This is £700,000 more in a year when international charges are supposed to have come down drastically and local charges have risen steeply, and we are only talking about dividend payments and not profits and loss accounts. The figures clearly support our contentions that even with the cut in connecting charges for international traffic the local telecommunications network was still making a profit and there was no need whatsoever to increase local charges other than to continue to produce high profit levels and higher dividend payments as predicted. How else would the forecast for next year be another £3 million dividend payment. Even without the answers to Questions which we have been denied in this House with the excuse that it is commercially sensitive information, the dividend payment outcome and the forecast give the game away.

The only rebalancing exercise that has taken place is that the company is attempting to recover from local charges what it is giving out in reduction in international charges.

Mr Speaker, the Chief Minister talked last Friday about his Colleague's ability in interpreting the law to license potential competitors so that they will invest in infrastructure and not come into the market to reap the cream of the business and leave the traditional supplier of telecommunications to sustain and maintain the network. Without wanting to make judgements over what is right or wrong and just looking at the intention behind the liberalisation within the EU, the Chief Minister might not be able to stop that happening under EU law. He said he was not talking about 'call back' services in this context yet 'call back' has been with us now for many years and this is exactly what it does, reaps the cream of the business which is the international traffic whilst not investing in infrastructure and using the infrastructure of another country. The point being that EU Law might not allow the Hon Mr Azopardi to reject offhand other applicants that do not invest in infrastructure. In any case Gibraltar is too small to justify a competing infrastructure in telephony. We hope that in giving the licence to the new operator the Minister will ensure that the new infrastructure is complementary to the existing one and not in competition to the existing one.

Mr Speaker, indeed I think we owe more the reductions in international charges to 'call backs' than we do to the advent of liberalisation. That is the truth. Everywhere in Europe cheaper rates have preceded liberalisation. Here in Gibraltar what we get is increases in local charges and promises of more increases to come. There is no doubt, when the Chief Minister replies, he will adopt the strategy that we have now become accustomed to. He will launch a vitriolic attack against the Opposition, probably full of misrepresentations and inaccuracies, stretching the truth to the limit, in yet another attempt at concealing his own shortcomings of six years in office. My Colleague the Leader of the Opposition called him "The Master of Spin," perhaps now that he himself is at

the receiving end of his style of politics from those faceless mandarins in Whitehall, he might reflect upon those that still believe in a more honest, less arrogant approach to Parliamentary democracy and to Government in general.

Finally, Mr Speaker, let me say that there was a recent story which quoted him as having said that he wanted to abandon politics and a very quick and strong denial 24 hours later. In the letter that he issued he did not deny the whole story and part of the story read that he would like to see himself living quietly in Sotogrande in the house that everybody says he has and that he does not have, living the rest of his life quietly and in peace. May I suggest that if the Chief Minister can give an assurance to this House that he will stay in Sotogrande and not come back, I will be prepared to open the collection for him and we shall all purchase him that house in Sotogrande he so much desires. With that light remark I conclude my remarks to the budget debate.

ADJOURNMENT

The Hon the Chief Minister moved the adjournment of the House to Wednesday 19th June 2002 at 10.00 am

Question put. Agreed to.

The adjournment of the House was taken at 6.55 pm on Tuesday 18th June 2002.

The House resumed at 10.05 am.

Debate continued on the Appropriation (2002-2003) Ordinance 2002.

HON K AZOPARDI:

Mr Speaker, in speaking to the general principles of this Bill as regards my Ministerial responsibility I just want to make a few observations first for the assistance of Members in relation to the particular structure of the departmental budget so that it is clear especially to my shadow spokesman how this department's budget is structured this year. The structure of the budget this year reflects two things which are different;

1. A structural reorganisation of the department and the department's divisions and,
2. a merging of certain heads of expenditure which are to make more administrative sense.

I think I have said in previous contributions to this House at budget time that the department when I inherited it was structured into divisions. I have waited some time to see how those divisions were working with each other and I have taken the view that the department needed some internal restructure and I have done that and this is reflected in this year's budget and so, therefore, the department is now structured in four broad divisions:-

- Inward Investment and Lands which has responsibilities for all land issues but also includes a broad responsibility to attract investments, communications and technology;

Business development which used to loosely be called commercial but really is Business Assistance and Advice and EU Funding and opportunities and that sort of thing. Finance Centre which stays unchanged and Planning and Heritage which stays unchanged as well.

So effectively what I have done is I have taken a view on the commercial and more classical trade and industry side of it and reorganised that together with telecommunications and split it up into those two parts. The administration division has disappeared because it made no sense to me to have an administration division. No department has one and if one does not have a section purely to conduct administrative tasks, I have a small department of about 40 people and I have to deploy them to fulfil responsibilities, aims and objectives. Administrative staff are merely there really to support objectives within a division so it has to be focused in that way. Secondly for the assistance of the Opposition Members they will see in italics in Pages 71, 72, and 73 there is a lot of the budget that used to be there and no longer is there and that the budget this year is much shorter and the reason for that again is that under my predecessor certain Heads of expenditure were separated by division and again it seems to me to make no sense to do that and in the interests of administrative convenience I saw no need to separate Heads 3 to 6 primarily and 7 in the budget. Electricity, Water, Telephone Service, Printing, Stationery, General Expenses should not be split by division, it made no sense to me especially in a department of 40 people. I am used to the Health Department with 700 people, the Environment combined departments of 1,000 which did not have separated Heads, it made no sense to me to have four different heads for eight or nine people each so I have merged them.

Mr Speaker, that is as regards the structure of the department and the structure of the budget as for my own contribution to this year's budget I should say this first, the aims and objectives in relation to Trade and Industry and the philosophy that I set out in previous budgets still stands good. My objective is of course to create a good climate for business development and inward investment and to keep Gibraltar attractive for when we do investment. Those objectives are firm, they will continue and I will not detail them again as I did so in my first contribution as DTI Minister. What we are doing though is in view of certain factors that I will outline in a few minutes, is reviewing those objectives with senior officials within the departments especially in the context of the continuing needs that Gibraltar has in relation to DTI objectives and in the context of the changing international panorama over a variety of fields and I hope that that review process finishes soon so that I can more clearly focus on the objectives for the remaining part of our term of office.

Mr Speaker, before I get to the particular role of divisions within my department and the responsibilities that we have tried to fulfil during the last 12 months, there have been a series of factors that have been outlined in part by the Chief Minister in his contribution but there have been a series of factors that have had and are having an effect on the economy and in particular the Finance Centre that I should outline because they have impacted on the performance of the department and indeed on the performance of Gibraltar's economy generally. I would say that there are four factors that are influencing the way the economy is performing and the way that the Finance Centre is being focused at the moment, it is important to take into account that the Gibraltar economy is not isolated and disconnected from the world, indeed it is a service led economy and therefore is very much the opposite of that and depends on world trends to a large extent so there are things like 11th September and those tragedies and the effect that that has had and are influencing the economy and influencing international trends that will impact on certainly regulatory regimes, the visitor patterns, the tendency of people to take cruise journeys, the tourism market generally and investment in particular. The

insurance collapse since 11th September again has created challenges but also opportunities in the insurance market that are being seen in Gibraltar. It is still too soon to tell what the final impact of that will be, there will be trends of a regulatory and legislative nature that will continue for many months to come and probably many years to come and that impact is still not known today. What is certainly clear is that there will be a new working environment for us all in a financially economic sense.

The second fact that I want to highlight is that the Gibraltar economy is impacted by the general global economic slowdown. Stock Markets are at their lowest level now since 1996 certainly taking a nose-dive over the last few days and all of those issues in particular in the telecommunications area. There has been such a marked slowdown in the last 18 months, all those issues are of course impacting on the type of investment that is coming to Gibraltar and the type of enquiries we are getting and the type of investment that we are able to attract more readily than before. As I say those are global issues that are affecting us all and when one comes to reflect on Gibraltar's economy and how well or otherwise one is performing I think it is important to take into account that there are many other territories and countries around the world that are suffering substantially primarily as a result of those factors.

In relation to the Finance Centre there have been important international initiatives over the last two years that have gathered pace over the last 12 months on tax and financial regulations. Again I would say that is partly global and partly individual, in this sense it is partly global because the international initiatives on financial regulations and of a fiscal nature as far as the OECD go certainly are affecting all Finance Centres around the world and commitments will be sought from all finance centres and so one cannot say that Gibraltar is being singled out. Whatever working environment that was being evolved, clearly that is something that we would share it. It is partly individual in the sense that while international initiatives are there and impact on everyone, because

of Gibraltar's unique position in some respects, our EU membership, the 35 finance centres on the list, there are special pressures that are brought to bear on Gibraltar, state aids code of conduct and so on that perhaps are not present with other finance centres in such a direct way. They are more present in an indirect way through the third country mechanisms that EU countries are trying to invoke in relation to some of these measures. The fourth factor which is purely individual to Gibraltar but is also important in the context of economies is the political situation, the Anglo-Spanish Talks and all of the events that have transpired since UK and Spain decided to give a new impetus to their discussions since July 2001 and since last year's budget. So, all of that is having an effect. It is having an effect generally on the economy but in particular in the Finance Centre and I would add in relation to my responsibility on telecommunications, what I last year called 'Communications and Technology', that to the factors that I have listed I would also add the special factor of the marked collapse of investment on the dot.com industry and anything connected with information technology. I think that is an important factor.

Mr Speaker, it is against that backdrop that we have got to understand the economy, how it has been developed in over the last 12 months, how it can develop over the next 12 months and indeed it is against that backdrop that we are reviewing the policy objectives that we have in the context of my ministerial responsibilities. I will pass on to the particular divisions that I have just to give the hon Members again an overview and I do not intend to go into the things that we have been doing within the department in a level of minutiae in detail that I think will trouble hon Members but certainly on a broad view of our objectives and the work that we have been conducting. Firstly, in relation to business developments, this division really has responsibility for advice and assistance and funding opportunities and we have seen, and I have taken note even though I think that the position of Government have always been that we do not believe that there have been insufficient regards to public awareness campaigns in relation to funding opportunities, I certainly have taken notes of the comments and we have tried over the last 12 months to give a

renewed impetus to that by issuing not only more explanatory leaflets but newsletters on a regular basis that we now put into as inserts to all the papers in Gibraltar, more adverts and the hon Members will have seen that since the last budget there has been an advertising campaign for funding opportunities and I really do believe that through this campaign of maximising awareness that will continue into the future, I will not be able to understand comments that people are not aware that there are funding opportunities. The only thing that people will be able to say is that they know the funding opportunity would be there and they need advice on it but that advice can be forthcoming from the department. I do not think it would be a justified criticism any longer to say that people are not aware of funding opportunities given that we issue newsletters on a regular basis, monthly or quarterly, we insert adverts into the local papers, we have been screening a documentary on EU funding opportunities recently, that is not to say that we get complacent, obviously we will carry on with our public awareness campaign and we will strive to ensure that everyone is as apprised of funding opportunities as possible.

Mr Speaker, just to give the House an overview, over the last year or so we have had a transitional period hopping from one programme to another, from the 1994 to 1999 programme to the 2000 to 2006 programme, but certainly last year we had 29 EU applications all of which were approved and I have given information about those EU applications in contributions to the House on Question Time, hon Members will also know that apart from EU funding opportunities that are there I want to take the opportunity as well of saying to anyone who is listening today that the Business Advisory Unit and the EU Funding Unit within the department are always ready to advise and assist anyone who wants to bring forward an EU funding application to try to assist them in preparing a business plan, to advise them on the procedure and on anything related to their application the department is always ready to advise anyone and I encourage anyone who wants to get information or formulate an application for EU funding to approach the department because we would be

keen to assist them in trying to do that. I do not want to, we could, but I do not want to have to resort to using the entire EU funding application for public sector projects. Public sector projects will have a big contribution to make and a big slice of the cake because that is inevitable because no private sector project will ever come forward to take the £750,000 we have on an annual basis and so it is important for us to do the large infrastructure projects of the public sector nature but I do encourage the private sector to come forward with projects and that we are ready to advise them when they do so.

Apart from EU funding opportunities hon Members will be aware that when people apply and enquire about funding opportunities, there are also opportunities for them if they do not meet the EU funding eligibility criteria and that is what the Gibraltar Enterprise Scheme is there for. This is a Government Scheme of Government funding for any application that is deemed meritorious but is out with the criteria set by the EU funding rules by the European Commission and last year we had seven applications and here the history of the scheme is that because this is outside the criteria it is far more discretionary and this is really to mop up the residue of applications that have not been dealt with under the EU funding scheme but it is less likely because it is of a more discretionary nature that they will meet the meritorious criteria having already failed at the first hurdle to meet the EU funding criteria. Last year we had seven applications, five were approved, two were not. I will give the hon Members a flavour of previous years so that they understand what I am talking about when I say that this is a discretionary programme.

- In 1998 five were approved - nine were not.
- In 1999 nine were approved – seven were not.
- In 2000 eight were approved – three were not.

Mr Speaker, one of the areas that concerns me greatly in the context of business development and attracting inward investments is infrastructure. The need for it and the provision of infrastructure. We need industrial space and we need land for development, residential, commercial, industrial, and economic development. I am keen that we should in forthcoming years pursue projects to provide Gibraltar with more infrastructure of an industrial nature and with more land for development for economic and domestic agendas. It is clear because of the experience we are having not only with the constant enquiries that we get at departmental level in relation to industrial space but the applications that we have had in relation to the North Mole in relation to the North Mole industrial park that the demand is very high for industrial space. We have got four units at the North Mole, we have had about 40 applications, but certainly many more enquiries and applications than units and it is clear that, and these are the larger units for which we expected less demand because it is always clear that we get much more demand for the smaller units because a trend of business in Gibraltar is that we have many more small businesses than larger ones and it is less likely that people will want the larger units. Here we have four of the larger units that we have available and demand that outstrips the supply that we have got and it is clear evidence that we need to provide industrial space and I want to pursue projects for that. We have some in the pipeline and I hope to be able to make announcements in due course so that we can deal with that demand and create that economic activity.

Mr Speaker, I will just link on to the comments that I will make in relation to inward investment and the lands division because there is an overlap with business development. It is not only industrial space that we want but land needs to be created for other purposes and in my view reclamation is a necessary objective that we must pursue to be able to achieve our objectives. I say that conscious as I am and sensitive as I always am with my heritage responsibility for the need for balance, and for the need to conduct reclamation with a minimum of environmental impact and

conscious as I am of the need to ensure that the environmental lobby are consulted. Gibraltar is a small place, we want to be self sufficient, we are self sufficient, we need to survive going forward. We need to develop the economy and we can only do so in my view if we create more land space and we do so through reclamation if necessary while balancing the environmental impact that that has happened. That will happen especially if we want to constrain developments within the city walls which is also an objective of the department and my personal objective and see no scope if we are going to protect the urban city centre because of tourism and heritage objectives, I really see that there is a need to constrain developments within the city walls and encourage higher rise developments outside those city walls, but to do so we also need to realise that there need to be compromises and some things will have to be sacrificed in that process.

The inward investments and land divisions to give an overview of the department for the first time because I am talking about it for the first time in this budget session, assumes responsibilities over a wide variety of fields. The management of Crown Lands, here I am talking about assignments, rents, consents for mortgages, lease extensions and that sort of thing, the commercial development of Crown Lands, here I am primarily talking about projects, the driving of commercial projects on behalf of the Crown, negotiations with the MOD, we have general responsibilities for commercial marketing in that department and the handling of any inward investment enquiries on a broad front commercial areas and here I include telecommunications and technology in that. To a very large extent the first area is self-explanatory, our responsibility for management of Crown Lands, and in the second one, the commercial development of land there are specific projects that have been talked about in particular by the Minister for Tourism who has mentioned some areas of land that will go out to commercial tender in forthcoming months and announcements will be made in due course. We have also been dealing with issues in relation to Gun-Wharf in respect of which there have been questions in the House before and reclamation issues stemming from the comments that I have made

just a few moments earlier. There are projects that will require reclamation that the Government are looking at that will be announced I hope during the course of this financial year in the context of everything that I have said of the needs to provide land for infrastructure and economic objectives. Before leaving this particular aspect of commercial development I would say that in the next year the Government expect to commence a project to achieve a new road through the Chatham Counterguard. The Government have been negotiating through my department with an industrial user who had vaults within the Orange Bastion Chatham Counterguard area who had requirements for reallocation, we have been able to reach an agreement with them to ensure their reallocation at some point at the end of this year or beginning of next year with a view to demolition of the structures on the interior of the Chatham Counterguard, the accretions that were erected next to the city walls and to allow the Government to run a road through the Chatham Counterguard without in anyway, I should emphasise immediately in case there is any of my friends in the heritage lobby listening, demolishing any of the fortifications, which hopefully together with other road projects that are to be pursued in the course of the next financial year will have some effect in improving issues of traffic flow and so on.

Mr Speaker, the department has regular meetings with the MOD in relation to MOD lands and again we have had Questions in the House before so I do not intend to dwell on the subject only to say that I hope that the negotiations with the MOD progress in the forthcoming financial year to a level that enables more land to be returned to the Government of Gibraltar to administer on behalf of the people of Gibraltar as I think it is important and necessary for there to be a constructive process of discussions with the MOD to enable handover of land when it is surplus to MOD requirements and it is plainly so.

While communications and technology responsibilities are part of inward investments and lands I should highlight a few areas which are relevant to that specific responsibility. I launched a strategy

last year on e-business, communications and technology and we continue to review that strategy in the context of the objectives that we set out in it. I set out and I released the strategy last year, I talked about the objectives in last year's budget but I want to highlight in particular a few areas which are important and as to the rest of the strategy we will of course be continuing the review process because the strategy that I launched last year I said at the time would be for three years until 2004 and set out broad objectives of the Government in the context of communications and technology and I do not want to go too far beyond that strategy until it becomes clearer what effect the economic slowdown in relation to telecommunications is having as to the opportunities that we are able to attract in this field.

Mr Speaker, we did a survey which was one of the objectives of the strategy last year and it follows on from the June 2000 survey. We did a survey between June and September 2001 and we have been able to collate the figures and statistics to make some comments on it which will, and I want to highlight a few areas for the assistance of Members. Drawing from the responses that we obtained I would make these comments, in relation to internet access in the 2000 survey, 55 per cent of those responding said that they had internet access, of those responding in 2001, 83 per cent said that they had internet access. In relation to the year 2000, 22 per cent of businesses said that they had websites and in 2001, 45 per cent of businesses said that they had websites. In relation to IT skills required for e-business 23 per cent of businesses said that they had those skills in the year 2000 and in the year 2001, 32 per cent said that they had those skills. Whilst those responses show a trend upwards in relation to websites, internet access and IT skills I think it is important not to get complacent, first because the response rate was still important to get a good feel of business in Gibraltar but it was not ordinarily high, secondly I think one may have people responding that have the skills in-house, internet access, the websites that are more fair with the industry and one may get other people who either out of lack of interest or lack of skills are not responding to this survey so it is important not to get complacent. I think that the important

issues are to continue reviewing the industry and the economy to understand where we are in relation to e-business skills because whatever happens, whatever the downturn, the effect on global telecommunications and global technology it is still clear to me that what is happening is that people are going back to normal business principles. They are reverting to sound business case and while before it was easy to get investment just because one added a dot.com after one's name, now it really depends on whether one has a strong business case and so one will have a survival of the fittest but within a new working environment and it is important to take into account when one looks at telecommunications and technology not to think that because there has been a slow down in investment that there is no future in this industry, what there is is a weeding out of bad business, a coming out of good business and a survival and prospering of good business within a new working environment that gives business much closer and greater access to markets that were very distant from them many years ago and provides great opportunities for them and I think it is important that we review the e-business and IT skills of the community in that context and we try to do as much as we can to foster and enhance those skills. So, we will do another survey maybe not this year but certainly in 2003 to up-date ourselves in relation to the trends of business.

Mr Speaker, the Government commenced the liberalisation legislation in July last year and we have had several applications for licences for individual licences and for general authorisations. I have had three applications for individual licences, one is under consideration and I have refused one because it did not meet with the criteria set out in the legislation and I have explained that in the letter of refusal to the particular applicant but I have also, and the House should know, recently granted an application for an individual licence from a company that has significant Portuguese backup. A company called 'Broadband Ltd' that intend to provide an extensive range of services and intend to lay their own network in Gibraltar. A company in effect that I suspect will try to hold itself out to compete in the open market with the incumbent players in relation to all services and not just to the cherry picking services that hon Members have been highlighting during yesterday's session. It is certainly my hope as I said last year that

liberalisation will bring better prices, more competition, and a better service for the consumer. It is almost inevitable that that should be the case and I welcome that with my hat as the Licensing Authority. It is relevant to note in this context that in the e-business survey of 2001 some of the comments made by contributors were these, that the most common factor discouraging companies embracing new technology were cost, system security, lack of knowledge, and that the general comments included that there should be reduction on internet calls, flat fees, greater bandwidth, DSL services, more competition on the telecommunications services, a review of the postal system, bondage storage facilities, and financial incentives. It is clear from the comments that people are making because they are very similar to the ones that they made in the year 2000, that cost and competition, greater bandwidth and greater services available to the consumer are important in the context of developing telecommunications and e-business and with my responsibility in mind I am very keen to pursue that and foster it to the extent possible. I hope that greater competition will bring all of that in the market.

Mr Speaker, the Government this year have extended the import duty concession to June 2003 at least and the reason for that is that this has been quite successful and we have seen quite a lot of take-up in the last year or so. It allows the replacement of infrastructure already there, it encourages skills enhancements and it develops this aspect of the economy and we are very happy to be extending this because it is an important measure if we are really to achieve a repositioning of IT skills enhancement and of the infrastructure that businesses have available to them to develop their particular fields within their economic activity. We will review that during the course of the financial year and see whether it needs to be extended further, but certainly it will have been a major contribution over the period of two years to encouraging and providing incentives to people to upgrade their infrastructure and take a step towards dealing in the new economy.

Mr Speaker, I should mention how progress has gone with the issue of the cable link, in fact there has been little substantial progress in the sense of interest in the project. Hon Members will remember that I issued a notice inviting expressions of interest some time ago, almost 18 months, on the cable link project, we had six or seven parties that responded to that advert but their interest has fallen away. We had one particular party that at least was a telecommunications player that were introducing us to two major international carriers, one European and one American, we had meetings with both of them. They both had cable projects of a far greater nature than the Gibraltar cable only and were thinking about doing the Gibraltar project in the context of a much wider Mediterranean cable project but I suspect as a result partly of the macro economic factors that I outlined before on communications and technology and the size of the Gibraltar telecommunications market and therefore the potential customers that they would have, and the fact that the Government's interest was always going to be limited to facilitating, giving them concessions in the sense of assistance, land and other facilities to set up the cable but not actually making a financial contribution. I suspect that as a result of all those factors, those companies decided that there was little commercial viability in those companies taking the commercial risk themselves. This project is always going to be a speculative one. We wanted to increase the routing out of Gibraltar but it was almost always driven more by political rather than economic and commercial factors. It appears that international carriers do not feel that there is a commercial case at present for that to happen. Things may change and the Government will still be ready in a few years time or whenever for the matter and the project to be pursued if there is commercial interest, but it is important that while there are political objectives because the size of the investment is large, possibly between £20 and £30 million, that there is also a commercial case to be made for that project to be fulfilled.

Mr Speaker, there is a need for there to be good physical infrastructure in relation to the Post Office and that is a constant comment coming up in the replies that people have made to the e-

business survey and I will say a bit on that later. Before leaving telecommunications and technology I said that I wanted to have a regular interface with players in that industry last year at budget time. I had regular meetings with the Chamber of Commerce, with the Federation of Small Businesses, Finance Centre Council, indeed I have regular meetings when I look at other responsibilities with the Heritage Trust. There was no entity that was representative of players in the communications and technology field and I encouraged them last year, I had a meeting with as many of the companies that work within this field as possible and I encouraged them to form themselves into a group so that I can have a regular interface with them if they select their own committee. I am pleased to say that I understand that an information and technology association or society will be formed later this month and I intend to ask them to delegate and appoint a committee to have regular interface meetings with me so that I can have their advice and they can have access to me to inject their own views on policy measures, ideas and other legislative or fiscal matters that need to be brought to the attention of Government to develop this important aspect of the economy.

Mr Speaker, passing on to the Finance Centre. This is an area that has been particularly touched by the macro economic factors that I outlined earlier in my contribution and that has had an effect on marketing and the marketing effort of the department, the hon members will have noticed that the expenditure on marketing this year is lower than it was last year and possibly the year before that and the reason for that is that while we remain deeply committed to marketing, vigorous marketing of the Finance Centre, the reality is that there was only a certain type of marketing that we could do after the July decision to launch an investigation by the European Commission into the exempt and qualifying companies. There was already uncertainty in the market in relation to international initiatives that were affecting all finance centres. There was talk of restructure, it has been going on for many years, there is a domestic and international commitment in the manifesto commitment of the Government to restructure the tax base. This was compounded by the state aid investigation and there was a lot

of speculation about where Gibraltar would go, where the Finance Centre would go and we were getting a lot of enquiries and it is common in my experience when we have gone on these marketing trips that we do presentations which describe the tax structure, it describes essentially what is available for people to do and not do in a fiscal sense in Gibraltar because that is what is interesting to Gibraltar. Two sides are interesting to them, the background, the political and economic part but also the very fiscal detail of it and then we usually get very specific questions on direction in relation to international initiatives, restructure and what reforms we are going to put into place to replace structures that are currently there and it was obvious that if we were in a situation where we had litigation of the Commission, the situation of considering restructure proposals, a situation of flux, that it was more prudent to curtail the marketing effort to commitments that did not really involve a high level of detail of presentation of a fiscal nature so that we did not expose ourselves to not being able to fully respond to questions in relation to tax. We have continued our marketing effort but on a smaller scale, we have attended several conferences and carried on with the programme but it has not been as vigorous as I would have liked had we announced the tax structure. I will say this though that once we do launch the package of tax reforms of an extensive nature that we have been working on with the industry and with lawyers in Brussels and in consultation with the Treasury as the Chief Minister pointed out, we will certainly renew our efforts in the marketing campaign in a very vigorous sense. Indeed I think that the launch of a new tax system with a new tax structure will allow us not only to renew our marketing efforts but it will provide us with a good peg to hang a vigorous marketing effort on because it will be a news catching item, the fact that Gibraltar will have restructured its tax base in a radical and progressive constructive way to allow Gibraltar's Finance Centre to progress in a very competitive atmosphere within the new working environment of the regulatory measures that have stemmed from the international initiatives. We will intend to pursue that vigorous marketing policy with traditional markets and also with new markets and that same policy in relation to the finance centre applies as for other inward investment opportunities and communications and technology that

to an extent have also suffered from tax uncertainty in relation to marketing at least and I want to, while we have a vigorous policy in the Finance Centre, I want to give a boost to marketing of communications and technology and other. Gibraltar has a more holistic economic base other than financial services and I am working with my Colleague, the Minister for Tourism with his shipping hat in particular because we are keen to present Gibraltar as a more complete package of an economic base from which one can do financial services, there is also shipping and light manufacturing, communications and technology and we hope to be able to do some joint projects together in forthcoming financial years to be able to maximise those opportunities where they arise in geographic areas.

Mr Speaker, Gibraltar has faced international initiatives also during the last 12 months as it did during the 12 months previous to that which I highlighted in last year's budget and I think we faced them well. Last year we faced the FATF who held us out to be a co-operative jurisdiction, the United States IRS approved Gibraltar's application for Qualified Intermediary Status and our know your customer rules and the banking regime in the first batch of 20 countries to be approved by the IRS. Not a higher pole to scale or standard could be set. This was an international body setting the standard and approving Gibraltar in the first batch of 20 countries and incidentally before Spain's own regulatory regime was approved by the IRS. This year we faced other initiatives. We faced the OECD and the IMF in particular. The IMF conducted a very broad assessment of Gibraltar's financial services, indeed the first assessment which has been so comprehensive in the sense that it has dealt with the four areas of activity in financial services, investment services, company and trust managements, insurance and banking, this is the first assessment that has dealt with all four areas together and the first assessment to be public and have dealt with the four areas. We have done well out of that assessment. The IMF have published the October 2001 assessment actually published in April/May in this year even though it is dated October 2001 and it describes Gibraltar as being at the forefront of the development of good

practices and it says that Gibraltar ranks as a well developed supervisor. It audits us against 67 international standards that arise in securities, banking, insurance and finds us compliant with 66 out of those 67. Non-compliant with one in relation only to insufficient on sight inspections in the field of insurance which the Financial Services Commission are rectifying and which incidentally I should say are not conducted by the Regulatory Authorities in the United Kingdom themselves and I think it holds us as a very good financial centre regulated to not only EU standards but internationally accepted standards and to UK standards where appropriate and where the legislation requires us to. I would say though that it is always important to remain vigilant. Issues of money laundering and crime are a constant factor to take into account when considering applications for new business and it is important for audit inspections and regulatory checks that are mandated by the standards that Gibraltar has approved and adopted that they are all followed strictly and followed well and it is important that the regulatory authorities supervise the bodies that are in the open markets conducting financial services and that the financial services operators themselves are keen and vigilant and are aware of the responsibilities in particular in relation to crime and money laundering but I would say that when the IMF has looked at our systems they have held us out to be a good supervisor and they have given us a glowing report which I think bears us well because this is a report that can be held out high as a report of an internationally credible entity which for the first time has conducted the most comprehensive assessment into Gibraltar's financial services that deals with all areas and that puts to an end the unsubstantiated allegations motivated by political purposes from Spain in relation to Gibraltar's finance centre.

Mr Speaker, we have also been dealing with the OECD in some detail and since the last budget the OECD initiative, I know we were being urged by some quarters in Gibraltar to deliver a letter of commitment to the OECD sooner rather than later but I think our policy of not hastily reforming but giving a commitment in a process of constructive engagement with the OECD has been

vindicated because the target has been constantly changing and that has had to be taken into account in the context of our policy of the OECD. Since the last budget the OECD agenda has shifted twice, it shifted once because due to US pressure the OECD dropped one of the three criteria, they dropped the ring-fencing criteria, the requirements to abolish discriminatory tax regimes, tax regimes that discriminated between residents and non-residents, that has been dropped from the OECD initiative it swung one way and then after September 11th even though it had swung one way due to US pressure it seemed between July and September to be watered down. Post 11th September there was a new impetus as a result of a desire to get agreement on exchange of information in particular in relation to crime from the US and there was renewed impetus for there to be agreement on the OECD agreement that led to the OECD report being published and a surge of commitments in the run up to January/February this year and the Gibraltar Government giving their own commitment which has been commissioned on the level playing field that has been talked about before and the expectation that other OECD member countries and third countries not OECD countries but also not on the list of 35 finance centres will also comply with this global agenda which is so necessary if a working environment is to work for all. The policy of constructive engagement applies across the board and while the ring fencing criteria fell out of the OECD commitment letter it is still there in relation to code of conduct state aids and so on and it is important to take that into account when looking at measures for the finance centre going forwards and also an important aspect is the savings directive on exchange of information. There is a need to achieve certainty but certainty cannot be achieved necessarily by compromising certainty to speed and it is better to wait sometimes and it is better for there to be some patience if we are really going to achieve certainty and that is what the Gibraltar Government's policy and focus in the forthcoming months while we try to achieve certainty for the finance centre. In that context the decision of the Government to challenge the investigation into the state aids launched by the European Commission is absolutely necessary indeed because we thought that the investigation was flawed and our decision to overturn and to try to challenge that has been vindicated by the

ruling of the European Court of First Instance in relation to exempt companies and it was important because it puts the finance centre in a period of deep uncertainty post July and we needed to clarify the circumstances to give us time also to conduct a process of necessary restructure and reform because we were taking into account other initiatives that were impacting on the system of tax in Gibraltar. Even though we have had a positive ruling in relation to exempt companies the case for tax reform is still strong and it is still strong for domestic reasons because of our domestic manifesto commitment to pursue that policy of tax reform and it is strong also for international reasons because there is an overlap in relation to the OECD, an overlap with the savings directives, an overlap with the code of conduct which is voluntary but an overlap nevertheless and there is an overlap because there is a changing panorama. People are restructuring their tax base and we need to review where we go to achieve solidity, consolidation and certainty going forward. We need to secure a competitiveness on the finance centre to provide benefits and to encourage economic activity and we think that the package of reforms that we have prepared which have taken some time because of the detail and extensive nature of the consultation exercise, the detail of the legislation, there are nine sets of laws that will be required to be triggered to put that package of reforms into place but that package of reforms will work for Gibraltar, will work for the Finance Centre, it will secure the position in the finance centre, it will provide benefits to the local companies also and it will secure our position going forwards in a new environment and as the Chief Minister indicated there are good vibes from the United Kingdom Treasury to the point that they are recommending to other territories that they should have a chat with Gibraltar in relation to tax reform.

While the Finance Centre is of course affected by the macro-economic factors that I indicated earlier, there is still inward investment and Gibraltar is still attracted to inward investment. In part because there is a recognition of the good regulation and I think the IMF, OECD, FATF, IRS exercises all of those have helped us substantially in attracting business to Gibraltar while

there has been this period of fiscal uncertainty. It would have been worse had there been fiscal uncertainty and regulatory uncertainty which is what has faced other finance centres. In Gibraltar at least we have had regulatory certainty in a sense that we have had endorsements from international bodies one after the other about our rules which has helped decisions being made for repositioning of business so we saw when ACE came to Gibraltar. The Chief Executive said one of the reasons they came to Gibraltar was the high standards of regulation. When other companies have come to Gibraltar that has also been a key factor and so, whilst there is tax uncertainty, until we deal with it there is good prospects for continuing business and some inward investment still comes into Gibraltar and that is clear. There is of course the statistics of company incorporation are much lower in the first quarter of this year than they were in the first quarter of last year. I would say this, and I think it is important for us to see these statistics in context. The statistics for the first quarter of this year, they are lower than last year, the year 2000 and the year 2001 were the best years for company incorporation in Gibraltar for about 10 years. When we compare 2000/2001 it is actually a bit unfair to compare the statistics of this year to bumper years. That is the first thing that I would say, secondly I would say the statistics for the first quarter of this year are on the same level as the years 1998 to 1999. That is the kind of statistics that we have at the moment, they are lower than they were last year but the past two years have been bumper years. They are influenced in my opinion by all those factors that I have indicated and so it is not true to say that were we to have tax certainty company incorporations would be at the same level as the last year, were we not to have the issues kicking around on the political field and the Anglo-Spanish talks we would have the same levels as last year because that would be to disconnect Gibraltar from the real world and the real world is suffering substantially after 11th September. It is suffering as well as a result of the economic slowdown. We have seen it in the last few months and in the last few days in particular in relation to stock markets, and it is unrealistic to believe that bumper years will carry on being bumper years for year after year. There are economic cycles and it is inevitable at some point in the same

way as the property market is booming now will come down at some point in future, there is talk in the UK of a collapse at some point. There are fears about it because it is so high. The company incorporation, the inward investment financial services will not dry up but it is bound to suffer from the normal global economic cycles that everyone else in the world suffers from. Having said that, anything that the Government can do to contribute to fostering of business and encouraging inward investment we will do and so we will play our part in securing certainty by ensuring that the tax reform package is launched as soon as possible to achieve a competitive package going forward for the finance centre to allow us to at least do that and whilst we have no control whatsoever about the global situation the finance centre will then be able to compete on that level playing field with everyone else taking the risks that everyone else is taking and suffering the same extent that everyone else is suffering. I just want to end on this point in relation to financial services that whilst there are big challenges coming out of all those major economic aspects that are hitting on the Gibraltar economy there are opportunities and one of these is in relation to insurance. Insurance is the one area that over the last 12 months or so has been growing quite rapidly in the number of licensees, enquiries and other aspects that we are seeing partly in due accentuated and accelerated as a result of the 11th September tragedies because insurance activity has seen a reorganisation of the way that they do business post 11th September and there has been a much bigger interest in protected cell company legislation. Gibraltar is one of the few territories that has it, some American states, Guernsey, Cayman Islands are looking at it, and we saw recently that AOM which are one of the world's larger companies in protected that provide this type of service set up a Gibraltar entity under the protected cell legislation. I hope that there are other opportunities also which will be fulfilled in coming years.

Mr Speaker if I can pass on to my responsibility on heritage and planning.

HON J J BOSSANO:

Mr Speaker, I am grateful for the Minister giving way but before he moves to heritage, on "...moving ahead as soon as possible with the tax reform package", is this dependant on the response of the European Union, do Government have to wait for the European Union to say 'yes it is acceptable' before they can take that step?

HON K AZOPARDI:

Mr Speaker, this is a sensitive area and it is not really the time to get involved in this aspect of the debate and I will be grateful if the hon Member desists from questions in relation to that even though I understand his normal interest in that but all of the issues that he is raising are relevant in the context of tax reform.

Moving on to heritage and planning it is still my aim to apply to try and to get Gibraltar to apply for UNESCO World Heritage Status. This goes back some years now. In October 1997 the Culture Secretary in the United Kingdom, Chris Smith, announced during a review of the United Kingdom's tentative list for World Heritage Status. It had not been reviewed for 10 years and it was not likely to be reviewed for 10 years after they announced the new list, 2008, so I was keen to get on the tentative list and there was deep competition to do that. There were about 80 or 90 sites considered, only 3 sites outside mainland United Kingdom were considered for inclusion and after extensive consultation and liaison with the Culture Secretary I was pleased to be able to announce in April 1999 that Gibraltar was indeed on the United Kingdom tentative list for UNESCO World Heritage Status. Being on the tentative list meant, because this is a two stage process, one has to get on the tentative list to be able to apply for World Heritage Status, but one cannot apply for World Heritage Status if one is not on the tentative list of the Member State and so had we not made the tentative list in 1999 it would have meant that we

would not have been able to pursue any aspiration for World Heritage Status at least until the year 2010 or 2011 and in my view that would have been to lose 10 or 15 years of opportunity to pursue a laudable goal which would help Gibraltar substantially. I was very keen that we should go on the list and I was very pleased to be able to announce that we were on it. Having been on the list we indicated to the UK that we wanted to put forward our application during the sooner rather than later, meaning during the course or perhaps a forthcoming year well before 2005. I have had extensive discussions and correspondence with Ministers in the UK on this issue. There are two things which had impacted on the process that I am concerned about, one is that the World Heritage Committee in its meeting in Australia in December 2001 reviewed its rules so that it now restricts the applications that Member States are able to put forward to only one per country which means that we now have to ensure that we are the one that comes from the United Kingdom list whereas before we could have just gone on with other sites on that list, there is now deep competition within the United Kingdom tentative list as well which I am very conscious of. The second aspect is a more political one. We had a whiff of Spanish objection to the inclusion of Gibraltar on the United Kingdom's tentative list, the Chief Minister mentioned that some time ago which frankly would be completely unjustifiable because of the nature of this application. This is an application about heritage but I suppose that if one takes the view that Spain have no difficulty mixing unrelated issues as sport and politics they would have no difficulty mixing culture and art with politics and indeed I remember one of the Spanish speakers that I invited to a Calpe conference that I organised two years ago, showed me a letter that he had received from a Ministry in the Spanish Government saying that he should not come to the Calpe Conference which was ostensibly as the hon Members and listeners know is a heritage and culture conference organised by Gibraltar on an annual basis to foster awareness not only about local heritage but international heritage and we invite speakers and many speakers have come from around the world in to speak of particular themes. Many Spanish speakers have come before but it goes to show the pressure under which some people are put not to come to Gibraltar even for

a cultural and heritage exercise, so I suppose that on that note it is of no surprise that Spain are not entirely happy that Gibraltar is on the United Kingdom tentative list. I received assurances because I brought that to the attention of the UK Government and I received assurances that the UK would strongly defend the inclusion of Gibraltar on the tentative list and of course it goes without saying that the whole ethos of the UNESCO Convention is based on political aspects not forming part of the decision making process in this field. Indeed article 11 of the UNESCO Convention of 1972 precisely makes the point that decisions as to listing of sites on the heritage list are without prejudice to any sovereignty or territorial claims that arise in relation to the particular site. I certainly hope that if there are difficulties the United Kingdom will as they have given me assurances to do that they will strongly defend Gibraltar's inclusion and not only that, that this will not stand in the way of Gibraltar's application being put in years to come and I say that because there is some nervousness now because of reports that I am getting that this may be a factor that Ministers are concerned about in the UK. I would say that Gibraltar's application for Heritage Status must be dealt with on its merits, the booklet that the UK issued on UNESCO on the tentative list starts in its opening line saying, "the Rock of Gibraltar is one of the world's unique examples of a natural beacon and fortress which has been the focus because of its geological and strategic position of the attention of humans since the early days of prehistory. The Rock has long been the symbol of strength and stability and its singular geological makeup has permitted its use in defence by successive cultures". Then it ends saying, ".....the uniqueness of the heritage complex that is Gibraltar makes any direct comparison with other sites very difficult. Similarities of particular elements might be found in other sites but the entire complex of Gibraltar is unique." I hope that Gibraltar's application is dealt with on its merits, our desire to be put forward in a forthcoming year is considered by the United Kingdom on its merits, we understand we have to liaise with them because there is now a quota set by the World Heritage Committee we will do that but we hope that political aspects will not stand in the way of Gibraltar's application. The World Heritage Bureau in Paris themselves when they came to Gibraltar for the Calpe 1999 Conference told me and

encouraged me that Gibraltar should put forward its application. They invited us to go to Korea on a UNESCO sponsored conference to put forward applications where everyone else was a World Heritage Site and Gibraltar was one of a very select few places around the world that were invited by the World Heritage Bureau by UNESCO, to make presentations because they recognised the value of Gibraltar as a potential World Heritage Site. The irony was that in one of the themes we were discussing how to classify World Heritage Sites and what criteria to use and the committee and the UNESCO Bureau in Paris decided to adopt the presentation of Gibraltar and the system that Gibraltar had suggested on how certain things had to be classified. Dr Clive Finlayson who has been working closely with me on this issue has been used by UNESCO as their expert on devising systems and a lot of work has been done by him for them on other aspects of World Heritage. When the Finance Centre did some marketing two weeks ago in Luxembourg it did so in a place that is a World Heritage Site that describes itself as the Gibraltar of the North. The irony is that the Gibraltar of the North is a World Heritage Site and the real Gibraltar, the Gibraltar of the South is not and therefore I want to put forward Gibraltar's application and I hope that political aspects do not stand in the way of a deeply meritorious application that everyone in Gibraltar should support not because we are all purists because I certainly am not a purist but because this is about our cultural identity, our roots, our national identity and this also has an economic aspect, there is a deep link between heritage and tourism, it can foster jobs, it can attract people to Gibraltar, it is a mark of prestige and I am deeply committed to trying to secure that. It may not be possible but I will certainly try to do that.

There are other elements of the heritage strategy that I want to gloss over. One is that we are reviewing a Heritage Chart that I hope to be able to launch at some point and we are doing work towards that. There is an information and awareness campaign that we are going to give an impetus to and I did mention last year that I wanted to issue planning information booklets and the reason that has been delayed is because now that we have

launched the new Town Planning Ordinance and it has been working for about a year or 18 months there are some aspects that have come to light that need to be cleaned up and in the workings of the new system there may be aspects that we want to amend so there will be legislation that I bring to the House hopefully later this year, certainly during the course of the financial year, to mop up the Town Planning Ordinance that will then allow more planning information to be released on advice and assistance to applicants. We will carry on our investment in conferences, research, excavation and culture and so Calpe 2002 this year will focus on Gibraltar/Malta. The reason for that is that we alternate between different themes, history, heritage, natural heritage, Neanderthals last year, there is going to be something on Barbary Macaques next year and ape management and this year I want to do something on an area of history and culture and heritage that I think are very dear to a lot of the people in Gibraltar and indeed is a very important aspect of our history. So the Gibraltar/Malta connection will bring speakers from Malta and Gibraltar to talk about social developments, archaeology but also to talk about political developments and there are very similarities on many aspects of our history during the last 50 years or so but I think very interesting for parallels to be drawn between Gibraltar and Malta which will captivate the local audience. That conference will be held in August and I certainly hope that as many people as possible go to that conference and we will give details of that in due course. There are specific heritage projects that are also important, some of them have been highlighted by my Colleague the Minister for Tourism and I would say Rosia Bay and the Victualling Yard is an important project of a commercial nature which has also heritage elements and we are sensitive to that, close of tenders is next week and we hope to be able to consider that soon and I want to restate my aspiration that we should recover the Moorish Castle as the jewel in our heritage crown sooner rather than later and I am working on ideas that will make that possible in the medium term. I do not know if it will be possible we will require other measures to be taken but certainly it is an aspiration that I have that I think a lot of people also have that the Moorish Castle which is one of the most symbolic aspects of Gibraltar's heritage and one of the most obvious ones should be

opened up for touristic use. Government will continue with their policy of clearing the city walls and we have a policy of doing that, we demolished the ex-Linares building last year and we hope to demolish other accretions and not permit development on the city walls in future. Ideally there should be a buffer zone between the city walls and other developments and it is an aim of the Government to be able to achieve that to the extent possible.

Mr Speaker, the tax relief concessions that we launched in 1996/1997 to the City Centre then extended to Irish Town and then extended to every property within the City Centre have been very successful and the statistics that I had and the take up that we have had has been quite significant over the last few years and over £1 million of estimated expenditure of works in about 70 applications have been made during the last few years. The Government intends to extend those concessions to other areas in Gibraltar and we are working on legislation which we will take by regulation later this year.

Mr Speaker, I have almost finished my heritage and planning contribution, because this is a state of the nation debate I want to stray very briefly into a couple of minor points that other people have mentioned. I would also like to see the recovery of the Garrison Library for a public purpose and I hope that the discussions that my Colleague the Minister for Culture is engaged in with the MOD prosper and come to a satisfactory conclusion to allow that to happen sooner rather than later and I concur with the comments made by the Hon Dr Valarino as regards to the House of Assembly. I think this is an important institution that possibly has not seen refurbishment for many, many, years that now requires substantial refurbishment for it really to achieve and to be consolidated and if we are going to have a Parliament that has the standing and respect of the institution that it deserves I think we also need to invest in our institutions. Investing in our institutions is investing in our democracy and in our future generations and I think that this House should on a cross-party basis agree that measures need to be taken to upgrade these facilities.

Mr Speaker, I was delighted to hear my hon Colleague the Minister for Health give such a detailed exposé of the measures that will be taken on the new hospital. It was my privilege to be the Health Minister which after so many years and so many Governments considering whether a new hospital should be built it was my privilege to be the Health Minister when we made that announcement and to make my small contribution to that attempt. I think it is an important legacy to leave the people of Gibraltar and this Government are committed to achieving that progressive legacy for the people.

Finally, Mr Speaker, there is a crying need for reform in some areas of the public service. There is a crying need to improve the service available to the consumer. People deserve better in many fields, there are antiquated practices and ineffectiveness and inefficiencies in some areas. We need it for the economy and we need it to achieve a well run community and I certainly rise just to end my contribution by saying that I certainly support the efforts that colleagues are making to reform areas of the public service where reform is necessary such as the Post Office and Buildings and Works because I think it is an absolutely necessary contribution that we need to achieve reform in all those areas. I commend all the heads of expenditure standing to my name in the budget.

The House recessed at 11.40 am

The House resumed at 11.45 am.

Debate continued on the Appropriation (2002-2003) Ordinance 2002.

HON DR J J GARCIA:

Mr Speaker, when opening the debates on the estimates last Friday the Chief Minister spoke for about three hours, only thirty minutes of which was directly related to the estimates of its revenue and expenditure that this House is being asked to approve. That says it all. He described this as a balanced and sensible budget. It speaks volumes for the kind of budget that this is that even the Chief Minister himself has paid it so little attention. The last 11 months have been dominated by the news that the United Kingdom and Spain have set themselves a deadline of this summer by which to conclude an agreement on the future of Gibraltar. This would be an agreement that nobody in Gibraltar wants. There is not one single Member in this House or one political party in Gibraltar that is in favour of joint sovereignty with Spain. What the Opposition still cannot understand is why the British Government shows to proceed down this route without discussing it with the Government of Gibraltar first and getting their support for the relaunch of the process if that is what they want to do. The Opposition would have been against the process anyway but at least it would have been a more proper way to conduct themselves. Indeed if we recall that in 1984 the Brussels Agreement itself was only proceeded with and concluded when it became clear that it had the support of the then Gibraltar Government and that it would be carried by this House through Government majority. London then followed the signals from Gibraltar which indicated that the then Gibraltar Government of this House would play ball. Eighteen years later the United Kingdom decided to relaunch the same process. There will be a time to question how we got into this crisis and to ask what signals were being sent to London from Gibraltar and by whom before the British Government decided to relaunch the talks.

The Opposition are and remain totally opposed to the Brussels negotiating process because it is the denial of our right to self-determination. Indeed over the years we have warned of the dangers that could emerge for Gibraltar from these talks and those warnings have now sadly been proved to be correct. We therefore

condemn the decision of the British and Spanish Government to relaunch the process in July 2001 which came shortly after we discussed and approved last year's budget in this House. The Government did not condemn the process, far from it, they said they themselves entered into a dilly dallying manoeuvre which can be best paraphrased by using a William Shakespeare's quote, "To be or not to be." This became to go or not to go. Nevertheless the Opposition welcomed that the Government had chosen not to attend the talks under the Brussels Agreement. We welcome it even though the reasons for staying away are different to ours. In this context I am reminded of that scene in Charles Dickens 'Pickwick Papers' where Mr Pickwick offers the following advice to Mr Snodgrass, ".....that it is always best on these occasions to do what the mob do....", but ".....suppose that there are two mobs..." suggested Mr Snodgrass, ".....then shout with the largest," replied Mr Pickwick.

Mr Speaker, the general perception in Gibraltar is that in staying away from the Brussels Talks the Government too has followed Mr Pickwick's advice. The opposition's reasons why Gibraltar should stay from these talks are well known. The process is the implementation of the resolution of United Nations of the 1960's which declared a referendum null and void and called for the decolonisation of Gibraltar in accordance with the territorial integrity of Spain. The talks therefore take place under the umbrella of these anti-Gibraltarian resolutions and it has long been our contention that this predetermines the outcome. The commitment to negotiate sovereignty under the UN resolutions entered into by both Britain and Spain in 1984 and the reference to the preamble entered into by Britain alone effectively meant that we were being told that the only future for Gibraltar lay in being partly or wholly Spanish but that this would happen when the Gibraltarians decided. This plan which we totally reject is exactly what we are facing today. The Brussels Agreement itself is therefore the ultimate 'done deal'.

The way forward which we have been advocating from the Opposition Benches for some time lies in the new Constitution produced by the Select Committee of the House and approved by this House in February. When the Select Committee started its work there were many who doubted whether an agreement would be possible but a Draft Constitution was produced line by line. We have long advocated that the best way to derail the Anglo-Spanish talks was to have held a referendum at the start and ask the people whether they wanted to go along the Select Committee and self-determination route to decolonisation on the one hand or the Anglo-Spanish route to decolonisation on the other. We continue to maintain that the two routes are incompatible and that a resounding vote in favour of the former option would have been the best way to derail the talks. The Gibraltar Government once again do not agree. Given that both Britain and Spain have said that joint sovereignty is on the cards, that we reject joint sovereignty and that we believe that self-determination and the Select Committee proposals are the way forward we should therefore know precisely what to reject in any referendum and precisely what it is that we want instead.

The message from this House must be that we will never surrender our right to self-determination and that attempts to smear or bully Gibraltar in that direction will be seen for what they are. I now move to matters directly related to my portfolio which are Trade, Industry and Tourism.

Mr Speaker, it is fair to say that initiatives in relation to e-commerce are hardly taking Gibraltar by storm. This is a pity because the Opposition strongly support the development of Gibraltar as a centre for e-commerce but the fact remains that this is not happening. In answer to Questions in the last House the Government confirmed that there were still no applications for certifications service providers to certify electronic signatures in Gibraltar. The e-com project which is supposed to be a \$78 million investment which should create initially about 100 jobs has collapsed. This was the only major investment project of this type

that Gibraltar had attracted. At the time that we passed the Electronic Commerce Ordinance in this House we made the points that this alone did not guarantee e-business. We also pointed out that there were certain requirements which the directive assumed where already in place which were not in place in Gibraltar. This related in part to computer privacy and to data protection matters. It is quite amazing that computer hacking has still not been expressly outlawed in Gibraltar given that at one point the Government's own computers were exposed to being hacked when trojan viruses were found in some of them. The delay in tackling this issue is not acceptable as computer privacy and security are essential to the development of electronic commerce as the directive itself recognises. The Government mention four pillars of legislation. Marketing, education and support in relation to e-commerce in last year's budget and this year that same philosophy and those same objectives have been maintained. I regret to say that we have still not completed even the first of these objectives which is the legislative one and it is also relevant to see that in the Minister for Trade and Industry's own contribution today the only specific target which he said in relation to e-commerce is the question of doing another survey next year.

Mr Speaker, in relation to EU funding which has also just been the subject of the Minister's address there are serious issues which arise in relation to this which the Minister has not touched upon. The President of the Federation of Small Businesses declared at their AGM last year that the procedure for accessing small grants is and I quote, "...too cumbersome, complicated and not at all conducive to encouraging small businesses to access these funds." She added that unfortunately there is no difference in the paperwork involved for the application for a large grant or for a small one but that resources in larger firms such as Project Managers are not available to the smaller business man. The GFSB further suggested that Ministers should deal with large grants only and leave officials to decide on the award of smaller ones following a stipulated criteria. The main point of concern to the business community is that the procedure is too bureaucratic and complicated. The opposition considers that this is an issue

which should be addressed, if it is not possible under the EU funding mechanisms and certainly in respect of the Gibraltar Enterprise Scheme and Government Grants it is a known fact that the Minister himself confirmed this to this House last year and repeated this year that there are insufficient private sector projects coming forward for this funding. In relation to the points which I remember raised on EU funding particularly the alleged lack of awareness, the comments that were made in relation to the lack of awareness which the Government just sought to correct through leaflets and advertising and newsletters, these were comments which arose in surveys conducted by the Chamber of Commerce and by the Federation of Small Businesses that I understand those have been two separate surveys but the issue of the lack of awareness which the business community claimed was there is quite a separate and different issue to the question of making the procedure less complicated in terms of the Gibraltar Government grants.

Mr Speaker, in relation to doing business in Gibraltar, the basic point is that the cost of doing business remains too high. In addition to this local traders are subjected to unfair competition from cross-border traders who have no fixed premises in Gibraltar and do not have the high overheads associated with such a presence. This unfair cross-border competition was mentioned by the Chief Minister in 2000 and in 2001 in his budget address but nothing has been done to address this. It is not right that whilst local traders abide by a range of rules and regulations cross-border mobile tradesmen come and go as they please and contribute nothing to the local economy.

I come now to the question of licensing hours. Honourable Members will recall the arguments that the Opposition put forward against the new Licensing Legislation and I do not intend to rehearse that debate here again. We were told at the time that the special hours in designated zones was only a temporary measure. The GLVA complained late last year that they were still waiting for a decision on the Government's all hours experiment. In addition

to this at the last annual general meeting of the FSB its Chairperson declared that while a review of the whole Licensing Legislation and the whole licensing system was welcome it did however, ".....it totally ignored the Licensed premises long established in other areas of Gibraltar. It is extremely unfair to discriminate in this way." The federation had submitted its views to the Government originally in November 2000. In the summer of 2001 the Government decided to introduce the new licensing hours on a temporary basis in some parts of Gibraltar only. The Government's consideration of this matter seems to have taken an extraordinary amount of time. The Chamber of Commerce adopted a similar position to the GLVA and the FSB on this issue and we urge the Government to listen. In his last summer report the Chamber says that, ".....it had always been envisaged that the Casemates project could attract increased business to the area but unfortunately this has not materialised." It adds that although the project has had its merits, ".....the fact remains that the other areas of Gibraltar have been affected negatively and argues that the pilot scheme should not be confined to Casemates and the Marinas." The Chamber makes a point that all businesses in the sector pay the same amount of licence fees and concludes that all should be allowed to remain open if there is business to be had.

Mr Speaker, moving on now to the Finance Centre. The estimates before this House show that the marketing of the Finance Centre in the last financial year cost the tax payer £180,000. This fell short of the £240,000 which has been set aside for this specific purpose and we have heard the arguments put forward by the Minister for Trade and Industry in relation to that, in the sense that if there was a tax certainty then the Government felt that it is better not to market. Perhaps there is an argument to be put in the reverse in the sense that in a climate which is bleaker and where perhaps one needs to attract investment and attract people to come to Gibraltar there might be a case for actually increasing the general marketing at that time and not decreasing it. The Opposition in any case fully supports the Finance Centre in Gibraltar and the contribution that it makes to the economy. We

believe that the Finance Industry is an important source of wealth and employment for our people and we want to see it develop and consolidate further despite the various international tax challenges and others that we face. The Government have said that they have in mind the plan to restructure the system of taxation in Gibraltar through which we would keep our competitive edge and comply with the various international initiatives. We now know that this will no longer be a tax on profits. The Chief Minister also said on Friday that the Finance Centre affected companies and leading players had all been consulted. The Primorolo Group of the European Union is now it seems also aware of the details as is the British Government who have taken the decision to defend the tax reforms before the European Union and are pointing to the Channel Islands in the direction that Gibraltar intends to take.

Mr Speaker, it is regrettable that this exercise has involved everybody except the Opposition who have a direct interest in whatever proposals the Government have drawn up. These have not been made available to us even on a confidential basis.

Of interest to the Finance Centre and to trade in general are the questions of VAT and the Customs Union. The Minister for Trade and Industry focused on one aspect of this matter when he told the House at budget time last year that , "...if there is a redefinition of the point of taxation on VAT it will impact on Gibraltar. If the focus on the point of taxation is a location of the recipient it would certainly do so in relation to businesses that may want to set up in Gibraltar as a VAT free zone to transmit, for example, digital music into the European Union." That was only one aspect but the Opposition is against VAT being applied in Gibraltar and against our joining the Customs Union. In February the Foreign Secretary Jack Straw told the House of Commons that, ".....one thing is certain the as it were duty free low tax status of Gibraltar will end over the next four or five years." That has got nothing to do with the Government of Spain or the UK. The Opposition were concerned at the statement made by Mr Straw as a reference to the ending of our duty free low tax status obviously implies

entering into the Customs Union and VAT zones. In an address to the Chamber of Commerce that same month which suggested a shared concern the Chief Minister is quoted as having said that after sovereignty membership of the Customs Union and VAT was next on the Government's 'NO' list. Indeed in December of last year the Government supported a motion tabled by the Opposition to note persistent media reports and remarks by Peter Hain, FCO Minister, implying that the current Anglo-Spanish discussions may include the alteration of Gibraltar's terms of membership of the European Union and calls upon the British Government to clarify whether this is the case and if so to desist on such a discussion of this issue.

In its annual report for 2001 the Chamber of Commerce said the following, the question of VAT and its application to Gibraltar will come to the fore in the coming months. Information available to the Chamber indicates the need for a categorical refusal of and resistance to any implementation of VAT. The Rock must maintain its existing exemption from the Customs Union. The Opposition shares this view. We believe that Gibraltar's entry into these EU measures would mean that we would lose our ability to be competitive in certain products, Gibraltar would also be expected to join the Common Customs Tariff, would lose control of other revenue that is raised through import duty and would also lose the ability to tax different products as we see fit. The need to apply EU quotas on the importation of certain goods is also an additional administrative burden that may well ensue. The Opposition has no doubt that the cost structure of the economy would rise through the application of value added tax, something that would be further complicated by exposing certain services or products to VAT that are presently tax free. All this would make Gibraltar uncompetitive, it would make us less prosperous and not more as has been suggested by some. In its public pronouncement the Spanish Government have sounded confident that this would happen by 2004. A statement made by Jack Straw to the House of Commons in February of this year serves to intensify the debate. Given this well founded concern the Opposition subsequently sought and obtained clarification from the

Foreign Office that there is no question of Gibraltar being obliged to give up its present position outside the Customs Union and VAT zone. This has served to reassure the business community who as we have seen from the Chamber's Annual Report needed to be reassured.

Mr Speaker, I move on to issues related with tourism and would like to start with marketing. Last year the Minister for Tourism told the House that the Government's plans for marketing Gibraltar were being reassessed. The Budget was increased by about £200,000 to a total of £950,000. We were told that through this initiative the true marketing spend on Gibraltar would top the £1 million mark for the first time. A new public relations agency, a new advertising agency, and a specialist in tourism marketing were appointed. The Minister said, "...all the new contractors have been given a one year contract and they will be judged on their performance. If they deliver what they promise they will be retained on an annual basis. After listening to the Minister's address this year we still do not know what it was that they promised nor do we know what they have or they have not delivered, but certainly as I go through this address I hope to shed light on some of these matters. The Minister also told the House then, last year, that the marketing budget had been strictly scrutinised on the basis of value for money. That was something that we welcomed, we had actually been calling for this to be done so that the value for money consideration to be taken into account for a long time but we need to see whether that has actually happened or not this year. Given that this was the criteria set by the Government and by the Minister himself I now propose to measure the target set with the money spent and with a final result in terms of visitor numbers. The marketing budget for tourism as I said earlier now stands at £950,000. This is the same as last year, it is also three times more than it was in 1996 representing an increase of over 300 per cent. The latest tourist survey published by the Government shows that in 1996 there were 6.5 million visitors to Gibraltar with a budget of only £300,000. In 2001 there were 7.3 million visitors with a budget of £950,000. This represents a monetary increase of about 300 per cent and a return

in terms of the increase in visitor numbers of about 12 per cent. It might well be possible to end this contribution the value for money aspect right there. In his budget address last year the Minister for Tourism mentioned that most of the money for advertising was geared towards the United Kingdom and just over 15 per cent would be spent in Spain. The House was told that there had been a reassessment of the Government's advertising approach programme and timing. We are now told that in March of this year a sub-committee of the UK GTA was formed to report on recommendations for changes to the programme of exhibitions attended by the Tourist Board in both Tourism and specialist conference markets. The new schedule would be rolled out over the next 18 months. The advertising agency, the promotions people, the public relations agency and the exhibitions have all been changed or are liable to change which leads us to question whether the Government have a clear idea of the direction in which they are heading.

In the context of marketing and marketing success or failure it is important to mention the 11th September tragedy last year, indeed in the various speeches that we have heard by the Chief Minister, the Minister for Trade and Industry and the Minister for Tourism, all of them referred to 11th September several times. It is already clear that when tourism figures go up the Government take the credit for the success but when they go down it is always somebody or something else that is to blame and over various years we have heard the high peseta rate being blamed, the fishing dispute at the border and now it is 11th September. When we consider 11th September it is important to remember that before the tragedy happened eight months of the year had already passed from January to August and any trend can also be established firstly and secondly if it is a global effect and everybody else is also affected it is important to obtain statistical information to see what the effect was in other places, which is what I propose to do. It is therefore important to look at different sources regardless of that it is important to look at what different sources inside and outside the Government have said on the matter of 11th September. In October last year, obviously after

September the Minister for Tourism was telling a Gibraltar Day audience in London that, ".....whilst London had seen a 40 per cent fall in hotel occupancy he was able to report that in Gibraltar hotels and airlines had seen a relatively small impact from the world crisis." The marketing targets remained, short breaks, cruises and yachting. That same conference also heard a different speaker say that the United States and the Middle East had suffered as destinations and I quote, ".....but as a result Europe was now getting some of the market that would have gone to these destinations." This was confirmed further in November by a leading local player in the cruise industry who told the press that, ".....we have already had to cancel liner calls at Tangier, Casablanca and Arcadia and are making calls at Gibraltar instead." Indeed the Chief Executive of the Port Authority himself told the press that the whole of Europe will suffer from the loss of American operators but Gibraltar may benefit from operators coming to the western Mediterranean rather than the east. It is significant to note by way of a general comparison that the number of Europeans visiting the Costa del Sol this year is up and not down. Given that the marketing target set by the Minister during Gibraltar Day after 11th September were short breaks, cruises and yachting I intend to look at each in turn in more detail.

The number of cruise liners calling at Gibraltar in 2001 was less than in 2000, the figures supplied to the Opposition by the Government show that there are 173 ships in 2000 and 150 in 2001. Despite everything that has been said about the possible benefits to the western Mediterranean area of the 11th September tragedy it is also possible to compare the period January to August 2001 with the same period in 2000 all before 11th September. This shows that from January to August there were 88 cruise ship calls at Gibraltar and in the same period in 2000 there were 108. There were already nearly 20 cruise calls less before 11th September had happened. The number of cruise passenger arrivals is also down so this does not mean that more people are coming in larger ships, less people are coming and less ships are coming too. For the avoidance of doubt let me say that the Opposition want more tourists and more ships to come to Gibraltar, we value the

contribution that tourism makes to the economy of Gibraltar and we value the role that it plays in creating economic wealth and employment for our people. What we are doing is measuring the Government's performance by the standards and the targets that they have set themselves. It is very relevant in this context to look at what is happening in other Mediterranean ports in the area and to make an analysis of what is happening there given that the trends in the industry or the possible effects of 11th September will be felt by everyone in the region not just Gibraltar. As the Minister knows Barcelona is now the President of MedCruise the Association of Mediterranean cruise ports. They obtain 33 of 36 votes cast and regrettably beat the challenge from Gibraltar and also Venice. Barcelona received 547 cruise calls last year with 655,000 passengers. They have five cruise terminals, serve as a starting point for many cruises and expect a growth of 15 per cent in passengers and 20 per cent for ships. In January and February 2002 this year they have almost doubled the number of passengers that they obtained in the same period in 2001. Whilst theirs doubled, the number of cruise passengers calling at Gibraltar fell. In Malaga, for example, they expected 188 cruise liners and obtained 200. It is clear that this is an area in which more could be done as even if we cannot agree on the effects of 11th September we should at least agree that these effects would be the same for other ports in the region. The Minister was wrong to suggest yesterday that calls to Gibraltar have dropped because American lines were cancelling Mediterranean cruise calls, Barcelona has gone up while we went down and they are also in the Mediterranean. From January to April this year there were 19 cruise calls at Gibraltar, this compares with 21 in the same period last year and 31 in the same period in 2000 and represents a drop in cruise calls of about 34 per cent from them. The same situation arises in respect of cruise passengers. There were less cruise visitors to Gibraltar from January to April this year than in the same period in 2001 and that was already less than there had been in 2000. The drop of passengers in that period from 2000 is now of 29 per cent. The Opposition want more ships and more cruise passengers to come to Gibraltar and we support efforts made to ensure that the figures go up in this coming year. Having

said that it is clear that the present marketing efforts have not yielded an increase in this field.

Mr Speaker, the second area mentioned by the Minister during his Gibraltar Day address in London was yachting. The Opposition believe that this is also an important industry and that it is something that should be encouraged to develop further. We now need to contrast the Government's declared objective with the results and those results are taken straight from the Government's own figures as published and as made available to the Opposition. The number of yachts that came to Gibraltar in 2001 was less than those that came in 2000 and less than what came in 1999. There were less yachts in 2000 than in 2001 and less in 2000 than there had been in 1999. The decline in trend that the figures show is something that the Government must work harder to arrest, this drop in January to April this year is compared with January to April last year. The figures show a steady drop year after year and we believe that this is not good for the industry and not good for Gibraltar. The same can be said for yacht passengers. The number of yacht passengers who visited Gibraltar in 2001 is lower than in 2000 which in turn was lower than 1999. It is clear that this is a second area highlighted by the Minister where there is room for improvement and it is also clear that the effects of 11th September must not have been so considerable because this is a trend which dates back to 1999.

Mr Speaker, the third target area announced by the Minister during Gibraltar Day in London was the short break tourists. Perhaps short is now the operative word as the hotel figures published by the Government show that the length of stay in hotels of tourists has shortened every year since 1999. Those who stay in a hotel stay for less and less time. In his budget address last year the Chief Minister said that links with Heathrow have been restored and a third airline on stream which we believe is imminent. That link with Heathrow which was restored last year was removed again in March this year so it lasted about 12 months. This has been a hard blow for many business travellers and holiday makers

who now find that they have to add to their journey the inconvenience of a bus drive from Gatwick or Luton. The Fly Europa flights from Manchester and London Stanstead have still not materialised although we now hear the 16th July as a possible date for commencement.

It is not surprising that the Chief Minister has remained silent on the lack of airlinks this year and that the Minister for Tourism has sought to distance himself from this by saying that this is a matter for the airlines and the commercial consideration which has nothing to do with the Government. The problem is that if they take the credit when airlines are put in they must also take the stick when those airlines or air routes are removed. The plain fact is that Gibraltar airport served five destinations in December 1996 the year they came into office. These were Gatwick, Heathrow, Manchester, Casablanca and Marrakech. By the end of the following year Luton had replaced Manchester, in 1998 the Heathrow flight was stopped only to be resumed again in 2001 and then stopped again this year. By the end of 1999 Manchester had gone, Casablanca had disappeared by the end of 2000 and Tangier had also disappeared. The present position is that we have no air links at all with any airport outside London and that we have no air links at all with Morocco following the expensive fiasco with Regional Airlines. This is a matter of serious concern and not just to the Opposition, flights to an airport in the north of England would open up a catchment area for people who want to visit Gibraltar without having to make the long trek south to Gatwick or Luton. It would have the added bonus of being more convenient for students and others from Gibraltar who study or travel to the north of England or Scotland. It is quite incredible that despite the amount of money that the Government are spending we can fly less destinations from Gibraltar airport than we could before when less money was being spent. Indeed the Gibraltar Hotel Association recently made it clear that establishing flights to a regional airport in the north of England should be top of the agenda for the Government. They were also quizzical of the Government's policy of attracting new hotels to Gibraltar without a new carrier and regional UK air access to Gibraltar.

Mr Speaker, the hotels pointed out that an average 200 bedrooms remain unsold every night and that only 30 per cent of their business comes from UK tour operators. It is clear that there is still a lot of work to be done in this area as well. It is important to bear in mind when making an analysis of the short break tourist that there used to be 11 hotels and 1,050 beds in Gibraltar. There are now seven hotels and only 600 beds which should be comparatively easier to fill. The majority of visitors to Gibraltar airport are in transit and do not stay in Gibraltar. The gap between those who stay in Gibraltar which is central to the short break tourism market and those who leave has widened from the year 2000 to the year 2001. The question of tourists flying to Gibraltar and staying in our hotels is one that the Government set itself the objective of tackling in 1996. There has been little success on this front with more persons flying to Gibraltar but then choosing to go to Spain. In addition to this the Hotel Association also pointed out recently that at times clients wanting to come to Gibraltar for a short break could only do so by paying Club Class fares.

The Government said that they had set themselves the objective of encouraging growth in the short stay market, the figures available to us in this budget suggest the opposite. It is significant to note that the estimates for money from the Airline Assistance Scheme to encourage new airlines to fly here has actually gone down. Last year the estimates were for £0.5 million of which £278,000 were used. The estimates for the coming financial year is £185,000 much less than that estimated and less than what was spent last year. The Government expectations for growth in this sector are not matched by the funds that they have set aside for the purpose which have gone down instead of up. Despite the comment by the Minister for Tourism that it also marks the end of the subsidy to Monarch and GB Airways, it does not show much in the way of enthusiasm at the prospect of encouraging new airlines. In addition to this the position for revenue from airport departure tax that the Government have made for the coming financial year is again the same as it was last year. Once again the figure would suggest no growth.

A claim made by the Chief Minister during his opening address that there has been a very small increase in the number of visitors by land must be the understatement of the year. It is significant to know that despite the increased marketing spend the number of visitors by land has only marginally increased by a mere 0.25 per cent. In an extraordinary statement yesterday the Minister for Tourism described this 0.25 per cent as an achievement and said that his marketing strategy has paid dividends. All the more extraordinary because in some sectors there has been a pronounced decline. During the budget session last year on behalf of the Opposition I noted that there was already a downward trend in respect of visitors coming to Gibraltar by coach. This trend has continued. There have been less pedestrian visitors, less people in cars, and less people in coaches coming into Gibraltar in 2001 than there were in 2000. The number of cars and coaches themselves have also dropped. It makes no sense to those of us in Opposition to note that at a time when the Government intensified their marketing campaign in Spain to include roadshows in Andalucia and other events further afield, Gibraltar actually gets proportionally less visitors over the border and not more.

The figures for visitors to the Upper Rock which the Minister has paraded in the past as a reflection of the Government's tourism marketing success also makes depressing reading. There were over 46,000 less visitors to the Upper Rock last year compared to the previous year. The trend continues and in the first four months of this year we are already over 10,000 people down on last year's figure which itself was already down. The Opposition wants the tourism industry in Gibraltar to succeed, we want more people to come to Gibraltar, by land, air and sea to provide a positive input into our economy. When the Government increases the marketing budget to nearly £1 million it is our duty in this House to establish whether there has been an acceptable return on the investment. It is clear this has not happened and that the three targets mentioned by the Minister himself during Gibraltar Day in London have all been found sadly lacking.

Mr Speaker, we need a policy which is coherent and which is consistent and not gimmicks. The Taxi advertising campaign in London was originally part of the home from home programme which was later adapted for political purposes as well. I remember reading that there were 12 London taxis carrying a Gibraltar advert. If I heard correctly the Minister said 52 yesterday which seems a lot until one considers that there are now over 20,000 taxis operating in London this helps to put things in perspective.

During his budget contribution last year the Chief Minister highlighted a number of tourism indicators to show the success of the Government's marketing policy. When comparing last year to the previous one it is clear that a better return could have been obtained from the money spent. The Chief Minister said last year and I quote, "...every indicator shows a continually growing tourism sector....." those same sectors, coaches, Upper Rock visitors, cruise calls, cruise passenger calls, yacht arrivals, all of which he used to illustrate the success of the Government's policy last year because they were up are now down. In total the record nearly £1 million marketing spend has secured only 1.5 per cent more visitors in 2001 than there were in 2000. When one looks beyond the media blitz, the trade fairs, promotions, brochures and roadshows the stark reality is that there has been an overall growth of only 1.5 per cent in visitor numbers on the nearly £1 million investment. The Opposition is not saying for one moment that people are not coming to Gibraltar, what we are saying is that much more could be done with the money spent.

Mr Speaker, with regard to the trading and business community it is also clear that this budget could have done much more in a sense it did very little and we now have to wait for the reform of company tax of which we know nothing about except what the Minister said in his opening address. We have to wait for that reform to take shape. In conclusion it was John Quinn who said that:-

- Socialism is when one has two cows and you give one to your neighbour;
- Communism is when you have two cows and the state takes both and gives you milk;
- Fascism is when you have two cows and the state takes both and sells you the milk.
- Nazism is when you have two cows and the state takes both and shoots you;
- Capitalism is when you have two cows, sell one and buy a bull; and finally,
- Bureaucracy is when you have two cows and the state takes both shoots one, milks the other and pours the milk down the drain.

Mr Speaker, we need to ensure a better return on our investments, thank you.

The House recessed at 12.30 pm

The House resumed at 2.35 pm.

Debate continued.

HON CHIEF MINISTER:

Once again this year Government Members find that we are confronted by an Opposition debate on the Government's estimates and also on the Government's exposition of their various departments which is really confronted and replied to with such thin argument that it can only fill the Government with confidence that things cannot be bad, because frankly, if the worst that can be said about the Government's conduct of the affairs of Gibraltar is what we have heard in the last 48 hours from the Members of the Opposition then frankly I think the Government have cause for at least quiet optimism and quiet satisfaction. The Opposition's failure to have pressed the Government even on the issues upon which the Government are open to being pressed is not going to lull the Government into a sense of complacency because we know that regardless of the performance of the Government such as it might be there is always more to do. Two Members of the Opposition chose to begin their own interventions by criticising me for not having spent longer on the detail of the estimates of revenue and expenditure and then went on to completely ignore the estimates of revenue and expenditure themselves, are the hon Members not aware that this debate has long since now been an occasion upon which there is a review of the performance of Government generally and the performance of the economy in particular? Or, have they forgotten as I said, the problem with the hon Members is that as they write their speeches in advance they never reflect anything of what they hear. I pointed out to them in my own address that in the days when the hon Members were in Government there was no reference at all to the estimates of revenue and expenditure because they understood that the estimates of revenue and expenditure was at best half the economic picture of the Government of Gibraltar. I do not see why they want to begrudge me now not just a continuation of 25 years of established precedent in this House but frankly a continuation of that precedent on a basis which is a good deal more informative than they ever produced when they were in Government.

Mr Speaker, if I could start answering some of the specific points that have been made by the hon Members. The Hon Mr Baldachino asked whether the Social Services Agency would be ready to take over from Milbury once their contract came to an end or whether the Milbury contract would have to be extended. I am happy to confirm to the hon Members that it is fully envisaged that the Agency will be ready in time to take over the Milbury function. The Hon Mr Baldachino also touched on an issue which I will deal with at some length when I respond to the remarks of the Leader of the Opposition because they are both completely wrong on the question of these statistical arguments which leads them to believe that there are now fewer Gibraltarians employed in the economy of Gibraltar. They either are unable to grasp the statistics that are placed before them or they grasp the statistics that are put before them and then choose to quote selectively from them in order to create a political impression that suits them. The Hon Mr Baldachino said that the Government had to make every effort to ensure that Gibraltarian fill jobs something which has not happened since 1996, of course the hon Member can ignore the reality if he pleases but he must know that since 1996 the Government have been intensely engaged in initiatives precisely designed to ensure that Gibraltarians have every prospect and opportunity of successfully competing for the jobs that are available. He knows the enormous investment that there has been in training, not just in quantity of training but indeed in the quality of training which is the best investment that the Government can make in ensuring that Gibraltarians aspire to the jobs available in the economy and presumably he is aware that the Government have since late 1996 been running a Job Club on terms precisely designed to enable local residents to get the sort of help, interview coaching, skills acquisition and projection training that will make it more rather than less likely that they will get jobs. The hon Member may wish to say that there is more that the Government can do and of course the Government always accepts that there is more. Political endeavour is never completely exhausted in any aspect of political administrative life there is always more that can be done with resources and time, but for the hon Member to say that nothing has happened since

1996 designed to ensure that Gibraltarians get jobs is a complete and utter nonsense.

The Hon Dr Valarino also raised a couple of points which are worthy of response. He said that 43 per cent of all complaints to the Ombudsman relate to the Housing Agency and to Buildings and Works. Why does the hon Member think that the Government are determined to reform the Buildings and Works Department? If not because both we and the Government tenants who are the complainants to the Ombudsman are dissatisfied with the service that the Government are giving to their tenants, and we do not point the finger exclusively at the workforce as the hon Members pretend that we do but we certainly expect the workforce to take its share of the responsibility to reform the practices, to reform the departments and to improve the service. The idea that the service can be improved in a way that would eliminate the 43 per cent of complaints to the Ombudsman in relation to the Buildings and Works Department by just throwing more money at the existing structure, paying higher wages through the existing structure is completely naïve and therefore, given that the hon Member is concerned at the high level of complaints not just to the Ombudsman but indeed directly to the Government from Government tenants about the performance of the Buildings and Works Department what the hon Members should be doing is supporting the Government in the Government's desire to reform the Buildings and Works Department and in a way as I have mentioned just now includes Government accepting responsibility for resources, management accepting responsibility for management deficiencies that have contributed to the problem but also the work force accepting that antiquated working practices also have contributed to the state of affairs and that we all need to contribute to a solution and not just regard reforms as an opportunity for higher pay. Of course the Government are willing to make reform an occasion for higher pay but not only for higher pay, higher pay is what the Government offer to incentivise workers and recruit their assistance for reforms that are needed in order to deliver the improvements in the service. So, given his remarks I much look forward to the Hon Dr Valarino's support for

the Government in their firm intention to reform the Buildings and Works Department in the way that I have said.

Mr Speaker, the Hon Dr Valarino says that too many houses are lying empty and that they take too long to allocate and I agree with him. That is the second reason why the Government want to reform the Buildings and Works Department, not just because it takes too long to fix the houses of people who are living in them, but also because when houses fall vacant it takes months, and months, and months, when in England it takes a few weeks to turn that house around from the moment it is vacated by the outgoing tenant to the moment when the Government are in a position to allocate it to the new tenant on the waiting list. The current position in that respect is wholly unacceptable. It is unacceptable to the people on the waiting list, it is unacceptable to the Government and I am glad to see that it is unacceptable to the Hon Dr Valarino as well and therefore for that reason also, the Government look forward to his support in the Government's desire to reform the department.

The hon Member also appears to be behind the time with his reading at least, when he suggests to the Government that it was a mistake not to let people particularly elderly people 'trade down' so to speak as we call it in the Government. An elderly couple perhaps occupying a flat that is too big for them, they want to move to a smaller one but one that is bigger than they would have been entitled to under the Housing Allocation Rules. The hon Member appears to be under the impression, since he suggests it to the Government as a very good idea, that that is still the case. It is not. What the hon Member suggests to the Government are precisely what the Government publicly said two years ago that it would do, and has done, over a year ago. The position has been for over a year what the hon Member suggests that it should now be. People are allowed to surrender a larger flat and be given one which is smaller than the one that they surrender but nevertheless bigger than the one that they would be entitled to if they were in the Housing Waiting List.

The hon Member I have to say, it had not reached my ears, and it appears not have reached the ears of my Colleague the Minister for Housing or indeed any other Minister, but it appears to have reached ears of the Hon Dr Valarino that there is apparently a fear out there that the Government would increase rents to finance the new houses. As I say, we have not heard such fear. There would certainly be no need for any such fear because the Government have not given any indication to that effect and indeed there is no question of the Government having or wanting or intending to increase rents to finance these new houses but it is worth pointing out that had we not been elected into office in 1996 and then again in 2000, housing rents would have risen by now because the hon Members will recall that in their 1996 manifesto they only promised not to increase Government housing rents until the year 2000, the year 2000 has now passed, this Government have still not increased the Government's housing rents, but they would have been free and would have done since they chose to give the commitment only until the year 2000. I hope that the hon Member when he gets told of what answer has been given to him in the House given that he is not here to hear it himself, he will immediately put at rest the mind of any person that expresses in his earshot the view that there may be a risk of the Government increasing housing rents to finance new housing. I do however agree with the hon Member when he says that there is a need for more housing. That is why we had that commitment in our manifesto and that the resale market is now such that it is really outside of the reach of first time homebuyers. Indeed in that respect this is not unique to Gibraltar, I read with interest in the UK media that the very same thing is happening, that is why the Government have the manifesto commitment that they have. The hon Member also knows that one of the reasons why the Government did not make an immediate start on this after the 2000 election as I had explained to him in this House before is that the Government had to await the outcome of the Harbour Views situation to make sure that there was not going to be a call on Government finances which would have affected our ability to fund other housing projects. Hon Members are aware that that situation has been properly resolved and that the Government no longer have to make cash flow provision. Even cash flow

provision, let alone cost provision for the refurbishment of Harbour Views following the very successful negotiations that the Government conducted with the original builder resulting in almost a whole of the cost of the refurbishment works having been recovered from them.

The hon Member mentions that Sir William Jackson Grove in his view is a good example of good quality building. I have to say that Sir William Jackson Grove is an example of one of the better buildings in Gibraltar but the hon Member should not run away with the idea that it is problem free as my hon Colleague the Minister for Public Services has said during his address. The Government have had to spend a very considerable amount of money also in Sir William Jackson Grove correcting what were problems of original design, original use of sub-standard material, failure originally to comply with fire regulations. So, yes, Sir William Jackson Grove is the sort of thing that has provided good results but is also an example of a major project also having gone slightly wrong because of lack of supervision. Finally, the hon Member raised the question of the dangerous dogs and brought to this House the views of the Women's Association that the advent of the school holidays raised a spectre of a dangerous attack waiting to happen. I believe that this is the worst form of politics. One can always say this might happen, that might happen of course there is the possibility of a dangerous dog attack at any time but one thing that I can say to the hon Member and this is the reason why the Government have not yet brought their own Bill to the House, one thing I can tell him for certain, the Bill that he brought or he wanted to bring to this House would certainly have done nothing to prevent a dangerous attack from happening during these summer holidays or any other school holidays because the Bill was based on the United Kingdom Act. The United Kingdom Act in this matter has been notoriously criticised, it has failed to prevent attacks and I ask myself when Opposition Members raise this question of dangerous dogs and I read some of the comments made sometimes by people in the press about this issue, whether there is not a confusion of objectives here? The only way to prevent attacks by dangerous dogs, the only way

to prevent the risk of attacks by dangerous dogs is to ban them all together. Any legislation that falls short of banning dangerous dogs from Gibraltar altogether will not succeed in eliminating the risk of a dangerous dog attack because most of the dogs that carry out these attacks are family pets that suddenly behave uncharacteristically. If the hon Member is advocating for a complete abolition of dangerous dogs he should come out clearly and say so. Does he believe that they should be made illegal in Gibraltar? He should come out and say so, if that is not his policy then he should not make statements that suggest that it is because for the hon Member to say that unless the Government brings the Bill to the House there is a risk of dangerous dogs attacks that statement is nonsense, it is meaningless unless his policy is to ban them altogether. Government have taken the view that the United Kingdom's legislation does not go far enough. We have consulted with the GSPCA and others to see how we can increase the protection that the Gibraltar Legislation will provide people in Gibraltar over and above that which the UK Legislation has provided or not provided to people in the United Kingdom without actually banning all these dogs in Gibraltar to the detriment of people who hold them as pets. Let us be clear, when the Government's Bill emerges which will be soon it will not amount to a complete abolition of these dogs but if people who participate in this debate, if their view is that dangerous dogs should be banned altogether in Gibraltar they should say so and let us have a distinction between those who think that dangerous dogs should be banned outright, those who think that they should just be controlled, restrictions should be placed on them because the way I hear the debate both across the floor of this House and also in the press there seems to be a confusion of both those alternatives.

Mr Speaker, turning to the contribution by the Hon Mr Steven Linares. I suppose that the Hon Mr Linares' speech can best be described as the 'no direction speech'. Apparently and according to him the Government have no direction on any of the following:-

- Truancy
- Nursery Education
- School Hours
- Training and Youth

In respect of all of them he has said that the Government have no direction. The problem with the hon Member, if he does not mind my saying it, is that he has the tendency to ignore everything that he is told. Everything that is said in this House in debates, everything that he is told in answer to Questions, everything that he is told he ignores. He ignores the facts and he continues on his own merry way repeating on occasion after occasion the same inaccurate points and then expects the Government not to respond in the way that they accuse me of responding which is simply to point out to them. They say it is vindictive, aggressive, offensive and everything else. Well, they are going to have to put up with a little bit of that today but certainly it will help the quality of debate if at least we were debating around the facts as they have emerged in the House, yes, the hon Member is free to disagree with the Government's version of events but he is not free to conduct himself in debate ignoring the fact that the Government have expressed the view that they have expressed. The hon Member appears to be obsessed with following the practice in the United Kingdom and I will not descend into the detail of the 19 suspensions. He has had an explanation at Question Time from the Hon Dr B Linares the Minister for Education, he appears to have ignored all those facts and continues to make statements suggesting that 19 children stand suspended.

I do not understand why the hon Member is so obsessed with following practice in the United Kingdom, both on truancy and on what he calls unsocial behaviour in schools. The Department of Education take both issues seriously but we deal with it in a way which reflects our sociological makeup in Gibraltar, we deal with it

in a way which reflects the size of the problem of truancy in Gibraltar and we do not deal with it in a way that reflects the size of the problem of truancy in UK, the size of the problem of youth misbehaviour in the UK and the extent of lack of parental interest and control in children attending schools in the United Kingdom all of which are bigger in the United Kingdom for any number of sociological reasons and socio-economic reasons but they are all at a different level in the United Kingdom than they are here. Does he not understand that the problem of misbehaviour in our schools is much smaller in Gibraltar than it is in England, that the problems of truancy in Gibraltar are much smaller and are less serious than in the United Kingdom, why does he feel the need to import into Gibraltar legislation that reflects the social cleanse in the United Kingdom from which thankfully Gibraltar has been small enough to protect itself in very significant measure. Then his definition of lack of direction appears to be that we have not brought the legislation that he wants to bring to the House. The Government will bring legislation on both the issues of truancy and nursery school regulations at a time which reflects its legislative and other workload programme because certainly in so far as truancy is concerned whilst obviously it is important that children should be protected from the consequences of truancy the Government do not think that it is so large a problem in Gibraltar that it is one that needs to be solved as a matter of priority.

He also thought that we had no direction and indeed no coherent policy on Nursery Education and pre-school education. The hon Member can ignore the facts if he wants to, he can ignore the facts that when we arrived in office the Government had two nurseries and that we now have six, that is a 300 per cent increase in the number of Government nurseries since the party which he says he is now in alliance with was in Government. He cannot also ignore the fact that the Government have introduced tax allowances for private nursery fees which are very valuable to children who do that and he can ignore the fact that all applicants this year and last year have been placed in the Government's nursery and that there is nobody who is out so where is the alleged problem in the lack of nursery education. We have 300 per cent more nurseries, we

have increased capacity to the point where all placement requests are satisfied, we provide tax allowances for those that nevertheless send their children to private pre-school year nurseries and the hon Member still thinks that he can get up in the House and say that the Government have no coherent policy. Why? It all boils down to the fact that we have not brought the legislation, this is his definition of lack of coherent policy, that the Government have not brought the legislation that he thinks we should bring and that indeed the Government intend to bring in due course. The hon Member appears to think that legislation and regulation is the solution to everything and in our experience legislation and regulation are rarely the solution to things and they are very much a last resort. Legislation is not a substitute for real substantive policies and it is real substantive policies that my Colleague the Minister for Education has overseen the implementation of over the last five years with the very happy result that I have just described to the hon Member. The most important weapon in the fight against truancy is not legislation but the caring services, the Social Services resources so that they can monitor truant children, provide support to truant children and provide guidance to the parents of truant children and I am happy to say that in that area as well under the stewardship of initially the Hon Mr Hubert Corby and now under the Hon Mrs Yvette Del Agua, the two Ministers for Social Affairs the transformation that has taken place in our social services including therefore the availability of social service resources to deal effectively with the instances of truancy that there are have succeeded in reversing the rundown of resources that have taken place before we arrived in office in this area as in so many others in the public sector and that also has contributed very significantly to the termination to the fight against such truancy problems as exist in Gibraltar.

I am not known for my lack of stamina but I have not got the stamina to continue to debate with the hon Member the question of school hours. He can carry on if he wants to persuading the people of Gibraltar that the introduction of the changes to school hours have been a calamitous disaster, again for lack of direction on the part of the Government. Actually, most people think that it

was a difficult sociological change quite effectively introduced but the hon Member, it is not in his nature, to give credit even when it is due not just to the Minister for Education but indeed to the many professionals in the Education Department who are the real people responsible for the successful introduction of this scheme. It all boils down to the criticisms of this business of the peanuts in the diet, then there was the question of the hand basins missing in one or two places and whether the children were being asked to wash their hands before and after meals or not, and then there was the question of eating on the floor during the initial teething problems in some of the schools. If altering to the extent that this is done with the infrastructural resources that it is required, with the planning that is required, the recruitment of staff, the training of staff, if that is the worst that the hon Member can say of the introduction of school hours again we will interpret that as being no criticism of it at all. Then of course the hon Member has got to decide whether he wants to "run with the hounds or hunt with the hares", is he in favour of the twenty minutes break that the teachers want which would make it impossible for children to go home for lunch or is he in favour of the parents who want to take their children home for lunch and now find that an hour is not long enough if they have got children at two schools, because he seems to be arguing both at the same time as indeed he was doing at the time when this matter was being the subject of public debate. The hon Member cannot ingratiate himself both with those teachers who wanted no lunch break at all and also with the parents who want a lunch break and indeed the parents who want a longer lunch break. I have to say that the Government are entirely satisfied with the way the introduction to the change of school hours has gone, if there are lessons to be learnt from the first year of its implementation I am sure that the department will learn those lessons and will refine the project as necessary.

The hon Member says that there is no direction either in training. I know of nobody in Gibraltar, nobody, who does not recognise not just the vast increase in the amount of training but the vast increase in the quality of that training, in the accreditation of that training, in the accreditation of the training providers, in the

facilities for the training. I know of no one that does not recognise the enormous qualitative and quantitative leaps that there has been in training since this Government have been in office. Quite apart from giving training the structure of bringing it under the Education Department, bringing it under a specifically appointed Director of Training and giving it structural shape. It is one of the issues for which I think this Government are from time to time rightly applauded, yet the hon Member chooses to say that the Government have no direction in training. A series of throwaway remarks completely unsubstantiated.

We have apparently no direction for the youth either. I am not going to stand here reciting to the hon Member everything that this Government has done to improve the lot of the youth, the money, more things that the Government are going to do for the youth, but when he accuses the Government of having no direction for the youth I would ask him to recall that the youth of Gibraltar have never been safer from unhealthy, unsafe, dangerous, morality destroying influences than they have been since May 1996 when this Government replaced the previous Government and condemned the fast launch activity which was succeeding in tainting our youth almost to the point of no return and the Government were able to condemn that which was a real threat to our youth, which was not just a lack of direction for our youth but it was actual recklessness in the affairs, the well-being, and the interests of our youth not just physically but indeed in every other way.

Mr Speaker, what can one say about the contribution of the Hon Miss Marie Montegriffo except that as always it was by far the most entertaining of the contributions from the Opposition Members.

Mr Speaker, it is a sure sign of political despair when a politician resorts as almost the totality of their political contribution to the launching of insults. Who does the hon Lady think that she is

kidding with the incoherent rantings that she has chosen to hurl at me. Her contribution has been limited to personal insults of me, according to her my behaviour is offensive, rude, arrogant, I am a public school brat, a fool, a defeatist appeaser of Spain and I am not to be trusted with the affairs of Gibraltar. Who does she think she is going to kid with rantings of that sort? Does the hon Lady think that she is going to persuade anybody in Gibraltar that I am a fool? Does she mean me a fool compared to her? Does she think that I am more foolish than her and does she really think that she has got the remotest prospect of persuading the people of Gibraltar of that? I doubt she could do it even if it were true, which I think it very probably is not.

Mr Speaker, even though I felt that the hon Lady crossed the line of what is I think usual in such debates it really comes as something of a pleasure and satisfaction to Government Members to see the hon Lady and others on the Opposition benches resorting simply to abuse in that way because until they learn that abuse is not an alternative for vision, that abuse is not an alternative for policy, that abuse is not an alternative for constructive criticism. They have criticised nothing in two days of debate, they have criticised practically nothing about the handling by the Government of the economy and until they realise that abuse is not an alternative to serious alternative policies I fear for them, because I think it is good for everybody else, that they are condemned to stay in Opposition and indeed if they are not careful are in danger of forfeiting even the seats of the Opposition benches.

The problem with the Opposition Members is not that I am a public school brat, it is that they cannot hack the fact that the Government do not let them get away with their untruths, their distortions, their misrepresentations and their hypocrisies and their definition of aggressiveness on my part is when I simply point out to them the untruths, the misrepresentations and the hypocrisies as I intend to do in the remainder of my response to them. It is their political hallmark and has been their political hallmark for

decades, this business of distorting the half truth, the distortion and the misrepresentation. It is prevalent as the Government often says in most of the public statements that they issue on almost every subject. Hon Members will have heard me use the phrase "typically Bossanesque" by which I mean that everything has a twist and everything is an innuendo based on speculation on almost every issue. The hon Lady says ".....that her blood boils..." boils at the rubbish that the Hon Dr Linares has said in the House. I do not suppose that is arrogant, offensive, or public schoolish or brattish, or abusive. For one's blood to boil at the rubbish that somebody has uttered, well the hon Lady should look at the person of Dr Linares and ask herself whether it is likely that he would utter rubbish. He may say things with which she disagrees but it is hardly unlikely to be rubbish as I am going to demonstrate to her now in detail that it is not rubbish and the hon Lady having just accused me in her address of being offensive goes on to say that nobody in Gibraltar believes what the Hon Dr Linares says anymore anyway. According to her the Hon Dr Linares has now been exposed by everybody in Gibraltar as a serial liar and that therefore no one believes anymore what he says. I find that quite offensive as well but obviously our definitions of what is offensive differ.

The hon Lady asks herself what the Government are doing about the alleged litany of problems in the Health Authority? There will always be cases of cancelled operations, there are many cases of people complaining about this or that aspect of their dealing with the Health Authority and she can of course exploit them in a politically opportunistic way if she wants to but when she does so does she not understand that people know that the situation was at least as bad if not worse when she was the Minister for Health or does she think that all these complaints about the Health Authority, private practice, waiting times for operations, people dying in hospitals, does she really think that all this started on the 16th May 1996? And since the hon Lady appears to not know what the Government have done in Health I am going to give her a small overview for her education on the matter.

In October 1996 the Government commissioned a Health Service Review in Gibraltar. The only review before that was 1987, we did not arrive in office thinking as she did that she knew best. We were willing to expose the Health Authority under our stewardship to external professional analysis. By 1999 over 90 per cent of the recommendations covering strategic management, nurse training, primary care improvements, secondary care improvements, were accepted by the Health Authority and by 1999 had all been implemented. I do not see why the hon Lady says that we have not learnt the lessons of the two reviews, the 1996 and 1997 Nursing Reviews, not only did we learn the lessons but indeed 90 per cent of them that were accepted by the Government were implemented and then in 1997 came the Nursing Review. The Organisational Structure in terms of grading levels, internal rotation, elderly care nursing, manning levels have all been adopted and implemented, the only pending recommendations about employment, Ward Clerks and the security protection for hospital staff, were implemented during the past year and therefore they have all been implemented. All the recommendations that outside professionals have said to the Government were required have been implemented. We have increased expenditure on public health from £20.7 million in 1995, 1996 to £30.5 million now. That is a 50 per cent increase. In six years. We implement deep structural changes in nursing, clinical organisational and management services, we vastly increase the funding and the hon Lady says that we have presided over all the ills. That we are indeed the cause of all the problems in the Gibraltar Health Authority. We have built a new Primary Care Centre with 60 per cent additional space with an increase in the complement of GP's from 11 to 15. We have appointed a nurse practitioner, we have expanded the services available at the Primary Care Centre, for example, by the introduction of Cardiac Rehabilitation, computerisation, improvements in the appointments system, GP's direct access to echocardiography and radiology, we have employed local GP's. The transformation in the Primary Care System is legion for everybody to see yet the hon Lady ignores all these things and suggests that the Hon Dr Linares is personally responsible for every last case of Influenza that is contracted in Gibraltar. The Ambulance Service which was

run by the Police just as one more of their chores by the shift on duty is now run by trained paramedics on contract from the Government in favour of the St John's Ambulance. There has been a transformation in the quality of ambulance service cover and provision in Gibraltar.

The training in the School of Health Studies, whatever she says and I will come back to nursing and private practice in a moment. There is now an Annual General Meeting of the Health Authority to present the report, something that never took place when she was the Minister and indeed the report which she criticises as being a glossy cover is not only the proof of the Government's commitment to transparency in this as in every other area but indeed is the source of all the information that she uses to debate against the Government in this House so I do not think that she should be criticising the glossiness of the cover, she should just be jolly grateful for the information given in the pages in-between the two glossy covers. These are all improvements to the transparency of the Health Authority because it is with transparency in the Health Authority that comes the possibility for improvements, through criticism her policy when she was in Government was to keep everything so tightly behind closed doors that people either did not dare complain or did not know what there was to complain about because there was no information in the public domain.

The increase in the staffing resources in the Health Authority, the hon Member must be aware of the long list, I could stand here giving her the list not just of the additional staffing levels of the existing disciplines but indeed of recruitment and consultant and other non-consultant level of brand new disciplines that Gibraltar has never had the benefit of before. Surely she must be aware when she criticises the Government's management of the Health Authority that in 1995 the last full year in which she was responsible, there were 292 nurses in post and that there are now 335 nurses in post. That is an increase of over 10 per cent in the nursing staff in post. She can write this off with a flick of the hand

but it is a very substantial contribution to the improvement in health care in Gibraltar. She must know that there has been a very significant increase not just in the number of nurses but in the qualification of nurses that in 1995 there was only 86 staff nurses in post and that there are now 105 staff nurses in post. She must know all these things or does she not think that the qualification of health staff is an important factor in the quality of the health services? It is not that she does not think it, it is more likely that she does not care of it for the purposes of politically opportunistic debate in this House.

Then we come to the issue which is the one that most riles her and which is the one that causes her to launch the tirade that she does against the Government on health and that is that she cannot stomach the fact that this Government where she in eight years failed to launch a new hospital project, that this Government are going to deliver a new hospital and I say to her again this year what I told her this time last year, that her completely unjustified crusade against the Gibraltar Health Authority and its staff is just a cynical political attempt to disillusion the people of Gibraltar with their Health Authority to the point that they will not even welcome the introduction of the new hospital. She is just going to have to work much harder at it than that but it is so transparent as to be almost infantile in every area of the Health Service, whether it be in the number of doctors, whether it be in the number of nurses, whether it be in the qualification of nurses, whether it be in the number of medical disciplines for which we employ consultants in Gibraltar, whether it be in the level of funding, whether it be in the quality of the premises in which these services are delivered, the Primary Care Centre, the new hospital, wherever she looks, wherever she peeps into the Health Authority, the situation today is unrecognisably improved from the fiasco which she left which was described by outside commentators as a Third World health service. And she can pretend otherwise by politically exploiting everytime somebody dies unexpectedly, everytime a child dies she can rush out a completely politically depraved press release suggesting that that fatality is the responsibility of the Health Authority, she can do that as much as she likes. She lacks

credibility with the people of Gibraltar to pull off dishonest political stunts of that sort.

Mr Speaker, as I say wherever we look in the Health Authority which by the way should not be misinterpreted as complacency on the Government's part, we will continue to invest more money in the Health Authority, we will continue to improve the quality of the Health Service in Gibraltar, of course there is always more improvements that can be introduced but the improvements that we have presided over in the last six years make the present Health Authority in Gibraltar the morale of the staff working within it, except to the extent that she undermines it, unprecedentedly high, and then she cannot even give information to this House in a way which is not presented with such spin as being intended to mislead the listeners. Seeing that the Hon Lady leaves the House I am not surprised that she does not want to carry on hearing much of what she is going to hear but I would have thought that if she stayed to listen to the debate on health next time that she has to speak on the subject she may have more sensible things to say on the matter. She said 37.5 per cent of operations had been cancelled because of the non-availability of beds and I turn to my Colleague the Minister for Health and say "how can it be possible that 37 per cent of operations are cancelled because of the unavailability of beds?" And of course it is not true that 37 per cent of the operations are cancelled because of the unavailability of beds. Of all the operations that are cancelled, 37 per cent are cancelled because of the unavailability of beds but 37 per cent of the operations that are cancelled, not 37 per cent of all the operations. But of course she did not think it necessary in the interests of clarity, in the interests of information or in the interests of honesty of debate, she did not think it necessary to formulate her words in a way that would have made that distinction clear. Let us be clear, 2,406 operations were performed last year in St Bernard's Hospital, of these, 128 were cancelled for a variety of reasons including by the way 38 because the patients did not attend or cancelled the operation themselves leaving 98 that were cancelled for other reasons. Forty-eight were cancelled either through lack of beds which actually applies to 34 or 14 because

the theatre was not available. After eight years of her stewardship of the Health Authority we were still in the extraordinary position of having only one operating theatre, so when there is an emergency operation taking place routine programmed surgery has got to be cancelled because if there is an accident victim having an operation or somebody having a life-threatening emergency operation, if one is booked to have their tonsils out at that time then obviously the operation has to be cancelled. All these defects which were caused by her will be corrected in the new hospital which will have several operating theatres. She claimed that knee operations had a waiting time of two years. The two years is not true. There is an agreed and published maximum waiting time in orthopaedics of 12 months and she knows it and that is maximum most of them take place in less than 12 months. For major surgery 12 months is a maximum and 6 months for minor surgery. She then quoted figures to show that waiting lists in the public sector were longer than waiting lists in the private sector and that if one was a public sector patient one had to wait x number of months and if one was a private sector patient one could come next week. That is obvious, it is inherent and implicit in the system of private practice. A system of private practice which when she was in office did absolutely nothing to try to curtail and correct, indeed she did worse because were she had consultants who were contractually prohibited from carrying out private practice she turned a blind eye to the carrying out of private practice by those doctors. She must know that there has been a radical improvement in that problem. She must know that the amount of time that consultants are now allowed to spend on private practice is curtailed, that the time of the day that they can carry out is curtailed, that it has got to be outside of the hours that they are working for the tax payer. That it has got to be the bookings and the payment of the fees have got to be done through the hospital central office. She knows that the condition of private practice is that doctors keep to the agreed maximum waiting list for public patients and that that is being kept to in all disciplines except Ophthalmology. She knows all this but the only way in which it will be true that one will not have to wait longer as a public patient than as a private patient is if one abolishes private practice altogether. She, far from doing anything to abolish it not

only allowed it to happen by contractors who were contractually forbidden to do so but made no attempt to regulate it amongst those who were allowed to do it. She must know presumably that under the new system they are limited, for example in Orthopaedics, they are limited to one major operation, two intermediate or four minor operations a week. Never before has there been the control over private practitioners in the Health Authority, never before has there existed the control that exists today in order to keep to an absolute minimum the effect that the existence that private practice has on the waiting time of public patients. Whilst it exists at all it will always be possible to say that it is quicker to get it in private practice than waiting because in private practice there is no waiting list at all. She produces conveniently now, I do not know why it has taken her six years of purgatory before she gets this convenient letter suggesting that waiting lists are longer now than they were before. Let me tell her that the information that the Government get from the professionals in the Health Authority is that she did not know what their waiting lists were because waiting lists were neither kept nor managed in the Health Authority when she was the Minister. She cannot say whether they were longer or shorter, she does not have a clue, not a clue does she have of what the position was in her time. This is what we are being told by the same professionals that used to serve her when she was in Government and we are also being told that waiting lists now are much shorter than they were, that the time that people wait for operations now is much less than it was when she was in office. On Nursing training she can come to this House and say that she did not close the Nursing School, of course she did not close the Nursing School no one has ever said that she did. What she did was to close the Nursing School for Staff Nurse Training, that is what she did, she deprived Gibraltar of the training of nurses to that higher level of qualification which was necessary for the standards of care in our Health Service. That is what she did. So she can produce all of a sudden convenient letters that deal with the two points that she needs help on but our Nursing Training School is audited every year now by Sheffield University and this is what they had to say in their last report: " The panel (that is the outside panel) was particularly impressed to hear the culture shift that has taken place

in Nurse Education in Gibraltar. The panel commends the Gibraltar School of Health Studies for its work in bringing about a change in the way that nursing and nurse education are viewed and welcomes the evident enthusiasm for continuing professional development and lifelong learning that the Diploma Programme (which did not exist before) has generated.” She can fail to heed the improvements that have taken place but others will not be oblivious to them as she is.

Mr Speaker, bed shortages are a problem from time to time in the Gibraltar Health Authority and she can always try to find a different reason for them than the ones that are offered to her and I remember saying to her what does she think is happening to these beds, does she think the Minister is throwing them out of the window and I then had to listen back to that line misquoted, twisted and misrepresented by her in almost every public health press release that she issued for the next year, but if she will not accept that the reason for the bed shortage is bed blockage, patients staying in the hospital longer than there is a clinical need for, what does she think the reason is? It is all very well to say that there is a bed shortage problem, it is not blockage, it is not this or that it is Dr Linares’s fault. What is the problem, what does she think is the reason for the bed shortages in the hospital? The reason is the one that is being given and that is that elderly patients are blocking beds by staying in hospital longer than their clinical condition requires. Unlike them when they were in office we are addressing that problem. We have established the Elderly Care Agency, the hon Members say it did not exist, well if it did not exist and elderly patients were not staying in hospital longer than they needed to when they were in office it can only have been for two reasons either because they used to boot them out or because elderly people are now getting ill more often or because elderly people are now more predisposed to staying in the hospital and not wanting to go home. It has got to be one of those but the Government are not being inactive in response to that problem. We have established the Elderly Care Agency, there has been a vast improvement in Mount Alvernia, the capacity of beds in Mount Alvernia has been doubled, we are introducing a

domiciliary care service to provide care service for elderly people so that they can stay at home for as long as possible, we are providing a respite care service in Mount Alvernia to provide respite services to those that care for elderly people at home, these are unprecedented steps in Gibraltar. I do not say them because this has nothing to do with health this is Social Affairs but the hon Member cannot continue to say “the reason for the bed shortage” on the occasions that it exists, not all the time, is not bed blockage it is something else but does not say what. That is just not rational and then she sees a hobby horse pass and she jumps on it for dear life, diabetes. “Why is the Government putting diabetes patients in the hands of the perfidious Spaniards, do they not realise that all they want is sovereignty and that they can cut it off at any time.....” One could go into a long analysis of why that is so. Of why it is so now as it was when she was Minister but in purely political terms the question that it immediately begs is, “Why did she not in eight years establish a solitary dialysis machine in Gibraltar. If one of the new comers to the House were pressing the Government for this dreadful policy of sending dialysis patients to Spain it could be understandable why did she not do it when she was in office for eight years, not one. I really do not understand it. I really do not understand how she can sit there and complain that the Government do not do what she failed to do in eight years when she had the opportunity to do it.

Mr Speaker, last year I think she took offence because I said that she was a ‘political coward’ . I am afraid that I have got to say that she is a ‘political coward’ again for the same reason that I had to say it last year. The Hon Miss Marie Montegriffo thinks that she can at the same time give the people of Gibraltar the impression that they are at the mercy of a Third World chaotic health service in which their lives are not worth tuppence if one is unfortunate enough to find oneself in the hands of the Gibraltar Health Authority all of course for reasons attributable to the Minister and at the same time applaud the people who are delivering that medical service for being super, absolutely super all of them and her political cowardice is that she wants it both ways. She wants to attack the Health Authority but she does not dare alienate the

Health Authority workers. If she thinks that the Health Authority is the calamity that she thinks it is, how can she think that the doctors are so brilliant? How can she think that the nurses are so brilliant? How can she think that the quality of medical care that patients get in the Gibraltar Health Authority is so calamitous and at the same time say that she thinks that the staff that deliver that service are the best things since sliced bread? | agree with her that the staff are very good and deserve all the plaudits that she has delivered but then she cannot have the other side of the argument and the real position is, that the staff is everything that she says that it is but the Health Authority is not the things that she claims it is and this campaign that she has embarked on to try to undermine people's confidence in the Health Authority is sheer political.....I think she reads the English newspapers, she sees that this is working for the Opposition in the United Kingdom and says "I'll try that it is easy to get people to worry about health," and because I think it is easy to get people to worry about health I am going to have a jolly good go at getting people to worry about the Health Authority in Gibraltar. But, what are the allegations that she actually makes beyond wild and sweeping statements? How can the Minister be responsible for a death in the hospital which she has insinuated more than once during the last year but the doctors and the nurses who deliver the medical service be the best things since sliced bread? How does she square that circle? If there were not enough doctors she could say, "Minister you are not providing enough money and therefore there are not enough doctors and that is why people are dying in our hospitals," but there are more doctors than she had when she was Minister, or she could say, " Government you are not employing enough nurses and therefore the quality of health care in our hospital has deteriorated as a result and people are dying in the hospital," but there are 10 per cent more nurses than she left in post, or she could say " politicians in the Government you are not spending enough money on health and therefore people are getting inferior treatment," spending on health is up by 50 per cent in six years. Record sums of money are being spent on referring patients to the UK under the Sponsored Patients Scheme. All the areas of the Health Authority for which politicians could reasonably be held responsible are at infinitely better levels than she presided over,

does she not understand that? I suspect that she does which is what is the saddest of all and then having said that the problem is not the clinical standards because if the problems were the clinical standards she could not criticise the staff, she would have to criticise the staff because one cannot say, "....the problem in our Health Service is that the clinical standards are terrible" and then say "...but the doctors and the nurses are brilliant." The clinical services are delivered by the doctors and the nurses, not by the Minister. So, having said that the nurses and the doctors are super which I think they are, she then says, the fact that the Minister is introducing a clinical audit review is an admission that to quote her exact words, "...that not all is well." If she thinks that the fact that the Government are bringing clinical auditors is an admission 'that not all is well' then she is saying 'that not all is well' with the clinical standards in the hospital and if she thinks 'that not all is well' with the clinical standards in the hospital does she not accept that she is necessarily criticising the people that deliver those clinical standards, namely the hospital doctors, the Health Authority, the Health Centre doctors and the nurses which she claims not to be doing. The Government are not commissioning a clinical audit review because we think 'that not all is well' with clinical standards. The Government are calling for the review to take advantage of the new hospital to ensure that our clinical practices have kept up with modern developments and to ensure that the equipment that the hospital purchases is compatible with those clinical practices which modern medicine develops. That is why it is developmental, it is not a critical audit. This has been explained to her before but to no avail whatsoever and as I said before, her frustration as happened last year, last year she delivered this tirade she also complains about how little time I spent on the budget but she spent no time she did not even refer to the budget. At this time last year she let the cat out of the bag, I remember her when she had got all the political frustrations off her chest she just could not keep her mask up for long enough and she said, " Oh God, and I suppose now we will have Europort for breakfast, lunch, tea and dinner. We will have Europort indigestion." Ah!, at last the cat is out of the bag. Her problem is that she does not want the fact that the Government are opening a new state of the art hospital to haunt her from now until the next

time that she offers herself for re-election to the people of Gibraltar. I am sorry, it is a political reality, she had eight years in which to initiate a new hospital, she chose not to and now she has to accept that there is a Government that have been more visionary than she has been, but fine she cannot avoid the political consequences of that either by rubbishing the Gibraltar Health Authority or by asking the Government not to mention Europort at mealtimes ever again so that she does not get indigestion. If she develops indigestion I have no hesitation whatsoever in recommending to her the medical treatment available to her under the Gibraltar Health Authority which is an excellent medical service and which will cure her of her indigestion in no time at all.

In answer to a point that was made I think she was asking a genuine question on that occasion there is no one connected with the Government, professionally, politically or administratively having expressed any scepticism about the suitability of the hospital. The Government bought the hospital after we had received expert advice to the effect that it was not just suitable but eminently suitable for conversion into a new hospital and indeed the fact that it is an existing building will be of benefit because she knows, or should know, or may know, that when one builds a building from scratch one decides how big things need to be, because it is a new building most of the departments, indeed I think all of the departments will move into space which in fact is larger than would have been designed specifically for their needs which means that there is much more growth provision built in to the new hospital at Europort than there would have been at any Greenfield site hospital. The hospital will be a magnificent medical facility and it will not just be a magnificent medical facility in terms of the medical clinical services and equipment available, but it will be a magnificent facility in terms of location. The whole aspect of the building, it will have a garden with a waterfront where patients and their families can enjoy. The access has been criticised but I cannot think of a part of Gibraltar in which there is better access and more parking available than that area of Gibraltar. Even from that point of view the Government feel that the new hospital is well located.

Mr Speaker, I suppose that when one cannot criticise the substance the only thing that one is left with is to criticise the timing, the delay. The Government would have liked to have had the Sports City as soon as possible but when one has a wide ambitious capital investment programme, we have spent £125 million in six years in capital investment projects. One cannot do it all at once and therefore things have got to be programmed but one thing is for sure about the Sports City in Bayside, however long it takes to be finished it will be finished long before it would have been finished had they been in office because they had no manifesto commitment to have it at all and therefore, Mr Speaker, frankly for the hon Members to seek to criticise our policies in terms of the time it takes to implement them when it was something that it was not their policy to implement at all seems a most peculiar form of parliamentary politics to me. The hon Member has expressed the view of whether it should be a Government department or whether it should be a Sports Authority. We simply have to agree to differ on that the only thing that I would mention to her as she has been told before is that it was the Government acting on the advice of the Sports Advisory Council who felt very strongly that new sports facilities in Gibraltar should be run by sports people for sports people and the only way of giving outsiders the chance to help in running these facilities is to do it outside the straight jacket of the public administration and the Government have every intention of proceeding with that. The Opposition is incorrect to say that the Government have not consulted the Union. The Government have consulted the Union to the extent that they have an interest in the matter. That is to say we have consulted the Union about whether the existing staff and the existing facilities are to come over or want to come over to the Sports Authority or not and those negotiations continue. In respect of the new facilities which have never been part of the Government, which have never been the job of the existing Victoria Stadium staff the Union has not been consulted because there is nothing to consult them about. The new facilities have never been part of the Government, are not going to be part of the Government and therefore the need to consult the Union on the new facilities does not arise. The need to consult the union arises as to whether the existing staff want to join the Authority. If they

do not want to join the Authority they need not join the Authority and no pressure whatsoever is going to be put on them to do so and if they choose not to come to the Authority the existing facilities which provides them with their work today will stay in the Government and outside the Authority. I hope that that has been made clear for long enough now to have been laid to rest.

Mr Speaker, the hon Lady not content with talking quite a lot of nonsense really on areas of her shadow responsibilities thought it appropriate to stray into areas where she is clearly out of her depth. She said that the Chief Minister, that is me, that I am a "...defeatist appeaser," a "...defeatist appeaser..." she said. She is frightened about my approach to reasonable dialogue because she does not know what I mean by reasonable dialogue and she said that the Government's attitude and the Government's attitude to dialogue and the Government's defeatist and appeaser nature sends ".....a shiver down the spine, " were her exact words. ".....a shiver down the spine..." of the hon Lady and I think she added for good measure everybody on the Opposition benches and the Leader of the Opposition had also in his own address said that he had never strayed from his position on Brussels so that no one could ever accuse him of having a different position. If the hon Lady wishes to introduce into a debate on the estimates of revenue and expenditure and the state of the nation debate remarks that the Government or its Chief Minister are defeatist and appeasers in relation to Spain and that our position on dialogue with Spain sends 'shivers down her spine' it leaves me no alternative but to pose a hypothetical question and then give her material upon which she and others listening to this debate can objectively make an answer. The hypothetical question is this, "Whose position on dialogue should send shivers down the spine of who?" The evidence she is about to hear.

On the 28th July 1992 the Leader of the Opposition then the Chief Minister, whose views presumably do not 'send a shiver down the spine' of the hon Lady and who presumably the hon Lady does not think is an 'appeaser or a defeatist' went to the United Nations to

advocate for the right to self-determination of the people of Gibraltar and had this to say, and I quote him, "in addressing that I would draw the attention of the Members of the Committee to the paper that they have in which the address of His Majesty King Juan Carlos, King of Spain, to the General Assembly on the 11th October 1991 is quoted and His Majesty told the United Nations that he hoped the negotiating process underway would be effective in achieving a solution compatible with the times in which we live." I was interviewed by the Spanish media for a reaction to the statement and I publicly welcomed it because I have no doubt of the times in which we live. We live in a time fortunately for the human race when the principles of democracy, the principles of freedom and the principles of choice and the concept of self-determination is more widely accepted than ever before in the history of this body and in the history of this Committee and therefore I interpreted the words of wisdom of his Majesty as a recognition that however we resolve the decolonisation of Gibraltar it necessarily has to be taking on board the right of the people of Gibraltar to determine their own political future. This brings me to the position of explaining to this Committee having explained how strongly we feel about self-determination why it is then that my Government since 1988 when it was first elected for the first time has not participated in the Brussels Process which was the subject of the resolution adopted last year and of the draft resolution co-sponsored by the administering power and the Kingdom of Spain. I feel that it is right that I should have this opportunity to explain our position to you because it is not a position born of hostility towards Spain or any desire to hinder that process." So, at least in July 1992 the then Chief Minister, now Leader of the Opposition, went to the United Nations to tell them that he had no desire to hinder the Brussels Process. "The Brussels declaration of 1984 was tested for the first time in 1988 in a general election. It was an agreement done after the 1984 general election without the people being given an opportunity to express a view. My party fought the 1988 election on a platform of self-determination and won it decisively and again in January this year. What are we saying then? We are saying that nobody in this Committee can tell me Mr Speaker with his hand on his heart that he honestly believes that the process of de-colonisation is properly being conducted in a

bilateral process were I am supposed to be representing the colonial power. It would certainly be very innovative step for the Committee of 24 to take if that is what they believe and that is what the process presumes. It is a process where there are two parties who are asked to meet to resolve their differences and the Chief Minister of Gibraltar is invited to form part of the delegation of the administering power. Presumably to try and resolve whatever differences the administering power may have with Spain, but what he cannot do is talk about the difference he may have with the administering power or with Spain and I think we have to accept that if there is any meaning to democracy, if I am going to be participating in a process which I would welcome the opportunity of doing I have to do it on the basis that the views that I wish to put forward may on occasions coincide with those of Spain, may on occasions coincide with those of the United Kingdom and may on occasions coincide with either of them." So the hon Member wanted to participate in the process but wanted his own voice, as I do. I carry on quoting him now, "Let me say that in saying this I am not asking Mr Chairman that this Committee should having heard me adopt a different resolution from the one that has been submitted to it as a consensus by the administering power and the Kingdom of Spain or to amend it in any way." The hon Member went to the United Nations and said of a resolution that refers to the Brussels Process, calls on Britain and Spain to carry on negotiating under the Brussels Process, he went to say to the United Nations, "I am not asking you to change it, I am not asking you to alter one word of it," and I carry on quoting him now, "...I say this in total honesty to you and I am sure that you will understand that I have no desire to upset either London or Madrid. Each of them outnumbers me a thousand to one and I would be very unwise to go out of my way to take on Goliaths of that size." A little bit later on he then carries on and I continue that quoting, ".....and it may then be possible at a future meeting to have before this Committee a consensus motion supported by both sides,...." by both sides mind you he is still happy going to be bilateral, ".....which begins to introduce the ingredient that is missing if a permanent solution is going to be found to the problem of the decolonisation of Gibraltar. I believe the effort should be made to convince the Kingdom of Spain that

their views, their claims, their approach, need not be weakened in any way by simply recognising that we have a right to have an independent voice but there is a problem when we seek to express it and that problem needs addressing." That dialogue, is the dialogue which we are looking for. The hon Member went to the United Nations to say I am looking for dialogue which with my own voice I can find a permanent solution to the decolonisation of Gibraltar in discussions with Spain, well Madam, Opposition spokesman for Health Hon Miss Montegriffo I do not know whether her spine is quivering anymore now than it was yesterday and if it is quivering whether her 'spine is shivering' at the views and policies of the Government or at the views and policy which her own Government and her own Chief Minister used to espouse when she was a Minister in that Government. The Chief Minister of Gibraltar that has most clearly stated that he wants to negotiate the decolonisation of Gibraltar with Spain which is presumably what the hon Member meant by 'shivers going down her spine', is sitting two seats away from her and is now the Leader of the Opposition. At least a first point of contact will have been achieved. I will start a bit further, "I know that the representative of the Kingdom of Spain is going to address you and I have to say that I welcome the fact that he is going to address you although he may not have very nice things to say about me. I hope he is nice to me, but I welcome it because it will be the first occasion since I got elected in 1988 when a representative of the Government of Gibraltar and a representative of the Government of the Kingdom of Spain are going to be in the same room and the representative of the Government of the Kingdom of Spain does not feel the need to leave immediately as if we had some contagious illness. So at least the first point of contact will have been achieved and if nothing else, I hope that we can look upon that as an auspicious augury for a better future a future of better understanding with our neighbours..." these are the neighbours that the hon Lady does not even want to look after the dialysis of our patients but anyway the then Chief Minister now Leader of the Opposition was looking forward to a better understanding with our neighbours in Spain with whom we hope to be able to resolve our differences. I do not know if the Health Authority has any treatment for 'shivering spines' but if it does I suppose the hon Lady will be rushing to the

Health Centre to get a prescription for it by now. I am afraid to say that this was not one aberration in one year because the hon Member went year after year to the United Nations to say things which sound like a Boy Scout's picnic the views that she now says of me send 'shivers down her spine' and this is the political hypocrisy of which I think this Opposition party stands fairly accused permanently. Then he went to the United Nations again the following year in July 1993 to say and I quote him, "...where does all this leave us? I would not wish to mislead your Excellencies into thinking the problem of Gibraltar's decolonisation is on the point of being resolved but there are clearly some signs that indicate that meaningful dialogue may be probable in the future than there has been in the past." In other words, he was expressing satisfaction for the fact that there were indications that meaningful dialogue with Spain to resolve the problem of Gibraltar's decolonisation, which he now says "how dare anybody suggest that the decolonisation of Gibraltar should be discussed with Spain," that is what he was going to the United Nations to say. I do not know if the hon Lady was then getting 'shivers down her spine'. He continued, "...I also have to stress that the people of Gibraltar have to be a primary player in any new initiative and cannot be relegated to a subsidiary or indeed a subservient role. The position of the hon Members when in Government were not 'destroy the Brussels Process' it was not 'alter the Consensus Resolution' which was the UN's mainstay of support for the Brussels Process, it was 'please give me my own voice so that I can take part in dialogue with Spain to resolve the decolonisation of Gibraltar' and of course when they failed as we may fail, they might say 'you are going to fail as well, we tried and we failed' and I would say, 'look Joe you might be right we will try and we will fail' but that is not what I am complaining about. What I am complaining about is that these were the views that they held and the hon Lady has made remarks in this House quite gratuitously which are wholly inconsistent with the remarks of the policies of her Government at the time. Then one might think well at least given everything that they say at the very least, we have already established that the hon Members were perfectly happy to negotiate the decolonisation of Gibraltar with Spain if only they could get their own voice, at least one would have thought 'at

least sovereignty' given all that they say and all the political machoism which they now demonstrate, at least surely sovereignty they would never have been willing to discuss, surely not, surely the great GSLP defenders of the political faith in Gibraltar would never have been willing to discuss SOVEREIGNTY with Spain. Wash your mouth out, well, this is what he said to the United Nations about sovereignty and the discussion of it again in July 1993. "First of all we cannot have dialogue on the basis that we have to consider the territorial claim of Spain which we reject but we have to consider it because otherwise how can one have dialogue, but they will not consider our claim for self-determination. Well, they can reject it but considering it is the basis for dialogue. You cannot have dialogue unless you are willing to consider however much of an anathema it may be the opposite point of view....." and he was saying this at a time that he was saying 'I want to have dialogue, that is the dialogue that we want to have.' Therefore what the hon Member was saying is Spain has got to be as willing to hear my arguments on self-determination and to discuss my arguments on self-determination which I support him, and this is him speaking, "...as he was indicating a willingness to have to listen and answer the Spanish arguments on sovereignty because however anathema it might be according to him you have always got to be willing to consider the opposite" These are the things that he was going to say to the United Nations in support of the claim for self-determination allegedly. Then he went on, ".....then really we must have some forum accepting that the voice of Gibraltar has to be a voice of Gibraltar unrestrained by being part of the delegation of anybody else. A voice that is free from any constraints either from the claim of Spain on the one side, the Spanish understanding of the UN Resolutions of the British Government's interests in decolonisation as the administering power, Gibraltar can only participate in discussions on its future decolonisation in a forum where it is able to say what we Gibraltarians want." That is all he was asking. All he wanted, even Sir Joshua Hassan had a forum in which he was able to say what he wanted and apparently that is all that the Leader of the Opposition wanted at the time and I am quoting at length from his speeches so that he should not accuse me of misquoting him which was what he is keen on doing

when I quote things that he cannot escape. Again in October 1993 this time to the Fourth Committee, this is for the whole United Nations not just to the Committee of 24, ".....therefore what is missing in the annual repetition of a resolution which calls on both sides to meet and talk about Gibraltar is that notwithstanding the reference to the text in the text to the commitment of the United Kingdom to respect the wishes of the people of Gibraltar, it fails to recognise the paramountcy of the wishes in the exercise of the right to self-determination." A position with which I agree, and which I entirely support and have continued to espouse those parts of his arguments with which we can all agree. This was in July 1995, this is less than a year before losing office this was not at the start of his first term, this was months before he left office, quote, ".....I said that myself Mr Chairman in my first submission to the Committee of 24 in 1992. I said I am fighting for recognition of the principle to exercise the right of self-determination whether I choose to exercise it, when I choose to exercise it and how I choose to exercise it has to be taken into consideration whether I want to be alive the day after, and therefore we are a realistic people with a powerful neighbour who want to live in harmony and peace and cooperation with them and we would not. I would not lead my people or recommend to them a way of decolonising that would extinguish us just for the sake of having to prove the point that we are able to do it." Throughout the years that he was going to the United Nations the hon Member was saying, and then he is not just to his speeches in the United Nations, the hon Member can mutter as much as he likes, 'Gibraltar the right to self-determination' he will remember the little magazine have not seen that many people since the 18th March demonstration this year. All on the cover, all dressed in red and white. This is what he said in the preface, "...throughout this period the United Nations has been calling on the United Kingdom and the Kingdom of Spain to negotiate a solution to their dispute over Gibraltar but this will never be possible as long as Gibraltar is not negotiating as a party in its own right." What was it that the hon Member wanted to negotiate with Spain in his own right? We know now, he wanted to negotiate sovereignty, he wanted to negotiate the decolonisation but why has he forgotten? Why has the hon Lady forgotten all these things when she makes stupid remarks about what sends

'shivers down the spine' and in the face of all of these statements even the exercise of the right to self-determination was said by him to require a process of dialogue with Spain. Does he not remember telling the United Nations and I quote him, this is in a speech "...Gibraltar recognises that the exercise of its right to self-determination may be constrained and may require a process of dialogue with the United Kingdom and with the Kingdom of Spain," does he not remember saying all these things? Does she not remember him saying all these things? Here is her then Chief Minister, party leader, saying 'Do not change the Consensus Resolution that calls for the Brussels Process to continue, I want my own voice in it so that I can then negotiate the decolonisation of Gibraltar with Spain because I recognise that the exercise of my right to self-determination is constrained and requires a process of dialogue with Spain. He spent three and a half years saying these things to the United Nations and the hon Lady has got the audacity to stand up in this House now and say that she gets 'shivers down her spine' because we say less than that and because we advocate reasonable dialogue. The shivers should have gone down her spine when she was on this side of the House at the things that her then Leader was saying, assuming that she held the same views then that she holds today, that is when she should have been shivering down her spine when the Gibraltar Government were perfectly wanting, not just willing, wanting to negotiate the decolonisation of Gibraltar with Spain. The hon Members will laugh but unless they think that I have just invented all those words that is what the Chief Minister of the time was saying. There is no hiding place for them from those words.

Mr Speaker, the Hon Mr Perez started his own contribution by saying that I was trying to rewrite history. Judging by his giggles, judging by his nervous laughter, whilst I was making those points the person that is hoping that history will be rewritten is him. I have not quoted from speeches by Peter Cumming, I have not quoted from speeches by Sol Serruya, I have quoted from speeches from Joe Bossano. There they are in history for posterity the problem is that as always they practice double standards. They say, yes, 'Do as I say but not as I did'. Do as I

say but not as I did, do the things that I never did when I was in office and do not say the things that I used to say when I was in office because I will tell people that they should have 'shivers down their spines', but the reality is that it is there and it is not going to go away. I quoted two things when I made my own address to this debate. I quoted from the speech of the District Officer in his May Day Message and I quoted from the Leader of the Opposition's own May Day Message speech. The Hon Mr Perez still found it appropriate to open his contribution by saying that I had shamelessly misquoted statements by other people. How can one shamelessly misquote statements by other people when one reads verbatim what other people have said, from beginning to end? It is not as if I had started reading half-way through the section in order to put it out of context. How can it be shamelessly to misquote anybody when one limits oneself to reading out the words that they have quoted? It is another example that the hon Member does not like hearing the realities of life as it affects them, and then of course they complain that we constantly rake up history unnecessarily and it is not that we want to rake up history unnecessarily it is that they do not learn their lessons of their own history and make provocative remarks that leave reasonable people with no alternative but to remind them of their past. Not relying on some sort of perception of mine, when the District Officer of the Transport and General Workers Union uses his May Day address to say that there is party political interference in the industrial relations process and in the business of the Union and in the Union's negotiations with the Government, when I say that the hon Member accuses me of being paranoid and engaged in propaganda as if this was an absurd proposition, well, he says it is an absurd proposition, but does he not realise that it is legendary in the political folklore of Gibraltar how the GSLP, the party of which he is now a part, used the Trade Unions and used industrial relations to gain office in 1988 and if he thinks that it is paranoid, that it is propaganda, that it is an absurd proposition, that the GSLP should use industrial relations issues for its own selfish party political interests, has he forgotten Kaverne? Has he forgotten the Karverner Tapes? Has he forgotten that shameless episode in the history of his party in which they were recorded willing to countenance the closure of the

commercial shiprepair yard in Gibraltar in exchange for the simple goal of causing political damage to the Government of Gibraltar, has he forgotten that? I suppose then if we had not had the tape recording he would have said that we were being paranoid would he? Because the GSLP is not capable. The GSLP is capable of that and worse and has 20 years in politics in Gibraltar for people to know what the GSLP is capable of. It does not require a paranoid propagandist simply to point out not what he thinks the GSLP is capable of doing but what the GSLP has been demonstrated to have done in the past, it has nothing to do with paranoia it is recorded history.

Therefore, Mr Speaker, more duplicity, more hypocrisy but of course that is what they accuse us of. Apparently they say we are 'duplicators and hypocritical' because according to them the Government are still riding on the back of the wealth that the GSLP created. I am not going to have that debate with the Leader of the Opposition. If the Leader of the Opposition still thinks that the private sector was healthy in May 1996, that the Finance Centre thought that it could prosper under the sort of Government that was being delivered at that time, that foreign investors were happy to stay in Gibraltar and that the election of a new Government in Gibraltar did not first save the private sector from the oblivion from which his policies were condemning it and then provided the environment in which it could prosper to the extent that it has in the six years that we have been in office, if he is still labouring under that delusion it does not surprise me that the Leader of the Opposition cannot relaunch his political career. He cannot relaunch his political career rather like a person cannot get on with life until they have gone through the grieving process, accepted certain realities and moved on. He is still blinding himself to all the reasons that caused him to be removed from office in 1996 and one of the great monuments to that psychological characteristic of the hon Member is this constant repetition of the fact that the economy is still in the state that he left it, that this Government have achieved nothing in the economy, that there has been no growth, no increased employment, turning figures upside down and putting them

together all to prove what everyone knows to be a nonsense and that is his statement that the economy has made no progress and has not grown in the last six years. I would urge the hon Member to abandon that ridiculous position.

Mr Speaker, this year the Hon Mr Perez decided that he would try and put his finger into what he thinks is the open sore of industrial relations. "Why do you criticise the GSLP for its privatisations, they all had a good purpose, they were all in partnership, they were all agreed by the majority of workers, huge increases in salaries." Two points I would mention. First of all that we have not criticised his privatisations, no, not once has this Government criticised a privatisation, what we do is respond when they accuse us of privatisations when we have not done any and they are the only ones that have ever done privatisations. Then we say 'come on chaps do not try and tar us with whatever political brush you think privatisation amounts to when the only guys that have ever privatised anything in the political history of Gibraltar are you' and if they are all for a purpose then all of the Government's Authorities have a purpose. If they are all in partnership and they are in agreement of the majority of the workers involved, ours requires the unanimity of the workers involved. Workers that do not want to go do not go even if they are in a minority and always there is significant increase in earnings for the workers who agree to go to an Authority when there is a necessary and useful purpose, a partnership and an agreement negotiated with the workers. So what is different? Except that theirs was real privatisation placing workers in what the Leader of the Opposition called in his May Day Message 'the terrible job insecurity in the private sector' and our version which is equally for a good purpose, equally negotiated, equally for the financial benefit of the staff not done unless they all want to go, ours is not privatisation. Ours is just a different form of public sector ownership therefore retaining the job security that their version exposed the workers to. That is why we raise it not because we criticise them but because their remarks about what we are doing are completely distorted, completely misrepresenting and completely concealing the fact

that what they did is infinitely worse than anything that we might be thinking of doing or worse still have done.

Mr Speaker, the Government he said must show 'respect for the rights and aspiration of workers'. Of course the Government shows respect for the rights and aspirations of workers now there is negotiations, there did not use to be very much negotiation before. Respecting the rights and aspirations of workers is not that the Government give in to whatever claim comes their way and certainly a Government that never agreed to any claim, certainly is not in a position to say that. Respect for the rights and aspirations of workers in the public sector is allowing them reasonable promotion opportunities which they now have and which they never had with the Opposition Members. Respect for the rights and aspirations of public sector workers means that one recruits staff to maintain manning levels which they never used to do when they were in office. Every staff retirement and resignation was a heaven sent opportunity for them to shrink the public sector workforce permanently in the hope of making some departments unviable through lack of human resources to the point that they would then say 'well now we have got to privatise it because there is only four and a half workers left', but do they not understand that workers in the public sector know this? So, please, they ought to resist the temptation to lecture this Government about respect for the rights and aspirations of public sector workers because we have shown more respect for the rights and aspirations of public and private sector workers for that matter, but public sector workers than they despite their trade union backgrounds ever showed the remotest inclination to show. That extends from privatisations to recruitment, promotion opportunities, training opportunities, provision of resources, the list is endless. If he wants to know why the industrial relations function has been centralised not by the way as he appears to think in the office of the Chief Minister, but in No 6 Convent Place in the office of the Chief Secretary is because the incumbent acting Personnel Manager has expressed the wish not to be the Industrial Relations Officer. The Government are trying to find a way of allowing him to continue to be the Personnel Manager and to make alternative arrangements for the Industrial Relations

responsibility. Now one can see more respect, more of the cuddly Father Christmas figure and much less of the vindictive ogre that the Leader of the Opposition was trying to portray. This is the thought of sensitive respect for the rights and aspirations of workers that this Government deploys.

Mr Speaker, the hon Member wanted to know something about the public transport system and believes that we are being inconsistent because we have said that there was no way that it was envisaged that public finances would be put into the public transport. I would like to jolt his memory and I am sure that he would immediately accept that what we have said is the opposite. What we have said is that the Government have every intention to invest public funds in the public transport system but that we would not invest it in the existing operators. What the Government would not do is simply subsidise with capital grants and things of that sort the existing licensees. That is what the Government have said but we have always made it perfectly clear that we would and that we intend to introduce significant amounts of public finance and public capital into a modern urban public transport system and the reason why it has not happened already is another Father Christmas cuddly tendency of the Government which is the opposite of what the hon Members approach would have been and that is that we are bending over backwards to the point of delaying our own policy to try and treat the existing licensees as fairly as possible, we are stretching out the negotiations with them to give them every opportunity to participate reasonably with the Government in this scheme. What the Government are not willing to do is to either subsidise them at tax payers expense exclusively or alternatively to allow them to be an obstacle to that project. That project will get underway with or without the participation of the existing licensees. We want to make space for them to come on board. If the negotiations can be concluded rapidly they will come on board if not we will go in competition with them as the hon Member asked hypothetically whether that was one of the options available, indeed it is.

Mr Speaker, if I could finish off with the hon Member's contribution, the lottery. "The draw was postponed indefinitely" and then he engaged in something of an argument. The reason why a date could not be announced for the staging of the draw on the day that the machine broke down I would have thought was perfectly obvious. The draw could not take place until the machine had been fixed and they did not know that night when that would be so. So they said the draw is postponed and we will make the announcement of the date. That is not postponing it indefinitely in the sense that the hon Member tried to portray. It is postponing it for a date to be announced or did he think that there was the remotest danger that that might have been the last ever draw of the Gibraltar Government lottery? As he tried I think to insinuate.

The hon Member speaks of crisis of confidence I think Ministers share his enthusiasm for the Gibraltar Government lottery and I hope he does not think that the Government would wish to see it quietly either be privatised out of existence or removed out of existence. Most years it is a useful earner for the Government and we share his liking for it but I think it is also true to say when he speaks about the problems that plagues it in that he has a degree of responsibility for it. A lot of people that I speak to and I certainly do not consider myself to be particularly knowledgeable on the intricacies of the lottery but a lot of the people that talk to me about the lottery say that its problems started when it went fortnightly instead of weekly and that destroyed the weekly repetitive culture and the weekly habit, and people no longer knew whether it was this week or the next and they would not buy and as a result of going fortnightly the price of the tickets doubled and then one thing is to spend £10 every Monday and another thing is to pull £20 out of one's purse on a Monday. Rightly or wrongly this is the view that people have.

The hon Member made allusion to the Panorama story that the Chief Minister is tired of politics and I want to retire. I am afraid it is wishful thinking on his part. I am not sure that even if I did retire that it would necessarily result in his re-election into office but

nevertheless it is wishful thinking on his part. I regret to inform the hon Member that the Chief Minister has been misrepresented. The Chief Minister considers it a pleasure and a privilege, however difficult and stressful the responsibilities of the office are in general and at this point in time in particular and I look forward to continuing to serve the people of Gibraltar for as long as they think that I am the best alternative available to them to do so. I just want to dispel this myth and in this respect the article was right. I am not one of those politicians in Gibraltar that wants to make ownership of property in Spain some sort of political incorrectness, I much regret that my financial means do not stretch to buying a house in Spain, if they did hon Members can be sure that I would buy one with enormous pleasure and enjoy it whenever my public duties allowed me the opportunity to do so with even more pleasure than I had in buying it. Let them not think that there is any issue there.

The House recessed at 5.00 pm

The House resumed at 5.10 pm.

Debate continued.

HON CHIEF MINISTER:

Mr Speaker, we come to the comments of the Hon Dr Joseph Garcia. The Hon Dr Garcia is one of those Members that saw fit to comment that I had spoken for two hours or whatever it was and had said little about the budget and then went on himself to speak and say nothing about the budget at all. It seems a peculiar comment. I think the hon Member made a point which I think I would like to spend some time on. He asked why did the UK not

seek support from Gibraltar for the relaunch of the process? What signals were sent to London and by who before we got into this mess? There is plenty of time to see this. I do not know whether he is making any insinuations, certainly I am aware that resident Foreign Office spin doctors are trying to persuade people that the Leader of the Opposition himself alluded to it in his contribution as I recall that I would have gone to the talks and somebody recently reported to me that a certain Foreign Office spin person had tried to persuade them to accuse the Government publicly of having known all along from the beginning what the deal involved. I am sorry to disappoint the hon Member if he thinks there is any way forward down that road. It is wholly untrue. If he believes that the Gibraltar Government knew of, still less encouraged the relaunch of the Brussels Process in the vane that it has been pursued, then he can have as many post-mortems as he likes, certainly the answer will not include the Government. I have always found the word relaunch odd because I would not want the hon Member to be under any misapprehension. The Government have had their position on dialogue including dialogue under the Brussels Agreement and that has not changed and we have repeatedly explained that position and no other position. So as far as we were concerned the Brussels Agreement had, when one talks about a relaunch it suggests that since 1996 we have been seeking to engage in dialogue even under the Brussels Process on the Government's well known terms and if those well known terms were delivered we would still participate because participation with our terms would make the process safe for Gibraltar. If we had our terms then the present process which we most fear namely the principles of the position being agreed in a way that survives our rejection in Referendum could not happen which is of course the reason why the Foreign Office never agreed to our second of the two terms. The hon Member wants to know the position that the Gibraltar Government have maintained, maintains throughout and continues to maintain and will continue to maintain, it is the one set out in our manifesto of the year 2000 upon which we were comfortably elected. We will remain willing to engage Spain in a process of dialogue provided that the process is both dignified and safe. Dignified in that we are represented in our own right with our own voice and safe in that nothing can be

agreed on any issue without our consent or imposed on us against our wishes. That is the position of the Gibraltar Government, it has been the position of the Gibraltar Government, it is the terms upon which we would as we would like to take part in a process of dialogue with Spain. When the Government organised the demonstration it was behind the banner that said, "No in principle concessions against our wishes, yes to reasonable dialogue." It is important just to take stock of where we are. The reason why the Gibraltar Government are not taking part in discussions is because our terms were not met and if the British Government says anything which suggests that our terms have been met they are lying. Yesterday, in a Parliamentary debate the Minister of State at the Foreign Office said ".....it is not us that have kept Gibraltar out of the talks it is Peter Caruana the Chief Minister." Glossing over the fact that the Gibraltar Government's position which is longstanding and well known requires two conditions to be met:-

1. that we should have a separate voice, and
2. that there should be no agreements above the head of the Gibraltar Government,

people in Gibraltar are sick and tired of hearing the Government expound those two conditions. The first was more or less agreed under the two flags three voices formula earlier this year not as Mr Hain has an inclination to say, "from the outset," it has not been available from the "outset" the terms that we had been asking for, the terms that we had been indicating for six years we would accept as the incarnation, as the practical manifestation of the two flags three voices formula, with which I know the hon Members disagree, but at least let us understand what the facts are, have not been available to us from the outset. They were finely offered to us when I last had a meeting in London in the Foreign Office I think it was January or February I do not remember exactly the date, the last meeting I had in London with Mr James Bevan and the Foreign Secretary.

The second condition, no agreements above the head of the Gibraltar Government, which we have asked for precisely to be in a position to protect Gibraltar from the scenario in which we now find ourselves namely with the danger that an agreement will be done of the principles affecting our future and that that will stay even if we say 'no' in a referendum to proposals based on, that condition had not only been met but the Foreign Office has refused in terms to meet it and the reason therefore why we are not there is because they have refused to deliver our longstanding often stated and publicly stated, and at nauseam repeated requirements for attending. At no stage have the Government encouraged the British Government to launch the relaunch of the Brussel Process although had they met our conditions we would have gone. We have not gone because they have refused to meet our conditions and our conditions had been designed in 1999 precisely three years ahead of the event, precisely so that Gibraltarian participation in dialogue could not legitimise a process in which there could be an Anglo-Spanish agreement from which not even the people of Gibraltar could protect themselves in a referendum. Precisely what is now threatened in this Declaration of Principles and it is because they knew all along even before they relaunched last year that that is the choreography that they had agreed and did not tell me that they had spent the previous 12 months denying me the second condition. They were denying me the second condition which incidentally Robin Cook had offered me three years earlier. Robin cook would not offer me the separate voice but wrote to me saying, "I will not agree on anything with which you are not content" Now I am offered the separate voice but no agreement.....but why? As I said at a dinner, it would have ruined the cunning plan. The cunning plan has been from the beginning. We are stuck with the referendum for implementation but how can we do an agreement, a bilateral political agreement between the UK and Spain about Gibraltar affecting their political rights, the political effect of which is useful to London and Spain regardless of referendum and the answer is declaration of principles framework agreement. That is why they would not give me the second condition which Robin Cook had been willing to give me because long before they launched in July last year they knew that that is what they were intending to do if

they could negotiate the terms. The choreography and the methodology had been agreed. They may not have done a 'done deal' in the sense that all the details were worked out but they knew what the scheme was. They knew that the scheme was to end up with Brussels II Lisbon/Strasbourg/Lisbon/Brussels and then the next phase and that we would be stuck with it regardless of implementation because we could block implementation through the referendum, and anyone who suggests that the Government of Gibraltar have somehow indicated or in the words of the hon Member 'sent signals to London' I can tell him that the only signal that I have sent to London is the one that I sent publicly to the people of Gibraltar and that is 'of course we are willing to take part in a reasonable process of dialogue with Spain on an open Agenda.' Open Agenda means that Spain has got to be free to raise the question of sovereignty but there are two conditions, one is that we must be there with our separate voice so that it should not be incompatible with our right to self-determination, it may not advance our right to self-determination but at least it will not be so bilateral as to be incompatible with any advocacy of the right to self-determination and secondly that it should be safe. Namely that there should be no possibility of agreements above the Government's head. Why? Because by our presence we would have legitimised even that aspect of the political agreement which the people of Gibraltar would then not have been able to prevent in a referendum. Namely, the Declaration of Principles and they can squirm as much as they like to try and find political scapegoats. They do not have a political scapegoat in the Chief Minister of Gibraltar that I promise you. There is no point looking in the cupboard, there are no skeletons, and I am perfectly happy to say that. The Government's position on dialogue remains what it has always been and that is, if we can take part in a process of dialogue with Spain which is Open Agenda which is safe as we have defined it and in which we have our own voice as we have defined it, although we know that they disagree with the sufficiency of that definition we would take part even under the Brussels Agreement. Another difference with the hon Members of the Opposition. The reason why we have not is because they have refused to give us those terms. The responsibility for Gibraltar's absence from these talks and contrary to his assertions therefore

rests squarely on the shoulders of the Foreign Secretary and the Minister of State at the Foreign and Commonwealth Office. The hon Member may also be willing I think I have also said this publicly before but in terms of when we discovered that they had relaunched, obviously he will have heard in the Queen's speech just as we heard, I think in the Foreign Secretary's speech after the Queen's speech in June last year he said that they would relaunch the Brussels Process in the Foreign Secretary's speech on the Queen speech. Then they had the meeting in July which they said it publicly. Yes, it was referred to in Parliament and then they had the meeting in London or Barcelona or wherever and they met in the margins of some European Community meeting and I was telephoned by the Director Europe, "Peter I want you to know before they are just about to hold their press conference, I want you to know that they have agreed to relaunch the Brussels Agreement and that they are about to say that they warmly invite you to attend." I said "What do you mean warmly invited to attend? I have spent six years writing to you about terms and conditions, are they going to agree to meet those?" "Well they are going to warmly invite you to attend." There is no point in warmly inviting me to attend unless they are also meeting my longstanding conditions and the rest as they say is history.

Mr Speaker, the Government do not accept that the Brussels Agreement is the ultimate 'done deal'. The Brussels Agreement with the nature of the Gibraltar participation that are permissible under it and the structure of it exposes us to the ultimate 'done deal', which is why the Government have not gone despite our policy of willingness to take part but the Brussels Agreement modified as the Gibraltar Government wants it modified and modified as the Leader of the Opposition used to ask the United Nations to modify it in 1992 is a different creature and it is not only the mother of all 'done deals' but in fact puts the Gibraltar Government in a position to protect Gibraltar from all the adverse consequences that the Brussels Agreement could bring in its wake which of course is why Spain will not agree to our conditions being met. I say all these things to the hon Member because a little birdie, someone close to the party with which he is in alliance, has

been heard to say that the Opposition, namely they, harbour ambitions to try and make a political comeback by trying to make all this look the Gibraltar Government's fault. All I can say to the Opposition Members is that if that is their political master plan for the next two years good luck to them. There is more chance of hell freezing over than them succeeding in pulling off that political stunt.

I agree with the hon Member, I think I correctly understood him to say that we should know precisely what the deal is and what we are rejecting and why. I think he said words to that effect. I agree and there are two reasons, that is precisely why the Government do not share

HON DR J J GARCIA:

If the Chief Minister will give way? That is not what I said, what I said was that we already knew exactly what we were rejecting when rejecting joint sovereignty. The other aspects have already been announced what I said was actually the opposite.

HON CHIEF MINISTER:

I misunderstood the hon Member on that. The Hon Dr Garcia mentions the e-com project, I think he should and I am sure he would in a more generous moment acknowledge that the loss of that project is not entirely unconnected to the moment. It was a project for the provision of e-com infrastructure, the telephone media and technology bubble burst, the dot.com bubble burst and e-com simply lost the finance that it had for this project. There are companies going bankrupt because there is a surplus of the commodity that e-com was going to establish in Gibraltar and that is the reason why the e-com project failed. It is most unfortunate, it would have been a very interesting project for Gibraltar and if the

market recovers which I fear will not be for quite some time there is an enormous glut of these things on the market now following the dot.com bubble bursting, we may revisit it but there is no prospect of that sort of investment right now.

On licensing hours can I just, the hon Member keeps on criticising that licensing hours are discriminatory but can I remind him that Gibraltar's licensing hours have always been discriminatory based on location and noise. He knows that Gibraltar's licensing hours have always had, some people have to close at 12, some people can stay until 4 o'clock and there has always been a case of can you persuade the Licensing Authority in that case the Brewster Sessions in the Magistrates' Court, that one's location is such that one ought to be allowed to go on until four. Are there neighbours around? Are they going to complain? There has always been a discriminatory element in the licensing regime, a perfectly proper discriminatory element in the licensing regime. The Government have never said that the extension of the licensing hours in the leisure areas is temporary. There is nothing temporary about it at all, what the Government have said is that in addition to the new licensing regime for the leisure areas we were conducting a study to see whether and to what extent licensing hours might be extended elsewhere. I have to tell the hon Member that the Government have not yet made a decision on that and that the noise to neighbour complaint ratio if we could just invent that for the purposes of this debate, is not encouraging in terms of the Casemates experience and in Casemates there is only three or four neighbours. If one were to extrapolate the Casemates scenario and put it in bars in Irish Town, Cornwall's Lane and Cooperage Lane in the heart of the old town surrounded by houses the complaints problem would be almost intolerable and therefore whilst the Government have not made a decision on this I would say it is unlikely that the Government would go to an all hours licensing regime throughout the whole of town.

I do not know that Casemates has generated no new business. I see lots of people enjoying the 'al fresco' facilities at Casemates

that did not use to go out before. Me for example, and I see lots of people in that category who go down to Casemates and there has been the development of new business at Casemates but it is true also that not all the Casemates clientele is new, that some of the Casemates clientele and it is between zero and 100 per cent, some of the Casemates clientele is obviously dislocated from other parts of town. I see this when I drive down Irish Town. There is the bar there, the green one in Irish Town 'Corks' which always used to be overflowing out the door when I used to drive down and people used to cheer me as I drove down in the car and now since Casemates opened there is hardly anyone. So obviously there has been a dislocation of business but I think it is also true that there has been a considerable development of new business by Casemates. In what proportions I suppose only wholesalers of wines, spirits, beer and drinks will know the answer to that because they know exactly what the redistribution of wholesales and consumption is following the Casemates experience. I have no doubt that there has been a significant amount of relocation of existing business, that I am equally sure that there has also been a very significant amount of generation of new business.

Mr Speaker, I regret that the hon Member should, I said to somebody I bet this year Dr Garcia tries to minimise the effect of the 11th September and lo and behold that is exactly what he has tried to do. The hon Member can do that if he wants to, what I said in my own speech was that actually the 11th September had had an impact on Gibraltar but actually quite a small one compared to the impact that it had had on other places and that we in the Government think that Gibraltar has actually got away very lightly in terms of its economy with the 11th September factor. So, certainly we are not trying to talk up the 11th September factor but frankly he should not try to talk it out of existence altogether. It has had some impact, we feel very fortunate that the impact has been as slight as it has been and there are figures that are up despite the 11th September there are figures for 2000 which are up. Air travel, the hon Member says about air travel that most of the seats are people heading for Sotogrande or for Spain. That

has always been so, what we keep our eye on is in the proportion, obviously if one has 50,000 and 60 per cent are for Gibraltar and 40 per cent are for Spain and then one goes for 100,000 and 60 per cent are for Spain and 40 per cent are Gibraltar, then one knows that the growth that one is generating is all going across to Spain but if the percentage either remains the same or shifts in one's favour any growth in the total number is also delivering growth to one's domestic market and that is exactly what is happening. So, the figure that we keep our eye on is roughly what percentage is going where over a period of time.

Mr Speaker, visitor numbers. Visitor numbers are also up the hon Member may wish to complain as I think he has done but they are only up by 1.25 per cent, no, he said only up by 0.25 per cent. He has done a calculation that I had not done. That there should be any increase at all post 11th September I think is something that we should all be glad for. Let us not forget that we are talking about a rise in visitor numbers from all time record levels. When he talks about only 0.25 per cent increase we are talking about 0.25 per cent rise over last year's figures which was an all time high. We can sit here measuring the figures for one year or for another but he should be aware that in the years that we have been in office the figures have risen from 5.3 million to 7,048,000. That is an increase of 31 per cent. If in the last year it has only gone up by 0.25 per cent then I am very sorry and I hope that he accepts my profuse and humble apologies but it is still a record level and it is still 30 odd per cent higher than it was when we took office. He may think that the cruises were not affected by the 11th September but he should know that immediately after the 11th September, 25 calls were cancelled. He must know that Americans stopped cruising and that a lot of American companies pulled their ships out. To compare Gibraltar to Barcelona, it is a capital city, it is just that we have this debate year in, year out, does the hon Member think that Gibraltar with the resources that we have can match Barcelona's rate of growth in anything? Never mind about tourism in anything? I do not think why the hon Member should think so, growth is relative, it is harder for us to grow by 5 per cent than it is for them because they have got the

resources that we do not have. I think that Gibraltar does very well with the resources that we can bring to bear on tourism. If he wants to continue he suffers a little bit I think from the Leader of the Opposition's syndrome. I do not think he has started the grieving process yet. Does he not realise that every time he talks down the tourism performance people in Gibraltar look around see that they can barely walk down Main Street for tourists and say, "oh look here are all the tourists that Dr Garcia says are not coming." When they look out their window and see not one, not two, but three cruise ships in port on one day they say, "ah yes of course Dr Garcia is right you see Joe Holliday is the worst tourism minister that Gibraltar has ever had." These are things that people see for themselves there is no need for us to be standing here year in, year out quibbling over statistics and turning them inside out, upside down and inside out. It is self-evident for people to see in Gibraltar that there has been a boom in tourism in Gibraltar since 1996. Even in the times of the hon Members there were times that tourism was less good and times that tourism was better. Frankly it is much better now because I think that the climate now exists for tourism. A better climate that used to exist before. I am not talking about the temperature or the weather or the rainfall, he knows what I am talking about. So let him try to persuade the people of Gibraltar because everytime he tells the people of Gibraltar that tourism is not doing very well and people can see for themselves that tourism is doing very well and therefore what Dr Garcia is saying is clearly not correct he just wipes another layer of general credibility from himself. People say to themselves, "Well look if Dr Garcia is trying to persuade us that tourism is doing badly and we can see for ourselves that it is not what else of what Dr Garcia tells us is equally untrue?" It just does not help his political credibility. I am not worried about it but they should be. I do not know about the Leader of the Opposition, he is getting on now, but he is a young man I suppose he aspires to more than Opposition I hope but the way he is going.

This is an example of how he reduces debate almost to the infantile, he says, "...because you make a great fuss about taxis. You have got 50 taxis painted in Gibraltar colours out of a total of

14,000 London taxis." Fifty out of 14,000, a drop in the ocean, another ridiculous Government waste of time initiative. That is the only purpose that he could have seen fit to point out that we had 50 out of 14,000. I do not know if he knows that Gibraltar is the second largest sponsor of London taxis for advertising. Only South Africa with 60 has more London taxis than we at 52 and that they cost a considerable amount of money and before he rubbishes it by creating a fraction of 50 over 14,000 he should bear in mind that these things are prominent, 50 out of 14,000 means that if he goes to London for more than a day he will almost certainly see a Gibraltar taxi as I test and check everytime that I go. Fifty taxis mean that 1.5 million people a day see Gibraltar and its colours. That is what 50 taxis means. The point of having 50 taxis is not in the hope that one will flag one down and one will be lucky enough to be the one that takes one from Victoria Station to your hotel. That is not the purpose of it, the purpose is that they are constantly in circulation around the West-End of London which is the ones that we are limited to. Ours are all the ones that stay in the centre of London and that represents massively good value for money compared, for example, to an advertisement in a newspaper that appears one day. I am sorry that we have not spent as much as South Africa or as much as all the other companies but I think at second we are doing quite well and I do not think it deserves to be rubbished and converted into a fraction of that sort by the hon Member, but it is symptomatic of his unattractive tendency to rubbish everything. Why could he not just say, "Well, yes, it is a good idea, 50 taxis, newspapers, underground," it is actually not necessary to criticise everything that the Government does. No one believes out there that everything that the Government do is bad and wrong. Even our opponents are generous enough to acknowledge that sometimes some of the things that the Government do they do right. That is everybody except the Opposition Members. It is not a political style that is likely to enhance the hon Member's political appeal to the electorate of Gibraltar. It would be much more credible if occasionally he would recognise the Government's achievement so that when he criticises the Government his criticisms would have more credibility, but that requires a political hard lesson which the hon Member appears unwilling to take on board.

Mr Speaker, the figures that are down are fractionally down and therefore the Government think that we have got off very lightly. We are delighted that some of our statistics are up and those that are down are down by such little and we were actually bracing ourselves for much worse post 11th September when no one quite knew what the long term fall out, the House will remember aeroplanes were grounded, no one knew whether they were going to take off again or how long they would be grounded for and there were all sorts of tales of woe, of British Airways going bust and no one flying ever again. In the event as the weeks and months have passed I think we should consider ourselves collectively fortunate that we have got away so lightly. I do not think it would have done any harm for the hon Member just to have been a little bit more gracious in recognising those facts which is an act of good fortune. The Government do not take credit for getting off lightly from the 11th September. We have not got off lightly because of anything that we have done or that we have marketed a little bit in home from home in the United Kingdom but getting off lightly is an act of good fortune for us all post 11th September. I think he could have afforded to be a little more gracious. Then a relevant statistic especially when it dovetails with his view that a lot of the increase in air traffic he thinks goes to Spain, or a lot of the air traffic goes to Spain is that historically one of the more relevant figures for the state of the local non-day visitor tourist market has been hotel occupancy and hotel occupancy has risen from 43 per cent in 1996 to 64 per cent now and it has risen last year. Of course 64 per cent is not as good as 100 per cent, and if he says that the hotels still complain about having 300 rooms empty a year, of course, unless one has 100 per cent room occupancy one is going to have empty rooms but there is progress. Hotel occupancies are significantly up. If the hon Member wants to continue to paint a picture of doom and gloom in relation to tourism he is perfectly welcome to do so. The facts however he should know do not support his analysis nor do people's day-to-day experiences. When tourism are at near record levels and there is little that he can credibly criticise in the Government's performance on tourism, the last resort is to say as

he has done this morning is that we could have achieved more. Of course we could have achieved more, it is always possible to achieve more. That is what we hope to do next year. We cannot achieve everything in one year and whatever he thinks about our achievements and about whether they have been maximised or not maximised, frankly to describe tourism at record levels as 'pouring milk down the drain' which was the bit of his quote, punchline was "...that tourism in the grips of bureaucracy that shoots one cow keeps the other and pours the milk down the drain." I think that was the gist of it as far as I could gather to describe the Government's record on tourism as 'pouring milk down the drain.' I am sure that even he now that he is not on his feet will acknowledge is unduly harsh a judgement even by the standards of an Opposition when describing a Government.

Mr Speaker, that brings me to the contribution of the Leader of the Opposition who also criticised me for speaking for three hours and for saying very little about the budget and then he went on to read his address and said nothing about the budget at all, nothing. Surely he at least must know that this is not a debate about.....when was the last time that anyone went through... this is not what this debate is on the Second Reading, that is what we do at Committee Stage. I do not want to remind him but if he remembers the last time the GDP and National Accounts were discussed in this Chamber whilst he was Chief Minister, does he remember the charts that he brought with green lines and brown lines I remember sitting there where he is sitting in and he gave us all a long lecture about National Accounting. The difference between expenditure and output and GNP and GDP and all these things. When he used to give these addresses there was never any reference to the estimates at all. I do not know where this practice of just shut me up because they do not like the things that I have to say. I am sorry if I go for longer than they would like but I like to be comprehensive. I like to be comprehensive and full in my treatment of these serious subjects which I think is what they deserve.

Why should he vote for the recurrent expenditure he asked given that I had said nothing? The answer is that because he knows why. There they are they speak for themselves. It is for him to question the Government on items of expenditure that he wants to question the Government on and he has not. It is not for the Government to probe itself, they are my budget, I wrote the thing. I know what it says, everything that it says is what we wanted to say he is the one that should be probing us on the budget not complaining that we have not probed ourselves and they have not done it. I honestly do not understand. This is another example of what I said before, for the hon Member to speak and to describe the £5 million that was transferred from the Short-term Benefit Fund to the Social Assistance Fund, as raiding the Pensions Fund which if any Government, any company did it they would go to prison, it is the height of argumentative dishonesty. The hon Member must know that the Short-Term Benefits Fund is not the Pensions Fund. It does not pay for anybody's pension it is not the fund to which pensions are charged. It is the fund to which short-term benefits are charged, unemployment benefit, things of that sort and the Government are obliged to pay those from the Consolidated Fund. It has nothing to do with the fund, yes, short-term benefits is a matter of statutory entitlement, nothing to do with what the fund has or has not got and the money is left in the Short-Term Benefits Fund is still infinitely greater than what could possibly ever be needed for short-term benefits. No one has raided any Pensions Fund, we have removed the surplus from the Short-Term Benefits Fund to use it for other social services type purposes and we have not raided the Pensions Fund, it is not the Pensions Fund that the monies come from. The Leader of the Opposition is perfectly entitled to disagree with what we have done, to express his disagreement with what we have done, to say he would not have done or to say that he thinks we should not have done it. I am not complaining about any of that what I am complaining about is his falsely giving and premeditatedly giving the false impression that this is raiding the Pension Fund. It is not the Pension Fund, no one has raided the Pension Fund, and these monies did not come from a Pension Fund and he knows it. Anyway, it was quite interesting that no sooner had he complained that my speech was not about the Appropriation Bill he goes onto

this tirade about this alleged raping of the Pension Fund which has nothing to do with the Appropriation Bill at all. It has nothing to do with it, it is not there, in terms of revenue and expenditure. This happened last year it is not even the forecast out-turn of the Appropriation Bill. This is another example of him not having started the grieving process. He still hankers to tarnish me with a label of, I think his words were, "the hon Member expressed an in principle willingness to see Spanish pensions increase..." But does he not understand that he cannot any longer succeed even in mobilising elderly people against us as he used to? Does he honestly believe that he is going to get elderly people in Gibraltar worked up again as he succeeded in doing in 1995. There is more chance of hell freezing over than that, more chance of hell freezing over, not as much, more chance of a hell freezing over than him succeeding in pulling off that stunt again. People suck lollipops and they see it and then from then on they do not rely on anybody else's description of the lollipop they remember the taste that they tasted for themselves.

Mr Speaker, the hon Member in his obsession with demonstrating that the economy has not grown says because the indicators do not suggest economic growth, for example, he said import duty on general merchandise is still at 1995 levels. Import duty on what he and I both know what we mean by general merchandise, it means excluding particular products, stands at more than £1.25 million more than it was in 1996/1997. Even after the Import Duty Review that resulted in the Government abolishing import duty on a whole number of products and halving it to 6 per cent on another lot of products including cutting vehicles' import duty in half. This was no ordinary balancing of the tariffs, this was a massive give-away of tax, of import duty revenue but even after that there is still increase in the take. So presumably if when he thought it was different, he thought it was evidence of no growth, now that he knows that there has been increase despite the cut in the rate of duty, presumably now he will agree that it is evidence of growth. If static import duty yields according to him is evidence of lack of growth then it follows axiomatically that increase in import duty yields must be evidence of growth. He cannot have it both ways it

cannot be irrelevant to measure economic growth when he thought that there was no growth in import duty yield and the moment that he finds out that there is increase in the yield now all of a sudden it is an irrelevant economic indicator of growth. Then we have this extraordinary argument that not only has there not been a growth in the number of jobs in the economy. All these economic, political, intellectual somersaults that the hon Member performed it is impressive the twisting, turning, contortions, and the somersaults and the sort of argument based on argument, all to demonstrate in his view that the statistics show no economic growth. It is a load of rubbish.

Mr Speaker, let us see if I can explain it to the hon Member in simple terms. When one has a static population like we have in Gibraltar of just less than 30,000, indeed our birth rate is now in decline. The birth rate has fallen below the death rate, but never mind that even if it was static, even it were balanced, there is a finite number of Gibraltarians in the economically active years of life. The number of people aged between 16 or 18 and retirement age 65 is static and in an increasingly aging population, in fact the number of people not economically active actually falls. If one is in such a situation as Gibraltar is, most of Europe is, and one nevertheless has economic growth it is equally axiomatic that the jobs that that economic growth delivers can only be filled by imported labour because there is a finite supply of local labour. The number of people entering the labour market at school leaving age is roughly the same as the number of people leaving the market having reached retirement age. The hon Member must accept that unless there is a rapid growth in the indigenous population, unless 18 years ago there was an explosion in birth rate there would not be a supply of Gibraltarian labour available today to meet the extra 1,000 jobs that the economy has generated in the last three years. Yes, I am coming to that in a moment and the unemployment statistic as she knows has been more or less anchored for years and successive Governments have come to the conclusion that really there is an element of structural combination of people who are not really looking for work, who do not have the right skills, we do not regard them as

employers and as unemployable, we try to have training schemes and all of that but it does not alter the fact that those 300 people on the unemployment list are not there waiting to grab and fill the jobs that are created. If he looks at the Chamber of Commerce Survey that I quoted from in my own address he will notice that the third biggest concern of employers in Gibraltar is difficulty in recruiting labour for the jobs that they have available. Of course economic growth is going to result in an increase in the percentage of jobs held by imported labour who else is going to fill them? But it is a matter of anthropological, statistical fact. Now, the hon Member's point would be justified in part if it transpired but there were 300 able, willing and ready Gibraltarian job seekers and that everytime that the economic growth created new jobs all these 300 guys were beaten to the post by somebody coming in from outside but, that is not the position. The hon Member knows that that is not the position, he insists on arguing that there have been no new jobs in the economy until November 2001 and I am sorry to say that he is mistaken. The correct figures are the ones that I have given him not from one source but from two which shows 1,157 new jobs in the economy between October 1998 and October 2001. There are the figures from two sources from the Employment Surveys and from the insured labour force. Then he asked, "Where are these disappearing 500 Gibraltarians?" There are not 500 disappearing Gibraltarians. When the Employment Survey went from PAYE to questionnaires it became possible for the first time for the Statistician to identify who was full-time and who was part-time. From the PAYE records it was a matter of the Employer's declaration. The employer in effect decided whether he described an employee as full-time or part-time. When we had the questionnaire there was a standard definition, less than so many hours part-time, more than so many hours full-time. This resulted in people being reclassified from full-time to part-time which is what they had always properly been but the methodology of retrieving the information had not enabled that to be identified. I think we have also said in the past in Questions and Answers that the number of part-time jobs has increased by 521 jobs from 1,409 in April 1998 to 1,930 in October 1998 reflecting primarily although not exclusively the fact that 350 Community Care officers who were presently categorised as full-time were recategorised as part-

time. It does not involve any change in reality and there was another factor and that is that the hon Members cannot make the sort of scientific use that the Hon Mr Baldachino tried to make of the difference between the description of Gibraltar and British because the categorisation as between Gibraltar and British is done by the employer. Some employers are sensitive to the distinction between Gibraltar and British. Some employers take their view that we are all British and there is almost a political statement and put British when describing a Gibraltar not understanding that for these purposes there is a nuance which is used and the hon Members therefore should not assume that the fall in the number of Gibraltar employees necessarily reflects that they are not Gibraltar employees but that they are UK employees. So, the UK figure includes what he and I would regard as Gibraltarians as well. We got asked whether there is any way of that being, I do not know, when everything is computerised presumably people's names can be categorised by the computer into Gibraltar or otherwise and of course there is an increase in the number of Spaniards and others and of course as a percentage of the workforce they become a higher figure but that is because the economy is growing. It is precisely because the economy is growing and precisely because that growth in the economy can in the main but be serviced by imported labour. Just as the hon Members kept Moroccan workers out of the marketplace for years and when we allowed them back into the marketplace, I am using telegraphic language he knows what I intend to mean by that, there was no impact. There was growth in the economy, there were jobs for them to move to, there were jobs for Gibraltarians otherwise if the analysis were as the hon Members are trying to pretend is the correct analysis there would be an increase, there would be a very significant increase in the numbers of Gibraltarians unemployed if their jobs were being taken by Spaniards or taken by the British. This would be reflected in a rise in Gibraltar unemployment or Gibraltar emigration but for goodness sake does he really think that 500 Gibraltarians have left not because they could not find a job but because they lost the job that they had and having been sacked or made redundant they had to leave Gibraltar. We were able to save 200 such Gibraltarians when we rescued the Kaverer

situation. That is exactly the fate that might have awaited the Kaverer employees if the Government had not been able to retrieve the situation. The hon Members have got to surely recognise that for their analysis to be correct it would require things to have happened which have not happened and because they have not happened it demonstrates that their analysis is not the correct one. I would just remind him that the Input/Output Study does show a significant growth in the economy which also does not sustain his analysis. He wants to rubbish everything, yes, let me remind him to the extent to which he wants to rubbish everything. In order to get away from the fact that Professor Fletcher's Input/Output Study shows growth in the economy which of course contradicts his whole political platform, he said, "Ah, rubbish, Professor Fletcher I remember what Mr Wanhill," by the way Mr Wanhill has never had anything to do with National Income Accounts or GDP. Mr Wanhill's mistake was to hold himself out as an expert on EU which according to the Leader of the Opposition he did not think he was. Even if Mr Wanhill is not an expert on the European Community does that mean that there are no experts on anything? Because Mr Wanhill was not an expert on the European Community therefore Professor Fletcher is not an expert on National Accounts either. According to him Mr Wanhill was an impostor although I am sure that there could be others who have a different view but according to him, because according to him Mr Wanhill was an impostor as an expert on EU matters, therefore there are no experts on any issues including Professor Fletcher who lectures in universities on the National Income Accounts specialising in small economies and still does so at Southampton or Bournemouth University.

The hon Member can sail through life rubbishing everything, the Government, the experts, the university professors, in the hope that everyone will believe that everybody else is rubbish except him. I wish him luck, I do not think he is going to have much success but I wish him luck. No one believes it and the hon Member shows either much less expertise on statistics and the economy than he has led this House to believe that he has or alternatively he is just obfuscating the facts on purpose. The

House will remember when I gave him the statistics about output and £96,000 per employee and he says, "Who earns £96,000 a year?" I am quite happy to give the hon Member a lecture if he needs it on the differences between output and income. I am perfectly happy to explain to him if he needs this explaining the difference between output per employee and income per employee. The income is his, the output is the value of what he produces but surely he must know that because if he does not know that he does not know anything and I have always at least given him credit for three years that he says he spent in the London School of Economics obtaining a degree in economics they must have taught him that at least I was taught that in my 'A' Level Economics which is as far as I got. I am sure that he was taught that in the London School of Economics, and then to say £206 million tourism income that does not correlate to the tourism expenditure survey. Of course it does not correlate to the tourism expenditure survey. The Tourism Expenditure Survey is a survey of direct expenditure by tourists. It is a measure of how much tourists pay out of their pockets and spend before they leave Gibraltar a pretty unscientific measure of it to boot. He must know that tourism income for National Income Account purposes means the direct, the indirect and the induced income from tourism activity but surely he must know that. I have never regarded myself as an expert, I openly admit to him that until the Government got involved in National income and this Input/Output model my own knowledge of National income terminology and concepts was pretty rudimentary but even I knew these things from 'A' Level Economics I am sure there is much more to know that I do not know about these things but these are basic building blocks and basic distinctions of this matter. He has not seen it yet but on the basis that Mr Wanhill was not an expert on the EU he concludes that Professor Fletcher therefore is not an expert either on National Income Accounts and without having seen it he is not encouraged that there will be an improvement from the current rather than from this model.

Mr Speaker, it is clear from the issues that he has raised that he has not understood the quotes given in this House. He says an increase in Company Tax take and static employment is not contradictory. I suppose it is possible for businesses to make

more profit and employ less people by massive increases in productivity, massive technology, massive automation but that does not happen in the economy of Gibraltar. The conventional way for companies to reflect the fact that they are being more profitable is that they are doing better and when companies do better it is because they are working in a healthy growing economy and it means that they employ more people. The idea that the Government's yield from taxation the rates of which have not increased have fallen. We introduced a small company tax, admittedly it has not had a massive impact on the things. They certainly have not gone up and to the extent that they have moved they have gone down by whatever impact the small company rate has had so far which I do not wish to overstate. So, even that environment the tax take by the Government have increased from £10 million to nearly £14 to £15 million, however efficient the Treasury or the Income Tax Office are at collecting arrears of which they have not exactly made a monumental effort. They have made some effort to try and talk away that sort of increase in yield in company tax, first of all it does not mean that there has been more profit because of (a), (b), or (c) but if there has been an increase in profit it does not mean because they have employed more labour, One can be more profitable without employing more labour. It is just one of these fanciful, concocted, contrived arguments that the hon Member is famous for building in order to justify or to appear to justify an unjustifiable position that he wants to defend for political purposes. There are 1,000 new jobs in the economy. Every economic indicator, every conventional economic indicator which is not distorted in its interpretation by the hon Member points to economic growth and they cannot all be wrong:-

- Record number of tourist visitors
- Record hotel occupancy
- Record cruise passengers
- Increased Customs import duty yield to Government even though we have reduced it on many products and abolished it on others

- Record levels of employment in the finance centre
- Record levels of employment in tourism

All of these things which anywhere else in the world means a relatively prosperous growing economy according to the economic school not now of Milton or Freedman but Bossano all of this in the case of Gibraltar is capable of being explained away as being entirely consistent with the fact that there is no economic growth, nothing. Government increase in tax yield was explained away in one way, increase in jobs was explained away in other and what he cannot talk away he either ignores or misrepresents by saying that there has been no growth in import duty when there clearly has been. Good luck to the hon Member. Then he says, "Government have done nothing to improve the economy everything is organic growth of what was there." So, what is new? When he arrived in office there was a finance centre, a shiprepair yard, and there was a port. The only thing that he has done is persuaded for want of a better word, persuaded a Danish pension fund to build Europort that is all he has done. Everything else which he failed to do precisely what he failed to do, was to create the right economic climate to allow organic growth in the real economy and does he remember all those political debates between us about 'optical illusions'? Yes, of course he does and they remain as true today as when I used to tell him then. The optical illusion was one could not point at a building and say my economy is prospering, why? Because the building is not sustainable economic activity. Sustainable economic activity is what goes into the building, the lawyers, accountants, banks, all the people one wants to fill up the building which they never did. Europort remained empty and which is precisely where there economic policies failed. I do not say that their economic policies failed because they failed to build offices, clearly they built offices. I do not say that their economic policy failed because they built houses, clearly they built houses. Their economic policy failed because they failed to understand that that was just the beginning not the end. That was not the economy, the economy was growth

in the finance centre, in shiprepairing, in port developments and he failed to understand this even though I spent four years telling him across the floor that all of this was for nothing if at the same time there was no confidence in the economy, confidence for people to come and grow the finance centre. For people to come and grow a sustainable economic activity and obviously I still have not persuaded him that that is where he went wrong. Everybody in the private sector believes that that is where he went wrong and he knows why he went wrong in it. He made the wrong option choice, he should have abandoned things that he abandoned sooner and he should have abandoned even belated by things that he never abandoned and which were damaging these other aspects. If one could reduce this budget debate to simple proposition then the Chief Minister is a thoroughly unpleasant chap, the Government have done absolutely nothing to develop the economy in the time that they have been in office and any improvements that there have been is still down to when we were in office. That in a nutshell is the Opposition's political position in this debate. Ask the Finance Centre, whether they think that the change of Government was irrelevant, ask Main Street traders whether they think the change of Government in 1996 was irrelevant, then ask me, I know the answer. You ask them whether they think it was irrelevant.

Mr Speaker, I do not want to address any more the question of privatisation and Authorities, I do not know whether it is true that no one was privatised in his time against their will, it is not the perception. It is not the perception and it is not even what they have said. I think they have spoken about the majority being in favour. I make no comment on that what I say is that certainly no one is being moved against their will now even to a half-way house. It is not even privatisation but even to the Authority no one is being moved against their will, it is not a question of majorities and minorities, for example, in the Electricity Department which the hon Member described as being an area which the Government had been more successful. He spoke about some grades, he must know that the day workers are in favour, the shift workers are against. The Government are not saying, and there

was a vote in which the majority of employees of the department voted in favour of the Authority because the day workers happen to be in a minority and their union urging us to implement.....I said no this is not a question of implementing, this is not a question of majority there is a significant minority that does not want to come. The Government are not willing to drag them across. This is not the majorities or minorities one cannot alter people's status and people's rights on the basis that they were in a minority or a majority. One can try to incentivise them, persuade them, and then if despite the fact that there is a minority that do not want to go one still wishes to proceed one has to find some way of not adversely affecting, which I suppose is the formula they found in Lyonnaise des Eaux with the seconded Government employees, they were presumably the minority that did not want to go. It is no skin off my nose but at least so that they are aware none of the Government's various Authority negotiations with the union, none of them are on the basis that they will be imposed on anybody, minority or majority and frankly the only group of workers as I said before where the Government have exhausted all their options is the Postal Delivery workers in the Post Office. They are the only group of workers where the Government are now at the point of having to say well the solution needs to be radical and it seems that there is little alternative now. The Government's doors are still open for negotiation, we still vastly prefer to do it by negotiation and by consensus, the Government have shown a willingness to be more generous that I am sure the tax payer is happy that the Government should be generous in favour of incentivising the Post Office and they have still rejected it. What they want is to have the whip hand. They want a pay system that enables them to decide how much they earn because they control whether the delivery service works or not. It works when they want it to work and when they do not want it to work they make it not work so that then the Government have to pay them more to come and make the service work and that is what the Government are not willing to accept. We are not willing to put more money into a system that does not work because all one is doing is raising the threshold and the cost at which one has the problem. It is not a question of employing three more postmen, as the hon Member said if it was a question of employing three more postmen

would we not have already done so? We know we are going to have to employ more postmen anyway even under the new regime. The problem here is not the Government's unwillingness to employ more postmen but even if we employ three or five more postmen the system will remain open to the manipulation that it is presently open to whatever number of postmen one has. Frankly for the hon Member to suggest that it is as simple as sitting down to negotiate and having a few more postmen is disingenuous, does the Hon Mr Perez not know that we have been negotiating with the Transport and General Workers Union and the men themselves for nearly two years, and that we have arrived at an agreement which even the Union officials have described as generous and that they still do not want it? As I have said publicly they only want whatever improvement in the service is acceptable to them and that is not acceptable to the Government.

Mr Speaker, I do not think that I have ever said that secondary action is not acceptable, no, and certainly the motion that the AACR I think once took to a party conference, I think it was a motion on secondary action and I have never said that secondary action by which I mean one group of workers going on strike to support another, that is what secondary action means, what I have said is that that thing which the hon Member invented in Gibraltar when he was Branch Officer of the Transport and General Workers Union to disrupt Government without costing his employees income, the so called selective industrial action. In other words, employer you pay me the full amount of my salary and I will do that part of my duties that I please, that is called selective industrial action which he invented here. Secondary action I have never expressed a view on

HON J J BOSSANO:

They go together.

HON CHIEF MINISTER:

.....no they do not go together they are completely different things. Secondary action is when somebody says, "I am going on strike" say a hospital worker says, "I am going to go on strike in support of the claim by the Water Distiller workers," secondary in the sense that oneself is not involved in the dispute but one goes on strike to support the claim of somebody who is involved in the dispute that is secondary industrial action. Selective industrial action is to pick and choose which part of your contractual obligations one performs whilst expecting to be paid one's full wage. That is what I have expressed a view on. I have to say that the Labour Government in the United Kingdom much as it criticised Mrs Thatcher's Secondary Action Legislation banning secondary action have not, and they are still a fair way down their second term, they still have done nothing about removing it.

Mr Speaker, I have explained in answer to another of the hon Member's comments the Government's position on dialogue I will not repeat it here, I regret that the hon Member should feel, the problem with the hon Members is that anything that the Government does which is successful and which obtains the approbation of the people of Gibraltar they cannot stomach. Frankly to say that the Government have placed the advertisements in the UK newspapers I think his exact words were, "that some people think that it is done for the competing purposes of the GSD's re-election." Or words to that effect. I have never met anybody who has thought that. Well of course the people the same 'yes' men that he was surrounded by when he was in office that only tells him the things that he wants to hear who tell him that everything that the Government do is bad and that everything that the Government do is in order to obtain re-election. The vast majority of people in Gibraltar actually think that the Government are not doing a bad job in protecting Gibraltar from the present, people will have different views and some people will think we have done better and other people will think

that we have done well but not brilliantly. Wherever one is the vast majority of people in Gibraltar appear to believe that the Government have conducted Gibraltar's defence in a reasonably competent fashion. It really is regrettable that the hon Member should think that this was done for electoral purposes. For local electoral purposes I could have just put them in the Chronicle and in the Panorama I did not have to put it in the New Scotsman which to my knowledge nobody in Gibraltar reads or the Bristol Western Mail which nobody reads and I do not see why they have to be so systematically ungenerous. I regret to inform the hon Member that times have changed from the days when he was in office. The Chief Minister no longer makes decisions about who is employed in the public service and the Chief Minister no longer makes decisions about the allocation of contracts except to the extent that Ministers do collectively and that is when there is an element of design involved. If the Government want to build a Theatre Royal or the Government wants to build the coach park or there is an aesthetic design selection to be made there is a matter of policy and that is made by Ministers not by officials but tenders which involves money for value considerations or highest, lowest, I regret to inform him that things are no longer as they used to be when he was in Government. These decisions are not made by Ministers at all. I do not know where he gets, I thank him for the favour that he thinks he was doing to me in bringing to mind these perceptions but no one could possibly have that perception because it is not true. Usually it takes at least smoke before anybody even begins to suspect that there is a fire. Certainly I have heard it said that I am a little bit arrogant on occasions and I recognise [Laughter] well yes indeed one of the virtues in life is in recognising one's own but I have to admit that I have never heard anybody say that I am vindictive. I remember people saying that the hon Members were vindictive because they were either with me or against me and if one displeased the Government one's job was in jeopardy, one's contract was in jeopardy and this and that. Frankly, I would be distraught to learn that anyone thought that this Government had been vindictive by which I mean that as punishment for a view or as punishment for an opinion or opposing the Government, the Government takes it out on one. That is what vindictive means and I am glad to say that one of the things

for which I think this Government are rightly recognised in the Community at large amongst many other things is that we are not vindictive. So, whilst I thank him for the favour that he thought that he was doing to me by being perceptive, yes, of course it is true, or does he not know that things happen now that did not use to happen in his day. That even his political supporters get Government work which never used to be the case. People's political preferences are irrelevant when they are dealing with the Government, they are irrelevant when they apply for jobs, yes, of course ask all his old friends whether they are still in business with this Government and I will tell him what the answer is.

Mr Speaker, I believe that the electorate knows my virtues and it knows my faults and puts them both in the balance and forms a view of me as it does of all the other Members of my Government and forms a view of us warts and all and I am quite comfortable with that process.

Finally Mr Speaker, the hon member asked my Colleague the Hon Mr Azopardi whether the implementation of the Government's Tax Reforms were conditional on EU approval and I think that I have answered this myself I cannot remember if it was in my own address or whether it was in the last Question Time in which I said to him that to the extent that there were elements of it which could result in a new challenge by the Commission which would therefore destabilise the certainty that there would be no point in introducing a scheme only to find that there is challenge immediately thereafter, we are back to square one. There is no obligation to run any of this past the Commission. That is the advice that we have had. There is no legal obligation but we have been advised that nevertheless we should do it informally, which we are doing, and we are not at the moment implementing any of it until we have gone through that exercise that said there are bits of it which could be implemented without any risk of that sort. Not every aspect of the reform is open to the jeopardy, it is not really a challenge, but the Government at the moment views it all as one package and is running with it all at the same time but at any time

in the future we could decide, "well if that bit needs to be examined closely by the Commission," we could leave that to one side and implement the other bit.

HON J J BOSSANO:

What would happen?

HON CHIEF MINISTER:

What would happen is that the Government would run a budgetary risk in the meantime because those bits would put in jeopardy an income stream and therefore the Government would just be left with running that cost risk in the meantime.

The House recessed at 6.45 pm.

The House resumed at 6.50 pm.

MR SPEAKER:

I now call on the Financial and Development Secretary to reply if he wishes to?

FINANCIAL AND DEVELOPMENT SECRETARY:

I have nothing to add.

Question put. Agreed to.

The Bill was read a second time.

FINANCIAL AND DEVELOPMENT SECRETARY:

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 CHIEF MINISTER:

I have the honour to move that the House should resolve itself into Committee to consider the Appropriation (2002-2003) Bill 2002, clause by clause.

THE APPROPRIATION (2002-2003) BILL 2002

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

Clause 2 – Consolidated Fund Expenditure

HEAD 1 – EDUCATION, TRAINING, CULTURE AND HEALTH

HEAD 1A - EDUCATION AND CULTURE

Subhead 1 – Personal Emoluments

HON S E LINARES:

Mr Chairman, Head 1, subhead A, Salaries, there is an increase of £465,000 I would like to ask why is this increase here and so that we can go quicker is the Performance Management Scheme included in this amount?

HON DR B A LINARES:

Yes Mr Chairman.

HON S E LINARES:

Yes to what either one or the other?

HON DR B A LINARES:

The Performance Management Pay deal is included in this amount.

HON S E LINARES:

And what is the rest of the amount?

HON DR B A LINARES:

The rest of the amount is the salaries in general.

HON J J BOSSANO:

Is the Minister then saying that the whole of the difference is due to that, the whole of the increase in the vote?

HON DR B A LINARES:

It is not all. Not the whole of the difference is due to the pay increase.

HON S E LINARES:

In subhead (d) where it says Temporary Assistance which is the estimated £700,000 this year could I ask whether this is only for supply teachers?

HON DR B A LINARES:

Yes, this covers also some supply Classroom Aides to support particular children with classroom needs.

Subhead 1 – was agreed to and stood part of the Bill.

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

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

Subhead 4 – School Expenses was agreed to and stood part of the Bill.

Subhead 5 – Special Education Abroad

HON S E LINARES:

Mr Chairman, can the Minister explain why it has decreased from past years, is it that we have less people now sent abroad or is it that the fees have gone down, any explanation?

HON DR B A LINARES:

Mr Chairman, I think one particular student has now returned home and finished her schooling.

HON J J BOSSANO:

Given that the title is Special Education Abroad, if there are people who need to be looked after in a particular institution long after their school leaving age will it still appear here or should it not be something other than education and be looked at in another vote?

HON DR B A LINARES:

It does appear in this summary.

HON J J BOSSANO:

Does it have anything to do with Education anymore? I can understand it whilst there is an obligation to provide compulsory education under the Education Ordinance but if we are talking about somebody in need, if the person gets to be 50 does he still appear as a charge from the Education Head?

HON CHIEF MINISTER:

Mr Chairman the position is exactly as the hon Member describes. I suppose it is arguable that once the person reaches school leaving age that this cost should be transferred to the Social budget. It does not work like that because this whole area is a little bit in limbo because the latter category of people are the category that we hope to accommodate in this unit for Challenging Behaviour that we are hoping to set up here as a means of repatriating some of that expense at least employing people here doing the looking after. We are not going to save the money but at least it will be money that we will be paying into the local economy rather than paying, for people that have left school, so it is not schooling anymore.

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

Subhead 6 – College of Further Education was agreed to and stood part of the Bill.

Subhead 7 – Scholarships

HON J J BOSSANO:

Mr Chairman, given that in his speech and the general principles of the Bill, the Minister for Education was going on about these huge increases in both the level of support for students and the number of students going to the UK, how does he explain that he is seeking the approval of the House for a sum of money which is below what is actually spent in the year, which is actually below what he asked last year and which is only marginally more than in the year 2000/2001? For mandatory scholarships I can understand the discretionary may be dependent on the demand from one year to the next. In terms of the discretionary what I am saying is even worse because there was £325,000 actually spent in the year 2000/2001 and £350,000 in the year that has just finished so the last two years.....the budget before the last one it was £325,000, last year they asked the provision the House was asked to approve was £300,000 but presumably because of demand they finished up paying £350,000. We are going down again to £300,000 but in any case on the mandatory side it seems to me that to provide £100,000 less than we provided in last year's estimates when we have just had a speech from the Minister saying how much more people are getting and what increases they are paying students, unless it is that the parental contributions are proving to be much higher.

HON DR B A LINARES:

Mr Chairman, I would like to correct the hon Member on one point. What I went on about in my speech was the increase in maintenance grants, a 10 per cent, the introduction of parental contributions, I then floated the generosity of the Government, that actually was already in line in the estimates of last year. When I made the speech I referred to what had already been implemented last year what I did not say and just as a matter of fact is that the

number of pupils had increased. I mentioned a figure of 589 that is slightly lower than in previous years when we have gone over the 600. I did not go on about the increase I said in general terms that this Government are very proud about the great number, I said nearly 40 per cent of our intake gain access to University but that was a very general comment specifically about the number of pupils this particular year is 589 which is slightly less and that estimate is actually demand lead.

HON J J BOSSANO:

If the Minister was drawing the attention of the House to the generosity of the Government in giving out money to students which we support, obviously because we were intending to be even more generous than he is, we have difficulty in reconciling the fact that in the year 2000 he spent £2,542,794 and that he comes to the House expecting after all that generosity two years later to get away with spending only £50,000 more. In any case a year ago, the grants this year will be more than they were 12 months ago because there is an automatic increase every year. A year ago when the Government came to the House the original provision they sought was £2.7 million, I find it odd that the department should be seeking less money for student grants in the UK.

HON CHIEF MINISTER:

I do not think that the hon Member is focused on the bit of the answer which says that this is demand led. There is a difference between the amount that one pays each student and the number of students. The number of students decide themselves the cost to the Government are the resultant of multiplying one with the other. If despite increase in generosity, as the hon Member describes it, the cost to the Government turns out to be less, it is

because come the 'A' Level results fewer of our children go to University in England. This is one of those items which regardless of what we put here the actual cost of it will decide itself. If everyone passes their exams that they are sitting now in the summer Government have no way of knowing how many people are going to go to University in September. It may be 200, 300, 400, we know the people that are in year 2 and year 3 next year, the people going through the system but what we do not know is the number of people that are going to go to their first year next year and that decides the cost of this.

HON J J BOSSANO:

Mr Chairman I accept that but my question is, given that they faced the same dilemma this time last year how come last time they made a projection saying we think it is going to be £2.7 million and this time they think it is £2.6 million, if they do not know why do they think it is less this year?

HON CHIEF MINISTER:

Last year we estimated £2.7 million it forecast out-turned at £2.685 million and this year we have shaved off £85,000 but it is budgeting.

HON J J BOSSANO:

Does it not indicate then that the expectations of people going at this point in time are less than they were at this point in time a year ago?

HON CHIEF MINISTER:

No they were guesses on both years.

HON DR B A LINARES:

It is also a factor here that the sixth form both in the girls and the boys this year who are the ones whose route would be entering this first year of University is smaller than in previous years and therefore although the Chief Minister has said that we cannot actually forecast with exactitude what it is going to cost we can have an intelligent guess.

Subhead 7 – was agreed to and stood part of the Bill.

Subhead 8 - Teacher's Centre Running Expenses was agreed to and stood part of the Bill.

Subhead 9 - Intensive Language Courses was agreed to and stood part of the Bill.

Subhead 10 - Culture

HON S E LINARES:

Mr Chairman, on Culture I would like to ask the Minister on subhead 10 (f), can he explain why all these monies are given to Knightsfield Holdings Limited? Is it a management contract and what are the terms of reference to this management contract?

HON DR B A LINARES:

Mr Chairman, it is a management contract. Knightsfield Holdings is actually an agent for the Government of Gibraltar in the partnership of the Transport Institute with the Institute in La Linea which is twinned with the Institute in Gibraltar.

HON S E LINARES:

Mr Chairman did this go out to tender?

HON DR B A LINARES:

Mr Chairman we advertised for the post of Director and Mr Clive Finlayson was actually selected for the post of Director. May I say he is still receiving no direct remuneration for his job and neither is Knightsfield Holdings asking for a consideration. The money estimated here is precisely simply to run the courses and the conferences and other activities of the Instituto Transfronterizo.

HON J J BOSSANO:

It is not a payment to Knightsfield Holdings. It gives the impression in the estimates that it is.

HON CHIEF MINISTER:

It is a payment to them but not for their benefit.

HON J J BOSSANO:

Not for their benefit.

HON CHIEF MINISTER:

The hon Member will recall that the Instituto is a partnership between the Gibraltar Government and the Diputación Provincial and we are both committed to sharing the costs and this is our share.

HON S E LINARES:

Mr Chairman, in Item (c) can the Minister explain what expenses are the running costs of the Theatre Royal?

HON DR B A LINARES:

It is the rent and rates which is paid to the landlords in terms of the lease.

HON S E LINARES:

Can the Minister give an explanation why the increase is it that all of it has gone up?

HON DR B A LINARES:

Yes, the first 18 months were agreed. Part of the agreement in the lease was a rent holiday but it was agreed that after those 18 months the rent would go up to £5,000 a month.

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

Subhead 11 - John Mackintosh Hall was agreed to and stood part of the Bill.

HEAD 1B - TRAINING

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

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

Subhead 3 - Bleak House Expenses

HON J J BOSSANO:

Mr Chairman on the Bleak House Expenses in (e) Library Facilities is this the library to which the Minister was previously referring in the School of Nursing or is that another library?

HON DR B A LINARES:

That is another more general library for the use of many other people who make use of Bleak House.

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

HEAD 1C - HEALTH

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

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

Subhead 3 - Contribution to Gibraltar Health Authority

HON MISS M I MONTEGRIFFO:

Mr Chairman, I am not sure whether it is an opportune moment to remind the Government over the request that I asked during my budget contribution that I would be grateful if the Minister for Health would provide me at some point in time with the monies that they have spent up to now on the Europort Building and a breakdown of that money.

HON CHIEF MINISTER:

It all comes from the Improvement and Development Fund so we can discuss it when we come to that.

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

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 was agreed to and stood part of the Bill.

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Office Rent and Service Charges was agreed to and stood part of the Bill.

Subhead 6 - Industrial Tribunal Expenses

HON J J BOSSANO:

On Industrial Tribunal Expenses I think in the estimates last year I asked the Government to look into the question of the very long time it takes between the hearing being fixed to hear complaints of unfair dismissal and the time when the complaint reaches the Employment Service, and whether that period might be shortened if more money was provided for Industrial Tribunal Expenses and I was told by the Minister that he would look into it he has probably forgotten about it, I am just reminding him. If it has not been looked at in the last 12 months maybe it can be looked at in this year's financial year. I do not know that the question of the money provided has an impact, all I am saying is if it has given that we are talking about a very small sum of money £5,000.

HON CHIEF MINISTER:

I do not see what the connection could be because the administration, the Secretariat, on the official side is done by civil servants. There is a Secretary of the Industrial Tribunal. The fees are the Chairman's fees this is what this money is for for payment of the fees of the Chairman. The delay comes in the Chairman delivering his ruling that is where the delay is in the system. Once the hearing is over the Chairman adjourns and he gives his ruling whenever he wants to.

HON J J BOSSANO:

From my own experience in the few cases that I have dealt with in one particular instance, for example, to illustrate the point there was something like a year between the dismissal and the hearing. I am sure it will be appreciated that it becomes much more difficult to establish the facts of the incident surrounding the dismissal when such a long period separates the two things and therefore the only point that I am making is that given the commitment of

the House to provide money for this service I actually mentioned it a year ago I would be grateful if it was looked into to see if giving more financial support would shorten that time.

HON CHIEF MINISTER:

As I say I will look into it my guess would be no but that should not be the end of it. If the Industrial Tribunal System is slowing down to levels that are not desirable then there may be a need to look at the whole system to see whether it is just too much on the hands of the Chairman, are they taking too long to find a Chairman? Could the reason for that be that the fees are so low that they have difficulty in finding people to accept the appointment? I suppose that could be a possible connection and delay. I suspect that the real reason is that once the Chairman is appointed he has the conduct of the matter and that the Secretariat is just a Secretariat so, it may well be that, I do not know if the Minister is willing to agree to look into and perhaps the Leader of the Opposition can feed in his ideas to him, anything that can be done to restructure the system. The whole purpose of these tribunals are that people do not have to go to court and the whole advantage of not going to court is that it is cheaper and quicker, if it turns out that it is not quicker the system needs looking at and certainly I am sure that the Minister will agree to do that.

HON H A CORBY:

I will certainly do that and I will refer back to the hon Member.

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

Subhead 7 - Consumer Affairs was agreed to and stood part of the Bill.

Subhead 8 - Contribution to the Gibraltar Development Corporation – Employment and Training

HON J J BOSSANO:

Mr Chairman, the contribution to employment and training which appears in Appendix 'B' page 116 shows that in the estimates of last year the House was asked to vote £700,000 and that during the course of the year we had a Supplementary Appropriation Bill in which the House was asked to vote an additional £800,000. In the explanation given in that Supplementary Appropriation Bill in the schedule it said that it was to fund a deficit from the preceding year of £464,000 and a projected balance deficit of £336,000 arising mainly from shortfall in the ESF contribution and the training levy. The training levy shortfall as we can see between the estimate and the actual forecast out-turn is £100,000. The shortfall on the contribution from the ESF is of course £682,000 not £236,000.

HON CHIEF MINISTER:

£500.

HON J J BOSSANO:

Yes, £500. In the £1 million estimate at the time of the budget last year the explanation that I was given was that the preceding year 2000/2001 were there was only £66,818 received from the EEC it was because of delay in the money arriving within the financial year ending the 31st March 2001. It would appear that it did not arrive in the subsequent year because we did not get £1 million we got £418,000 and it appears we have now given up the hope that the delayed money would be arriving because it certainly does not

seem to be appearing this year so that is one thing that I would like clarified. I also note that in page 116 we have in the forecast out-turn a refund of European Social Fund money of £144,000 and that the previous year there was a refund of £19,000, does that mean what it appears to mean that we have actually sent money back to the European Union? Is that not a sufficiently important thing for us to be told in this House? What are we doing have we got so much money now that we have got this booming economy that we are now actually sending money to Brussels instead of asking Brussels to send money to us? Does the Financial and Development Secretary say yes to that particular interpretation of how much money we have got? I also note in fact that if we look at the year 1999/2000 when there was £2,253,000 of expenditure and we compare it with the amounts provided this year and the amounts in the forecast out-turn it does not seem to reflect the huge increases in the provision of funds for these purposes that we were told in the speeches in last year's budget when particular attention was drawn to the huge percentage increase that there was in the sums of money being provided for training and so forth. I am sure that we can fish that out from last year's Hansard and the percentages do not look quite the same when the final figures appear.

FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, on the first point I think we would have to concede there that the £1 million that was estimated was inaccurate and that in fact it was based on the best information at the time. If one treks back over many years there has been problems in estimating accurately the amount of money which will be received in which years in relation to the GDC and I think the Leader of Opposition will recall that one year we had to clear our suspense account partly arising from this problem to the tune of about £3 million, so I think I would put it down to an inaccurate estimate. On the refunds these relate to particular projects where the spenders have been subsequently found to be ineligible following completion of the project and therefore the monies that had to be refunded. That

is ineligible in the sense that they have not quite met all the onerous criteria that are required by these projects and I think in one particular case this year it related to the liquidation of a particular company to be providing training. On the third question it is perhaps not for me to answer just to say we are getting better value for money for each pound.

HON J J BOSSANO:

I do not think that the explanation that it is just a question of estimating is consistent with the fact that we were told before in the year 2000 budget in arriving at the amount that we were contributing from the Consolidated Fund there was only a token £1,000 put and an amount estimated of £850,000 from the EU from the European Social Fund, I accept that one can get one's estimates wrong in £850,000 but not to the degree that the end result is £67,000 as opposed to £850,000. So, that cannot have been wrong estimating. The explanation then was not wrong estimating it was money arriving late and I think it was the Minister who kindly explained to the rest of us that we had to spend the money first on these projects and then submit the bill back to the EEC and therefore the expenditure could come in the financial year but the revenue might arrive post the 1st April. When I asked, "Is that why we are putting £1 million," the answer was, "yes that is why we are putting £1 million because we were expecting £850,000, we have actually spent the money on things and the estimated expenditure for the year in fact in the year 2000/2001 was actually higher than the original amount." In the original amount there was £2,080,000 and in the final figure there was £700,000 more £2,797,000 was the amounts actually spent. Apparently and in those two years the schemes in the breakdown were not shown separately as EU Projects and others that came in for the first time in the financial year just ending. The £2 million originally the House was told in the budget of the year 2000 that it is going to go to support vocational cadets and wage subsidies, of that £2 million £850,000 is coming from the EEC. It is a hell of a change to be told a year later the actual final out-turn is that we

have not spent £2 million that we have spent £2.75 million and that we have not got £850,000 we have got £67,000. I would put it to the Government that that degree of marginal error between what we voted at the beginning of the financial year what the out-turn at the end of the year is £790,000 more in expenditure and £800,000 less in income because even though we got £67,000 we repaid £19,000 according to the figures for that particular year so we finished at getting less than £50,000 out of the £850,000 we expected. I believe if the money was allocated for a year and it did not arrive how much have we lost out on and had to pay from the money voted by this House?

HON CHIEF MINISTER:

I do not know the answer to that question but certainly I will find out. The only part of it that I would challenge him on is that we are not actually talking about voting monies here. Appendix (B) is only there for his information the only bit that we are voting is the balancing figure of £900,000 that comes from Head 2 (1) on the revenue side. It does not disqualify any of the requests for information and explanation that he has made but it is not a case of spending more than we have voted because the expenditure takes place at the Gibraltar Development Corporation level.

HON J J BOSSANO:

I accept that but it is quite obvious if we take the three years as I have taken in succession that in the year 2000 when this House was asked to vote £1,000 which is on page 124 of the estimates of last year the House was asked for £1,000 and of course we were only voting £1,000 but we were voting £1,000 on the basis that the corporation was going to be spending on behalf of the Government £2 million in four different schemes that involve wage subsidies and vocational cadets and of that £2 million the money was going to come primarily from the training levy and from the

ESF and that from the general revenue of the Government this House was only having to approve a token £1,000. Given that we started off with £1,000 and we finished up with £1.5 million and £1,000

HON CHIEF MINISTER:

Mr Chairman, do not misunderstand me, I am not challenging him on that. The element of voted monies is in the amount of the subvention for want of a better word from the Consolidated Fund to the GDC. Whatever has happened in the GDC at the expenditure level affects the balancing figure that has to be put across, I am not suggesting that there is any less need or that the hon Member is less entitled to an explanation, I just wanted to make a rather narrow point that the expenditure and revenue issues in the GDC did not raise questions of spending more or less on training schemes than we have voted for. We do not vote on training schemes we vote Contribution to the Gibraltar Development Corporation . He is going to get the explanations the same I just wanted to make sure that this was not a case of over expenditure on voted monies under the Consolidated Fund.

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

HEAD 3 – HOUSING

HEAD 3A – HOUSING ADMINISTRATION

Subhead 1 - Personal Emoluments

HON DR R G VALARINO:

Mr Chairman, I have already spoken to the Minister on this, on Housing I think he has got to change 3-(ii) the Controlling Officer of the Head will now become the Principal Housing Officer. He was going to give me a breakdown of the various changes within the administration.

HON J J NETTO:

Yes Mr Chairman, I obviously take into account the fact that it is a significant year in terms of changes both in the complement and in the estimates. He is right in saying which I actually mentioned in my budget speech the fact that the Financial and Development Secretary will throughout the book basically amend the current Controlling Officer to reflect the new restructure taking place and obviously for the purpose of revenue and expenditure include the Principal Housing Officer. I am not quite sure whether the hon Member wants me to give him an account as to the complement itself, is that exactly what he is requesting?

HON J C PEREZ:

Quite apart from the structure one of the things that strikes me is that although there is a net increase of one person in the administration side there is provision for £36,000 less for this year and although there is a loss of three technical grades two of those replacing them are senior grades in the administration so I would not expect the money provided to be less, I would expect it to be more to cover for pay increases but certainly not £36,000 less.

HON J J NETTO:

In relation to that final point that the hon Member has made in relation to salaries the drop there as I understand is in fact that reflects the three current Housing Inspectors, TG1s, which have moved from being from the previous year Housing Administration to the new division which is Technical and Designs, obviously that has been taken care of and moved from Administration to Technical and Designs. What I can say as far as administration is concerned, we do have as Members can see there, a Principal Housing Officer which is vacant the process hopefully for interviews will be soon, we also have a Senior Executive Officer and one extra typist.

HON J C PEREZ:

I am not asking that I am asking

HON J J NETTO:

Please bear in mind in regards to the AA it is not an additional person in itself what has happened is that from the current complement that we have for GDC officers in the Housing Agency in previous years one of the particular members of staff actually made it to AA so what it shows is a reflection on this side and taken off from the actual amount in GDC officers.

HON J C PEREZ:

Mr Chairman, the bottom line is that one has to make provisions for the people that one publishes in the book and last year the Minister had 11 people, this year he has 12 people, of the 11 last year three were technical grades that he has lost but two of the

replacements are top posts in the Administration which would probably earn more than the technical grades that have been lost and notwithstanding that he has a net increase of one person in the administration he is providing for £36,000 less in salaries. How can that be?

HON CHIEF MINISTER:

It is not a full provision firstly, because the posts will not all be in place for the whole of the financial year whilst the restructure gets put in place and secondly the first year will be covered from the supplementary votes fund. The hon Member is quite right the establishment shows a more expensive rather than a less expensive pay roll yet there is less money provided and the answer to that is that, incidentally the same applies to the Technical and Design, that is not the full cost of the proposed establishment in the Technical and Design. Those 17 people are going to cost more than £200,000 and the answer is when we know the full figure what is missing beyond this provision will be provided from the Supplementary Estimates Head and then next year the full cost will appear once all the posts are filled.

FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, before we pass on from personal emoluments, the point raised about the Controlling Officer by the Minister, it will read on page 29. The Controlling Officer will read as the Principal Housing Officer and there will be consequential changes made to the final estimates on page 7 where the receiver of revenue page 14 a list of Controlling Officers if I may take this forward to avoid making the point later on also on page 106 on the Improvements and Development Fund.

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Edinburgh and Bishop Canilla Houses

HON DR R G VALARINO:

Mr Chairman, 5(b) the Management Fee for Fitzpatrick Contractors Limited £198,000 and the Works and Maintenance of Fitzpatrick Contractors Limited the Minister also knows because I spoke to him about this, will this be a recurrent item every financial year?

HON J J NETTO:

Whilst the contract is in place yes.

HON DR R G VALARINO:

Both?

HON J J NETTO:

Both.

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

Subhead 6 - Gibraltar Development Corporation – Staff Services was agreed to and stood part of the Bill.

Subhead 7 - Miscellaneous Housing Payments was agreed to and stood part of the Bill.

HEAD 3B - HOUSING - BUILDINGS AND WORKS

Subhead 1 - Personal Emoluments

HON J C PEREZ:

Mr Chairman, if we look at the complement of the Operations Unit there is an explanation for the five extra posts three of Customer Service Depot Support Officer and two of Customer Service and Support Officer which says that previously they were shown under the Industrial Staff. If that is the case one would presume there has been a promotion from Industrial to non-industrial. It is now shown as non-industrial but there are seven net posts missing. That is eight less posts plus a new post of Project Manager which makes the net result seven posts, can the Minister say where those people have been deployed given that the extra five seem to have come from the Industrials and there are seven posts less in that section or eight posts less in that section than what there were last year given that the Project Manager is also a new post which could have been a promotion within.

HON J J NETTO:

Yes, I can offer some explanation to that particular question and there has been some transfers from the operational side that was reflected in last year's in the manner he has just described which are now reflected in fact on Housing Technical and Design. For instance, I can inform the hon Member that we have two current HPTO's who were shown last year in Buildings and Works in the Operational side and are now shown in the Technical and Design side. There is also another transfer of one PTO which was then shown on the Operational side of Buildings and Works which is now shown on the Technical and Design division of Housing so these are transfers which we have to take into account. We also have to take into account that the Wardens will also be coming as well as the TG1s, the Housing Inspectors into the Technical and Design side so those are people who are musical chairs moving around and that is why probably the hon Member is not getting a full picture as it is. Undoubtedly as the Chief Minister has just said in the next financial year this will be much clearer because he will find as these musical chairs are moving along from various parts whether it is from Buildings and Works into Housing that over a period of time there will be some people which will be reflected perhaps as supernumerary some which will be reflected on an acting capacity and during the course of this financial year this will be regularised in one way or another.

HON J C PEREZ:

Could I ask the Minister whether for example, the District Warden is now shown as what as a Technical Grade in the Technical and Design or as a PTO?

HON J J NETTO:

Is he actually referring to the Wardens or the District Wardens?

HON J C PEREZ:

What was shown as District Wardens Operations Unit last year the Minister says is now shown in Technical and Design.

HON J J NETTO:

No, the District Warden which is the equivalent of the pay of a PTO.

HON J C PEREZ:

So it does appear as District Warden and becomes PTO in the other side?

HON J J NETTO:

No, no, the District Warden which is a PTO is shown in the Operational side of Buildings and works.

HON J C PEREZ:

No the District Warden disappears from the Operations Unit and the Minister has just said that it is in the Technical and Design, I am asking whether since it is not shown as District Warden whether it is shown under PTO or under Technical Grade? How is it if the District Wardens are the same grade how can it be shown in both? It is either one grade or the other.

HON J J NETTO:

Mr Chairman, the current structure is three District Wardens and one Head Warden. The three District Wardens are TG1s, the Head Warden is a PTO and the District Wardens are shown within the Technical and Design side of TG1s.

HON CHIEF MINISTER:

Of the three District Warden posts that are shown as disappearing one is being abolished and two are now reflected as TG1s under the Technical and Design.

HON J C PEREZ:

If there are three it is either one has been promoted or has retired and it has not been filled. I do not think that with the social conscience that the Minister says he has he is going to abolish the post and send the man home. It is either he has been promoted up or he has retired and the post will not be filled.

HON J J NETTO:

The three District Wardens are transferred in the manner which I have just said. The post which is abolished is the post of Head Warden PTO.

HON J C PEREZ:

The Hon Mr Netto has said that the ones that appear in Operations Unit, those three there, appear under Technical Grade

1 in Technical and Design yet in the Housing Administration we have got three Technical Grades 1 and (a) the explanation is that they are shown in the Technical and Design. If both explanations were true that should show a figure of six people three from the Administration and three from the Operations Unit and it only shows four.

HON J J NETTO:

The hon Member is right, the full complement for Technical Grade 1 will initially be made up of six but then only four posts will represent the final complement for this position so either as I said before during the course of the financial year either two will be transferred elsewhere or made supernumerary or be placed on an acting basis or something else. In other words, the three current Housing Inspectors TG1s and the three District Wardens TG1s so initially will be six but the complement here eventually will come down to four.

HON J C PEREZ:

So, two posts are lost without anyone retiring, they are being moved to other areas?

HON J J NETTO:

No, no.

HON J C PEREZ:

Of the six TG1s that there were last year and which we are shown here the Minister is saying that two posts will be lost.

HON J J NETTO:

No, the only post that will be lost is not the District Warden it is the Head Warden which is a different grade.

HON J C PEREZ:

Then how can the Minister say before that two posts would not be lost and that is why we have four and not six as we had last year, TG1s? But they must be shown in the book somewhere. Well the explanation given in the book is that the three in Administration are shown under Technical and Design and the explanation given by the Minister is that the three District Wardens in Operations Unit is also shown here although that is not the information shown in the book so if that were true we should have six here and not four.

HON J J NETTO:

Yes.

HON J C PEREZ:

Well we do not have it we have got four.

HON J J NETTO:

That will be the final complement, initially as a result of the restructure we are having six which is the three current Housing Inspectors and the three current District Wardens all of which are TG1s.

HON J C PEREZ:

Where are they shown?

HON J J NETTO:

They are shown under the four.....

HON J C PEREZ:

The four are there where are the missing two?

HON J J BOSSANO:

In the new complement in the Building and Works Administration there is a Chief Executive and a Human Resources Manager which were not posts existing previously are those two posts for which provision is being made but which are currently vacant or have people already been selected for those two posts?

HON J J NETTO:

I cannot quite tell whether Personnel Department happens to be in the process what I am aware is that the interviews have taken place. I know that they were in the process of issuing letters but specifically at this moment in time I cannot tell the hon Member whether the letters have been received as to who has been or has not been successful. Obviously these are part of the new restructure of Buildings and Works, now talking about Administration which will carry a Chief Executive and a Human Resources Manager. One other bit of information that I can give to the Member is as he sees the figures there down below from the Chief Executive is the Senior Officer. That Senior Officer is my current director of Buildings and Works and perhaps I do not know whether this is the right moment but he is going to be transferred from Buildings and Works to the Ministry for Housing. He is satisfied with this and perhaps it will be better given that we are discussing this and amendments can be made at this stage to be reflected at the fact that he will be moving from Buildings and Works Administration to Housing Administration.

HON J J BOSSANO:

The one we have passed already?

HON J J NETTO:

That is right.

HON J J BOSSANO:

I think this is the first time we have a Human Resources Manager appearing in any of the Heads of Expenditure in the Estimates, I

think where we have had a Human Resources Manager before has been in the Gibraltar Development Corporation. I am not sure whether there is a one in the Health Authority. In the Gibraltar Development Corporation presumably the job of the Human Resources Manager is what in the Government are done by the Personnel Department? As far as I am aware the Human Resources Manager position has never appeared before in the Estimates in any Head of Department. I think where it appeared for the first time was as part of the complement of the Gibraltar Development Corporation where we provide an amount of money to the Development Corporation but the posts there are shown at the bottom but not in the Estimates themselves, not in the schedule. My understanding was that the reason for the Human Resources Manager in the Development Corporation was because personnel matters in the Development Corporation would be dealt in-house so what does the Human Resources Manager do then here?

HON J J NETTO:

I can certainly give the hon Member an overview of the role of the Human Resources Manager which is for personnel development which deals with Health and Safety, Welfare aspects, to ensure for instance that induction courses at all levels of the organisation is made whether it is to new entrants into Buildings and Works, whether they happen to be labourers, tradesmen, first-line managers, work supervisors, PTOs, he is the person who actually deals with all of those aspects as far as Human Resources Management is concerned. So, it is the person who is actually providing a kind of internal audit within the administration of Buildings and Works. So, we should not focus the role of the Human Resources Manager solely on that sort of narrow interpretation of being disciplinary matters, it is far more broader and wider than that.

HON CHIEF MINISTER:

The Personnel Manager in the Personnel Department keeps employment files and records. That function will continue centralised, this is a manpower resources administrator to deal with training issues, health and safety issues to make sure that the operational requirements of the department are always provided with manpower resources, that leave entitlement and things are managed in a way which are consistent with the operational needs of the department. Things which affect the operational aspects of the department which really fall forward to the Personnel Department who is really too far removed from the operational functions. In a sense the nearest analogy is the Health Authority Personnel Officer who does this sort of role in the Health Authority.

HON J J BOSSANO:

It just seems to me that some of the things that are being described as part of this job are things that were being done by other people previously at a PTO level?

HON J J NETTO:

No, these were not the functions that were carried out by PTOs. The PTOs will do what they have always done and so will the works supervisor. One has to understand that in complying with those aspects of the consultant report this is not managing organisation it is also managing change and managing like a culture and one needs someone dedicated exclusively to have systems in place systematically that addresses over a period of time work organisation, patterns of organisations from what they are to what they ought to be and that has to be done in a process of training not just training in the sense of what Works Supervisors ought to be doing by supervising people or managing a particular

depot but not only that but also personal development of the person as well within the organisation. It has also got to do with telling someone who has a good sound understanding of health and safety matters on the practical side from the operational side that would be able from time to time to pick up groups of individuals whether they are carpenters, masons, labourers, and give them induction courses as to procedures in the handling of proper health and safety organisational aspects so it is all of that which forms part of the role of the Human Resources Manager. So it is ensuring to equip and to train the managers to do the things that they are supposed to do so all of that part is part of the role of the Human Resources Manager. Whether it has been done before by other Government departments or not I do not know I am specifically responding here to one of the issues that was raised in the Consultant's Report.

HON J J BOSSANO:

Are Government looking for somebody who has done this kind of work before?

HON J J NETTO:

When the applications actually went out those were the exactly what they were looking for and I would hope that those Members of the Board conducting the interviews were very specific in asking all these questions to get the most suitable candidate. I think perhaps to epitomise what is the role of the Human Resources Manager is managing change because perhaps one can manage an organisation but managing change requires more skills and to do that one has to have a person who has quite an experience, in managing organisational change so that is at least from my point of view as a Minister whoever gets into that particular job what the task that I would envisage him to do so that one gets on in creating a new work ethos.

HON J J BOSSANO:

I take it then that, I know that the Minister said before that he did not know at what stage the selection was I take it then that then that the applications have come from outside the Government service.

HON J J NETTO:

It is probable that people have been informed by now, yes that particular vacancy was opened to both people in the service and people outside the service.

HON J J BOSSANO:

Was it people from the construction industry outside the service or does the Minister not know anything about their backgrounds?

HON J J NETTO:

Of all the vacancies that went out that is the one that attracted most candidates for interview purposes. I think many of them indeed came from the construction industry.

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

Subhead 2 - Industrial Wages

HON J J BOSSANO:

On industrial last year I raised the question of the bonus being higher than originally budgeted for and took that to be an encouraging sign that people were making more money because they were producing more, I see that in fact that there is even greater cause for celebration because in fact although last year the out-turn was only 5 per cent higher than estimated on this occasion we are showing a 27 per cent increase over last year's out-turn and something like 25 per cent over the money voted by the House before so I take it it means that the department has done 25 per cent more work and therefore generated 25 per cent more bonus payments with the same number of workers. Would that not be an accurate interpretation of these figures?

HON J J NETTO:

I am sure that the hon Member would like me to say that. I have always said and I keep saying it time and time again that undoubtedly Buildings and Works has been doing more and more work and this is just simply for the fact that previously from the GSD who were in Government the earnings potential of people in Buildings and Work was not related to its output. One can recall the days where it was related to things like social overtime as opposed to being directly linked to a system in place which was linked to output. There is no doubt at all that progress has been made in terms of getting more work done and I have always said that but I have also said particularly when the hon Member raised this particular question I think it was this time round at Question Time that my answer to that was that under the current system it shows and the Financial Development Secretary was right in his comment when he said it was higher productivity more or less in the terms that the hon Member has put it now. I have also put a caveat to that in the sense of saying that the current system needs to be looked into and upgraded and it is very simple that it needs to be looked into and upgraded despite the fact that we have had increases in productivity and that is because there is one essential

factor away from the computation of productivity and that is that when the specification for any particular work is done it is in the absence of having a recognised standard schedule of rates for the building industry to be applied as a yardstick or a barometer to judge whether there is really increase in productivity or at least productivity which is in the level of other groups of workers outside Buildings and Works which are measured just exactly in the same way. So the answer to the hon Member's question as I said before is that yes there is undoubtedly more productivity but the current system in itself today needs to be upgraded again.

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Electricity and Water Depots Running Expenses was agreed to and stood part of the Bill.

Subhead 6 - Housing Maintenance – Materials

HON J J BOSSANO:

Mr Chairman, on the Housing Maintenance – Materials where the provision last year was £960,000 and the out-turn was £1.2 million I assume that the increase use of material is related to the point that I have just made about the bonus payments and the increased amount of work done so more work has been done because more material has been used, if the Minister is going

back to providing £950,000 for materials which is less than in last year's budget it seems that he is expecting less work to be done in the next 12 months than in the last 12?

HON CHIEF MINISTER:

Mr Chairman, no this is a centrally inflicted reduction this is not what the department has bid. This is "do as much work as you like and we will provide more money when you need it." What we do not want to happen is that the amount, I do not know if the hon Members have noticed that there is a tendency to start with a figure in the estimates, then a forecast out-turn which is higher than the estimate, generally not just in relation to this item, then the department uses last year's forecast out-turn as the bid and what happens is that there is a natural ratcheting up almost on a leap-frogging basis from year to year. This is one of the demand led items of expenditure. In other words, the department does not get told there is this amount of money when it is used one is out of materials and then one has to stop working but we want to demonstrate for budgetary discipline purposes that the department is not just ratcheting up the financial bid in a way that might encourage laxity of controls, wastage and things of that sort but it does not mean that the figure reflects an anticipated reduction in output nor does it mean that when output has reached this figure of material expenditure there will not be more money for the balance, it has just not been budgeted in the interests of budgetary discipline.

HON J J BOSSANO:

I appreciate the point of budgetary discipline but it appears that in this particular occasion the ratcheting is going downwards they are not even holding it to the figure of the year 2000/2001 so in fact they are providing this year less than was put in last year's budget and less than was spent in the preceding year and at the same

time providing more money for bonus payments. If we actually take the two figures together one is actually providing more money for bonus payments and less money for materials which by definition given the explanation for the out-turn means that the scheme has been improved to the benefit of the people concerned who will have to work less to get more.

HON J J NETTO:

The other explanation I can offer quite apart the information given by the Chief Minister is that I have also asked the question myself and in a part they have told me that in the last financial year just passed which shows the increase in that particular amount of money has been due because some of the materials they have bought for specific kind of work have been more expensive than anticipated so in a way, one never knows whether the same kind of work will materialise some three months up from this financial year or six months but they are not anticipating that the kind of expensive materials that we have done in the last financial year to be incurred in this financial year. It remains to be seen but also it reflects the downward trend here as well.

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

Subhead 7 - Housing Wardens – Materials was agreed to and stood part of the Bill.

Subhead 8 – Housing Estates – Staircase Lighting was agreed to and stood part of the Bill.

Subhead 9 - Small Plant and Tools was agreed to and stood part of the Bill.

HEAD 4 - PUBLIC SERVICES, ENVIRONMENT, SPORT AND YOUTH

HEAD 4A - ENVIRONMENT

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

Subhead 2 - Industrial Wages

HON J C PEREZ:

Mr Chairman, if I can diverse a bit because it is about the cemeteries but I believe here we are voting the basic wages and the overtime of gravediggers. I raised the matter at the time of the general principles on the basis that there are amounting complaints about the state of the Cemetery. Looking at the estimates one can only see that apart from the provision for the gravediggers we are making a £12,000 provision somewhere under Subhead 5 for Cemetery Expenses and nothing else is shown for Cemeteries. My understanding was that there were people from Community Care that were deployed at intervals to the Cemetery but this is not shown anywhere as an expense to the Cemetery. Could the Minister explain whether this has now stopped and that is why there is a deterioration in the Cemetery because there is no upkeep given that there is certainly no specific provision for the upkeep of the Cemetery in the estimates?

HON LT COL E M BRITTO:

The hon Member with respect is wrong in most of what he has said not in everything. Firstly there is a continuing daily

maintenance gang permanently at the Cemetery consisting of Community Projects personnel. If I remember rightly it consists of seven men and there they are permanently, they have been there for the last two years since I took over the responsibility for the Cemetery. There is no provision financially because there is no cost under this Head. The labour costs of Community Projects are met under the Community Projects vote and the materials cost which is minimal is met either out of the Cemetery's vote or out of the Community Projects vote itself. I do not agree with the hon Member that there is a deterioration in the Cemetery, there was a considerable improvement about a year ago. I am not receiving complaints of any deterioration. I have certainly taken note of what the hon Member has said and I intend to look into it as soon I can get a chance to go back into the office but the problem is definitely one of painting the bridge one starts at one end and when one gets to the other one has to go to the beginning. So, we may either need to put in more people because I agree, I am not saying that the Cemetery is in a state of the art condition but certainly I am not receiving complaints of a deterioration but I will certainly look into it and by employing more manpower we can improve the situation I will certainly do that.

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

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

Subhead 6 - Environment

HON J C PEREZ:

Are Ministers satisfied with the extent of the control of the seagulls, is the matter working or not? I raised the matter last year and someone from the Government benches said that the matter would be monitored, are they satisfied that the problem is under control, does it need more attention or a different approach?

HON LT COL E M BRITTO:

Mr Chairman, I am advised by those who spend part of their working day counting seagulls that there is a reduction in the number of seagulls.

HON J C PEREZ:

That is not part of the problem.

HON LT COL E M BRITTO:

Whether that is true or not I have not yet found the time to go out and check for myself. I can tell the hon Member that we are at this moment in time looking at the contract with GONHS who are the people who have the responsibility for doing this. I think that this is an area that there is room for improvement but I think that that room for improvement has been there for a long time. The problem is seasonal as the hon Member knows they are now going through a relative lull and it will get worse before the summer is over. We are looking at the contracts, it is a difficult task and I could see that there is room for improvement, I do not promise drastic changes.

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

Subhead 7 - Street Cleansing and Associated Services was agreed to and stood part of the Bill.

Subhead 8 - Refuse Collection was agreed to and stood part of the Bill.

Subhead 9 - Environmental Monitoring – Gibraltar Development Corporation - Staff Services was agreed to and stood part of the Bill.

HEAD 4B - TECHNICAL SERVICES

Subhead 1 - Personal Emoluments

HON J C PEREZ:

Mr Chairman, under Technical Services we find that there is under Administration an increase of eight but the book does not say whether they come from another Head, where it was shown the year before and then there is an increase of a further four under Technical Services Engineering and Design. Some of it could possibly be offset by the highways and sewers where there is a reduction of three but no, in fact the reduction there comes from Personnel.....

HON LT COL E M BRITTO:

If the hon Member will allow me I will give him the explanation. If one looks at page 35/36 there is an increase in Administration of eight bodies, in Engineering and Design of four and in Electrical and Workshops of one a total of 13. If one looks further down at Highways and Sewers one will see in italics and in the notes below that there is a reduction in the Highways and Sewers Section. Coupled with that there are five new posts. In Administration there are three AO posts which were included previously under Head 1(a) Salaries and five new posts have been created so that is eight. There is in Infrastructure and Engineering and Design there is one post that was previously included under Head 1A and three new posts which are the four, and under Electrical Salaries there is a new HPTO post which is the one that I referred to which is the 13th person.

HON J C PEREZ:

The point being these new posts are being filled in internally from the industrial channel or from the non-industrial channel or are there any other transfers from other departments, the five in Administration are these new posts which are advertised internally first or.....?

HON LT COL E M BRITTO:

Yes, they are new posts which have been advertised internally and if not externally, a combination of both.

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

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

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

Subhead 7 - Materials and Other Costs

HON J C PEREZ:

Mr Chairman, I see a provision there for cleaning of street gullies of £100,000 which was not there previously, can the Minister explain why now all of a sudden we need to spend £100,000 in street gullies and what used to happen before that?

HON LT COL E M BRITTO:

Yes, Mr Chairman, as the hon Member rightly points out a new contracted service as from this year. The need has been identified, what we have been doing before is using the sewer section but in the reorganisation of the Highways and Sewers Department it has been felt that there is a need to contract this out and this is what has been done this year.

HON J C PEREZ:

Has the contract gone out to tender and been awarded or is there a provision for this to be done during the year?

HON LT COL E M BRITTO:

I do not think a contract has gone out yet, there is a provision for it but the contract has not yet gone out.

Subhead 7 - was agreed to and stood part of the Bill.

Subhead 8 - Compensation in Lieu of Water Tariff Increase was agreed to and stood part of the Bill.

Subhead 9 - Salt Water System was agreed to and stood part of the Bill.

Subhead 10 - Refuse Services and Disposal

HON LT COL E M BRITTO:

Before the hon Member continues just to correct something I said about street gullies I am told that the tender has gone out and I am told that it has been awarded although it has not actually started yet but there has been a tender process and it has now been awarded.

HON J J BOSSANO:

In the case of Europa Incinerator Limited I think we have been told in the past that the money that is paid to the company is to meet the wages of the people employed in the incinerator which were taken over with the plant, is it that there are going to be less people in the next financial year because there is a drop of £300,000.

HON LT COL E M BRITTO:

Mr Chairman, to the first part of the question the answer is yes, that is what has been happening. The drop of £500,000 reflects the lack of production of water that was there during the previous financial year. The hon Members will remember that we had to import boilers in order to use the desalination system of the incinerator during a period where there was a risk of a shortfall. This has now been eliminated Lyonnaise des Eaux have now put in the new plant that I referred to during my contribution in the debate earlier on and now the boilers have been returned and therefore that expense is no longer there.

HON J J BOSSANO:

So the £800,000 included that expense and now the £500,000 is just the payment of the people employed is that correct?

HON LT COL E M BRITTO:

Certainly the £800,000 included the expense of the boilers and yes the balance is the expense of the months.

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

Subhead 11 - Services Provided By Gibraltar Community Projects Limited was agreed to and stood part of the Bill.

Subhead 12 - Geographic Information System was agreed to and stood part of the Bill.

HEAD 4C - ELECTRICITY

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Generation

HON J C PEREZ:

Mr Chairman I notice that more or less the provision for fuel is being kept at more or less the same level is it that the fuel prices

are expected to remain at that level or no forecast has been made for that?

HON LT COL E M BRITTO:

Mr Chairman, I made reference to this in my contribution earlier that prices have been steady for a while and I welcomed the fact that there were no indications of increases. So we are keeping our fingers crossed and hope that there will not be increases, in fact that if anything that there might be reductions.

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

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

Subhead 7 - Electro-technical was agreed to and stood part of the Bill.

Subhead 8 - Materials for Improvement was agreed to and stood part of the Bill.

Subhead 9 - Purchase of Electricity

HON J C PEREZ:

Mr Chairman, given the reply that the Minister has given me for generation for fuel can I ask the Minister whether the fact that it is expected that the purchase of electricity from OESCO will drop by

about £500,000 next year, is the result that we expect to buy less from OESCO?

HON LT COL E M BRITTO:

No, there is no policy change or policy indication in that these are the figures as calculated by the department. That is based on past records but there is no reflection of any intentions to change anything in the existing rates.

HON J C PEREZ:

I have not missed totally everything that the Minister said yesterday although he gave a very boring long speech. He did say that there had been an increase of Electricity Units, that the demand had risen, that the demand was expected to rise this year yet he is making provision for the same amount of fuel because the prices are steady in Waterport, meaning that Waterport will not be able to produce more units and he is making a lesser provision than he did this year for the purchase of units from OESCO so there is bound to be a shortfall given all the explanations that the Minister has given in this House.

HON LT COL E M BRITTO:

Mr Chairman, I do know that we did purchase from OESCO last year more than we intended or more than we had planned for
.....

HON J J BOSSANO:

Not according to this.

HON LT COL E M BRITTO:

That is my memory of a briefing but yes the hon Member is right the figures show that. I cannot give the hon Member an accurate answer to what he is asking I would need to check this but my understanding is, that these are departmental figures produced without any input from me at ministerial level and therefore they reflect what the department expects to spend on electricity.

HON CHIEF MINISTER:

One explanation could be in fact manufacturing to generate more with the same amount of fuel costs. They are hoping for a reduction in fuel costs.

HON J C PEREZ:

OESCO must be looking at a reduction or we are not.

HON CHIEF MINISTER:

One possibility is that contrary to the statements that have been made that with the same fuel cost provision the Government are hoping to generate more which can only happen if the price of fuel falls for the reason that the hon Member has himself said.

HON J C PEREZ:

The Government have only got a capacity of 15.5 megawatts most of the time 5.5 is under repair so at any given time they have only got a capacity of 10 megawatts in a situation we were told that capacity is increasing. I do not know where the peak is but the peak could be at any time something like 17,18, or 19 megawatts in the middle of the winter.

HON CHIEF MINISTER:

I accept the hon Member's conundrum but these are the department's, this is not central slashing of the budget, they estimate on a departmental calculation which I have in front of me, this is the provision that they have sought. I accept the hon Member's analysis that unless contrary to the explanation that the Minister has given they are banking on a fall on fuel price so that Government can generate more with the same fuel provision it is the only explanation which does not run into the obstacle that the hon Member's analysis involves. If the price of fuel stays the same one cannot generate unless the demand is going to fall.

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

Subhead 10 - Contractual Capacity Charge – OESCO Power Station was agreed to and stood part of the Bill.

Subhead 11 - Commercial Projects

HON J C PEREZ:

Is the fact that there is only a token provision for Commercial Projects there that there is no forecast for any new commercial project coming into stream during the year and therefore a provision is made for when any project applies for the electricity then that provision is made is that the explanation?

HON LT COL E M BRITTO:

Yes it is a token figure.

Subhead 11 - was agreed to and stood part of the Bill.

Subhead 12 - Contribution to Gibraltar Electricity Authority was agreed to and stood part of the Bill.

HEAD 4D - FIRE SERVICE

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

HEAD 4E - POST OFFICE

Subhead 1 - Personal Emoluments

HON J C PEREZ:

Mr Chairman, I notice that there is no reduction in the overall number of people employed and yet there is a decrease from the out-turn can the Minister give an explanation, there is an increase on the out-turn and a decrease on the estimate of last year and the numbers employed remain the same presumably at a higher level given that there has been two posts of Post Office Level 3 lost which must have gone through the system at a higher level.

HON LT COL E M BRITTO:

No, it has nothing to do with posts. Last year there was no overtime paid because of the new system that was brought into place and instead what had been normally paid as overtime was paid as a bonus. The hon Member will find that in Head, 1(b) the out-turn is less and Head 1 (a) is more if one combines one with the other he will find that both figures add up to the same.

HON J C PEREZ:

Surely what the Minister is saying is that last year it was badly recorded in the estimates because if it is a bonus it should have appeared under allowances and not under basic pay.

HON LT COL E M BRITTO:

Mr Chairman, I do not write the estimates book. It is shown under salaries for whatever reason, but that is the reason for the difference, a reduction under 1 (b) and an inclusion under 1 (a).

Subhead 1 - was agreed on and stood part of the Bill.

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Outgoing Mail and Bulk Mailing

HON J C PEREZ:

Mr Chairman, is there a possibility of the Financial Secretary providing us with a breakdown of the cost to us of bulk mailing into other administrations and the cost of the outgoing normal mail to see how much it is costing us in other administrations receiving our bulk mail as compared to what we pay normally for the mail we send to other destinations, that is a breakdown of what constitutes outgoing mail in that figure and what constitutes bulk mailing and perhaps a similar breakdown in the terminal mail fees which is the income that we receive from incoming mail where I

presume the fees paid for bulk mailing are shown in the financial side. I appreciate that the Minister will not have the figures available here, I am asking him whether as he did some three or four years ago he could give me that breakdown to see what the income of bulk mailing is as compared to the cost when that bulk mailing is received by other administrations and vice versa the outgoing mail and the incoming mail.

HON LT COL E M BRITTO:

There are several issues here, firstly as I am sure the hon Member knows the figures for bulk mailing are difficult to predict anyway but more importantly as I am sure he also knows these figures are commercially very sensitive so although we have no difficulty in letting the hon Member have the breakdown that he has requested it will have to be on the understanding that they are strictly in commercial confidence.

HON J C PEREZ:

No problem there.

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

Subhead 6 - Purchase of Commemorative Coins was agreed to and stood part of the Bill.

Subhead 7 - Contribution to International Bureau was agreed to and stood part of the Bill.

Subhead 8 - Upgrading Security Equipment was agreed to and stood part of the Bill.

Subhead 9 - Management Contracted Service

HON J C PEREZ:

Mr Chairman, could the Minister state, frankly I cannot remember, there was no estimate for that, there is a £62,000 out-turn here and then a £1,000 provision. Can the Minister explain what that is all about?

HON LT COL E M BRITTO:

Yes, the hon Member may remember that I mentioned the new Sorting Office being prepared at a location in Waterport and this is an amount of new equipment that has been purchased from the manufacturing arm of the Royal Mail and it has been installed, it includes a variety of equipment which I will not bore the hon Member with and there may be a need to buy some more hence the token provision. It is essentially Sorting Office equipment.

HON J C PEREZ:

Would that not have been better shown under Capital Expenditure? Unless of course it is a recurring thing every year?

HON LT COL E M BRITTO:

Mr Chairman, I shall ask the Treasurer to take note of the suggestion and to decide for next year.

HON J J BOSSANO:

We are asking about something that is shown in the Estimates as Management Contracted Services subhead 9. Normally when one has money anywhere on contracted services next to it one has the name of the contractor one does not expect to find equipment there.

HON J C PEREZ:

Might this not have something to do with the Commissioned Manager rather than with the equipment?

HON LT COL E M BRITTO:

Essentially the problem is that this is a situation that struggles both financial years and it is an on-going situation that is not yet resolved. The contractual service to which the Leader of the Opposition referred to is still being evolved. The amount contrary to what I said before am told includes an element of installation costs as well as capital costs and the impression that I get is that it has been put there on an on-going basis until the whole thing is regularised in the new financial year.

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

HEAD 4F - SPORT, LEISURE AND YOUTH

Subhead 1 - Personal Emoluments

HON MISS M I MONTEGRIFFO:

Mr Chairman, if we look at the establishment for Sport and Leisure am I correct in assuming that the Senior Executive Officer post has been upgraded to Senior Officer and if I am correct can the Minister confirm whether this post has in fact been advertised throughout the service?

HON LT COL E M BRITTO:

The answer is yes and no.

HON MISS M I MONTEGRIFFO:

Yes to what and no to what?

HON LT COL E M BRITTO:

Yes to the first question whether it is an upgrading of the post and secondly whether it has been advertised that is no the incumbent has been promoted.

HON MISS M I MONTEGRIFFO:

Can the Minister say when this happened?

HON LT COL E M BRITTO:

I do not have a date offhand but within the last three to six months.

HON MISS M I MONTEGRIFFO:

Can he give an indication whether it was before the end of the financial year or after?

HON LT COL E M BRITTO:

I suspect just before the end of the financial year but I am subject to correction.

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

HON CHIEF MINISTER:

Mr Chairman, just going back if the hon Members are still interested that figure of £62,000 I do not have the figure until the end of March but certainly up to the 31st January it had basically four elements, research and consultancy fee, some new equipment and accommodation for the visiting consultants and also a provision for the salaries in the Management Company. Up to the 31st January 2002 that totalled £26,000 I can only assume that it has risen to £62,000 with the passage of time between the

end of January and March. We will get a full breakdown of that for the hon Member.

HON J C PEREZ:

Other than the element of the equipment the other elements will continue to be there, surely the provision of £1,000 is not realistic.

HON CHIEF MINISTER:

No, it is a provision, it is a token.

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

Subhead 3 – Office and Stadium Expenses was agreed to and stood part of the Bill.

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

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

Subhead 6 - Grants to Sporting Societies was agreed to and stood part of the Bill.

Subhead 7 - International Sports Competitions was agreed to and stood part of the Bill.

Subhead 8 - Contribution to Gibraltar Sports Authority

HON MISS M I MONTEGRIFFO:

Mr Chairman, Appendix (d) page 120 – I have looked at the Appendix and I wonder whether the Minister can give an explanation as to for example on the salaries, is this that they are going to pay one person or more on top of the salaries that come under Sport and Leisure or is it that they are intending to pay somebody twice, or are we talking about more than one person?

HON LT COL E M BRITTO:

There have been reductions in all the subheads under (3) and they have been offset within the Appendix that the hon Member has referred to.

HON MISS M I MONTEGRIFFO:

If I can ask the Minister the same question again, under the Sports Department Salaries, the salaries relate to the eight people that are shown under page 38 and I would like the Minister to explain why there is in page 120, salaries £47,000?

HON LT COL E M BRITTO:

It reflects the increases in staff that are expected and temporary staff that are expected to be employed on maintenance and the whole appendix is a general provision with figures looking ahead and the whole thing will need to be changed as we move forward.

HON MISS M I MONTEGRIFFO:

If we are talking about the salaries in page 120 being set at £47,000 are we talking that those.....

HON CHIEF MINISTER:

New salaries for new people.

HON MISS M I MONTEGRIFFO:

New salaries for new people it has nothing to do with the salaries otherwise there would be a reduction.....

HON CHIEF MINISTER:

This is in addition to the civil servants in the Sports Department.

HON MISS M I MONTEGRIFFO:

Does that mean that they have already been employed under the Gibraltar Sports Authority or that the Government are intending to employ them?

HON LT COL E M BRITTO:

It is just provision, no employment has yet been offered or issued.

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

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

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

HEAD 4G - BROADCASTING

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

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

Subhead 3 - Contribution to Gibraltar Broadcasting Corporation

HON J C PEREZ:

Mr Chairman, two points, one is I would presume that the forecast out-turn will include an element for the increase in salary during the year so the figure will increase further than the £990,000 provision as happens every year and could the Minister take the opportunity of expanding on these night broadcasts to expatriates?

HON LT COL E M BRITTO:

It seems that what the hon Member called my boring speech must have put him to sleep because obviously he did not quite understand what I said. I will read again what I said and put a gap inbetween which will explain it more clearly. Last year I said the Corporation planned to offer a dual programme service during the late evening and the night. This was introduced last October with a four hour programme between eight in the evening and midnight. The service continues to be developed and this year will see the dual programme service extended (remember we are talking about radio) till the start of next days transmission. What that means in effect is that they introduce a music only programme for four hours, eight till midnight and have now decided during this year to develop that music only programme so that the original thought was that we would have music only from eight to late the following morning then I said additionally as from May 2002 the Corporation has been piloting an evening radio programme generally targeted at an expatriate audience. The programme offers an opportunity for the sale of commercial air. Having piloted and tried the four hour eight to midnight at the same time as they have decided to extend it to eight o'clock in the morning they have now changed the eight to midnight from music only to normal programming aimed mainly at the expatriate community and that is where the commercial opportunity lies, is that clearer?

HON J C PEREZ:

I presume there is no income in the music only channel but that the cost is not significant and that the idea is to attract people to listen to Radio Gibraltar. The attraction of having an all night programme is that people get accustomed to tuning to Radio Gibraltar.

HON LT COL E M BRITTO:

The hon Member is right in his assumptions and I will go further what I call the music only programme has no running costs because it is computer driven and literally the station is left working on its own. The computer is switched on, it works throughout the night and there are no human resources during that time at the station. GBC has identified that it can run the eight to midnight normal programming from its normal budget and they reckon that they can raise some revenue at the same time.

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

ADJOURNMENT

The Hon the Chief Minister moved the adjournment of the House to Thursday 20th June 2002 at 10.00 am.

Question put. Agreed to.

The adjournment of the House was taken at 9.00 pm on Wednesday 19th June 2002.

THURSDAY 20TH JUNE 2002

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 Youth
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 T J Bristow - Financial and Development Secretary

OPPOSITION:

The Hon J J Bossano - Leader of the Opposition
The Hon Miss M I Montegriffo
The Hon Dr R G Valarino
The Hon J C Perez

ABSENT:

The Hon R Rhoda QC - Attorney General
The Hon Dr J J Garcia
The Hon J L Baldachino
The Hon S E Linares

IN ATTENDANCE:

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

HON J J NETTO:

Mr Chairman with your indulgence if I may and indeed with that of the Leader of the House can I quickly go back to Head 3. We were discussing the complement in the Technical and Design Division. We were talking about that there were six in numbers, the three TG1's Housing Inspectors and the three District Wardens. In page 29 on the bottom line there are four TG1s, if the hon Member looks just above that the PTO's is four, if I can give him a breakdown of the four then I will square up the lot. The four PTO's one person is already in place which is an existing Clerk of Works which has been transferred from Buildings and Works Operations into the Ministry. Another one is the vacancy that needs to go out which is one of Draughtsman and then the other two is another additional two Clerk of Works so what will happen is that from the six or more specifically within the three current Housing Inspectors in a rotational way two of the three will be acting towards those two particular positions. I hope that that explains and squares up the numbers.

HON J C PEREZ:

So the funds are provided for in the two vacancies that are above PTO?

HON J J NETTO:

That is correct.

HEAD 5 - SOCIAL AFFAIRS

HEAD 5A - SOCIAL SECURITY

Subhead 1 - Personal Emoluments

HON J C PEREZ:

Mr Chairman, all I want to know is whether the increases in staff here, for example, four more AOs is a transfer from another department or they are new posts that have been created and have been filled in through recruitment?

HON MRS Y DEL AGUA:

Mr Chairman, two of the AOs are new posts another one is a post that has replaced a retired GDC post which was originally a civil service post and another one is an AO which started as a supernumerary and has now been included in the establishment.

HON J C PEREZ:

I presume the EOs would be promotion from AO which would leave two vacancies of AO somewhere else, there is two extra EOs?

HON MRS Y DEL AGUA:

These are new posts, new EO posts obviously on promotion from AO.

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

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

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

Subhead 4 - Transfer to Social Assistance Fund - Import Duty was agreed to and stood part of the Bill.

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

Subhead 6 - Gibraltar Development Corporation Staff Services

HON J J BOSSANO:

Mr Chairman, given what we have just been told that one of the AO posts is replacing somebody I presume was paid from this vote or staff services from the GDC, is it the policy that the work that is currently being contracted out to GBC persons which will eventually through natural wastage or with other movements be brought back into the personal emoluments subhead?

HON MRS Y DEL AGUA:

Mr Chairman, I suppose that eventually that will be the case but the hon Member has to bear in mind that under the GDC staff services it also includes a number of temps which were hired for the new computerisation system and they are still in place apart from one other GDC employee who works in the Spanish Pensions department.

HON J J BOSSANO:

They have got a time limited contract so that when their computerisation is finished they finish working?

HON MRS Y DEL AGUA:

That is correct.

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

Subhead 7 - Investigation Services was agreed to and stood part of the Bill.

HEAD 5B - Social Services

Subhead 1 - Personal Emoluments

HON J C PEREZ:

Can I ask the hon Lady whether the extra Senior Social Worker, the extra Team Leader and the Community Service Officer have been recruited internally or they have been recruited outside the service.

HON MRS Y DEL AGUA:

Internally.

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

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

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

Subhead 4 - Plant and Equipment was agreed to and stood part of the Bill.

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

Subhead 6 - Milbury Care Services Ltd - Contracted Services.

HON J J BOSSANO:

Mr Chairman, given that the Milbury contract is due to finish in November is this the amount that has to be paid to them up to November or is this provision for the whole year on the assumption that somebody will be paid in their place?

HON MRS Y DEL AGUA:

The hon Member will note that there are £150,000 less than the previous year and this is because we do not need to make provision for the whole year obviously because Milbury are retiring in November so this is just a provision, a token sum, to maybe offset as well whatever extra costs are incurred when Milbury retires and Government take over.

HON J J BOSSANO:

The sum for the whole year in the year 2001 was £230,000 less I would not have thought that the proportion of the year until November which means that it is eight months instead of 12 that does not look to me like eight twelfths of the normal annual contract.

HON CHIEF MINISTER:

Is the hon Member saying why is it so high given that they are going in November?

HON J J BOSSANO:

Yes, if 12 months is £1.6 million the £1.5 million is hardly eight months.

HON MRS Y DEL AGUA:

Mr Chairman, the services have to be provided whether Milbury is here or not. The only savings that we would make if any would be

out of the consideration that is paid to Milbury and that is about the only savings and as I say those savings might have to be offset even then by extra costs incurred, for example, in implementing a pension fund that is not there currently.

HON CHIEF MINISTER:

I think the hon Member is right to this extent that it is a mislabelling in the sense that it does not apply, the labelling does not apply once the Milbury contract comes to an end. The money is going to be used for the same purpose but it will not be by way of a contracted service to Milbury and I think it actually might be worthwhile just to ensure that there is no problem of lack of voted funds that we could retitle that subhead. It would have to be a label that covers both the contractual period and then the subsequent non-contractual period to accommodate the point that the hon Member has very helpfully made. The Financial Secretary suggests that we could have a footnote which says 'that with effect from the termination of the contract with Milbury this subhead shall be used for the direct provision of the services to the Agency or perhaps put 'contracted services – Milbury Care Services/Social Services Agency something like that. The important thing is that the House should be clear that the House is voting the funds for the purpose and not for the contract so that when the contract comes to an end we are not without voted funds to carry on.

HON J J BOSSANO:

The decision has now finally been taken that it will be the Social Services Agency?

HON MRS Y DEL AGUA:

Yes.

HON J J BOSSANO:

Is the position on the transfer of the existing staff to the Agency now been settled?

HON MRS Y DEL AGUA:

As the hon Member might be aware there are quite a number of existing civil service posts which I believe will be just seconded keeping the pension rights and everything in place. We are trying to negotiate if one can call it that because it is just a simple transfer from Milbury to the Social Services Agency is the post of Milbury employees.

HON J J BOSSANO:

It is the posts of the Milbury employees that I am referring to. I am taking it for granted that the people that are already working for the Government will continue working for the Government but when Milbury goes presumably everybody in that employment will have employment protection under the transfer of undertaking provisions.

HON MRS Y DEL AGUA:

Yes there will be no posts lost whatsoever.

HON J J BOSSANO:

The actual details of the transfer have already been finalised with the staff or is it still under discussion?

HON MRS Y DEL AGUA:

It is still under discussion.

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

Subhead 7 - Dr Giraldi Home -- St Bernadette's was agreed to and stood part of the Bill.

Subhead 8 - Marriage Counselling was agreed to and stood part of the Bill.

Subhead 9 - Workers' Hostels - Gibraltar Community Projects Limited

HON J J BOSSANO:

Mr Chairman when we were talking about the Cemetery we were told that because Community Projects provided the labour there was no labour costs charged to the Cemetery because Community Projects get a block sum of money, are the wages shown here the wages of the people in Community Projects as it seems to indicate? If so how come it is on this occasion and in the other it is not?

HON MRS Y DEL AGUA:

The wages shown here are the wages of the people assigned to work in the hostels exclusively. Recently Government decided to take on a group of workers from Community Projects to deal exclusively with the hostels so the subsidy comes out of this vote exclusively for the Workers' Hostel.

HON CHIEF MINISTER:

Yes the same could be done in the Cemetery and for some reason it has not been done. In this case because a group community workers has been permanently detailed to work exclusively for one department it ceases to be part of the general charge of the Community Care Labour subvention from the Government and the labour cost in this case has been taken by the department exactly the same circumstances apply in the case of the Cemetery where I am almost certain the labour works only in the Cemetery and nowhere else but for some reason this has been done in this case and not in the others but the hon Member is right it could easily be dealt with in the same way in the case of the Cemetery. I am not sure whether there is still a permanent employee detached to the Health Authority. There were one or two other pockets of Community Care employee permanently detailed.

HON J J BOSSANO:

Would the Government agree that it is preferable really to have uniformity?

HON CHIEF MINISTER:

Yes it is preferable and I think that as of next year we will show one way or the other but consistently throughout the Government.

HON J C PEREZ:

The Hon Mr Britto coming back momentarily to the Cemetery said that there were six people from Community Projects at the Cemetery. Perhaps the problem at the Cemetery is that it is not the same people all the time whereas in the hostel it is the same people. There are six persons sent by Community Projects to the Cemetery which might not necessarily be the same people and that might be the distinction.

HON CHIEF MINISTER:

Just a little caveat because I am not 100 per cent certain but I am 95 per cent certain that it is a permanent labour gang at the Cemetery as well and it is not just any six people drawn on a weekly basis, but certainly if it were not as I am saying then I would agree with the hon Member that it would benefit from it being a permanent gang but I think that is what the position is I think it is a permanent gang.

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

Subhead 10 - Drugs Misuse Programme was agreed to and stood part of the Bill.

Subhead 11 - Women in Need Grant was agreed to and stood part of the Bill.

Subhead 12 - Contribution to Elderly Care Agency

HON J C PEREZ:

Mr Chairman could I take the opportunity to ask the hon Lady whether the complement in the Elderly Care Agency is now full and what is the length of the waiting list and of the people in the waiting list perhaps she might know how many are in hospital waiting to get into the Elderly Care Agency?

HON MRS Y DEL AGUA:

The hon Member is referring to occupancy as opposed to complement. The occupancy at Mount Alvernia is full, pending refurbishment works which will give us other extra beds. On the other point he is asking I have not got the information readily available with me but I can find out.

HON J C PEREZ:

Does the refurbishment, we are not talking about the top floor which is now Administration, we are talking about the floors that were available before for beds am I right?

HON MRS Y DEL AGUA:

The floors that were available plus the top floor.

HON J C PEREZ:

Yes, but the top floor is for Administration purposes or there are beds now at the top floor?

HON MRS Y DEL AGUA:

At the moment there are no beds on the top floor it is for administration purposes, eventually there will be.

Subhead 12 - was agreed to and stood part of the Bill.

HON J J BOSSANO:

Mr Chairman, Appendix E shows the domicilliary service that is due to be started this year with £160,000. What is the £160,000, I would have thought that if we are talking about the people that are going to be engaged in visiting it would come out of Personal Emoluments?

HON MRS Y DEL AGUA:

Not necessarily, the ECA are looking at a means of providing domicilliary care for those who need it as a pilot scheme at the moment, for those who need home help or whatever in the homes at the moment, elderly people. It does not necessarily mean that they will be employed as employees of the Agency.

HON J J BOSSANO:

I see, so, the £160,000 there means that the intention is to contract out the domicilliary service to somebody else?

HON MRS Y DEL AGUA:

I believe that is the case.

HON J J BOSSANO:

So the increase in staffing levels shown here is not for the domiciliary service?

HON MRS Y DEL AGUA:

No the increase in staff is extra staff that Government have employed to cater for the increasing demands of the Home and the increased occupancy.

HON J J BOSSANO:

Would the domiciliary service then be something that would be advertised on the basis of, if there are people doing this kind of thing I do not know, people putting a bid to get the work or is there somebody in the field already that is known to the Agency?

HON MRS Y DEL AGUA:

I believe there are a couple of agencies that are already around of which the ECA is aware and I think at this moment in time they are just shopping around.

HEAD 5C - PRISON

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Expenses on Prisoners was agreed to and stood part of the Bill.

Subhead 6 - Repairs and Upgrading of Equipment was agreed to and stood part of the Bill.

HEAD 6 - TOURISM AND TRANSPORT

HEAD 6A - TOURISM

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - General Embellishment

HON J C PEREZ:

Mr Chairman, I was asked by the Hon Dr Garcia yesterday to raise the question of having a provision for general embellishment last year of £20,000, having the forecast out-turn at £7,000 and providing £7,000 now could the Minister perhaps give an explanation why this is decreasing? The year before we had.£13,943.

HON J J HOLLIDAY:

This subhead is basically used to embellish minor projects and they are to do mainly with, for example, fencing round the roundabout at Waterport area. If that is damaged that vote is used for repairs. So if there are no repairs that vote is not actually spent although it is used for minor works which are incidental there are other heads that are used for beautification and embellishment.

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

Subhead 6 - Miss Gibraltar Show was agreed to and stood part of the Bill.

Subhead 7 - Official Functions was agreed to and stood part of the Bill.

Subhead 8 - Marketing, Promotions and Conferences was agreed to and stood part of the Bill.

Subhead 9 - Apes Management

HON J J BOSSANO:

Mr Chairman, given that we have got a subhead here for health care can I have confirmation that we are not currently continuing with that disagreeable period of genocide of our primate cousins up the rock?

HON CHIEF MINISTER:

Neither of the hon Members' suppositions exclude the other. Health care is for apes that are to be kept alive and not exactly for the culling of apes that are apes that are not to be kept alive. Actually there is no culling programme, in fact there has never been a culling programme since we have been in office.

HON J J BOSSANO:

Never?

HON CHIEF MINISTER:

I can tell the hon Member that there is not presently any culling programme.

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

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

Subhead 11 - Gibraltar Tourism Board

HON J C PEREZ:

Mr Chairman, there was an estimate for temporary assistance there of £149,000 with the out-turn being £173,000 and we are now making the same provision as we did the year before, can the

Minister explain what that temporary assistance is and how is it that we had a £24,000 extra spend this year.

HON J J HOLLIDAY:

This temporary assistance subhead basically covers visitor information officers which are employed for a specific time especially during the summer. It also covers the lifeguards at the beaches and this latest programme that we have in place called 'History Alive' which is a mock-up parade that comes out weekly. Basically the budget has been adjusted depending on what the estimate will be. The requirements for this particular year, for example, 'History Alive' has started only two weeks ago.

HON J J BOSSANO:

Mr Chairman, the staff services that are being contracted by the Tourist Board from the Development Corporation where the sum was £522,000 then £550,000, then £599,000 and now £631,000, is it that there are more people now allocated to the Tourist Board from the Development Corporation than there was just over a year ago?

HON J J HOLLIDAY:

Mr Chairman, I do not think that this is the case. There may have been the need for some minor changes in actual numbers. There is an element obviously of wage adjustment as the result of £100,000 but obviously not accountable in its totality.

HON CHIEF MINISTER:

There are three categories of tourism employees under the GDC. Aide Management, Gibraltar Tourism Board and Tourist Sites.

FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, the number of people under the Gibraltar Tourism Board are I think tracing the three years the hon Member is looking at with 28 in 2000/2001, 32 in 2001/2002 and with projected financial provision for 34 in 2002/2003.

Subhead 11 - was agreed to and stood part of the Bill.

Subhead 12 - Tourism Sites

HON J J BOSSANO:

On tourism sites I note that the pattern is different from the one that the Financial and Development Secretary has just told us about which of course is consistent with the money there in that it goes up and then it comes down again. The £642,000 is still nearly £200,000 more than in 2001.

HON CHIEF MINISTER:

The position there is that it was 28 in 2000, 34 in 2001 so that is down, up and now it is 34 and in 1999/2000 it was actually 32 so it has been 32,28,34,and 34.

HON J J BOSSANO:

In Subhead (c) – Security I think when I asked the Minister in Question Time or the Supplementary Estimates about what was happening with the contracted security services for the Port at a later stage he told us that they were being used on tourist sites, is that being charged here or is it being charged from the Port?

HON J J HOLLIDAY:

I believe that is being charged to the Port.

HON J J BOSSANO:

Given that the House will be voting the money under a completely different Head should there not be something indicating that the money is being used here?

HON CHIEF MINISTER:

When we come to the Port which is Head 6D the hon Member will see that under Contracted Services there is a provision of £125,000 for Port Security, that is the amount that he is referring to. The amount listed under Security of Tourist Sites in Head 6A – 12 was the already existing security. If the money is not going to be spent on Port Security which is what it is being voted for I do not think it can be spent on tourist site security. So I suppose what the Treasury will do is that they will draw additional monies for the Tourism Site Security from the block vote of the Supplementary Funding vote and leave unspent the money. I suppose that is the proper treatment under Financial Regulations.

Subhead 12 - was agreed to and stood part of the Bill.

Subhead 13 - Port and Coach Terminals was agreed to and stood part of the Bill.

HEAD 6 B - TRANSPORT - AIRPORT

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

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

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

HEAD 6 C - TRANSPORT - TRAFFIC

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Transport Inspection

HON J C PEREZ:

Mr Chairman, is it that we now have two full-time Transport Inspectors rather than one and that is why the provision is double?

HON J J HOLLIDAY:

We still have one Transport Inspector like we have always had but we transferred a member of the management structure in GSS to the Transport Inspectorate in order to assist with a lot of administrative work that needed to be undertaken in this particular department, that person is also a Transport Inspector.

HON J C PEREZ:

So his wages are now covered here and not under GSS?

HON J J HOLLIDAY:

That is right the GSS has been adjusted accordingly.

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

Subhead 6 - Traffic Management – Operational Expenses was agreed to and stood part of the Bill.

Subhead 7 - Office Rent and Service Charges was agreed to and stood part of the Bill.

HEAD 6 D - TRANSPORT – PORT

Subhead 1 - Personal Emoluments

HON J C PEREZ:

Mr Chairman, can I ask the Minister whether in the complement that we are voting how many vacancies exist given that when I asked at Question Time he could not confirm that there were five which is the figure that he gave me last year? How many vacancies are we voting in the total sum that we have here?

HON J J HOLLIDAY:

At the time of producing these details the vacancies still existed as for the Captain of the Port, Marine Officer which is the new post within the structure and one Boarding Officer and I believe that these three still remain vacant.

HON J C PEREZ:

Given the issue I raised yesterday in my contribution are the Government prepared to reconsider the question of doing away

with the Yacht Reporting Berth which he announced last year given the security considerations post the 11th September?

HON CHIEF MINISTER:

Mr Chairman, some of what the hon Member said about the Reporting Berth is actually not true, for example, the hon Member gave the impression I do not know if that is the impression that he is under I am sure it is if he gave it that there has been an end to the Customs Roving Unit which used to provide cover for yachts arriving at Queensway Quay. The position has not changed from when he was in office in respect to Queensway Quay, the system is the one that it has always been and that is that yachts arriving at Queensway Quay Marina have not been subject to the 'Yacht Reporting berth treatment', Customs, Immigration et cetera. It has been done on a different basis for obvious reasons that the Marina is not on route to the berth. There are three Marina's in Gibraltar two of which their customers have to go to the trouble of going to the Reporting Berth, one of them their customers do not have to go to the Reporting Berth, to think of that in terms of security is a nonsense a system is no more secure than its weakest link and to think that retaining the Reporting Berth which covers two thirds of the Marinas as a matter of security when one third of the Marinas namely one of the Marina's is completely uncovered by the process is not relevant in terms of security. The intention in the plans that the Government are still contemplating are not to lower the levels of security at all and certainly what the Government are contemplating is a procedure similar to the ones applicable in the rest of Europe including Spain it is not as if the idea that yachts have to go to a physical Reporting Berth outside of the Marina before they go into the Marina exists only in Gibraltar and nowhere else and therefore we can argue about whether it is a good thing or a bad thing to remove it but I do not think it raises any security considerations because the alternative is actually going to be more secure than the present system because the new system will apply to the three Marinas, not just like the present system that applies only to two leaving an alleged gaping security hole for

those people who see it as a security issue in respect of the Marina. So, what are we saying that if one wants to be a terrorist or something one comes to Gibraltar in a boat if one goes to Queensway Quay one is all right.

HON J C PEREZ:

I am not suggesting what the Chief Minister has suggested. I am not suggesting that we keep the Yacht Reporting Berth for the two Marinas and not include Queensway Quay, what I said yesterday was that because there is a loophole which is the Queensway Quay Marina let us close it and let us not instead use that as a precedent to have a free for all. The information I have is that because the piermaster is the one that has to report the incoming yachts to the Yacht Reporting Berth now, after 10 pm when there is no piermaster there is no control in Queensway Marina and that this known and that this is a loophole and that the enforcement agencies are concerned about this, not only the Port Department but other enforcement agencies are concerned about this. I would ask the Chief Minister to check back and to look at the situation before he commits himself.

HON J J BOSSANO:

Mr Chairman, on Personal Emoluments – Salaries, the provision last year in the estimates was £790,000 and the out-turn is £655,000 is it that a year ago the House voted money for all the posts in the complement even those that were unfilled and it is not doing so this year?

HON J J HOLLIDAY:

Yes.

HON J J BOSSANO:

If that is the case does that not suggest that they were willing to fill the posts last year but not this one, surely that is not an unreasonable deduction? If last year the House was asked to put the money in there to cover the people who were already in post and the vacancies and we are not doing it this year.....

HON J J HOLLIDAY:

Mr Chairman, that might be the case the situation is that as negotiations have progressed in respect of the formation of the Gibraltar Port Authority it has become clear that the structure that needs to be put in place may not necessarily mean that some of the vacant posts will need to be filled and therefore what the Government are trying to do is not to have to recruit people which we know are no longer going to be required in the same format within the new structure and this is something that at one point the staff side were conscious of and agreed with but then obviously subsequently as negotiations took a turning point to the worst we decided or rather they decided to insist that these posts had to be filled. This has not been the Government's position and obviously there is no point in having to recruit staff when we know that the new structure will require a new look at the actual posts that will need to be filled.

HON J J BOSSANO:

Of course it makes sense if one is not going to need somebody that one does not recruit him but surely the last statement made by the Minister in answer to Questions was that if there was no agreement then there would be a Port Authority in name with the staff in the Port Department still being in the Port Department and since that has transpired recently it seems peculiar that when that was not the position, the provision was being made to cover the vacancies and when the position has become if one likes less likely to materialise as he would like the provision has been removed.

HON J J HOLLIDAY:

The situation today is one where there is optimism on my part that the Gibraltar Port Authority will come on stream and therefore as we are approaching the final stages of negotiations I do not feel that there is really a need for us to contemplate the recruitment of the filling of these vacancies because we know both the staff side and ourselves that under the new structure these posts may not necessarily be required and therefore the need to recruit I think is irrelevant at this stage.

HON J J BOSSANO:

That is a more recent position than the one he gave at Question Time earlier in the House. He said the Marine Officer and there is a Boarding Officer and the Captain of the Port post are not filled is there no provision for that in the £710,000?

HON J J HOLLIDAY:

I think there is, there is an acting Captain of the Port so there are some officers acting in these particular posts at present.

HON J J BOSSANO:

I asked, is the money in the vote covering only the people in employment or is it covering the vacancies and the answer that I got was it did not cover the vacancies. He told us in an earlier supplementary that the vacancies were Marine Officer, Captain of the Port and Boarding Officer. I am now asking, is the pay of those three vacancies which are the vacancies that he has mentioned covered in the £710,000 or not because one answer seems to be in conflict with the other.

HON J J HOLLIDAY:

Mr Chairman, there are some provisions made for this in the Estimates however as we do not know when these vacancies will actually be filled a nominal amount has been included in the estimates but subject to possible adjustments once we know when the vacancies actually get filled.

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

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

Subhead 3 - Office Expenses

HON J J BOSSANO:

Mr Chairman, on the Other Charges which is not on the expenditure side but on the revenue, I remember as being mentioned in the general principles of the Bill something that was recently gazetted which was £0.25 million for a new entrant into the bunkering. What has been the position until now was there no fee paid when people came in? If they have fixed this level of fee at £0.25 million is it that they have indication that that is the kind of money a new operator would be willing to pay to set up shop in Gibraltar?

HON CHIEF MINISTER:

It is a view taken on what is a reasonable amount of the commercial value of the ability to stand in the market place and what the market would sustain. It is an attempt to pitch the figure at something which maximises the revenue for the Government and is a reasonable sum for operators to pay it is not calculated in any scientific way. There are expenses to the Government involved in the existence of these operations, an increasing investment in anti-pollution facilities, training for staff, that would increase as time passes so it is not just a sort of windfall. The Government and the taxpayer do sustain costs as a result of the bunkering operations in Gibraltar and it is right that they should contribute to the Government coffers in this way.

HON J J BOSSANO:

The impression given is that it is a one off thing because it says on application for a new licence.....

HON J J HOLLIDAY:

Yes there is a Bunkering Operator Licence which is renewed annually which has a fee of £10,000 that is renewed annually, we thought that having a one off in the initial stages of £250,000 would cover that eventuality. I also have to make a point of fact that a premium is required of £250,000 as a one off also attracts real serious operators to consider Gibraltar. We have had many inquiries over a period of time and we feel that maybe some of these were not as serious as one would have wanted and were speculating in coming into the market. I think the fact that we attached that premium to this is a deterrent for those that are coming just to speculate and then not having real investment proposition in this respect.

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

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

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

Subhead 7 - Gibraltar Development Corporation Staff Services was agreed to and stood part of the Bill.

Subhead 8 - Contribution to Gibraltar Port Authority was agreed to and stood part of the Bill.

HEAD 6E - TRANSPORT – SHIP REGISTRY

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Gibraltar Yacht Registry Limited was agreed to and stood part of the Bill.

HEAD 7 - TRADE, INDUSTRY AND TELECOMMUNICATIONS

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

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

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

Subhead 4 - Land and Property Management was agreed to and stood part of the Bill.

Subhead 5 - Office Rent and Service Charges was agreed to and stood part of the Bill.

Subhead 6 - Marketing, Promotions and Conferences

HON J J BOSSANO:

On the Marketing, Promotions and Conferences in 6 (c) the Finance Centre where we are being asked to vote £220,000 and last year it was £240,000 but the expenditure in fact £180,000 was close to the 2000/2001 Out-turn final figure, we are already three months into the financial year and the marketing seems to be at least partly conditional on the success of the proposals to make Gibraltar's system EU compliant is this a realistic figure to be put in for marketing.

HON K AZOPARDI:

Yes, because the hon Member has to recall the comments that I made when I made my contribution that when the tax structure is launched the Government intend to conduct a vigorous campaign and not only renew the marketing campaign on the old basis but also conduct a more vigorous one. The fact that this figure is lower than last year's estimates is to reflect precisely that the more vigorous attempt will start later on in the financial year. Had we started at the beginning of the financial year perhaps a higher figure would have been warranted. We think it is a realistic figure but if there is much more time lag I would tend to agree with the hon Member that we probably might not spend that money but we will have to see how it goes.

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

Subhead 7 - Contributions to Financial Services Commission

HON J C PEREZ:

Can the Minister explain why there is a cut of £100,000 there?

HON K AZOPARDI:

As a result of the agreement on licence fees with operators it is expected that our contribution to the Financial Services Commission this year will be lower.

Subhead 7 - was agreed to and stood part of the Bill.

Subhead 8 - Gibraltar Development Corporation Staff Services

J J BOSSANO:

Mr Chairman, on 8 (d) the Finance Centre the staff services provided by the GDC if we look at the three years, the final for 2001 the estimate of 2002 and this year there seems to be quite a dramatic increase, are we talking about many more bodies being used?

HON K AZOPARDI:

No, we are talking about one extra body plus the fact that the Finance Centre Director's contract comes to an end and he will remember that as it is on the same terms as his predecessor there is a gratuity to be paid at the end of the three years.

HON J J BOSSANO:

The gratuity at the end of the three years is included where in the £220,000? How much of the £220,000 then is for the Finance Centre Director and how much for the other body?

HON K AZOPARDI:

A substantial amount because that includes salaries as well, so I would say it is about 50 per cent I guess.

HON J J BOSSANO:

I think the figure was something like £80,000 tax free that he was getting, what is it £30,000 for the gratuity for three years?

HON K AZOPARDI:

Yes gratuity is about £50,000.

HON J J BOSSANO:

So what we are saying is that £130,000 of the £220,000 will be the payment of the Finance Centre Director in the coming financial year and then there is £90,000 payable what in respect of one other person provided by GDC?

HON K AZOPARDI:

The reason for the increase is that there is a gratuity to be paid plus an extra body that used to work in the Telecomms division and was transferred out and I think she is probably on a salary of £20,000 or £25,000. That is the reason for the increase but the actual amount of money reflects payments for the Finance Centre Director for the other person who is the new person transferred from Telecommunications and two other individuals.

HON J J BOSSANO:

It is four persons then?

HON K AZOPARDI:

Yes.

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

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

Subhead 10 - Running of Museum – Knightsfield Holdings Ltd

HON J J BOSSANO:

Mr Chairman, in the out-turn there is £133,000 Compensation and Legal Costs which there was no provision at the beginning of the year can I ask what this involves?

HON K AZOPARDI:

That substantially is in relation to the Gibnet case and also a planning case that was outstanding, a small balance.

HON J J BOSSANO:

So in the Gibnet case, has there been compensation?

HON K AZOPARDI:

No not compensation it is legal costs there is an issue there outstanding still as to compensation.

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

HEAD 8 - ADMINISTRATION

HEAD 8A - SECRETARIAT

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Gibraltar Co-ordinating Centre for Criminal Intelligence and Drugs was agreed to and stood part of the Bill.

Subhead 6 - Governor's Office Expenses was agreed to and stood part of the Bill.

HON J C PEREZ:

Has the Chief Minister decided yet whether he is going to buy His Excellency the uniform now that the Foreign Office is not willing to foot the Bill?

HON CHIEF MINISTER:

I thought that the hon Member for a moment was going to propose a token reduction in the contribution to the Governor's Office expenses but obviously not.

HON J C PEREZ:

I would not do that to the representative of Her Majesty the Queen.

HON CHIEF MINISTER:

About uniforms the position remains as explained to him last time.

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

Subhead 7 - Statistics Unit

HON J J BOSSANO:

On the Statistics Unit the amount for surveys is less than last year, is this because last year's amount included the census or is there another explanation?

HON CHIEF MINISTER:

That is exactly the position.

Subhead 7 - was agreed to and stood part of the Bill.

Subhead 8 - Legislation Support Unit

HON J J BOSSANO:

In the Legislation Support Unit I note that the provision is the same as in the estimates for private sector fees for legal drafting but the out-turn in fact was considerably higher, what was it that was required in terms of legal drafting during the last financial year that cost £382,000?

HON CHIEF MINISTER:

Mr Chairman, as the hon Member appreciates by the way he has formulated the question, the £50,000 is really a token provision because one does not know what the actual demand for these services is going to be in terms of last year's forecast out-turn the bulk of it about £250,000 actually relates to the drafting work on the new tax legislation.

HON J J BOSSANO:

Is that being undertaken locally or by tax experts from outside?

HON CHIEF MINISTER:

No. It is being undertaken locally by a Committee, an Advisory and Drafting Committee drawn from various law firms, accountancy practices calling in all the disciplines required. It has

been a comprehensive piece. I think the drafting effort has been led by Chris White whose experience in these things from his previous incarnation but it has had input from many people and I think the hon Members regardless of what view they take of the content of the legislation which is an act of policy, I think that when the hon Members see the legislation they will join the Government in applauding the fact that Gibraltar is able to produce it domestically. It is a very complex wide-ranging very detailed legislation and the Government are delighted. In fact had it not been for the expertise we have found locally the Government would have been hard put to have dealt with the tax reform in the way we think we have been able to do so successfully. So it is a lot of money, on the other hand it is a major piece of legislation and it has been done locally. The other major item in the £382,000 is the tail end of the regulations in relation to telecommunications liberalisation, those are the two large items.

HON J J BOSSANO:

I seem to remember in a previous budget when the sum came down that the Government had indicated that they were intending to do more drafting in-house.

HON CHIEF MINISTER:

Much of the routine drafting is now done in-house. There is much less farming out now of drafting, for example, on EU directives. The domestic legislation is more or less all done in-house and EU directives are more or less all done in-house now. The telecommunications and the tax were specialist specific projects and they were dealt with still in the private sector. The Government's in-house legislative resources would not have been able to cope with projects of this sort and also the normal work even if they had had the expertise in the subject matter of telecommunications and tax required. When one is drafting

around tax it is not just drafting techniques that one needs, one needs to have a deep understanding of the issues that one is drafting about.

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

Subhead 9 - Government Procurement Unit was agreed to and stood part of the Bill.

Subhead 10 - Frontier Complaints Office was agreed to and stood part of the Bill.

Subhead 11 - Communication and Information Expenses

HON J J BOSSANO:

Cant the Government explain why communication and information is about to become so expensive?

HON CHIEF MINISTER:

Yes, because it includes part of the provision for the advertising campaign.

HON J J BOSSANO:

I think the impression that was given in answer to the question that was put earlier in the House was that we had already spent quite a substantial amount in the year that has just gone by. I take it that

this is not the case since the out-turn is really only £40,000 more than what was voted. So, is it all coming into this financial year?

HON CHIEF MINISTER:

I do not think any of the expenditure in relation to the campaign had been incurred before the end of the financial year. The forecast out-turn figure does not include the newspaper advertising campaign but I am told that the forecast out-turn figure will actually rise before the accounts are produced because the figure to March 2002 has crept up since this booklet was produced.

HON J C PEREZ:

One would expect that the forecast out-turn and the provision for this year together would cover the £1.6 million figure that the Chief Minister mentioned in his contribution as being the cost of the advertising campaign?

HON CHIEF MINISTER:

The hon Member certainly cannot assume that, in fact he can assume the opposite because I have just told him the forecast out-turn does not include the advertising campaign. The forecast out-turn can only rise in respect of expenditure incurred prior to the 31st March. So the balance of the cost of the advertising campaign will be provided for from supplementary expenditure which the hon Member will see is higher this year than usual.

Subhead 11 - was agreed to and stood part of the Bill.

Subhead 12 - Compensation Scheme – Fast Launches/Vehicle Windows was agreed to and stood part of the Bill.

Subhead 13 - Private Sector Fees For Legal Advice

HON J J BOSSANO:

Mr Chairman, can I ask about the £346,000 increase in the forecast out-turn which is more than the original vote on legal advice?

HON CHIEF MINISTER:

The largest item by far is the State Aid case which has accounted for over £250,000 of cost and that is the case that represents the excess over the estimate, what I do not have for him is a breakdown of the estimate of the other £250,000 which would have been a number of cases and issues. There is a possibility of getting some of this back because the hon Member may recall the order of the court. It is not quite as simple we got the costs on the exempt case, they got the costs on the qualifying case and the lawyers are now arguing about whether those costs equate and therefore are simply set off or whether as we are arguing the case was basically fought on the exempt and that took the bulk of the pleadings about the work so that the Commission should make a payment to us and not just set one off against the other.

Subhead 13 - was agreed to and stood part of the Bill.

Subhead 14 - Political Lobbying, Invited Guests, and Official Travel was agreed to and stood part of the Bill.

Subhead 15 - Joshua Hassan House was agreed to and stood part of the Bill.

Subhead 16 - Overseas Offices

HON J J BOSSANO:

Mr Chairman, I note that in the Madrid office the provision of £25,000 is below the out-turn and below the vote of last year, is it that it is intended that it should employ less people than a year ago?

HON J J HOLLIDAY:

I think it was about September/October last year the two employees in the Madrid Office contract came up for renewal. One person decided to terminate the contract and not renew it, the other decided to renew it unfortunately this second person has been ill and has not been able to be in Madrid so what we have had is somebody from our Gibraltar office who has been taking charge of the Madrid Office on a temporary basis. We were trying to recruit a person to replace the one that did not renew the contract however the applicants for the job were not successful. The advert has been re-advertised last week. We intend to have two people in Madrid as we have had all along however the provision that has been made for £25,000 is bearing in mind the expenses of the person that we have temporary at the moment running between Gibraltar and Madrid and the fact that the second person that will hopefully be recruited this time round will probably not start at least until about September/October so therefore it just covers that part of the financial year. The figure that has been inserted here is much lower than it is.

Subhead 16 - was agreed to and stood part of the Bill.

Subhead 17 - Grants

HON J J BOSSANO:

Grants are going up from a provision of £300,000 in last year's budget to £5,150,000 is this the advertising campaign as well?

HON CHIEF MINISTER:

It is a large charitable grant that the Government are hoping to make and which I am very happy to discuss before we make it with the hon Member.

HON J J BOSSANO:

Can I just clear that this has nothing to do with the other £5 million that went into the Social Assistance Fund it is not that the money is going in twice?

HON CHIEF MINISTER:

I thought that the Hon Mr Perez was joking when he said that. It is a vote out of the Consolidated Fund of monies that are ordinary budgetary funds. They have nothing to do with funds that are being moved about from anywhere else and indeed it is the figure that explains why the projected budget surplus is estimated to be lower for this year than the out-turn for last year.

HON J J BOSSANO:

Because of this new element.

Subhead 17 - was agreed to and stood part of the Bill.

Subhead 18 - Gibraltar Development Corporation Staff Services was agreed to and stood part of the Bill.

Subhead 19 - Office Security Services

HON J C PEREZ:

Could I take the opportunity here of asking the Chief Minister whether he has any plans as it is rumoured of dismantling that car park in the near future?

HON CHIEF MINISTER:

I do not see why the hon Member who asks so many parliamentary questions needs to rely on rumour but I think we have explained before in the House that it is an objective of the Government to remove that car park. I would not call it a priority but it is an objective and certainly before we do it we have to make sure that the present users of it which include as he knows Toyota Project Vehicles is reaccommodated elsewhere especially given also the fact that the Government are to repossess, has in fact already given notice to discontinue the parking permissions in the sand. The answer is yes there is a policy objective to dismantle that car park but I would not say that it was imminent in terms of weeks or months away and indeed it may not happen during this financial year. It is not programmed at all but it is an objective.

Subhead 19 - was agreed to and stood part of the Bill.

Subhead 20 - Control of Entry Points to Gibraltar

HON J J BOSSANO:

I take it this is an increase in the contract is it that they are being required to do anything extra perhaps because of higher security or something like that or is it just a natural updating of the contract of the annual price increase, is that an additional provision for security here?

HON CHIEF MINISTER:

That is a post 11th September step-up in the security coverage at the airport which was basically done on the basis of overtime and things of that sort. There is also provision for a contract price increase of 4.5 per cent this year.

Subhead 20 - was agreed to and stood part of the Bill.

Subhead 21 - Civil Service Training was agreed to and stood part of the Bill.

Subhead 22 - Research, Development Studies and Professional Fees was agreed to and stood part of the Bill.

Subhead 23 - National Day was agreed to and stood part of the Bill.

Subhead 24 - Civil Contingency Planning was agreed to and stood part of the Bill.

HEAD 8 B - PERSONNEL

Subhead 1 - Personal Emoluments

HON J C PEREZ:

Mr Chairman, I notice here that there have been two HEOs staff awaiting redeployment during the year 2001/2002 and that now for the 2002/2003 there is a projected third HEO awaiting redeployment, what is it that their usefulness is being diminished and that we are piling them up at Personnel, is there not a better use to be made of Higher Executive Officers than having them on waiting time at the Personnel Office?

HON CHIEF MINISTER:

That is were they have been pending redeployment. This is where as at the start of the financial year they have got to be shown somewhere in the book that is where they have to be shown they cannot be shown in any other department. There are three HEOs awaiting redeployment, yes. It does not necessarily mean that they are working in the Personnel Department they could be temporarily deployed, for example, an ex-PA of the hon Member is actually deployed in the Procurement Unit, another is one of the officers of the Audit Department who opted not to stay in the new audit department ring-fenced arrangements and there is a third officer who is the new one who was previously in a department and they are waiting either permanent redeployment in the case of one officer or in the case of the HEO that came out of the Principal Auditor's office either the Government making a decision to leave him permanently as an additional member of

staff of the Personnel Department or making the decision to redeploy and those decisions have not been made. So, in the case of one of them the person is deployed elsewhere, in the case of one of them the man is actively working in the Personnel Department and the third he is in the Statistics Department. Of the three only one is actually working in Personnel.

HON J C PEREZ:

But I take it that their salary is being voted under Personnel.

HON CHIEF MINISTER:

Yes.

HON J C PEREZ:

Given that there is only a net gain of one extra body I find it odd that there should be an estimate of £390,000 we have spent £350,000 and we have now made provision for £422,000 when there is only one extra body to be covered there.

FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, the answer is relatively straightforward there are quite a few vacancies in the Personnel Department that were carried last year but have now been filled and therefore we would be paying their salaries this year.

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Office Rent and Service Charges was agreed to and stood part of the Bill.

Subhead 6 - Group Life Cover was agreed to and stood part of the Bill.

Subhead 7 - Residential Properties Rents and Service Charges was agreed to and stood part of the Bill.

HEAD 8 C - CIVIL STATUS AND REGISTRATION OFFICE

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

HEAD 8 D - GIBRALTAR REGULATORY AUTHORITY

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

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

Subhead 3 - Contribution to Gibraltar Regulatory Authority was agreed to and stood part of the Bill.

HEAD 9 - FINANCE

HEAD 9 A - FINANCIAL AND DEVELOPMENT SECRETARY

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

HEAD 9 B - TREASURY

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Insurance Premiums and Claims was agreed to and stood part of the Bill.

Subhead 6 - Official Receiver Expenses was agreed to and stood part of the Bill.

Subhead 7 - Tribunals was agreed to and stood part of the Bill.

Subhead 8 - Contribution to Gibraltar Development Corporation was agreed to and stood part of the Bill.

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

Subhead 10 - Repayment of Previous Years Revenue was agreed to and stood part of the Bill.

Subhead 11 - Circulating Coinage Expenses was agreed to and stood part of the Bill.

Subhead 12 - Rent and Service Charges – Store At New Harbours was agreed to and stood part of the Bill.

Subhead 13 - Ex-Gratia Payments was agreed to and stood part of the Bill.

HEAD 9 C - CUSTOMS

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

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

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

Subhead 4 - Operational Expenses

HON J C PEREZ:

I find it odd that under most of the subheads here other than on training courses we find that the forecast out-turn is what was budgeted and that we are budgeting for less in every subhead under Operational Expenses, why is that?

HON CHIEF MINISTER:

The hon Member's comment I think applies to four of the eight heads only. There is of course the fact that when a department puts in a bid for an item and if that is an excess of provision there is a tendency to vire to other things and I have always been deeply not suspicious but I have always wondered how it can be that one can spend exactly the estimated amount of any issue. How can a department organise their affairs in a way that they spend exactly the £20,000 estimated on transport, exactly the £20,000 estimated on investigation, exactly the £17,000 on computer running expenses et cetera, et cetera, and I believe that one of the reasons is that there is virement going on between the subheads and therefore to test that and to impose budgetary discipline the figure for the actual issue is reduced so that they should have the money that they need for that subhead and not have surplus in these subheads to vire on other things which they have not bid for and on which they may be underspending. It is an experiment this year in trying to impose budgetary discipline in people bidding what they need and not bidding more and then spending it on something else on virement.

Subhead 4 - was agreed to and stood part of the Bill.

HEAD 9 D - INCOME TAX

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

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

HEAD 10 - LAW OFFICERS

Subhead 1 - Personal Emoluments

HON J J BOSSANO:

The salaries for Law Officers, the estimate for this year, is quite a lot up on last year's estimate and on the out-turn but we are talking about the same number of people, is there an explanation?

HON CHIEF MINISTER:

Partly it is the fact that one Legal Assistant becomes Crown Counsel. If the hon Member looks at the Establishment in the front page he will see that there is one Legal Assistant less and one Crown Counsel more. Then there is the annual pay review. It is that and also the re-grading of one of them, the pay review and it is also the fact that because they are all relatively young they are still working their way up the incremental scale.

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

HEAD 11 - POLICE

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

Subhead 5 - Training Courses and Conferences was agreed to and stood part of the Bill.

Subhead 6 - Traffic Signs and Equipment

HON J C PEREZ:

Mr Chairman, it is minor expenditure but I notice that under Traffic Transport there is also an allocation of funds for traffic signs and I was wondering , is this controlled exclusively by the Police or is this subject to decisions from the Traffic Commission or what link is there between one and the other?

HON CHIEF MINISTER:

I think the one in the Transport Ministry relates to the traffic signage in terms of road signs the ones that are not altogether clear in some areas as far as I can tell, tourist road signs and things like that, the Police's own temporary signs that they put up to deal with traffic management as opposed to permanent. It is Traffic Signs and Equipment so this could cover all sorts of things dealing in traffic situations.

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

Subhead 7 - Contribution to Interpol was agreed to and stood part of the Bill.

HEAD 12 - JUDICIARY

HEAD 12 A - SUPREME COURT

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

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

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

Subhead 4 - Operational Expenses

HON J J BOSSANO:

On the Operational Expenses the amount for the production of Law Reports is down and in fact they actually spent half of what was voted last year. I would have thought that if they had underspent last year. Is this an on-going exercise?

HON CHIEF MINISTER:

Mr Chairman, this is not to be confused with the consolidation of the statute laws. This is the production of case laws I do not know how it is produced. The Financial Secretary thinks that the reduced cost may be as a result of new arrangements that the Supreme Court has made for the production of these rather than any reduction of the volume. This is something that the Court deals with.

HON J J BOSSANO:

I am aware that it is the production of case law this is why it is important that it should not mean that it is not being produced since presumably the people in the legal profession rely on these things to establish how the law is being interpreted as a

consequence of decisions being taken by the Court. Is it something that they actually physically produce here in the Court or is it something that is printed by somebody like the Gibraltar Chronicle?

HON CHIEF MINISTER:

The answer in my capacity as Government I cannot tell him because the Supreme Court operates as an autonomous body but from my personal knowledge I understand that it is done by somebody in Oxford. The operation has got to be divided into two. There is the actual lawyer usually who actually prepares the law report and then there is the printing and production side there are two separate exercises. I do not know who does the printing but the case law reporting I think is done by Law Reports International a company that specialises in this.

Subhead 4 - was agreed to and stood part of the Bill.

HEAD 12 B - MAGISTRATES AND CORONERS COURT

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

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

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

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill.

HEAD 13 - HOUSE OF ASSEMBLY

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

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

Subhead 3 - Office Expenses

HON J J BOSSANO:

Mr Chairman, in Office Expenses in 3 (c) Telephone Service for which we are voting £3,000 the same as last year and the out-turn is the same as the amount voted and the previous year it was less it was £2,243 I am raising the question of the sufficiency of the allocation given that my Colleague the Hon Dr Valarino was told he could not use the fax here to send a fax out because of the limited resources we are providing the House with and I believe that all Members of the House ought to be able to use this place because this is where we work. I accept that the Government's side might not be as reliant as we are on the equipment that is available here given that they have got the alternative of their own offices. I suppose we could have offered to pay the 5p or the 10p that the fax would have cost. I think it is important the Hon Mr Azopardi mentioned the importance of the building being reflective of the importance we attach to the Parliament and I think before we start considering massive expenses on improving the building to give to reflect the importance of the Parliament it might be an idea to give some thought to whether Members of the House particularly Members of the Opposition that depend more on it

than Members of the Government should in fact be in a position where by using the equipment here, we do not want equipment just for us with a label that says 'only to be used by so and so' but the equipment here we do not want to conflict with the requirements of the staff of the House to use that equipment but we do not think we should be denied the use faxes, telephones, copiers, pens, papers or anything else.

MR SPEAKER:

I think before you answer I have got to say something. In the past the media have come to the House to collect the written speeches from Members which might not be the speech given in the House. Lately both the media and some of the Members want the speeches to be faxed by the staff whilst the House is in session. I am not in favour of the staff acting as agents or couriers of either political parties or the press. The staff of the House are always willing to serve but within certain parameters, what there cannot be is a public fax machine or a public telephone unless one is made available.

HON J J BOSSANO:

Mr Chairman, with all due respect I am not here in my capacity as a member of the public, I am here in my capacity as an elected Member of the people of Gibraltar and if an elected Member of the people of Gibraltar I choose to make political statements because I am a politician and I am paid to be one then I would have thought that I do not want anybody to be my courier but I want to be able to pick up a phone and call a number or I want to be able to put a piece of paper myself in a fax machine. If the staff is already loaded with work I do not want to add to this load but I have to be clear that when I mentioned the matter to you you said well it is a question of the money that is available and I said well then since we are in the budget I will ask the Government whether they can squeeze a few pennies out of their £8 million surplus and provide

a little bit more money to the House so that the Members of the Opposition do not compete with the staff of the House for the scarce resources that we are providing.

HON CHIEF MINISTER:

Mr Chairman, I have no knowledge of these incidents that from time to time happen between Members of the Opposition and Mr Speaker and the Clerk but I agree with the hon Member. I realise he is only taking this as a convenient opportunity to make a point. Telephones is one of those things where a provision is made but telephones are not disconnected in January from Government departments just because they have reached the voted funds for telephones, for example, this is precisely one of the Heads that lends itself to the comment that I made before. I could say it is interesting that we voted £3,000 for telephones and exactly £3,000 was spent. I do not know whether that means that the last call was made just before close of business on the 31st March or whether it means that in fact we did not spend £3,000 on telephone a few pounds was left over and spent on something else. The only point I wish to make, obviously how the House is conducted is a matter for the Speaker, I detected from the Speaker's statement now that he was drawing a distinction between Members using the facilities of the House for legitimate Members' purposes on the one hand and on the other asking the Members of staff of the House to fax out on their behalf to the press copies of their political speeches to boot when they may not coincide as Hansard because they may not be as delivered. I understood the Speaker to be making that distinction but this is not a matter for me or for the Government. I do not believe that assuming that the telefax that the hon Member wanted to send related to his business as a Member of the House and assuming that I cannot think of any reason why the hon Members should not make on both sides of the House, we both use the telephone, I really do not see a difference between using the telephone to have a voice conversation which we all regularly do and using the telephone to send a fax which is just another form of data

transmission. So, to the extent that the Speaker makes a ruling about the use of his staff to do things on behalf of Members that is a matter for the Speaker and for the Clerk and it is not a matter for the Government to the extent that we are talking about whether the use of the staff can make of telephone resources is curtailed by the fact that we only have £3,000 I would not agree that that is a valid argument because there is no restriction placed. Obviously the Clerk as the controlling Officer is obliged by Financial Regulations to do all that he can to keep spending on a particular item within the voted funds and he presumably does not want to allow things that make it more rather than less likely that he will be able to keep within the voted funds on telephones but I do not suppose that the amount of usage that we are talking about is relevant and I am sure that once Mr Speaker has made his ruling about what he considers is a proper use by Members of House facilities that the financial provision will not be a problem but I would agree with the sentiments expressed by the Leader of the Opposition that the telefax machine in the House should be available for use by the Member not necessarily by the staff on behalf of the Member but certainly for use by the Member in a reasonable fashion for transmissions connected with his Membership. That would be my personal view but of course this is a matter that the hon Member can take up with the Speaker privately as Members of the House.

HON J C PEREZ:

Mr Chairman, I would like to raise another point probably under other charges would be the most preferable one and that is that the Government have announced the works of the refurbishment of the Piazza and as I understand it once the Piazza is refurbished there is going to be even more entertainment activity in the area. My Colleague the Hon Dr Valarino mentioned yesterday his wish certainly to see the House transferred to the Garrison Library. That is a matter for the Government to decide what I would ask the Government are to consider whether during the time that the work is taking place their might not be a case for transferring the House

temporarily given that already we get interruptions of different natures during the proceedings of the House when the works have commenced either when we are sitting the works will have to be delayed and that has to be taken into account in the programme or we are not going to listen to each other. *[Interruption]* I listen to everything the Chief Minister says he is the one that is deaf to logic but anyway the point being that the preferred option of the Opposition would certainly be to see the House transferred permanently out of this building given that this is the centre of town, it is an entertainment area and there is going to be more activities and not less once the area is refurbished but that certainly as a result of the works when the works commence I think it is going to affect the proceedings of the House and I think the Government ought to take it on board in respect of the timing that they have got for the schedule of the works and so on.

HON CHIEF MINISTER:

The hon Member raises various issues there, first of all in so far as the possible permanent reallocation of the House as to the Garrison Library is concerned, it is not true that it is entirely a matter for the Government although it would be once the building was available to the Government. It is not a matter for the Government today for the simple reason that the Garrison Library is not a Government building, it is not available to the Government and we have not so far been able to persuade not the MOD but the Officers of the Garrison who own the Garrison Library to transfer it to the Government on acceptable terms. *[Interruption]* Assuming that it were available for that purpose, the hon Member knows because I have reported to this House before that the Government have looked at the possibility of transferring the House to the Garrison Library as part of our preparation works for possible uses for the Garrison Library as part of our discussion with the MOD on that question. Indeed I remember telling the hon Member that I had personally visited the Garrison Library to see whether it was suitable for the purposes and the view that I personally formed although ultimately if it became a serious viable

proposition it would have to be looked at by experts, was that there was no room wide enough. The two big rooms downstairs and upstairs are probably long enough but not wide enough so one would have to get used to sitting one row behind each other and possibly much closer and I am not sure that I dare stand within physical striking distance from the hon Gentleman during the budget time I think this is about the safest distance. By all means we will look at it, it is an attractive idea, if the Garrison Library became available and we were looking for a high civic calibre function to put in a building with that amount of history in it, transferring the House of Assembly to it would be a front runner candidate. It would have to be at the expense of its library function.

HON J C PEREZ:

Not necessarily.

HON CHIEF MINISTER:

That is one of the aspects that would have to be looked at a lot of the library is in the room that would be the Chamber of the House. Then there is the question of whether it is technically feasible. Obviously it is a much larger building there would be more room for the House staff, there would be rooms in which Members of the House could receive people, it would be a magnificent building to convert into the House Of Assembly there is no doubt about that if it is practical and that practicality has got to be decided by people, architects ultimately, but the starting point is obtaining the transfer of the building and until we obtain the transfer of the building all this is entirely hypothetical. Certainly the Government would be in favour of reallocating the House to a larger more suitable building and the Garrison Library would be an ideal candidate for that. As to the point that the hon Member makes about the conduct of the building works I think clearly it is going to be inconvenient for the

House to sit at least whilst they are demolishing the existing structure in the Piazza because I suppose that that will involve pneumatic drills and balls being swung around on the end of chains and all that sort of thing and certainly I do not envisage that the House would be able to sit whilst that part of the works is taking place or that that part of the work will not be allowed to take place on the days that the House is sitting. I am not sure that there will be a lot of inconvenience once the demolition has taken place and they are just involved in laying the new floor surface. Certainly we shall have to wait and see but certainly I can assure the House that we will not find ourselves in a position where we have to shout even louder at each other than we normally do in order for us to hear one another as a result of these works.

HON DR R G VALARINO:

Mr Chairman, similarly on that one one finds an e-mail address of most House of Assemblies and Parliaments throughout the world yet we have no e-mail address for our Parliament at this stage in fact, even the second telephone has disappeared from here and on a last point I think we all like our cup of tea in the afternoons and surely it is not a great major effort of the Controlling Officer to ensure that there is a cup of tea waiting for us after a heavy afternoon.

HON CHIEF MINISTER:

Mr Chairman, whilst I am not technically the advocate for the Clerk of the House I am delighted to offer my services to him on this occasion. I doubt very much if the availability or not of cups of tea which we all very much welcome, I doubt very much that it is due to any financially led decision of the Clerk. I suspect it is much more likely to be a matter of the availability of the service on particular days from down below, on the difficulty in judging when we are going to break for tea and things of that sort. I doubt very

much but I might be wrong but I doubt very much if it is down to, I think we meet 25 days of the year at most, what is the price of 20 cups of tea? The hon Member's point assumes that it is a financially driven decision I doubt very much that it is still less do I think that it is driven by any desire on the part of the Clerk to deprive us of our refreshments not least because of course we do have cold refreshments in the fridge which are no less expensive than the caffeine type. I think this is just a matter of sometimes it is possible to provide it in terms of the people down below and other times it is not, but I think the hon Member makes a more serious point of the two that he has made and that is that traditionally and historically this Parliament has not provided very well for its Members, lack of space perhaps, I do not think it provides very well even for the staff. The idea that the Speaker has to share an office with the Clerk and that when the Speaker is in situ the Clerk does not have a room to sit in. In terms of physical logistical services this House has never provided properly in a particularly modern way for its Members or even for its staff and that would be one of the arguments and justifications for moving to another building but I think we have also historically not had the same approach as other Parliaments have in other parts of the world to the non-physical provision of service to the provision of other support services to Members, other than just space. Communications support, secretarial support, all the sort of things that Members of Parliament in other countries get. The only thing that happens in Gibraltar is that the Leader of the Opposition gets a £500 secretarial allowance which I do not think has been increased since it was established which I offered to increase and the hon Member declined. Historically it is true that as a Parliament we do not have the same attitude to providing support services for Members of Parliament that takes place everywhere and I think that is something that we can look at. We could look at that, there is a Select Committee the one permanent Select Committee of the House that exists and which to my knowledge has never met exists precisely so that we can make these decisions. I do not regard these decisions as Government and Opposition or even political these are Parliamentary type decisions. We have got a Standing Committee for these things it should meet we should not have to wait to have a new building to

make a start on issues of the other sort and indeed I have often expressed the view and no one ever gets round to sort of taking me up on it that that committee should also meet to reconsider Standing Orders to see whether this House has outgrown the Standing Orders that we have or whether there is a need to change them and I think that we should spend more time on our own housekeeping arrangements as a Parliament but I think that I am sure on reflection the hon Member will wish to recognise that there is no conscious decision on the part of the Clerk to deprive him of his cup of tea.

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

Subhead 4 - Recording Equipment was agreed to and stood part of the Bill.

Subhead 5 - Elected Members was agreed to and stood part of the Bill

Subhead 6 - Commonwealth Parliamentary Association Expenses was agreed to and stood part of the Bill

Subhead 7 - Secretarial Assistance to the Leader of the Opposition was agreed to and stood part of the Bill

Subhead 8 - Select Committees

HON J J BOSSANO:

The Chief Minister has just mentioned that there is a Standing Select Committee of the House, the £4,500 that were spent last

year I assume is related to the one on the Constitution. Is it that the £2,500 is supposed to be a token in case the Committee meets because what is the cost involved in this?

HON CHIEF MINISTER:

I do not know it has escaped my eagle-hawk eye. I am not aware of any expenditure. I think it is the on-going editing expenses of the transcripts and things of that sort.

Subhead 8 - was agreed to and stood part of the Bill

The House recessed at 5.00 pm

The House resumed at 5.10 pm

HEAD 14 - AUDIT OFFICE

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

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

Subhead 3 - Office Expenses was agreed to and stood part of the Bill

Subhead 4 - Operational Expenses was agreed to and stood part of the Bill

Subhead 5 - Professional Fees was agreed to and stood part of the Bill

HEAD 15 - SUPPLEMENTARY PROVISION

Subhead 1(a) - Pay Settlements was agreed to and stood part of the Bill

Subhead 1(b) - Supplementary Funding

FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, if I could take this opportunity to make a point that I wanted to make earlier about the estimates just for the benefit of the Members of the Opposition is that when we produce the final book we naturally drop out of it pages 71 to 73 which was the old way of presenting the Department of Trade, Industry and Telecommunications because it was only placed in there for the benefit of the Members for this discussion.

Subheads 1(a) and 1(b) were agreed to and stood part of the Bill.

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

Clause 3 - CONTRIBUTIONS FROM CONSOLIDATED FUND RESERVE

HEAD 16

Subhead 1 - Contribution to the Improvement and Development Fund was agreed to and stood part of the Bill.

Subhead 2 - Resettlement Scheme

HON J J BOSSANO:

Is the Resettlement Scheme open ended indefinitely or....?

HON CHIEF MINISTER:

It is fair to describe it in that way at the moment but I am not sure that it is intended to carry on being so it is just that we have not got round to closing it so it is de facto at the moment open from year to year if somebody asks to go we do not say no you cannot.

Subhead 2 - was 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 DR R G VALARINO:

Mr Chairman, could I have a list of major remedial works and repairs to stock due within this financial year?

HON CHIEF MINISTER:

Mr Chairman, to the extent that there is a firm list already he has heard it in the Minister for Housing's address to which therefore his remark about listening clearly does not apply but I am sure the Minister will repeat it for him if he was not able to make a note of it.

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

Subhead 2 - New Housing for Senior Citizens was agreed to and stood part of the Bill.

Subhead 3 - Consultants Fees

HON J J BOSSANO:

In respect of what are these Consultants Fees, the £70,000?

HON J J NETTO:

In a way it is related in fact to Subhead 1. Obviously it is a very impressive kind of programme of major remedial works to be carried out and most of the money if not practically all of the money will be in relation to getting Consultants outside our spheres in order to do all the preparation of tender documents that

he signed to ensure at least hopefully at the pre-tender stage of services that we are in place hopefully to do it during this course of this financial year the ones that I have mentioned before and to be on time with regard to that. The answer is that it will be in the main to consult outside there in the private sector to prepare all the documentation and all the designs and all the tender documents..

HON J J BOSSANO:

That does not seem to be consistent with the position in last year's budget where the remedial work was going to be £3 million and only £20,000 was thought necessary for Consultants and in fact the £20,000 was not spent they only spent £9,000 and they still managed to do £2.2 million of work. If the argument that has been put seems to be totally contradicted by what has happened in the last 12 months.

HON J J NETTO:

The hon Member has to bear in mind the fact that in previous financial services in-house of Technical Services Department whilst the truth is that years to a large extent as well Housing has relied on the technical services department itself has a tremendous programme of work in itself which they are handling themselves and in this particular situation we are moving more to consultants to ensure that Housing priorities are in place because we will not have the extent of the help and assistance that traditionally we have had with Technical Services Department because they have their own workloads and demands and priorities.

HON J J BOSSANO:

I know it sounds all very impressive and a bit waffly but my point is based on the figures we have got in the estimates before us. If the Minister was able to contract out £2.25 million of work and only used £9,000 worth of Consultants until the end of March why does he need to have eight times as much money spent on Consultants now because he estimates he is going to spend £4 million, he seemed to manage last year quite well with £9,000?

HON J J NETTO:

Last year in terms of the pre-tender stages all those preparations were done in-house so there was no need to use these Consultant fees to the extent that we are doing this year. Most of the projects in major remedial works which I announced in my budget speech, and I will give the hon Gentleman later a list, all those pre-tender stages will be done not by Technical Services Department but it will be done by Consultants hence the reason why in this financial year it is going to go far higher than what has been previously because previously regardless of the amount under subhead 1 we had to a greater extent the assistance and the services of the officials in Technical Services Department.

HON CHIEF MINISTER:

The point that the hon Member should bear in mind is that there is no direct relationship between the amount spent on consultancy fees and the value of work done. The correct relationship is between the amount of the consultancy fees and new projects because all these consultancy fees all arise before the work is to be done. Once the work is to be done the consultants are out of the picture. The fact that there is £70,000 this year reflects the number of projects which are starting this year as opposed to last year which was mainly a year of some new projects but the bulk of

them were projects that have already been or had been designed the previous year which explains why in the previous year the actual was £33,265. There was a lag between the design expenditure and requirement and the actual expenditure on the work itself. So the amount of provision that Government seeks for Consultancy Fees is more a measure of the amount of new projects rather than of the volume of work because the volume of work can be of an on-going nature not involving the input of the Design Consultants.

HON J J BOSSANO:

These Design Consultants have already been engaged and are already working according to the information and how is it that they are selected? Is it that the Government have gone out with a tender saying we want Design Consultants for the following and people have applied or what?

HON J J NETTO:

Mr Chairman, I believe that what the Director of Buildings and Works did was that he placed an advert in the Gibraltar Chronicle and then obtained quotes from all the Consultants in Gibraltar and obviously we went for the cheapest. That is as far as I can remember but I can check it out. Initially an advert and then followed by having quotes for all the various projects.

HON J J BOSSANO:

For each project.

HON J J NETTO:

For all the projects, yes.

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

Subhead 4 - Garages was agreed to and stood part of the Bill.

HEAD 102 - EDUCATIONAL AND CULTURAL FACILITIES

Subhead 1 - Refurbishment of Educational Facilities was agreed to and stood part of the Bill.

Subhead 2 - New School Buildings – Westside was agreed to and stood part of the Bill.

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

Subhead 4 - Improvements to Cultural Facilities was agreed to and stood part of the Bill.

Subhead 5 - Theatre Royal Refurbishment – EU Objective II Project

HON J J BOSSANO:

There is nothing in the column 'Balance to Complete' that means that within this financial year the £2 million on the refurbishment will mean the end of the project?

HON CHIEF MINISTER:

No, Mr Chairman, there is a balance to complete there that is not, the actual in 2000/2001 the forecast out-turn for the last year and the estimate for this year do not add up to the full value of the project so there is an omission there in terms of the forecast out-turn. I think that the total cost is of the construction phase is £5.9 million.

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

Subhead 6 – Capital Works – Change of School Hours

HON J C PEREZ:

My Colleague the Hon Mr Linares would not forgive me if I did not ask whether these £300,000 will ensure that children will not be sitting down on the floor to have their lunches. Could the Minister explain whether this is the tail end of the facilities that need to be provided ?

HON DR B A LINARES:

It is payments which are pending for the facilities which have already been provided and I can assure the hon Member to transmit to his colleague that there are no children now sitting on the floors. They have ample furniture and very nice furniture too.

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

HEAD 103 - TOURISM AND TRANSPORT

TOURISM

Subhead 1 - Improvements to Tourist Sites, Terminals and Beaches

HON J J BOSSANO:

The amount for the EU projects is down on previous years, is it that this is part of the original EU structural fund which is now ending or is it that there is a problem in including tourist sites for the money that is available now under the new programme which was 2000/2004 I think?

HON J J HOLLIDAY:

The EU Projects referred to in this subhead relate to the phase II of the Coach and Ferry Terminal which still has a balance outstanding for completion.

HON J J BOSSANO:

My question is, given that the £150,000 is the end of the cost of the Coach and Ferry Terminal is it that there are no other tourist projects that can be put in for EU Funding?

HON CHIEF MINISTER:

That is the old scheme, there has been no allocation to the new scheme.

HON J J BOSSANO:

Is there any problem under the new scheme, has there been any change in the rules or eligibility or not?

HON K AZOPARDI:

There is a new single programming document but tourism urban heritage projects are still part of the objectives.

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

Subhead 2 - Relocation of Small Boats Berths to Coaling Island

HON MISS M I MONTEGRIFFO:

Can the Government give an estimated date for when the this will be happening?

HON CHIEF MINISTER:

Mr Chairman, I know that the hon Lady in her desire to point the finger at the Government just asks us, "..... when is it going to happen," as if the delay was being caused by the Government. Yes, she said that in her contribution to the Second Reading. The fact of the matter is that we are experiencing increasingly intolerable delay from the MOD in the handover of this land which is due, I think when we last debated in this House I said that we had been waiting since February for the MOD to specify the reprovisioning works that they wanted in Cormorant Wharf to re-accommodate the tug's cable and all of that and the latest position is that I received from CBF about 10 days ago a new proposal from them which the Government are now having to look at again. The Government are providing the funds because we are keen and ready to proceed but we cannot proceed until the MOD handover the land. The Government are contributing nothing to the delay in that handover of the land and are pressing the MOD to remove the delays that it is causing and we have not yet succeeded in that. I sincerely and dearly hope that this will happen in this financial year but ultimately the MOD is in a position to continue to prevent it from becoming a reality as they have done hitherto.

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

Subhead 3 - Airlines Assistance Scheme was agreed to and stood part of the Bill.

Subhead 4 - Hotels Assistance Scheme was agreed to and stood part of the Bill.

TRANSPORT - TRAFFIC

Subhead 5 - Refurbishment of Motor Vehicle Test Centre

HON J C PEREZ:

Mr Chairman, can I ask whether most if not all of the £290,000 is already money owed given that the Chief Minister stated that the centre would be opening in August I think he said and I would presume that that sum of money is the retention money of the project plus any other funds that need to be paid to the contractor is that right?

HON J J HOLLIDAY:

Mr Chairman, that is correct.

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

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

Subhead 7 - Public Transport

HON J C PEREZ:

Mr Chairman, the Minister said that the negotiations with the existing operators have not yet been finalised but that the Government were already proceeding with coming out to tender for the purchase of new vehicles and I presume that £1 million is for the purchase of those vehicles. The Chief Minister said

yesterday that if there was no agreement the Government would go ahead and compete with the existing operators, does that mean that if there is no agreement the Government could under law infringe on the routes already allocated to the existing operators?

HON CHIEF MINISTER:

Whilst the law remains what it currently is the Government have to comply with it. The law may not necessarily stay as it is.

HON J J BOSSANO:

In terms of the £1 million that the House is being asked to vote, how many vehicles are we talking about and is there a particular make or size of vehicle, I think they mentioned two different sizes one for some areas and one for another area?

HON CHIEF MINISTER:

The Government have their ideas on this and indeed some research has already been done on this aspect. We do not want to put into the public domain just yet the nature of the project, I think we would like to launch that nearer the time that we are ready to launch it but I hope it will suffice for me to say to the hon Member that it involves a very significant number of buses, it involves replacing all the existing buses, more, because the nature of the service is going to be more shuttle than the present service and that it involves the latest technology in modern urban transit bus systems. Makes have been identified as we have been exploring the market to see what configurations are available et cetera, et cetera but it will go out to tender with specifications. In a small place like Gibraltar what one is trying is to maximise seats

without the bus being so big that it cannot negotiate our roads. There has been a fair amount of research done but the Government are not going to buy this by direct allocation there will be a tender nor will this be done through the Government, this expenditure is likely to capitalise a public transport company which is the one

HON J J BOSSANO:

That will go out to tender.....

HON CHIEF MINISTER:

That will go out to tender and which is the one in which we are going to invite and we are negotiating with the existing route operators to participate in as shareholders with the Government.

HON J J BOSSANO:

So essentially then what we are doing is providing a £1 million for the purpose of capitalising a joint venture company?

HON CHIEF MINISTER:

For the purposes of the Government's envisaged share of the capitalisation of a joint venture company, yes. There is no way that the Government can do this as a joint venture other than through a company and I am not sure it would be desirable even if it was 100 per cent Government owned.

Subhead 7 - was agreed to and stood part of the Bill.

HIGHWAYS

Subhead 8 - Roads Construction and Resurfacing

HON J C PEREZ:

Would the Minister, in time, I know he mentioned the projects yesterday could he perhaps send me the list of what is projected during the year and possibly the departmental costings that would adapt to the money that we are voting if that is possible?

HON J J BOSSANO:

If £1 million is the envisaged share of the company does that mean in fact that if the Government have to go in it alone it will have to be more than that?

HON CHIEF MINISTER:

Yes one could not set up what the Government want to set up for £1 million.

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

Subhead 9 - Construction of Parking Facilities

HON J C PEREZ:

Mr Chairman, the Minister mentioned yesterday that the Government plan to start work on a car park where the Police Barracks are today, is this £1 million for the commencement of the project or is this partly related to the project and partly to other parking facilities?

HON CHIEF MINISTER:

This provision is not for that one although that one is on the cards as well. This provision is for the one further up Willis's Road just south of the Moorish Castle that is the one that will be done first. That is designed and ready to go that is what this provision is for. The other one is a much more major project because it involves.....

HON J C PEREZ:

It has been announced twice. It was announced last year by the Chief Minister, it is announced this year and we have made no provision for it that is why I ask.

HON CHIEF MINISTER:

I accept that one or two projects have been reannounced this year because they have not been done last year. This is part of the problem that we have of limited capacity. Limited capacity not just in the design stages but also limited capacity in terms of the execution capacity of the building industry in Gibraltar, so I accept we would have liked to have made a start much sooner with this project and that these are the announced projects.

HON J C PEREZ:

With due respect to the Chief Minister I say that it has been announced twice because there are some things that the Government announced at the time of the budget as if it were giving the impression that it is going to happen during the year and then no financial provision is made. I would not agree that that particular project should go ahead this year or perhaps even next year given the proximity to the hospital and I would think that it would be better that the hospital should be vacated before one starts to demolish the Police Barracks if that needs to be done in the area but what I am pointing out to the Chief Minister is that it is mentioned as part of contributions of a Minister as if it were something foreseen to happen during the year as part of his annual contribution and then no financial provision is made that is the only point that I am making.

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

HEAD 103 - TOURISM AND TRANSPORT

TRANSPORT – PORT

Subhead 10 - Port Infrastructure, Facilities and Equipment

HON J J BOSSANO:

May I just ask before we leave the Head, the proposed joint venture with the people from the other side in respect of promoting air transport, the joint company, is that something that one would expect to see here in parallel with the joint venture company that we have just talked about in relation to buses and

is the fact that it does not seem to be here or anywhere else means that there is no money being provided for this purpose. There is no specific provision being made for that purpose so it would have to be provided if the project materialises but there is no specific provision for that. Obviously it could be taken out from this subhead but the subhead would not be able to cover both, the public transport, the bus project and any investment necessary in the airline.

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

Subhead 11 - Loan to Gibraltar Pilots

HON J C PEREZ:

The hon Member said that there was going to be a purchase of two launches one of which was a subject of the loan is the other launch being bought by the Pilots or they are starting to purchase this first one with the loan and then they are looking at acquiring another one when this loan has been paid and could I ask the Minister whether it is an interest free loan?

HON J J HOLLIDAY:

The Gibraltar Pilots are actually purchasing two vessels, the first vessel there are funds available in the Gibraltar Pilotage Fund for this purpose so they are making use of these funds for the purchase of this vessel and the second vessel is being made available through a loan which has been offered to them for this purpose. The loan is not interest free but is being offered to them at a very competitive rate of repayment over a long period.

Subhead 11 - was agreed to and stood part of the Bill.

HEAD 104 - INFRASTRUCTURE AND CAPITAL WORKS

Subhead 1 - Government Furniture and Equipment was agreed to and stood part of the Bill.

Subhead 2 - Government Buildings and Works was agreed to and stood part of the Bill.

Subhead 3 - Government Vehicles and Plant was agreed to and stood part of the Bill.

Subhead 4 - Consolidation and Printing of Laws

HON J J BOSSANO:

Mr Chairman, is there an explanation why no money was spent at all last year on the Consolidation and Printing of Laws from the £50,000 voted by the House.

HON CHIEF MINISTER:

Yes, it is because following the termination of the arrangements that had operated during the year 2000/2001 for this exercise newer alternative arrangements have not yet been put in place.

HON J J BOSSANO:

That seems to be saying that it did not happen because it did not happen, was it intended that newer arrangements should be put in

place when the House was asked to vote the money in last year's budget? The Government presumably knew at the time they were asking for £50,000 that the old arrangements were terminating and obviously were working on the expectations.....

HON CHIEF MINISTER:

I believe that there have been attempts. The consolidation of the Laws involves several phases, a lot of the basic legwork is actually done by civil servants in the Legislation Support Unit. Then it has to go to an outside legally qualified source to check it that is the part where new arrangements have not been done. Apparently those arrangements failed they did not take place and now a different set of possible alternative arrangements are being looked at.

Subhead 4 - was agreed to and stood part of the Bill.

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

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

Subhead 7 - Equipment was agreed to and stood part of the Bill.

Subhead 8 - Computerisation Programme was agreed to and stood part of the Bill.

Subhead 9 - Rock Safety, Coastal Protection and Retaining Walls

HON J C PEREZ:

When I asked previously in the House whether the area just above Catalan Bay had been included in the report by the Consultants engaged by the Government to look at the rock face the Chief Minister confirmed that this was the case.

HON CHIEF MINISTER:

That it had already been done.

HON J C PEREZ:

That it had already been done by a Consultant, well I understood that he meant that it had been included in the tentative consultancy, so are there any recommendations there pending any work that needs to be done and is any of that money going towards that?

HON CHIEF MINISTER:

Yes there is an existing project as I think I told him at Question Time to build a 'rock bund' I seem to remember having difficulty in explaining to him what exactly a 'rock bund' was and there is provision in this £1.5 million specifically for that project.

HON J C PEREZ:

Then I presume what the Chief Minister is talking about is what was recommended 10 years ago by the Department which is what they told me needed to be done when I was in Government, the 'bund' which was never done. When is the subject of the report of

the rock face above Catalan Bay completed and when were these recommendations done in respect of which report are we talking about?

HON LT COL E M BRITTO:

Mr Chairman, the hon Member is wrong when he refers to his time in office we are talking about a 'rock bund' arose following a Consultation Report that was carried out subsequent to a rock fall in the area of St Peter's School and subsequent to that the recommendation of this 'rock bund' which is what we are talking about now.

HON J C PEREZ:

Was that study done in-house or were consultants engaged?

HON LT COL E M BRITTO:

Consultants were engaged.

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

Subhead 10 - Maintenance and Security of Existing Structures was agreed to and stood part of the Bill.

Subhead 11 - Beautification and Refurbishment Works was agreed to and stood part of the Bill.

Subhead 12 - Demolition Works

HON J J BOSSANO:

What are the EU projects at the demolition work?

HON CHIEF MINISTER:

There is a provision there for the demolition of King's Bastion by which let us not set hares running that means the buildings inside the bastion it does not mean the 1960's Electricity Generating Station. It means the modern building standing inside the bastion proper.

HON J J BOSSANO:

Was it not first the Government's intention to remove the new building that is on the external side of the walls and then did they not come back and say that the cost was too high and they were not doing it for that reason as I remember?

HON CHIEF MINISTER:

No the question to demolish or not to demolish the Generating Station if one could call it that has been actually quite a controversial one within the Government. Different Ministers have different views, the decision was eventually made to demolish it on the grounds that the structure with relatively little investment to it could be converted into something that we were planning to build anyway and that to demolish a structure that we were told was £1.75 million to re-erect somewhere else, incur the costs of

demolition and destroy a building with a replacement value of nearly £2 million on a site somewhere else to boot having to pay the opportunity cost of using another site had to be placed in the balance with the heritage value which it undoubtedly would have of removing the structure and exposing another section of wall but, a particular section of wall, that is to say it would be looked at from Queensway it would be the left-hand half of the King's Bastion proper and it was debated long and hard and there was a consultation process and a questionnaire and there were all sorts of views sought and that is where the position stands at present.

HON J J BOSSANO:

The position stands at present where that it is a decision that has been taken

HON CHIEF MINISTER:

The position at present remains that the building will remain in place and will house the first part of the leisure centre. It is not impossible that that decision may still be reviewed but that is where the decision currently rests.

Subhead 12 - was agreed to and stood part of the Bill.

Subhead 13 - Storm Water Drains and Sewers Replacement

HON J C PEREZ:

Could I ask the Minister whether the £1 million includes the major works being done to the sewers which has been contracted out?

HON LT COL E M BRITTO:

Yes.

Subhead 13 - was agreed to and stood part of the Bill.

Subhead 14 - Incinerator was agreed to and stood part of the Bill.

Subhead 15 - Electrical Section Equipment

HON J C PEREZ:

Is this equipment for new houses or something, I find it strange that we have equipment and materials for the different sections in the Government in the recurrent expenditure and that there is this item of electrical which is I think for the electrical section that works in relation to Government Buildings and Housing not the Electricity Department and we have a capital expenditure vote there every year, is it that it is a one-off capital expenditure and what is it?

HON LT COL E M BRITTO:

The heading of the subhead is a bit misleading, in fact it should be a different heading altogether. It is nothing to do with the Electrical Section as the hon Member is probably thinking, down at Wellington Front. This is electrical equipment and it is mainly shutter doors for the garages and plant and tools for the Sewer Section, how that is electrical I am not too sure.

Subhead 15 - was agreed to and stood part of the Bill.

Subhead 16 - Gibraltar Broadcasting Corporation Equipment

- was agreed to and stood part of the Bill.

Subhead 17 - Provision and Refurbishment of Vacant Premises for Clubs and Associations

was agreed to and stood part of the Bill.

Subhead 18 - Improvements to Sports and Leisure Facilities

was agreed to and stood part of the Bill.

Subhead 19 - New Sports and Leisure Facilities

was agreed to and stood part of the Bill.

HON MISS M I MONTEGRIFFO:

Mr Chairman, can the Government confirm whether they have paid for the water-based hockey pitch from this subhead?

HON CHIEF MINISTER:

Although there is a misnomer there as well, it is not a Victoria Stadium extension it is a Bayside Sports Complex. Yes, all the expenditure relinquished on the Bayside Sports Complex comes from this Head.

HON MISS M I MONTEGRIFFO:

Could the Government then provide us with what the actual hockey pitch, the new one, costs?

HON LT COL E M BRITTO:

Not without some notice I do not have this information here with me. If the hon Member asks for it I can supply it.

Subhead 19 - was agreed to and stood part of the Bill.

Subhead 20 - Youth Clubs Refurbishments

was agreed to and stood part of the Bill.

Subhead 21 - Environment Projects

was agreed to and stood part of the Bill.

Subhead 22 - Gibraltar Health Authority Capital Works

was agreed to and stood part of the Bill.

Subhead 23 - New Hospital – Europort

HON MISS M I MONTEGRIFFO:

This is an opportune time to remind the Government once more if they could provide us with the monies that they have spent up-to-date on the new hospital included in which we would also like a

breakdown of the studies and the reports that they have commissioned up to now.

HON J J BOSSANO:

The £3 million we are voting this year, the footnote says that £1.5 million plus interest is for the purchase of the building, is the balance for the commencement of the £23 million work?

HON CHIEF MINISTER:

It is a provision in case the alternative funding arrangements are not in place quickly enough.

HON J J BOSSANO:

What are these alternative funding arrangements is it then that the actual work that has been announced for £23 million is not going to be funded through the I&D?

HON CHIEF MINISTER:

The financing expenses it is a form of PFI where the capital outlay is not done by the Government.

HON J J BOSSANO:

So in fact the contractor would refurbish the building which is there already and then there would be an annual charge to the Government on when it is completed and handed over?

HON CHIEF MINISTER:

It is not necessarily the contractor but yes other than that the mechanics is more or less as he describes. Somebody else incurs the capital outlay and then it is annualised into a user, it is the classical PFI arrangement as they use in the UK and elsewhere.

HON J J BOSSANO:

Is there any other project that has been done by the Government using this method?

HON CHIEF MINISTER:

This is the first one. I do not want the hon Member to get the wrong impression through the use of words like financing costs, it is in effect rent but the details of the financing arrangements will be made public once they have been negotiated, they are currently being negotiated and agreed.

HON J J BOSSANO:

What we are saying really is that there is an intermediate institution that would provide the payments to the contractor and

then charge the rent to the Government which are the ones with whom the Government are negotiating, is that correct?

Subhead 23 - was agreed to and stood part of the Bill.

Subhead 24 - Equipment and Refurbishment Works was agreed to and stood part of the Bill.

Subhead 25 - Employment Service Projects

FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, just a small presentational point, the Superintendent of Prison is not going to be responsible for Employment Service Projects and the Controlling Officer will be the Principal Secretary in the Employment Service.

Subhead 25 - was agreed to and stood part of the Bill.

Subhead 26 - Elderly Care Agency – Equipment was agreed to and stood part of the Bill.

Subhead 27 - Hostals - Beds and Mattresses was agreed to and stood part of the Bill.

Subhead 28 - Social Security - Facilities and Equipment was agreed to and stood part of the Bill.

Subhead 29 - Enhancement of Fairground Facilities was agreed to and stood part of the Bill.

Subhead 30 - Swimming Pool for Elderly and Disabled – Reclamation Area

HON J J BOSSANO:

Is this the total cost of the project even though there is no balance to complete?

HON CHIEF MINISTER:

I find it rather surprising I have to admit but our present information is that that is an estimate of the total cost of the project.

Subhead 30 - was agreed to and stood part of the Bill.

Subhead 31 - Capital Works was agreed to and stood part of the Bill.

HEAD 105 - ELECTRICITY

Subhead 1 - Controller Link was agreed to and stood part of the Bill.

Subhead 2 - Improvements to Networks and Infrastructure was agreed to and stood part of the Bill.

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

HEAD 106 - INDUSTRY AND DEVELOPMENT

Subhead 1 - EU Interreg Projects was agreed to and stood part of the Bill.

Subhead 2 - EU Konver Projects was agreed to and stood part of the Bill.

Subhead 3 - EU Objective (ii) Projects

HON J J BOSSANO:

On the EU Objective (ii) Projects with a balance to complete of £10.5 million, the footnote says 'the expenditure to March 2000 was £8.4 million approximately,' may I ask two things, this is all the old objective not the new one. In the figure in the footnote would that include money that has been expended and is shown in other Heads in the Improvement and Development Fund?

HON K AZOPARDI:

The first part of the question the answer is this is the old programme 1994/1999 and its total to its GOG and EU Funding and I would have to check the last point that he mentioned but my understanding is that this is all expenditure incurred from EU and GOG funds from this Head but there might be some other small amounts that are reflected in other Heads but they would be of a

minor nature. This would be most of the entire 1994/1999 programme.

HON J J BOSSANO:

I take it that given that it shows £10.5 million 'Balance to complete', is it not the case that all the things have to be committed even though the 1999 even though it might take longer to spend?

HON K AZOPARDI:

This amount reflects the new programme and the fact that we have not hardly used any of the new programme as yet and so EU funds plus GOG contribution would hover around that.

HON J J BOSSANO:

Could we in this particular Head have a separation of the old and the new programme in the subheads so that we may know how much is being spent in the new and how much is being left in the old?

HON CHIEF MINISTER:

Yes we can do that. We can show EU Objective II projects under (a) and (b) old and new programmes.

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

Subhead 4 - Gibraltar Enterprise Scheme was agreed to and stood part of the Bill.

Subhead 5 - Heritage and Planning Projects was agreed to and stood part of the Bill.

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

Subhead 7 - Gibraltar Development Plan was agreed to and stood part of the Bill.

Subhead 8 - Strategic Fuel Reserve was agreed to and stood part of the Bill.

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

Clause 5, the Schedule and the Long Title were agreed to and stood part of the Bill.

THIRD READING

HON CHIEF MINISTER:

I have the honour to report that the Appropriation (2002-2003) Bill 2002, had been considered in Committee and agreed to and moved 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 Friday 12th July 2002 at 10.00 am.

Question put. Agreed to.

The adjournment of the House was taken at 1.10 pm on Thursday 20th June 2002.

FRIDAY 12TH JULY 2002

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 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 Youth
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

ABSENT:

The Hon Dr B A Linares - Minister for Education, Training, Culture
and Health

IN ATTENDANCE:

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

MINISTERIAL STATEMENT

HON CHIEF MINISTER:

Mr Speaker, I wish to make a statement to the House about the proposed Company Tax Reforms. It had been the Government's intention following a timetable that had been worked out in the finance centre to make the statement nearer the end of July rather than now. Unfortunately yesterday there has been a breach of confidentiality from a source in the public private sector relating to the detail of the scheme and the Government feel that it would not be right to incur the risk that the detail should leak via that source into the public domain rather than the Government be the source of the statement itself and therefore we feel obliged to bring this forward by a period of what would have been about 10 or 14 days compared to the day that we had pencilled in for making this statement.

During the budget speech last month I said that the outline of the Government's proposed reform of company taxation in Gibraltar would be announced imminently. These reforms are forced upon us by external factors outside of our control. It has been well known for sometime that the Government intended to reform company taxation in Gibraltar. The need to reform company taxation is not a matter of choice. A series of international factors some affecting only the European Union and others affecting all finance centres globally make the reform absolutely inevitable. Without such reform Gibraltar cannot continue to operate as a finance centre. Approximately 2,000 people in Gibraltar work for the finance centre directly, the jobs of many hundreds more in all sectors of the economy rely indirectly on the finance centre. Furthermore, a significant proportion of Government revenue also derives from the finance centre. Government uses this revenue for such things as the payment of salaries in the public sector and generally to fund public services for the whole community. The finance centre accounts for about 25 per cent of the economy of Gibraltar in terms of gross domestic product. The continued

survival and prosperity of the finance centre is therefore crucial to the economic survival and prosperity of Gibraltar. Some of these international factors which make necessary the tax reforms are legally compulsory, for example, EU State Aid Rules. Others are political initiatives deployed through political persuasion and pressure, for example, the EU Code of Conduct of Business Taxation. In both cases the fundamental requirement is the elimination from the tax system of discrimination between residents and non-residents. In other words, the new company tax system must treat all companies the same whether they are offshore or onshore. Whether they are owned by residents or by non-residents and whatever sector of the economy they are trading in. At the same time there is a need for Gibraltar's finance sector to be internationally competitive and to offer products and services that will be attractive to international clients. Our Corporate Tax Regime is a crucial element of this. From the outset the Government have identified four essential objectives all of which had to be met by the reforms. These four objectives are the following:-

1. The new Company Tax Regime should not transfer any tax burden to individual tax payers. That is to say, personal tax rates should not bear any share of the cost, indeed the Government have during the last six years already introduced substantial reductions in the personal tax burden and will continue to do so. By the same token the Government have rejected the possibility of there being any transfer of the burden to the indirect tax system through import duties still less VAT.

2. The current Government revenue from company taxation and exempt status fees totalling together about £70 million in the last financial year per annum has to be maintained and therefore has to continue to be paid by the corporate sector in some form or another.

3. The reform must deliver certainty of compliance with EU legal factors, that is, State Aid Rules and other international initiatives that the reforms are intended to meet and satisfy. This basically requires that the same tax regime should apply to offshore and onshore companies.

The reform must ensure the continued survival and prosperity of the finance centre.

The reforms follow a very lengthy and intense process of consultation with all sectors of the finance industry and with the Government's European Union lawyers, local lawyers, accountants and other Government advisors. Many proposals have been suggested and considered, such are the complexities of the four objectives particularly State Aid Rules and the complexity of their interaction one with the other, that is to say the interaction of the objectives one with the other, that the Government are certain that only these reforms are capable of meeting all four essential objectives in full measure. The main elements of the new company taxation system that will apply to all companies in Gibraltar whether local or international, whether doing business locally or abroad are as follows:-

- (a) Company profits tax will be zero. Tax exempt status and tax qualifying status will be abolished.
- (b) A new company payroll tax similar to what exists in Bermuda and elsewhere will be introduced in respect of employees in Gibraltar. This will be charged at a sum per annum per employee. This payroll tax is a tax on the company and is payable by the company only.
- (c) A new business property occupation tax will be introduced in respect of property occupied in Gibraltar by companies for business purposes.

- (d) The payroll tax and the business property occupation tax together will be capped at a sum equal to 15 per cent of profit. Since all local companies presently pay tax at the rate of 20 per cent or 35 per cent of their profit it follows that all local companies will necessarily be better off than they are at present. In other words these new taxes will only be paid if there is a profit and then up to a maximum aggregate sum of 15 per cent of that profit. No company will pay in respect of both taxes combined more than 15 per cent of profit. If there is no profit then there is no liability to pay these taxes.
- (e) In addition to these measures all companies will pay an annual companies registration fee of £300 per annum if the company has income or £150 per annum if the company has no income. In both cases inclusive of current annual return fees.
- (f) In addition and subject to clearance under EU State Aid Rules two sectors of the economy only will pay a new tax on profit. The sectors are financial service providers and utility companies. The intended rate of profits tax for financial service providers is 8 per cent and will be subject aggregated to the other taxes to a minimum cap of 15 per cent of profit.

Intended time scale – The Government had hoped originally to implement these reforms with effect from the 1st July 2002, however due to delays relating to the necessary consultations with the EU Commission this has not been possible. It is not desirable to commence these reforms part-way through a tax year nor retrospectively. Accordingly the Government intend to introduce the reforms on the 1st July 2003, that is the start of the next tax year but we are making this statement now to eliminate uncertainty in the finance centre as far as its international clients are concerned.

All local companies will be significantly better off under the new tax system. This will reduce the cost of doing business in Gibraltar and will thus hopefully provide a boost to employment. These measures will bring many offshore financial service providers into the tax net for the first time. Those banks and other mainly financial service providers currently themselves operating under tax exemption or qualifying status certificates will obviously be worse off. The latter have been consulted through their sector associations and representatives. In addition the most adversely affected companies have been consulted individually and at the highest level. The Government wish to acknowledge the understanding shown by all these companies from the outset and to thank them for the continued commitment that they have shown to Gibraltar despite the adverse effect on them of these tax changes which they recognise have been forced upon Gibraltar and other reputable finance centres.

HON J J BOSSANO:

Mr Speaker, I think I can ask for clarification on some of the things that have been said. As I understood it he said that there were two sectors which would be utility and financial services that would be paying the 8 per cent but he actually linked the 8 per cent to the financial services, is it that the utility has the same rate of 8 per cent or does it have a different one?

HON CHIEF MINISTER:

As he has noticed it is carefully worded to avoid any insinuation of what the rate might be for utility companies, it is one of the issues which we are advised by our lawyers we should not put in the public domain at this time for reasons nothing to do with the local taxation aspect but in connection with the consultation process with the Commission. It is one of the issues under

discussion with the Commission at the moment. In other words as to whether the rate can be different for the two sectors.

HON J J BOSSANO:

The answer that I have just been given suggests that there is no problem with the 8 per cent for financial service provider but it needs to be established whether the utilities have also got to be 8 per cent or can be something different and my question is, is the 8 per cent for financial service provider also something that needs to be cleared?

HON CHIEF MINISTER:

Yes, I realise that on a first hearing of a statement orally it is often easy to miss words put in but that is clear from what I have said when I said that 'in addition and subject to EU clearance under State Aid Rules.' This aspect of the package which does not affect clients of the finance centre, clients of the finance centre do not care whether the banks, the lawyers, the accountants and the trusted company managers in Gibraltar are paying tax on their profit or not, that is the one aspect of the package which is not finance centre client sensitive but which does raise issues which we are advised should be resolved in our favour but which does raise issues that require state aid clearance and that applies both to a split rate between two categories of activity and also to the existence at all of unique sector profits taxation.

HON J J BOSSANO:

Thank you that was the point that I was trying to establish. When the new system was being listed the Chief Minister described it as a payroll tax and then went on to say it was a sum per worker

which suggests that it is not in fact related to earnings but to numbers, is that correct?

HON CHIEF MINISTER:

Correct. The word payroll in its most accurate linguistic application more accurately means the cost of one's labour as opposed to the amount of one's labour but in the world of taxation it is I am advised also applied to the second category, namely, payroll meaning list of employees regardless. The answer to his question is yes we have chosen a model which is based on the number of employees times a fixed amount rather than a percentage of the salaries of the employees. For example, in Bermuda subject to certain notional incomes and subject to certain limits their system is more fundamentally based on the first category, the percentage of salaries, we think that given that this has got to be applied to the local economy as well that this is fairer to the local businesses.

HON J J BOSSANO:

Mr Speaker, obviously we are grateful that the Government have decided to make the statement today because I think that it would have been wrong for the House to have finished the work today and then to have read about it in the

HON CHIEF MINISTER:

Mr Speaker, would the hon Member give way? First of all the House would not have read about it in any event which was not the Government's intention that the Opposition Members should have learnt of this in the press. In due course there would have been an advanced copy albeit in-confidence of the statement for

the hon Members. Can I also say to the hon Member which I had meant to say and forgot that the implementation of this requires a considerable amount of primary legislation and that therefore the House will have plenty of opportunity to debate the ins and outs, the nitty gritty. I have only given an outline obviously there is an intense amount of detailed legislation to safely implement this and that has already been drafted and when it comes out obviously the House will have ample opportunity to debate this in detail both on the principles and from the point of view of the technicalities of the legislation.

HON J J BOSSANO:

Mr Speaker, in terms of an initial reaction to this I think it is a question of studying the proposals in detail when they are brought to the House. Given the fact that we are talking about a 12 month timescale before it becomes the new system, clearly the House will have an opportunity but between now and then perhaps closer to the date and when all the hurdles have been cleared I think it would be useful if we could be given the Government's estimate of the yield of these different elements and if they do not think it is something that they would wish to put in the public domain although presumably eventually in the estimates of revenue and expenditure of the next financial year the present sources of revenue that are company tax and other company tax and so on will disappear from the estimates and in place I assume we will be getting headaches like the payroll tax and the property tax showing the estimates yield which are intended to produce the £17 million that are expected to be obtained in the current financial year but it would be useful to have an indication of what the Government think is likely to be the yield of the different components when we come to discuss the legislation and the implementation of the system. Other than that I think we will wait and see what happens after the matter is cleared with the EU because presumably that is really the first obstacle that has to be overcome. The package itself I would imagine might need to be amended if the EU says yes or no to

something but I suppose that the Government think that this is likely to be found acceptable otherwise they would not be putting it in the public domain at this stage if it was likely to be shot down.

HON CHIEF MINISTER:

The Government are confident that the bits of it which are finance centre client sensitive will be not be shot down. If anything is shot down it is the last element of the package and that could be replaced, there are potential plans 'B' and 'C' in case this one is shot down but just in response to what the hon Member was saying just then, can I say to him that obviously the Government are working trying to see if we can massage the Government's current computer programmes to do the exercise. The Government's target has been to replace the £17 million, it has not been to get less or to get more but if it does yield more we intend to keep that and use it to further reduce personal taxation. We will not tweak this package downwards if we find that it yields more than the £17 million, however, it also has to be said and I do not want to encourage a debate on this now I just want to flag the point so that the hon Member does not say to me in six months time that 'this is not consistent with what you said to be back in July 2002.' The yield from some of these elements is easier to estimate than others, for example, it is relatively easy to estimate the yield from annual company registration fee. Why? Because one knows how many companies there are, one can make a pretty sensible calculation of how many of them have income and how many do not, one makes a prudent provision for loss of so many thousand companies that might flee the jurisdiction as a result of all the things that are happening around us and one multiplies the resultant figure by the £300 or £150 rate. The business property occupation tax is equally relatively easy to calculate. The payroll tax is less easy to calculate because it is more highly impacted on by the cap. There are variables. Even if one could say, which the Government can as the hon Member knows from the Employment Service Records a list of every company in Gibraltar with a list of its number of

employees which the hon Member knows that information is available to the Government from the ETB, one could calculate a gross amount but because it is subject to the cap at 15 per cent of profit there is a variable there which renders the gross figure unindicative. It is the interrelationship of number of employees plus profitability which means that there is an element of suck and see in the first year. There are two points which the hon Member's last intervention gives me the opportunity to make, first of all that he will have noticed that in the Isle of Man scheme they abolish profits tax and do not replace it with anything, they do introduce a 10 per cent tax on financial services but they do not replace it in the rest of the economy. The reason for that is that the Isle of Man gets the vast majority, 80 per cent of the Isle of Man's Government revenue from taxation is from indirect taxation, from VAT, their profits from income tax is a very small proportion and their reserves are so large and their budget surplus is so large that they can just afford to say well goodbye to the small element of income that they get. Gibraltar and Jersey interestingly enough are in the opposite position. We get the majority of our revenue from direct taxation and a relatively smaller percentage of it from indirect taxation, indeed the House may be interested in knowing that the Treasury has recommended our scheme to Jersey and a delegation from Jersey is now coming to Gibraltar to be briefed by us about whatever we are willing to help them with.

The second thing that the hon Member may already have realised is that the reason for the cap is so that it should not be a regressive form of taxation. If the payroll tax and the property occupation tax were like social insurance contributions, rates, rents, or some other business expenditure, companies would have to pay it whether or not they had profit. It would just be another form of above the line business cost which companies would have to pay even if they were loss making. The cap renders it non-regressive because as I said during my formal statement if one is not profitable 15 per cent of zero profit is zero so one's cap is zero which means one has no liability. If one has £1,000 profit one's combined liability from all of these taxes is

limited to £150 even if the initial calculation of the taxes throws up a higher figure than £150.

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 documents on the Table.

Question put. Agreed to.

The Hon the Chief Minister laid on the Table:

- (1) A special report by the Ombudsman:-
Case No 323 – Complaint by Mr G Bamby and Ms D Hulme against the Department of Transport.
- (2) Copy of a letter to the Rt Hon Peter Hain MP.

Ordered to lie.

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

- (1) Statement of Consolidated Fund Reallocations approved by the Financial and Development Secretary (NO 9 of 2001/2002).
- (2) Pay Settlement – Statement No 10 of 2001/2002.

(3) Supplementary Funding – Statement No 11 of 2001/2002.

Ordered to lie.

BILLS

FIRST AND SECOND READINGS

SUSPENSION OF STANDING ORDERS

HON MRS Y DEL AGUA:

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

Question put. Agreed to.

THE SOCIAL SERVICES AGENCY ORDINANCE 2002

HON MRS Y DEL AGUA:

I have the honour to move that a Bill for an Ordinance to make provision for social services in the community and, in that regard, to establish the Social Services Agency; and for matters connected thereto, be read a first time.

Question put. Agreed to.

SECOND READING

HON MRS Y DEL AGUA:

I have the honour to move that the Bill be now read a second time. Mr Speaker, in November 1997 the Gibraltar Government contracted Milbury Care Services Limited for a period of four years to manage and develop social services in Gibraltar. This was later extended for a further period of one year. I am pleased to say that with the full support of Government all their initiatives and recommendations have been implemented successfully and are now fully operational. Important developments have taken place over the last four and a half years which have greatly enhanced the provision of social services in Gibraltar. These include the restructuring of the services previously provided by the Social Workers as a unit under the Personnel Department, the vast improvement in the quality of care provided at Dr Giraldi following its unitisation, the introduction of the community Service Order, the creation of a fostering service and last but not least the successful move from Bishop Healy Children's Home to five smaller independent flats in the community. As already announced in my recent budget speech Milbury's contract will terminate this coming November, therefore Mr Speaker, the purpose of this Bill is to establish a Social Services Agency fully funded and supported by Government which will take over the functions and employees of Milbury. It goes without saying that all the employees currently contracted by Milbury who are based mainly at Dr Giraldi and the Children's Residential Service will be offered alternative employment by the newly established agency as from the 10th November 2002. These employees will also have access to the Gibraltar Provident No 2 Pension Fund Scheme once they join the Agency. Civil servants such as social workers, administrative grades and Government employees employed at St Bernadette's will be seconded to the Agency on exactly the same conditions of service which they now enjoy. No change is envisaged to the management structure of the Agency which will operate as at present.

Mr Speaker, the Bill also makes provision for the appointment of a Chief Executive who will be replacing the present Milbury Head of Operations once the contract expires. An appointment to the Chief Executive post will be made once the Social Services Agency Ordinance comes into operation. I commend the Bill to the House.

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

HON J L BALDACHINO:

Mr Speaker, the Minister has just said this Bill has been brought by the Government to replace the management structure that was being provided by Milbury. The Minister has just explained that Milbury contract was for four years and then it was extended by one, which was not the explanation that was given to the then late hon Colleague Robert Mor by the then Minister who was responsible for Social Affairs or the Disabled as it was called then. The Minister has highlighted the provisions extended in social services by Milbury indicating how well they have performed during these four years. This is not the indication that Opposition Members have. There have been many complaints, by users, residents of Dr Giraldi Home and the families, many complaints. I am sure she must also have had those complaints. As a matter of fact she had an experience with Milbury when she took a decision on the respite issue when the flats at Edinburgh House were given and literally took a contrary decision to what was the instruction that she had been given.

Mr Speaker, we agree that the Milbury contract should have not been extended before November this year for different reasons to what the Minister has just said. Therefore, I do not know really if what prompted the Government to take the decision of not extending Milbury contract has been the one she has just said. I

personally think and I agree with the Government that it should have been rescinded a long time ago. They were not providing the service that they should have been providing especially in Dr Giraldi's Home, they did not keep to the contract that they signed initially, as a matter of fact the hon Lady explained in one of my questions that there were given either services to Milbury and the contribution was going up all the time for the extra services that were being provided. If that was the case, if Milbury was functioning so well, if Milbury was carrying out the contract as expected, why is it they now have not extended the contract that originally was given to Milbury because even though I asked on two occasions if the Government were satisfied with the service that Milbury had been providing, and as a matter of fact the Government ignored my question and did not give a clear answer, if they were so satisfied with Milbury services then obviously they should have said so at that time.

Mr Speaker, we will be abstaining on the Bill and the reason is exactly the same as those given by me when the Government brought the Elderly Care Agency Bill and those given by my hon Colleague Miss Montegriffo on the Sport Authority Bill. We do not think that the duplication of posts to those in the civil service is required. The management now carried out by Milbury could easily have been covered by social workers and within the social services department incorporating within the structure the local employees at present working under Milbury. When I say duplication of posts and using one as an example, the post of Finance Officer, we do not as we said in the Elderly Care Agency and the Gibraltar Sports Authority Ordinance see the need for money to be spent for that post. That money could be better used for providing services to the users. On the posts that the Agency would need to be filled, and I am asking the Minister, will the advertising for those posts be carried out in Gibraltar or do they intend to advertise outside Gibraltar?

Mr Speaker, we agree that the best possible service should be given but we do not agree with the method by which they intend to

do it through this Bill. It is also clear that Milbury were not giving the services that was required by them especially when they were being paid over £1.5 million of taxpayers money and I hope that the Agency once set up will provide the service that is required for the benefit of those that will be requiring to use it.

Mr Speaker, I would like just to bring to the notice of the Minister, I do not know if by law it is covered or not but in Section 5(3) it says "in all meetings of the Agency the Chairman or in his absence such other Member as the Agency may select shall preside." I do not know if 'his' also covers 'her' and if it does not, could it not be seen that the Chairman could be a 'her'. Could we not have "in his or her absence such other Member as the Agency may select and shall preside." Also the word Chairman could be replaced with the word 'Chairperson'

HON CHIEF MINISTER:

Mr Speaker, let me put the hon Member immediately out of his misery in respect of the last point that he has raised. Under the Interpretation and General Clauses Ordinance the feminine includes the masculine, the plural includes the singular, includes the plural et cetera, et cetera. I have to say that I do not recognise the realities as they have happened in any of what the hon Member has just said. It is not true that what the hon Lady has just said now about the contract having been originally for four years that that is inconsistent with what was said four years ago. It is not true. The Government have always made it clear, indeed the staff have always clearly understood that Milbury was being brought to Gibraltar for a period of time to inject a sense of structure, reform, external input, training, changing of systems to train our local staff and then hand over to a completely locally managed structure. Everybody in Gibraltar apparently with the exception of the hon Member has been perfectly clear as to that. The hon Member may not wish to recognise it, in fact I am certain he will not wish to recognise it given his own responsibility when

then in Government for the state of affairs but the hon Member may have forgotten the demoralised, disjointed, understaffed, and under resourced condition in which the range of Social Service Agency Provisions of Gibraltar stood in 1996. A series of disjointed, disconnected activities delivering social services on a hit and miss basis with enormous gaps, for example, in the care of children, enormous gaps where there was no provision at all even of an inept kind. This is recognised by almost every professional that works in the industry and that Milbury was contracted by the Government to come to Gibraltar and during a number of years which originally might have been only four admittedly then we extended it to five because we were not ready with the replacement that during that period of years they would put order, advise the Government on resources, on structures, on management structures, staff training, bring out the best of the local staff so that they could then be put in positions of higher responsibility than they had occupied originally and the hon Member is entirely wrong to suggest that that has not been completely achieved. It has been completely achieved. The resourcing, the premises, the staffing levels, the remuneration packages, the liason, it is now a comprehensive Social Services Agency that works together under a unified management structure and therefore makes sure that nobody falls between any stool. For the first time in many, many, years, not to say ever, Gibraltar has a Social Services Agency which begins to approximate what one would expect to find in a modern western European society and that is due entirely to the efforts and expertise that Milbury has injected firstly, secondly to the dedication, co-operation and enthusiasm for the project of the local employees of the various social services functions and thirdly to the fact that the Government have invested very large sums of money in making the project possible. Far from being a failure as the hon Member tries to paint it, I suppose he takes the view that Oppositions have to do that to all Government projects without exception. On this occasion he is particularly exposed to the accusation that that is what he is doing.

Mr Speaker, the hon Member is very harsh if his definition of failure is that there should be complaints. Having been in Government for eight years the hon Member knows that it is not possible to run a Social Security system however good it might be, in fact it is not possible to run any aspect of public administration in any walk of life for five years without generating complaints, he knows that and if his definition of failure is that there are complaints much as the hon Lady sitting next to him defines crisis in the Health Service as the fact that there are 46 complaints in a year in which there has been 34,000 patients seen. We are very happy to be measured by those criteria and by those standards because by those criteria and by those standards everything will always look successful to objective people. They judge us by much less harsh standards than we judge ourselves but certainly by those standards of the measurement of a handful of complaints that is a very gentle form of assessment.

What we have now is a local staff that has been remotivated and that is really ready to deliver to Gibraltar a Social Services system for many years to come on the basis of properly trained staff and this is far from being the failure that the hon Member chooses to describe it is actually one of the biggest achievements in the area of domestic social policy of the Government and he is wrong to say as he always does and as he always is on this and some other issues that the Government have paid Milbury £1.4 million. The Government have not paid £1.4 million that figure includes all the costs of delivery of service that previously used to be paid for by the Government through other means so please, let us not use language that suggests that Milbury have profited in their own pockets by £1.4 million a year. He knows that that is not true and it does not improve the quality of political debate in this House for carefully ambiguous language to be used.

Nor was Milbury exclusively a management contract. This is not just a question of Milbury providing management. If Milbury had only been providing three managers of course those three managers might have been replaced within the public service.

The fact of the matter is that Milbury also, I suppose that the hon Member is interested in the answers to some of the things well he must be very capable if he can listen through one ear whilst speaking to his neighbour at the same time, he is an extraordinarily intelligent person. Milbury also employs a very large number of people who are not civil servants, it is not just a management contract all the people that he employed, for example, through the Dr Giraldi Trust have now got to be accommodated. He was willing to do it through some semi-private trust arrangement the Government are offering them vastly improved conditions and security of employment through a statutory agency. We want to bring everything under one cohesive umbrella, the Social Services Agency and this is a way of bringing these employees into the public sector within a structure that is viable. All employees have been consulted and they are content, indeed they welcome the moves, the Disability Society does also. There is no duplication of posts. I do not know whether they are going to oppose all of these Bills simply on the parroting of the statement once made, duplication of posts, there are very few duplication of posts here these are posts that mainly already exist outside the public structure and that the Agency is just a means of bringing them within the public structures he must know that he has been told that before in the House. The other thing that I cannot understand from the hon Members is this, if they are opposed to it as he claims they are why does he not vote against it? How can one be against something and abstain on it. One either has clear views and the courage of his convictions or one does not but I have never heard anybody says "I abstain because I disagree with it." Normally if one disagrees with something one votes against it, if one agrees with something one votes in favour and one abstains if for some reason or other one is not in a position either to agree or disagree but to say as rotundly as he has done that he thinks that this is a terrible thing but that he abstains on it I think it is a dereliction of his legislative duty in this House.

HON J J BOSSANO:

Mr Speaker, obviously the Opposition has got the right to vote in favour or to vote against or to abstain and it is not for the Government to tell us how we must vote. We are in favour of getting rid of Milbury so to the extent that this gets rid of Milbury we are in favour. Yes, because that is what this says in the explanatory memorandum. The explanatory memorandum says, "...the purpose of the Bill is to make provision for the establishment of a Social Services Agency. The purpose of the Agency will be to take over the functions and employees of Milbury Care Services Limited," and therefore we want to get rid of Milbury because we have been wanting to get rid of Milbury since they arrived.

HON CHIEF MINISTER:

There are ways of getting rid of Milbury.

HON J J BOSSANO:

This is the method that the Government have chosen we agree with the objective and not the method and consequently we are abstaining because we want to get rid of Milbury. *[Interruption]* Well as far as we are concerned if the Government want to bring everybody into the public sector they have got a way of bringing them into the public sector and what we do not agree with is the idea that there should be a public sector which increasingly is composed of a multiplicity of agencies which we think is in fact duplicating management jobs that is to say Personnel Managers, Finance Managers, directors and therefore we are finishing up with a Sports Agency, a Buildings and Works Agency, a Social Services Agency, it is a matter of policy the Government are entitled to have that policy, we are entitled to say we do not agree with it and therefore to the extent that we agree that it is better that

it should be this rather than Milbury does not mean that this is the best way. We think the best way is in fact now that Milbury is being got rid of to go ahead and do it with the Government Department that was doing it or would have been doing it before. In any case what the Government refuse to recognise is that when, I do not even think he is intelligent when he is talking to his neighbours, what the Government refuse to acknowledge is that the initiative on the Dr Giraldi Home and the initiative on the Dr Giraldi Trust which was something that was accepted by the Government when it was proposed by the people closely involved with the potential beneficiaries was an improvement on what was there before and it would be normal and natural that anything any Government does should be to improve on what they inherit. I am not saying that this is not going to be an improvement of what there is now because what is there now is Milbury and we think anything is an improvement on Milbury.

The body of the actual Ordinance setting out the objective of the Ordinance is drafted in a way which of course is much wider than the explanatory memorandum because the creation of the Social Services Agency has as its primary objective providing a comprehensive social services for the community generally. Milbury is not providing a comprehensive social service for the community generally. The explanatory memorandum says, "...the purpose of the agency will be to take over the functions and employees of Milbury Care Services Limited," the purpose of Agency is to do that and more although apparently at the moment it is only going to be doing that.

HON CHIEF MINISTER:

No.

HON J J BOSSANO:

I am saying that not just the long title, the establishment of the Social Services Agency to provide a comprehensive Social Service with the community generally is much more than what Milbury is doing so presumably the Agency will be doing things that are being done by Milbury and things that are not being done by Milbury which presumably are being done by other people within the civil service. It must be things that are not being done at all and if it is things that are not being done at all then it is not going to be a comprehensive Social Service because there are still things that are Social Services being done by the Government in Government departments. Is it that when the Government say that Milbury has been responsible for running a specific and designed task and if this is going to be responsible for the whole range of Social Services in the community those that are done in different elements of the Government or by Milbury and those that may come into being in future which are not there then the debate is a much wider debate about a much wider policy but we will have to monitor exactly what is being done and who was doing it before as the Agency comes into effect. I commented when the Chief Minister was speaking that I am not surprised that people should be content to leave Milbury and come under the Social Services Agency, I would not have thought they needed a lot of persuading from our previous contact with them they could not see the day when Milbury left so the employees would be delighted to see the back of Milbury I would have thought and therefore the Government must have had a very easy ride persuading them that they would be better off under the Social Services Agency, in any case they probably feel a greater sense of security in a statutory body than they do with a contractor there is no question about that. There are a number of specific points that I would like to make in relation to some of the elements in the provisions in the Bill which the Government may be able to clear up either when the Minister exercises the right of reply or at the Committee Stage. There is a provision under section 14 for the establishment of a General Fund and it says , " ...the Agency may borrow temporarily by way of overdraft or otherwise," in which 'otherwise' presumably means they can actually issue debt for the purpose of the Agency.

My question is, would this be covered by the ceiling on the Government public debt or not?

HON CHIEF MINISTER:

The hon Member may have noticed that subject to the change of terminology to reflect the difference in subject matter this Bill follows very closely the text and the draft and the structure of the Health Authority Ordinance and this provision is there because it is in the Health Authority Ordinance. The answer to his question is that the answer is the same as it has been in relation to the Health Authority since 1987. I do not know what the correct answer is, I suspect that technically it is not but the Financial Secretary will have to make that decision.

HON J J BOSSANO:

Well certainly then I can confirm to the Chief Minister that our understanding in 1988 was that in the provision in the Health Authority Ordinance which had been passed by the House in 1987 did not constrain the Authority to the borrowing limit of the Government in a loans empowering ordinance so presumably the answer is the same provision applies here. The other thing is in terms of the submission of accounts the accounts have got to be provided for auditing as soon as practicable and then within three months after being audited they are provided to the Chief Minister who in turn brings them to the House as soon as practicable, Given that there is a practicable before and a practicable afterwards in theory that could be a very long time. Would it not be better to put the same as in the audited accounts of the Consolidated Fund where they got nine months after the end of the financial year to pass the accounts to the Principal Auditor?

HON CHIEF MINISTER:

Mr Speaker, actually this an attempt to actually tighten up on the existing periods that exist in those other bits of legislation. This has the opposite effect to the one that the hon Member is suggesting bearing in mind that Section 15(1) says that “the Agency shall keep proper books of account of its operations during each financial year and shall cause a statement of its accounts for each financial year to be prepared within six months” which is in fact a shorter period than is allowed in some of the other Ordinances of established Agencies. Admittedly in brackets it says, “...or such longer period as the Minister shall exceptionally allow after the end of each financial year.” The intention of this section was actually to say, “...look there is a limit you have to have your accounts ready within six months of the end of the financial year,” which is actually quite a tightening of the existing screw. Once the accounts have been done by the Agency, they must then be audited and certified by the Principal Auditor as soon as practicable. That reference to as soon as practicable applies to the job that the Principal Auditor has to do. The Principal Auditor is not under Government control and we have tried to do things recently to make it clear that he is not under Government control. He has his own Ordinance, Government scrutiny functions under the Constitution and under his Ordinance and therefore the Government does not consider it appropriate indeed as they do not with even with the accounts of Gibraltar to say to the Principal Auditor “You must conduct your Principal Audit within a...” “ The Chief Minister shall lay one copy of the Annual Report and Audited Accounts on the Table of the House as soon as practicable” the reason why that is there is simply to make it clear, the Chief Minister cannot lay unless there is a House in sitting that is all that is intended to mean for example, one has seen that today I have laid a special report of the Ombudsman, I have 60 days to do so in fact I have laid it at the first possible opportunity it was actually sent to us between the last sitting and this sitting. If the hon Members would prefer to see there that the Government shall lay the accounts of the Agency in the House during the next meeting of the House I am perfectly content to do that, that is what we would expect to . We do as a matter of

course lay documents at the first opportunity, if the hon Members would feel more comfortable even though they do not approve of the overall principals, if they think it will bring an improvement to the legislation that there shall be some more specific language there about the expeditiousness with which it has got to be brought by the political Government to the Parliament I will be perfectly content to write in some amendment in that respect.

HON J J BOSSANO:

Mr Speaker, given the fact that he has made this statement in the House then I think we can take it that we would expect that to happen there is no need to change the law. The other element is the commencement of this in terms of this financial year we are having the Agency finishing in November therefore presumably we are going to have to see either supplementary funding or some other Heads of expenditure being created, but how is the mechanics of the transfer going to take place during the course of the financial year?

HON CHIEF MINISTER:

I recall, certainly we did it with the Sports Authority and I think we also did it with this one, that under the hon Lady’s vote in the estimates there is a nominal item that says Contribution to Social Services Agency the idea being that at that point in time when the Social Services Agency comes into effect monies that are presently being paid out under the subhead ‘Payments to Milbury’ or however they are described will then be diverted through virement rules to the subhead which if my memory serves me correctly has been created. It has been done in relation to the Elderly Care Agency because it is up and running, it has been done in respect of the Sports Agency but it appears to have been overlooked in this case but that is the technique that we use and I suppose the Financial and Development Secretary will then use

his power under the Public Finance (Control and Audit) Ordinance and Financial Regulations to create a new Head of Expenditure. I am sorry it has been done it is just that the hon Lady has an earlier draft not the one that was included in the booklet. Head 5(b)(vi) reads:

“.....Contracted Services - Milbury Care Services Limited and Social Services Agency.”

HON J J BOSSANO:

Yes I think we raised this very point in the Committee Stage and the “and” has been added in the approved estimate but was not in the draft.

HON CHIEF MINISTER:

Yes.

HON J J BOSSANO:

It was a point that we made and it was acknowledged by Government. I was seeking confirmation that it had materialised. One final point, given that we are talking about the Social Services Agency providing a comprehensive service and the comparison that has been done with the Sports Authority, what we have seen in the Sports Authority is that the person that is currently a civil servant in charge of the Stadium whose post has been regraded within the civil service is apparently the person who would be running the Sports Authority and there is no indication here whether the Chief Executive is somebody that is going to come from within the public service already on similar lines or whether in

fact we are getting somebody from outside. Obviously to the extent that we have got as I believe we have people who are quite capable of doing what Milbury was doing within the existing system then the provision that the House has made ought to prove to be more than sufficient once we take out the profit element that was the take of Milbury for providing expatriate managers and therefore we will monitor that element as well because we believe that it is an opportunity to put that money into the service rather than seeing it leaving Gibraltar in the hands of a contractor.

HON CHIEF MINISTER:

The intention is that that is what is going to happen and indeed now even though he does not accept the now there are people who five years down the line are in a position to take over these management roles. Civil servants will remain civil servants in this context but can I just ask him to remember when he is underestimating the extent of the achievement in management capability that has now been generated in the last five years as a result of these arrangements and when he says that there were people before who could have done it can he cast his mind back to the situation pre 1996 which was that the Personnel Manager, Mr Albert Finlayson, the Personnel Manager was responsible for the management of the Social Workers. There was no dedicated management structure, a man who was the Personnel Manager and who was completely engaged in that had as a side obligation the management and the providing of instructions of workers in the social field. We all understand how these things happened historically but I would please urge the hon Members when they are making an objective analysis of what has been achieved and what has not been achieved at least to bear in mind what the achievements are and not pretend that there are none.

HON J J BOSSANO:

Mr Speaker, I think it is ultra-sensitivity of the Chief Minister that makes him think that we do not think that there are any achievements whatsoever it is just that as far as we are concerned we have been unhappy about Milbury since they arrived and we believe the money that has been spent since Milbury arrived could have been better spent for the benefit of the beneficiaries of the people concerned which were mainly people with disabilities, this is how Dr Giraldi Home started. If we are now talking of using the base created there subsequent to Milbury's departure to do a wider exercise involving more things then we will be monitoring that as it is our duty to do both in terms of what it is costing and the benefits that it provides. At this stage all that we are seeing is a reflection of a Government policy to create a multiplicity of agencies to deal with everything and anything under the sun and at the end of the day time will tell whether this is the most cost effective way of doing things or not but obviously to the extent that what we are seeing is finally Milbury departing and our local people looking after those in need were in many respects sometimes what outsiders failed to understand is the culture of Gibraltar and they come to deal with people here with a lot of preconceived ideas of what they experience in the United Kingdom with a lot of textbook knowledge which sometimes it is important to have some textbook knowledge but the personal touch that our people have with the recipients and the receivers of services whether it is in the Health Service or in the Social Services is something that no outsider can reflect and this is why in principle we think that our own people can do a better job.

HON MRS Y DEL AGUA:

Mr Speaker, I just want to clarify one point before I move on to something else. The Opposition seems to be under the impression that the funds that were provided to Milbury, they seem to be giving the impression that Milbury pocketed half or three quarters of those funds. They have to be aware that the

amount we have been funding Milbury with over the years has been afforded to be able to run Social Services in an effective and structured manner. A manner which did not exist before. The consideration which is ring-fenced that has always been paid year after year to Milbury is in the tune of £397,000 out of which Milbury had to pay their own five contract officers. Out of £1.6 million the impression that they are giving is that Milbury has pocketed half of it is clearly giving a wrong impression which is not the case. It was a fee paid to them to manage the structure which before had no management at all. The Opposition has been harping on for four years incessantly to remove Milbury as they say it to get rid of them, in the ante-room the hon Member was always side-tracking me to try and convince me to remove Milbury, Government have had no reason to remove Milbury until now and we have not removed Milbury. What has happened is what was envisaged to happen all along, they were contracted for a four year period which unfortunately or fortunately had to be extended for another year. Their contract has come to an end and they are leaving. What has happened is what they wanted to happen Milbury are leaving and yet the Opposition is not happy but what concerns Government are the fact that all employees of the Social Services Agency both from St Bernadette's, Dr Giraldi, the Children's Residential Service, the Disability Society which represents the parents or relatives of the disabled people are completely satisfied not with the fact that Milbury are leaving but with the fact that the conditions of employment were considerably improved under Milbury and that they will remain as they are much more improved than what they had under the hon Members' Government.

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 J J Netto
The Hon R R Rhoda
The Hon T J Bristow

Question put. Agreed to.

SECOND READING

HON J J HOLLIDAY:

I have the honour to move that the Bill be now read a second time. Mr Speaker, the Government have been monitoring the growing number of visits by rock apes into built up areas in general, in the upper town in particular. I have received several letters of complaints from members of the public informing me that damage is being caused to private properties by some of these animals. The Government wish to address the root cause of many of these incidents which appear to be the result of apes looking for food most of which is unsuitable for them. The Government are aware that unauthorised feeding of apes is happening within the upper town and some Rock Tour providers encouraging visitors to feed them. The Government find such practices very unhelpful as this encourages the apes to look for the general public as a source of food. It is just one step for an ape to be fed by the Upper Town by the public and for that animal to go into town areas in search of persons who will feed it. Indeed it has come to my notice that there are certain persons who are feeding the apes in built up areas. This is particularly undesirable as it encourages them to return to the town area to look for more food and in the process causing a nuisance and even damage. I am informed by GONHS the Government Contractor who is in charge with responsibility for feeding the apes that much of the food that misguided members of the public give to the apes is bad for them. Such feeding interferes with the efforts of GONHS to provide the apes with a balanced healthy diet and leads to overweight and unhealthy animals.

The Government have therefore examined the law because the starting point of my strategy is to reinforce the legislation which makes it an offence to feed the apes in certain circumstances.

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

Absent from the Chamber: The Hon Dr B A Linares.
The Bill was read a second time.

HON MRS Y DEL AGUA:

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

Question put. Agreed to.

THE CRIMINAL OFFENCES (AMENDMENT) ORDINANCE 2002.

HON J J HOLLIDAY:

I have the honour to move that a Bill for an Ordinance to amend the Criminal Offences Ordinance to prevent the feeding of the Rock Apes by unauthorised persons, be read a first time.

The present legislation on this subject is contained in Regulation 5 of the Nature Conservation Area Regulations 1993 and made under the a Natural Nature Protection Ordinance 1991 and in section 271 of the Criminal Offence Ordinance. The Nature Protection Ordinance and Regulation forbids the feeding of apes within the Upper Rock. The legislation does not cover the feeding of apes outside the Upper Town and in particular in built up areas. The legislation which is supposed to cover this is section 271 of the Criminal Offence Ordinance, this provides that it is an offence for anybody to encourage the apes to come down from the Upper Town or to feed them anywhere other than Apes Den in the Upper Rock. The penalty for summary conviction on committing an offence is a fine on level two of the standard scale.

Mr Speaker, I have three observations to make in relation to this section of the Criminal Offence Ordinance. Firstly, the law as it stands makes it an offence for Ape Keepers to feed those apes which inhabit other parts of the Rock other than Apes Den. This is absurd. Secondly, there is a contradiction between the Nature Protection Ordinance which forbids unauthorised feeding of apes at Apes Den and the Criminal Offence Ordinance which allows the public to feed apes there. Thirdly, in my view the penalty subscribed is rather low and would not act as a deterrent. I now turn to the Bill which is before us in this House. This makes it clear and in simple language that only persons who feed the apes are those persons authorised by the Minister for Tourism, in other words, the ape keepers and nobody else. It makes it clear that it is an offence to encourage apes to come down from the Upper Town and to feed the apes both in the Upper Rock and elsewhere including the town.

The Bill proposes a penalty on summary conviction of a fine at level three of the standard scale, that is up to £500. I hope that by bringing this legislation to the House the public will be reminded of the adverse consequences of feeding the apes in town and that this Bill will serve to improve the situation by removing the incentive which the apes have had until now of

coming into town attracted by unsuitable food. 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, in general terms Opposition Members will be supporting the Bill. We think that the apes should not be encouraged to leave their normal area and become a nuisance to members of the public. We certainly think it is better to take measures of this kind rather than the culling of apes which happened not that long ago.

We would like to ask the Minister if he could clarify what steps he intends to take to make tourists aware of this. I understand that there are already signs which say, "Do not feed the Apes" but tourists will not pay attention. Is there a distinction between members of the public who might be aware of the law this House is passing and between tourists who probably do not know or who have never heard of this. Certainly people would not feed the apes as that is one of the reasons why they leave the Upper Rock and roam into the Upper Town area, but there is another reason which has been brought to the attention of the Opposition and which I saw not that long ago and that is the open rubbish skips. I saw one in the Calpe area which has no covering and this is simply where people leave their domestic refuse and given that this is a Government responsibility I was wondering if the Minister intends to tackle that as well in the same way as they are tackling members of the public feeding the apes.

HON J J HOLLIDAY:

Mr Speaker, I would like to clarify that there are signs in the Upper Rock which clearly state that the feeding of apes is prohibited. These signs currently exist however what will happen is that once this Bill becomes law there will be additional information provided in terms of the fact that the level of conviction will be applicable should people indulge in the feeding of apes also tourist literature that is available to visitors to Gibraltar clearly states that it is forbidden to feed the apes. I believe that the biggest culprit of this sort of activity is actually the tour providers in Gibraltar who encourage visitors to feed the apes and feed them themselves as part of the product they offer and we have been working closely with the tour providers and although it is not going to be easy to convince all members not to indulge in this sort of activity overnight, I believe that this legislation will help in going some way as a deterrent for them to do so. I think we have to be conscious that if we are going to be taking a long term view in order to protect these animals and I feel that all Gibraltarians very much feel that they are part of our culture, I think we need to take drastic steps now to ensure the long term future of these animals otherwise we are going to be starting a process which eventually will lead to their destruction and this is something that we do not want. They are a major tourist attraction and I think that the Government recognise the importance of these animals as part of our tourist product and what we have to offer in Gibraltar as an attraction. Hopefully members of the public and tour providers especially will take a responsible view of this in the long term well being of these animals because ultimately tour providers must realise that if in the future nothing is done they will have nothing to show their customers in the Upper Rock in terms of apes activities in the future

Question put. Agreed to.

The Bill was read a second time.

HON J J HOLLIDAY:

I beg to give notice that the Committee Stage and Third Reading of the Bill be taken 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 following Bills clause by clause:-

- (1) The Social Services Agency Bill, 2002;
- (2) The Criminal Offences (Amendment) Bill, 2002;
- (3) The Investor Compensation Scheme Bill, 2002.

THE SOCIAL SERVICES AGENCY BILL, 2002

Clauses 1 to 14 - stood part of the Bill.

Clause 15

HON CHIEF MINISTER:

Mr Chairman, I beg to move an amendment in section 15(5), delete the words "as soon as practicable" and insert "during the meeting of the House next following the date."

Clause 15 - as amended, stood part of Bill.

Clauses 16 to 23 and 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 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

Absent from the Chamber: The Hon Dr B A Linares.

THE CRIMINAL OFFENCES (AMENDMENT) BILL, 2002

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

THE INVESTOR COMPENSATION SCHEME BILL, 2002

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

Clause 2

HON DR J J GARCIA:

Mr Chairman, just by way of clarification in relation to Clause 2 (d) which provides the definition of the term 'Investor', the Government have chosen in the Bill presented before us to say that at the end it does not include persons listed in Annexe 1 to the directive which is something the directive makes optional. Is there a particular reason why the Minister has chosen to go down this route?

HON K AZOPARDI:

As the hon Member himself recognises this is an optional list and in the view of the Government and the industry because that has come out of the consultation process it is clear that while it is desirable for there to be an Investor Compensation Scheme in

Gibraltar it is also desirable to maximise investment in Gibraltar to apply a regime which is within the minimum possible provided and set down but the gentlest possible also and the least honourous on the industry and so the view that the Government have taken in connection with that is that we should apply the EU minima as set out in the directive but we should not burden the industry in Gibraltar unduly if we do not have to.

HON CHIEF MINISTER:

I do not know if the hon Member has Annexe 1 to the directive in front of him but he will see that they are people who the directive does not require to be covered by the Investor Compensation Scheme and if he looks down the list he will see that they are things, entities, people, who an Investor Compensation Scheme is not intended to apply to, for example, the first item is Professional Investors, Investor Compensation Schemes are intended to protect the ordinary man in the street not a professional investor. Somewhere else on the list there is Government Agency or something or other, an Investor Compensation Scheme is not intended and the reason why it is excluded from the definition of investor is so that it excludes people who are not intended to be included from benefit but the Government could optionally as my Colleague has said have included them.

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

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

Clause 4

HON DR J J GARCIA:

Mr Chairman, again by way of clarification in Clause 4 (iii) there is a provision whereby certain organisations nominate members can choose to nominate an alternate or not, Clause 4 (iv) mentions that the notices of the names of members of the Board and their alternates and any resignations shall be published in the Gazette, the point that we made in relation to (iii) is whether it might be wiser or perhaps why the Government have chosen not to make it mandatory that they should nominate an alternate in case there is a conflict of interests which is what it protects and in relation to subsection (iv) in the same clause it says that the names should be published in the Gazette but it does not say when, within six months of appointment or within a month of appointment. I was wondering whether the hon Member could clarify those two points.

HON K AZOPARDI:

Mr Chairman, indeed this is quite a novel provision to provide something that even talks about alternates. I think this will single out in my mind the first Bill that I presented to the House which provides for the Board and even makes statutory provisions for alternates usually one does not even do that so the Government did not feel that we should even go to the extra step of making it mandatory that they should provide alternates but there are provisions there that if there are conflicts of interest we will appoint different members and as to the publication itself again it is not standard practice to say precisely when one will publish, the Government will do so at the earliest opportunity once the nominees have been received.

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

Clauses 5 to 23 - were agreed to and stood part of the Bill.

Clause 24

HON DR J J GARCIA:

Mr Chairman, can the Minister say whether there is an EU list of Competent Authorities and if so whether Gibraltar's Competent Authorities are included in that list?

HON K AZOPARDI:

No.

HON CHIEF MINISTER:

Mr Chairman, I do not think that this directive creates the concept of a Competent Authority in the sense that others do. It creates a Domestic Regulatory Authority, Financial Services Commission, and then there is this requirement for the participants in the scheme to be notified and that will be done by the Financial Services Commission through I suppose the post boxing arrangements, I do not know, but I do not believe although we are checking as we speak. Yes, it appears that the concept of contrary to what I have said the concept of Competent Authorities is imported into this directive by reference, it says, that the Competent Authorities under this directive shall be the Competent Authority under another directive which it mentions by name. What we will have to check which I think is the object of the hon Member's question is whether that directive and therefore by reference this one creates the concept of a list, we will check that.

Clause 24 – 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 Social Services Agency Bill 2002, with amendments; the Criminal Offences (Amendment) Bill, 2002; and the Investor Compensation Scheme Bill, 2002, have been considered in Committee and I now move that they be read a third time and passed.

Question put.

The Social Services Agency Bill, 2002.

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
 Hon Mrs Y Del Agua
 The Hon J J Holliday
 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

Absent from the Chamber: The Hon Dr B A Linares.

The Bill was read a third time and passed.

The Criminal Offences (Amendment) Bill, 2002; and the Investor Compensation Scheme Bill, 2002, 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 11.50 am on Friday 12th July 2002.