

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

Meeting of the First Session of the Ninth House of Assembly held in the House of Assembly Chamber on Friday 28<sup>th</sup> March 2003, 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 R 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

### **ABSENT:**

The Hon S E Linares

### **IN ATTENDANCE:**

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

### **PRAYER**

Mr Speaker recited the prayer.

### **CONFIRMATION OF MINUTES**

The Minutes of the Meeting held on the 14<sup>th</sup> October 2002, having been circulated to all hon Members, were taken as read, approved and signed by Mr Speaker.

### **DOCUMENTS LAID**

The Hon the Chief Minister laid on the Table the Gibraltar Shiprepair Ltd financial report for the seven year period ended on the 31<sup>st</sup> December 1999.

Ordered to lie.

The Hon the Minister for Trade, Industry and Telecommunications laid on the Table the Gibraltar Heritage Trust Accounts for the years ended 31<sup>st</sup> March 2001 and 31<sup>st</sup> March 2002.

Ordered to lie.

The Hon the Financial and Development Secretary laid on the Table a Statement of Consolidated Fund Reallocations (No 4 of 2002/2003).

Ordered to lie.

## **ANSWERS TO QUESTIONS**

The House recessed at 12.10 pm

The House resumed at 12.15 pm

Answers to Questions continued.

The House recessed at 1.10 pm

The House resumed at 3.10 pm.

## **SUSPENSION OF STANDING ORDERS**

### **HON CHIEF MINISTER:**

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

Question put.                      Agreed to.

## **BILLS**

### **FIRST AND SECOND READINGS**

## **THE GIBRALTAR ELECTRICITY AUTHORITY ORDINANCE 2003**

### **HON CHIEF MINISTER:**

I have the honour to move that a Bill for an Ordinance to establish the Gibraltar Electricity Authority to make provision for the supply of electricity in Gibraltar and matters connected therewith, be read a first time.

Question put.                      Agreed to.

## SECOND READING

### HON CHIEF MINISTER:

I have the honour to move that the Bill be now read a second time. The reason why I have moved for this Bill to be taken now rather than wait for its turn in the Order Paper is that the Government hopes to be able to commence the new Electricity Authority arrangements with effect as from the beginning of the Financial Year which is the 1<sup>st</sup> April 2003 for which purpose obviously we need to have both the statutory framework in place. If we can pass this Bill today or Monday it will still be possible for that to be the case.

Mr Speaker, the Bill before the House sets out a framework legislation. I say framework legislation because many of the details that are presently found in regulations made under the Public Health Utilities Ordinance in relation to electricity will need to be replicated in regulations made under this Ordinance as well. So it is a framework Bill to set up the Electricity Authority. Why did the Government decide to try and establish the Electricity Authority? When we first came into office we were met by a whole range of claims. The industrial relations situation in that department were volatile, a lot of claims were being sat on, relationships between individual groups of workers within the department. Why? For the reason that underlay many of these claims and that is that over many decades successive Gibraltar Governments had made politically or industrial relations decisions in a whole series of pay and conditions related measures which had led the workforce within the department, or at least a large sector of it, to feel that there was no equality of pay and conditions for people who elsewhere in Government are graded the same. There is a view held very strongly by some and denied equally strongly by others that there had developed what the first part of the workforce called 'discriminatory terms and conditions of employment within the department', and the Government formed the view that there was no way of addressing these claims and these situations without in turn just unleashing another round

of dominoes and leap-frogging. All we were doing was replicating the problems but at a higher cost level. So the Government called in the staff and the union representatives and said to them," ....do we all want the opportunity to start with a clean sheet of paper? Forget about the past this is not about what the GSD Government have done or what the GSLP Government did before it or the AACR Government before that never mind about the historical situation of how all these problems came about. Do we all accept that there are situations which ought to be resolved? Do we all want to try and start afresh and create an electricity industry in the public sector free of all of these problems and therefore one in which the staff can have good relationships between itself and a place not just geared up to provide Gibraltar with security of electricity supplies into the future but also which had a high level of staff morale so that we can move forward rather than look back and try to resolve all these claims in the context of the history of the matter?" The Government were willing and the staff or at least most of the staff were willing and the unions were willing. Why was it necessary first, and then desirable for other reasons, to pursue the concept of the Authority? The reasons are that whilst the Electricity Department remains a Government department it is subject to the straightjacket of the Government's pay and conditions system. One cannot make particular arrangements, for example, for a craftsman in the Electricity Department and a craftsman in another because the Government pays from one monolithic public service wide structure.

The Government thought that there were other advantages to proceeding down the route of an Authority and that is not just the opportunity to resolve all these historical claims, also to try and modernise working practices, to give the electricity industry an element of independence of operation in the sense of investment for the future, in the sense of financial ability to plan for its future without having to stand in the queue with other Government competing projects. As things presently now stand, revenue from electricity is just an item of general Government revenue and the expenditure of the Electricity Department is just another item of Government expenditure whether in the Consolidated Fund or in the Improvement and Development Fund for capital investment.

Theoretically future capital needs of the Electricity Department in terms of plant and equipment investment competes with road projects, street beautifications, new hospitals, port developments and everything else. So, establishing the Authority gives the industry an opportunity to obtain control of its income stream and of its financial resources that it generates and uses them in a dedicated fashion for the investment needs of the industry. There has also historically been a failure to have a programme let alone to fund it but even that there should have existed a programme of systematic maintenance works on the distribution network, in particular I think that it is a common view which certainly I would agree, that whilst the generating equipment in the Generating Station despite its years is maintained to a very high standard, the distribution network, substations, underground cabling and all of that has received much less by way of maintenance over the decades and there has been a deficiency in this area again because it all gets lost in the murkiness of just a day to day administration as a Government department.

There has been insufficient attention to training issues in the electricity industry in Gibraltar at least in the public sector part of it. There has been insufficient attention to succession planning in the future of the electricity supply industry. Who is going to take over in a few years time from the current crop of City Electrical Engineers and the other two seniors that are there? These are all issues which can more easily be grappled with in an industry which is organised around a structure which stands a little bit more independently from the administrative machinery of Government with ability to make its own professionally driven decisions through a board of directors which is able to programme its needs in the future saving, maintenance, equipment re-provision, and set that programme against its future revenue streams without having to be told year after year where they might bid for equipment and that their bid has not succeeded because Government's priorities this year are in, making, building a new hospital or refurbishing roads or refurbishing the housing stock et cetera, et cetera. When we spoke to the staff not just to the management but also to the staff they also recognised that these were areas which they thought also needed attention. As is to be

expected with employees their first concern is their terms and conditions of their own employment, that is logical, but beyond that there are issues which they find destabilising of moral which they think conceals a hidden agenda by Government perhaps to run down the industry by not making enough investment in capital for the future, if one does not train and does no succession plan in management does this mean that there is a secret agenda to privatise et cetera, et cetera. So there are all these issues which the unions, the staff and the Government agreed to sit down with a blank sheet of paper and try and resolve all of it so that when we had finished we would end up with an electricity industry with its future clearly mapped out and securely established. But, clearly mapped out and securely established in the public sector because the Electricity Authority is a statutory corporation there is no element of privatisation, there is no element of contractorisation, it remains entirely within the public sector but because it is not within the civil service part of the public sector it is not subject to the straightjackets that that monolithic system dictates because in the Authority on the terms of this Bill it is possible for the Authority and therefore for the electricity industry in the future, the public sector bit of the electricity industry in the future, to conduct its business in a different way which is more responsive to the needs of the industry and of Gibraltar's needs in terms of a modern, secure, electricity supply industry. That is the background against which all the sides agreed probably more than two years ago now to open a process of discussion. I make the same distinction between discussions and negotiations in this area as I make in other areas of politics. Originally they were not negotiations they were discussions to see if there was enough common ground, enough commonality of objectives, enough common vision to see if there was a point in opening negotiations and when those discussions revealed that there was, then a formal process of negotiations began focussing mainly on the terms and conditions and the resolution of the historical raft of industrial relations claims but the Government and management also focusing on many of the other non-payable conditions issues like infrastructure investment, training, succession management planning and things of that sort all of which form part of the

thinking for the Authority. These negotiations took place initially with all divisions.

If I can just for the sake of clarity in this debate mention that the Electricity Department is basically divided into three divisions or sections. The generation, distribution and consumer services, very roughly before they were merged into the new depot, consumer services used to live inside the King's Bastion, distribution used to live in the Orange Bastion in Irish Town and generation was concentrated mainly in the Waterport Power Station. Although the discussions began initially with all three of them at a given point in that discussion/negotiation when it became a negotiation and ceased to be a discussion the generation staff or more accurately stated the shift workers because there is generation staff who are day workers, the shift workers in generation lost interest in pursuing the discussions and they dropped out of those discussions. The discussions continued with the consumer section and it continued with the distribution section. The Government also agreed to a request that the Technical Services Department electricians based in Wellington Front should have the option to participate in what would now be a much more all-embracing Electricity Authority. The Government agreed to give them that option, they eventually decided between themselves to exercise the option to join and they participated in the negotiations and those therefore proceeded from then on with the three sets, distribution, consumer and the Technical Services electricians. Those negotiations were as one would expect detailed and intense. The basic principles of the negotiations were an attempt to standardise terms and conditions of employment and pay within what have been the Electricity Department. It still is the Electricity Department as we speak today, whilst obtaining for the Government things which were of benefit to the Government flexibility, an erosion of demarcation, increase productivity agreements and the all important question of funding and how much extra the Government were willing that this should cost. I should mention to the House that not having agreed the Authority would not have avoided the need to address all the industrial relations claims which had been held at bay for several years

because of the spectre of the Authority negotiations so the decision by the Government not to have proceeded down this route would still have left the Government with the need to address the industrial relations issues which would have cost no less. It could have cost no less even assuming that they were doable within the straightjacket of the civil service pay structure. Those negotiations were successfully completed two or three weeks ago culminating in the signing of an agreement between the Transport and General Workers Union on behalf of its members and staff, they have negotiating rights, for the staff in what in effect was a collective agreement and the Government but as I mentioned earlier, the generation or shift staff had dropped out of these discussions and so when the agreement was signed, it was signed in respect only of the three divisions that were then in negotiations with the Government, technical services, consumer and distribution. That agreement has been concluded, the shift workers had not at that stage wanted to proceed, there were of course individuals within the generation division who being day-workers wanted to join the Authority, but the Government cannot subdivide a division, it is very difficult for the Government to say this bit of generation is in the Authority and this bit of generation is not. One can make different arrangements for different sectors of an industry, for example, in the UK in the context of their privatisation agendas and policies in the past, generation has been separated altogether from distribution. There are generation companies and there are distribution companies so the industry can work with generation and distribution and sales separated but one cannot say the shift-workers in generation are a Government department but the day-workers in generation are in the Authority it is difficult. There is a category of person who does some work in the generation, there is a handful of day-workers who do some work in the generation division in Waterport Power Station and some work for the distribution division outside the generating station and discussions are taking place with the union as to how they might be accommodated. I have just indicated to the hon Members that the shift-workers agreed several weeks ago that they were willing to restart discussions without any commitment to come to a conclusion but that they were once again willing to reopen

discussions/negotiations with the Government on the possibility of them also joining the Authority. The Authority is viable with generation remaining a Government department, the Government's preference is that the whole industry should take part in the Authority because that maximises the benefits of cohesion and single planning and strategic planning and the tactical deployment and implementation of that strategic planning. So the Government would certainly be willing to reopen those discussions with the staff in the generation division and would warmly welcome them into the Authority if we are able to reach an agreement with them. All that Mr Speaker, by way of background information for the hon Members as to why we are in need of passing this Bill. The agreement exists and the Authority will take over for those three functions from the Government as of 1<sup>st</sup> April 2003 on the terms of this Bill. This brings me to the Bill.

Mr Speaker, the Bill is not as a model something which hon Members have not seen before. There is a model of Authority legislation, the first one that we did we based on the Health Authority Legislation and then there was the Elderly Care Agency and there have been others since, the Sports Authority was also cast and now this one. The structure of the Bill and the sort of things that it provides for and how it provides for them is very much on the model and along the lines of the Health Authority, the Elderly Care Agency and the Sports Authority Bill which we have debated in the past but with all the differences being mainly the bits related to electricity as opposed to sport and health.

Clause 2 of the Bill has some important definitions including the definition of Chief Executive and Deputy Chief Executive as the hon Members will see when we come to the latter clauses of the Bill. The responsibilities for the day to day management of the Authority is vested in the Chief Executive. The Chief Executive is to be appointed by the Authority with the consent of the Minister, the Minister being Minister with responsibility for electricity but the incumbents in the department that is to say the current City Electrical Engineer and Deputy City Electrical Engineer will be, by the provisions of this definition of Chief Executive and Deputy Chief Executive, the first Chief Executive and Deputy Chief

Executive of the Authority. The Minister will be the Chairman of the Authority and then there are all the usual definitions which the hon Members will recognise from the Public Utilities Undertakings Ordinance of the Consumer et cetera , et cetera electricity, electric line, the financial year has been provided to coincide with the financial year of the Government to the 31<sup>st</sup> March and then there technical definitions of that sort.

Clause 3 establishes the authority and it establishes it as a body corporate with perpetual succession and a public seal which shall be officially and judicially noted. The Authority is established with the objects of supplying electricity to the general public and for general purposes associated therewith and further with the object of (a) maintaining, developing and promoting an efficient and economical system of supply of electricity in Gibraltar and (b) advising the Government in matters related to electricity. Sub-clause 3 then provides for the takeover of assets and obligations by the Authority from the Government in this area. The composition of the Authority is provided for by Clause 4. It shall consist of the Minister who shall be the Chairman. It shall consist in addition to the Minister, the Chief Executive and a Deputy Chief Executive and not less than four other members so there can be more but not less than four other members. Of those four other members one has to be experienced in the field of commerce and finance and another in the field of law, another in trade union and labour relations and another in electricity and consumer relations. Then there are the usual provisions about how one fills the vacancies and the membership of the Authority.

Clause 6 provides for members of the Authority to disclose any potential conflict of interests to the Authority and that deals generally with disclosure of interest by Members of the Authority.

Clause 7 provides for the extent of the Authority's liability and its exemptions from liability and that is similar to the situation more or less, more than less as appertains at the present legislation.

Clause 8 establishes a Management Advisory Board so one has the Authority with its Board of Directors so to speak, then one has

the Chief Executive and his Deputy with day to day management responsibilities and under the Chief Executive and under his Chairmanship there is a Management Advisory Board which comprises the Chief Executive as Chairman, the Deputy, the three Senior Engineers of the Authority, the Head of Administration and such other persons not exceeding three as the Chief Executive may co-opt on to the Management Advisory Board.

Clause 9 provides for the duties of the Authority, hon Members will note paragraph (a) of clause 9 which imposes a duty on the Authority to comply with such directions as might be issued by the Government from time to time on matters related to the functions of the Authority. There is not a complete break between the Government and the Electricity supply industry and the link is not limited to the fact that the Chairman is the Minister. The Government retains the right to make policy directions to the Authority on matters of electricity and then the duties go on to lay and maintain suitable and sufficient distribution mains, subject to the payment of contributions to connect electricity supply et cetera, et cetera and most of those are taken from the existing legislation.

Clause 10 provides for the Minister's regulation making powers and that enabling section is equivalent it may even be identical to the one that exists in the current regulations.

Clause 11 provides for works to remain the property of the Authority and then part III starting at clause 12 under the heading "Relations With Consumers" really is more or less a replication of the existing public utilities provisions, hon Members will notice at clause 14 under the heading "Charges For The Supply of Electricity" that the charges and tariffs for the supply of electricity shall be those set out in regulations made by the Minister. The Authority does not have the power to set electricity tariffs at whatever rates it might like, the Government retains the right to establish electricity tariffs, there is a corresponding indemnity if as a result of decisions that the Government makes about tariffs or any other direction that the Government gives the Authority the

result is that the Authority cannot make financial ends meet, then the Government have the obligation to provide a financial indemnity to the Authority to provide the missing finance. What would be wholly unreasonable is for the Government to say to the Authority that they cannot increase the tariffs. They have to absorb increasing costs, rising fuel prices, rising wages costs and then be left unable to make its financial ends meet so that circle is squared so to speak in that way. There is an improvement as I mentioned privately to the hon Member this morning and that is that the terms upon which the Authority can decline to provide a supply have been narrowed compared to present legislation so that the obligation to provide electricity is now tougher on the Authority than it currently is on the Government under the existing legislation. The hon Member particularly the hon Member who had responsibility for electricity when he was in Government would remember that the previous obligation was if there was a supply point within 20 metres of one's house or thereabouts that is gone and now the obligation to provide electricity exists whenever it is practical to do so. There is still the obligation which exists today and always has existed to contribute to the cost of taking the electrical supply but if one is willing to pay, the Authority can no longer say I am not obliged to connect or supply because the nearest supply point is more than 20 metres away which is the position today. So the position under the Authority is that however faraway the nearest supply point is, if the consumer is willing to make the necessary contribution to the infrastructural costs of connecting him to the supply of the structure the Authority has the obligation to supply him.

Clause 23 gives power to the Magistrates' Court in all those areas (a) to (e) listed there to do all those things which are things which are scattered elsewhere in the Bill but all the Magistrates' Court jurisdiction is consolidated in this one section even though the jurisdiction relates to functions of the court and rights of consumers that are scattered elsewhere. The Magistrates' Court has jurisdiction to order the payment of any amount due to the Authority under this Ordinance by any person to determine the amount of compensation which might be due by the Authority to any person under the provisions of section 9(f) to determine the

amount consumed or the charges payable in respect of such consumption or any matter from which any indebtedness of the consumer to the Authority results to determine differences arising between the Authority and the owners of conduits, pipes, ducts, wires et cetera to determine objections by an owner of land to a notice issued pursuant to paragraph (5) on page 53 and the determination of the Magistrates' Court is said to be final with no right of appeal except on a point of law.

Part IV beginning at clause 24 deals with the financial and reporting provisions. Hon Members will see that the greatest possible extent the accountability and transparency of the Authority is preserved.

Clause 25 deals with reports, accounts and audits, hon Members will see that the Authority must prepare and submit accounts to the Government within four months of the end of the financial year and in addition to the accounts an annual report of its performance, of its functions and of their policies and programmes. The Authority should keep proper books of accounts and record et cetera and this is the proviso, the Accountant General of the Government may give directions to the Authority as to how such accounts and other records should be kept and prepared and the Authority shall comply with any directions that might be so given. The accounts of the Authority must be audited by the Principal Auditor or by such other auditor as the Authority may appoint but with the consent of the Principal Auditor. The audit must be done either by the Principal Auditor or by some other auditor but if it is by some other auditor it has to be with the Principal Auditor's consent and then the Minister must lay a copy of the accounts and the Auditor's Report before the House at its next meeting after they have been submitted to the Government.

Part V beginning at clause 26 deals with the control of electricity undertaking and really does now relate to the nitty gritty of the electricity supply industry. Offences, tampering with meters, obstructing electricity, failure to give notice, all the sort of things that are included in the current legislation. The penalties for the

offences have been upgraded hon Members will see that in each of the offences at clauses 31, 32, 33, 34, 35, 36, 37, and then Part VII deals with miscellaneous provisions. First of all it gives the Authority the status of the sole supplier of electricity consumers and then it exempts the MOD in the sense that they can provide their own estate and also entitles the Authority to keep in place such arrangements as may exist or might exist in the future between the Government and the MOD whereby the MOD continues to supply bits of houses that used to be part of their estate which are now not part of their estate but are not connected up. That is the section which I think may not have succeeded doing that and I ....the hon Member is talking about 39(3) but I just did in reading it as I was talking to the hon Members about it I see that it saves the MOD in respect of supplying electricity to their own defence installations and to persons living in estates belonging to the MOD in accordance to the arrangements made in subsisting but it seems to me that there is a category of person missing and that is people who are living in estates that used to belong to the MOD.....

#### **HON J C PEREZ:**

The area of the MOD.

#### **HON CHIEF MINISTER:**

.....exactly and no longer, so having just spotted that I think I shall be moving an amendment to that. At clause 41 there is a repeal of part I of the Public Utilities Undertakings Ordinance and section 48 of Part III of that ordinance is amended by deletion of the words "*or electricity*" at the end of that section taking electricity out of the Public Utilities Undertakings Ordinance. Then there is a transitional provision so that the regulations made under that Ordinance remain in place and valid until they are replaced by regulations made under this Ordinance and then the schedule



deals with the transfer provisions. The basis of the transfer of staff, the works contracts obligation aspects and liability to property and right of the Government transferred to the Authority are all designed there but obviously there is a collective agreement between the Government, the unions and the staff in relation to their transferred list. I say that, one thing that I did omit to mention at the time in my instructions to this when I was reporting to the hon Members about the negotiation in the backdrop is that negotiations have not yet been completed with the clerical and administrative staff, frankly all the focus has been concentrated on the technical grades. Negotiations are now in hand with the clerical and administrative trade union Prospect to see the basis upon which their members involved basically the clerical and administrative, I think there is two of them in the consumer section and eight or nine in the Waterport Power Station and I think that function that it will come to the Authority as well. That negotiation, not that it is being difficult, it has not been done because it is taking longer than the others because there is any difficulty it just has not been addressed it has not started it did not start until the negotiation with the other was complete because if the negotiation with the other had not been completed there could not have been an Authority.

Schedule III sets out the general powers of the Authority in terms of electricity supply and contractors, employment powers, borrowing powers, building and engineering works powers, powers in relation to locking, cutting off or felling of trees, right of entries, hon Members will recognise all that stuff coming out of the existing legislation.

Mr Speaker, the conclusion on the principles of the Bill the agreement arrived at between the unions and the Government and the staff, I think represents a historic success for all three sides in the context of a historically difficult industrial relations situation. The establishment of the Authority is welcomed by the staff involved, by the unions and by the Government. In terms of the cost of the Authority the principle is that it should be substantially, at least in respect of the people who are currently

involved in it it may be different if we admit the shift workers because they do not do overtime in the normal sense but in respect of the staff that is involved at the moment it is substantially self-financing because the cost of the increase in basic wages is substantially met by a savings in overtime which in turn is covered by increased productivity agreements whereby the staff agree to do during conditioned hours work that previously used to have to be done in overtime hours which they used to see to in order to have the means of increasing their incomes above their basic wage. That is the philosophy of the scheme it is in that respect self-financing. There will continue to be an element of overtime required for urgent works and for such things as one-off things like the fair, Christmas street-lighting and all that but the scheme is based on flexibility, demarcation erosion, increased productivity and end to overtime hour working in the normal routine and the agreement of the staff to auditable productivity increases which will allow the work that used to be done on overtime payments to now be done during conditioned hours so that it is in effect the money that used to be paid out in overtime which now gets paid out in increased basic pay and the work will still be done. That is the basis of the agreement and I hope that the hon Members will be able to support the Bill. The hon Members support for the Bill if it were to be forthcoming is not support and ratification for the negotiation on the terms upon which the Authority has established with the unions. What we are debating is the Bill to establish the Authority. We are not debating the collective agreement entered into by the Government and the staff so that the hon Members can reserve the rights on one and support the other if that is what they prefer to do. I commend the Bill to the House.

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

**HON J C PEREZ:**

Mr Speaker, I put the question what is power without electricity? In today's day and age very little I can tell the House and this is why every Government that has come in has tried to grapple with the industrial situation in the generating station which has historic origins but I think everybody has put their grain of sand and everytime that something has been done there has been what people have thought to be at the time an improvement to the situation that existed and similarly when we came into office in 1988 we had a very serious situation where generating capacity was coming to zero because the engines were very old and breaking down. We had to contract out that generating capacity because at that time we were borrowing to meet a budgetary deficit just to pay the employees of the Government their salaries and the Government at the time when it initially came in did not have the funds to be able to invest in generating capacity. So we had to deal with the closure of Kings Bastion, the contracturisation of a big chunk of generating electricity, the move and integration into Waterport Power Station with the extra people that we had to carry as the result of the closure of Kings Bastion and frankly the deals that were then entered into between the union and the Government were thought to be very good deals, very large improvements in what there had been and at the end of the day they proved to be deals that lasted the seven or eight years that we were in Government even though there were other people submitting different claims at different times which were looked at and either rejected or accepted or left in abeyance.

So, the deal that the Chief Minister has entered into can only be judged in a few years time whether in fact it does cure the historic imbalances and the historic problems or another Government in a few years time comes to this House and says I am going to do another deal to cure the historic imbalances and the historic problems that was created by the deal that the Chief Minister has just announced because at the end of the day what we are facing at the moment is practically an extensive negotiation with the union which covers a huge increase in pay to a number of workers in the generating station and the proof that not everybody

agrees with the Chief Minister that those imbalances might be cured is that 30 or 35 workers are saying, *"no, now we want to start the negotiations when you finish with the others because we think that there is an imbalance against us,"* where the other group felt that there was an imbalance before. We have all been there and we have all been back and I hope that everything can be ironed down and indeed that the situation is one that creates the right atmosphere and attitude in the generating station so that there is that comradeship that needs to be that has not been there for 20 or 30 years. I remember when I was Minister for the electricity that I wanted to be one of the first ministers to try and get a Christmas party together for the whole of the generating station, it was impossible. I do not think that the deal that the Chief Minister has done will cure that but I hope it does. The only reason, that we see, that the Authority has been set up is to implement that pay deal and in my view that pay deal call it what one likes can be implemented with the people staying within the Government. I do not think that the Chief Minister has given a valid reason for the creation of the Authority other than there is this pay deal that he has entered into which amounts in some cases to a 60 and 70 per cent increase. Yes, there is a valid argument in saying, *"If we keep those increases within the Authority then they do not spread out through Government with people asking for the same pay that the workers in the Authority are getting,"* but that was before when historically there was an industrial base in the Gibraltar Government but what has happened? Let us summarise it. The Roads and Construction does no longer exist we have got AMCO with a term contract doing our roads, the Buildings and Works Department is reduced to about 300 workers, the electricians that were in Buildings and Works that would conceivably ask for the same pay have been included in the deal so we are saying this deal can only get people in the Buildings and Works to react and say we want the same deal. Well, the Government are going to get that reaction anyway because as the hon Member admitted this morning the objective of the Government is still to move the Buildings and Works people to an Authority and the people in the Buildings and Works are not going to say, *"if you want me to move to an Authority give me as a carpenter what you have given the*

*carpenter that works in the Electricity Department because he has moved to an Authority because you have given him that incentive and I want the same incentive for me to move into an Authority or I do not move into an Authority."*

The Chief Minister has said that this will allow for work practices to be modernised. Work practices have been modernised and can be modernised within the Government services. The financial ability to plan for the future. The Generating Station has had reports historically about what to do with the future which generally have been collecting dust in the Government service because at the end of the day what has been possible is what has been done in the Generating Station and the fact that the Authority is there now is not going to stop the Chief Minister and the Minister responsible who is going to be the Chairman of the Authority from taking all the decisions in terms of the generating capacity that needs to be invested upon and the investment because at the end of the day he is saying that theoretically the electricity had been competing with other Government departments. Theoretically that might be true but in practice it has not and it has not because of what I said at the beginning of my contribution, we have always had to look at electricity over and above everything else in a different manner and not competing with each other because it is essential for the economy of Gibraltar, for the growth of the economy, for the investment streams that needed to come that there should be sufficient electricity to meet the demand of a growing economy and had we not done what we did at the time the economy would not have grown it is the same thing as we did with Nynex and everything else.

Mr Speaker, the Chief Minister talks of the control of its income stream as if we were going to make a profit. The Electricity Authority will probably be subsidised by the Government in the same way as the Electricity Department has to be subsidised because the unit of electricity that we are selling we are selling at a loss and if it had income of its own and it could spend it how it liked fine but at the end of the day it is going to live out of the subsidy given to it by the Government in order to meet the cost of

wages and salaries and materials. Nothing is going to change, the same people are there, the same work is going to be done, and I believe that the work that the Generating Station people do is a good one I am not saying that it is a bad one and that the Authority is not going to do anything better, that the work carried out already by people in generating in consumer and in distribution is a good one and that the same work can continue to be done within the Government without the need for this Authority. That is what I am saying.

The Chief Minister said, for example, as an example he used that not enough had been done in the distribution network because it was competing and maybe it was competing for other things and money was not provided. Historically he ought to look back and the problem with the distribution network was that the money we gave it in the Improvement and Development Fund was not spent at the end of the year and it had to be removed and the then Auditor or Financial Secretary I cannot remember who used to point out that if the money was not spent it should not be reprovided the following year and it was not spent because there were other priorities and people could not deal with the job but modernisation, training, of course there has been modernisation and training and people sent to UK. In the distribution particularly where it is all electronics now and it is cheaper to change an electronic disc than to repair one nowadays and that is done already in the Generating Station. It started in my time and has probably developed in the Chief Minister's time as well. He talks about people in the Generating Station making their own professional driven decisions. All the professional decisions have always been taken in the Generating Station by the professionals other than politicians interfering in industrial relations because of the historical problems that the Chief Minister has talked about and that is why he has been personally involved in the negotiations with the union in the Generating Station as we all have had in the past. The professionals decisions have been taken by the professionals and the great big decision on generating capacity that the Government needs to make today which is the subject of questions in the Order Paper because we are in 2003 and by 2004 the OESCO contract finishes those

decisions are not going to be taken by the Authority. The Chief Executive of the Authority is going to be asked for his professional opinion on A, B and C but the decision is going to be taken by the Minister who is the Chairman of the Authority in consultation with the Chief Minister because it involves Government expenditure because at the end of the day the Government have to put up the money because the subsidy that is going to be paid to the Electricity Authority is Government money. So if the only reason as we see it for the establishment of the Authority is the pay deal that the Chief Minister has talked about which he claims is going to be self-financing but if it is self-financing we will see not only in this year's budget but in next year's budget we shall be able to gauge whether it is self-financing or not, then we shall see at the end of the day whether it is true or whether it is not. I hope it is and certainly we do not want to deprive the people that have been offered these benefits and these pay increases of their pay but we think that by staying within the Government service they are going to be the same people with the same job practices doing the same thing and that there is going to be no difference whatsoever other than it is going to be called an Authority and that is it and therefore given that we do not think that there is a need for it I think that the best thing for us at this stage is to abstain on the Bill and we hold our judgement to see in the future whether this thing does everything that the Chief Minister has said today it is going to do.

Mr Speaker, we would certainly want to know whether this means that in this year's estimates which need to be presented to the House before the end of next month we are going to see the Electricity Authority as an Authority with separate accounts or we are going to see the Electricity Department as we have seen it every year given that the urgency of it is that it should start by the beginning of the financial year I think it is a valid question and there are other things which frankly I have not had the time to see whether they form part of the Public Utilities old Ordinance or not but which I have queries about but there are not many. One of them is section 27 which seems to give the power to the Authority, for example, to take over in today's operation it would be OESCO because it is the only contractor there and in my

judgement that is new, not something that was there before because the contract of OESCO is there and this is covering I presume that possibility and possibly other hypothetical possibilities for the future so I would want an explanation on clause 27. The other thing, I am just giving notice to in order to enable the Chief Minister to get the information before we come to the Committee Stage, that struck me is that in clause 19(a) that clause seems to say that the Electricity Supply can be cut off to a person who might have two premises with electricity and he might have arrears in one of the premises and no arrears in the other and the Authority could cut off the Electricity of the premises where there is no arrears in order to collect what is owed in the premises where there are arrears. I am not sure whether that was the interpretation or whether this was in the Public Utilities Ordinance before but it certainly seems to me that it is wrong that this should be the case if indeed this is what that clause does. The only other thing is on section 12 (5) I am sure this must be in the Public Utilities Ordinance but I cannot, perhaps given the present City Electrical Engineer has joined us in the back benches the Chief Minister might find that whether there are examples of any electricity supply which is not connected by an appropriate meter? As far as I gauge all of Gibraltar is connected through meters but there seems to be a possibility of an Electricity connection without a meter which is what that clause talks about and perhaps we could be given an example of how that is carried out so that we can understand better what the power in that clause is. I do not think that there is much more to be said our position is clear. It is a matter of judgement the Chief Minister has said that the Authority is to create a lot of things which we think can well be done within the Government service. We have to look at the operation of the Authority and possibly in a year's time we will see if all the things that the Chief Minister says the Authority can do is being done by the Authority and whether indeed the deal is self-financing or not but certainly we do not think that it is and we would rather abstain on the Bill. I hope that the fact that they want to bring the Authority into operation on the 1<sup>st</sup> April which is April Fool does not reflect on the prospect of the success or otherwise of the Authority.

**HON CHIEF MINISTER:**

Mr Speaker, I have to say to the hon Member that he must live in splendid isolation because frankly neither I nor the average member of staff of the divisions of the Electricity Department to which I have referred would recognise the realities of the Electricity Department today from what the hon Member has described. This Utopic ideal, everything perfect, everything fine, nothing much broke and if there is a little bit broke it can be fixed within the Government. This canvas that he has tried to paint with his typically broad brush is like describing a different planet to anyone who genuinely knows the pressures, the problems, the strains, the deficiencies within the Electricity Department today but the hon Member is entitled to his views and I suppose it is too much to ask that the hon Member should agree with a major initiative of this sort brought about by the Government. Of one thing I can assure him, I do not know where a future Government would be 40 years from now because that is about as long as it has taken for any Government to be willing to tackle the problems of the Electricity Department but if some future Government revisits them it will not be because of the historical imbalances created by this deal [INTERRUPTION] no, I can assure him of that because this deal creates no imbalances. This deal eliminates imbalances. The hon Member asked what treatment would be given in the estimates, he will have to wait and see for the estimates to come out but it is implicit in the fact that the Authority wants to start from the 1<sup>st</sup> April 2003 that the treatment has got to be different to what it has historically been. I am not in a position to explain to them right now the nitty gritty of that but the estimates of revenue and expenditure will reflect this structure rather than the old structure. I do not know if the hon Member wants me to reply to him now on the various sections that he has raised or whether he would prefer that I did it during the Committee Stage but he raised section 27 which is the section headed Power of Authority to Assume Control of Electricity Undertaking. He ought to be aware that that is presently section 49 of the Public Utility Undertakings Ordinance which at the moment extends to all utilities not just electricity so theoretically we could do it to Nynex and Lyonnaise because they are utilities

covered by a licence and all we have done is replicated the existing legislation in the case of this electricity one but presently it applies to all utilities. Generally it is Part III of the existing Ordinance - Control of Public Utilities – where a person who by virtue of any licence grant or concession or otherwise carries on or operates in Gibraltar any public utility undertaking, and then the provisions are exactly the same as in this Bill. So the hon Member should not be more concerned for OESCO than he should have been during his term of office for Lyonnaise Des Eaux and Gibraltar Nynex and Gibtel. [INTERRUPTION]

**HON J C PEREZ:**

I just wanted an explanation. I am not saying that we should not have this power I am glad that we have it that we can takeover.

**HON CHIEF MINISTER:**

That is not the sense with which he left me which was the clear sense which he left me and I suspect Government.....

**HON J C PEREZ:**

The hon Member is bad at perceptions nowadays.

**HON CHIEF MINISTER:**

...and I suspect others that were listening to what he was saying that because OESCO now exists, which it did not exist at the time that this section was born, it is very harsh to have it now because it would allow the Government to go and take over OESCO,

*[INTERRUPTION]* but that is the concern that the hon Member was expressing and all that I am telling him is first of all that the legislation has always existed and secondly that his question about whether the section was appropriate now given that OESCO now exists as a private operator in this industry is not something that should worry him because the same section has applied to other private utility operators.

**HON J C PEREZ:**

Just to clarify the point, I have not said I am objecting to this I have only said that I want clarification of this and I did tell the Chief Minister that given that he wanted to take the Bill today I had not had time to look at the Public Utilities Ordinance and he says I should know. Everybody should know every bit of law in Gibraltar but one needs to relate to them and refresh one's memory whether that is there or not. The only simple thing that I have asked the Chief Minister to do is, this can only relate to OESCO which is the only other contracted generating establishment in Gibraltar but I have not said it is right or it is wrong that the clause should be there. I just wanted clarification and I am glad that the Chief Minister has clarified it.

**HON CHIEF MINISTER:**

Mr Speaker, I cannot be held responsible for the fact that the hon Member has not had the opportunity to read the Bill it has been published more than seven days. I have managed to check the point as he was making it but fine if the hon Member only wanted clarification and does not object to the provisions that is fine no need for him to get upset. He has had his clarification. He then raised section 19 and asked whether this allowed things to happen in relation to certain disconnections, that is a matter for what the Bill provides on its face if on the language of this Bill it indeed allows the Authority to do what he claims that it allows it

to do then it does. I am assuming that his reading of the Bill accurately leads him to the conclusion that that is allowed I would not necessarily share his view if it were his view, I do not want to put words in his mouth, that it would be wrong for that to happen. If one is a defaulting party in respect of one property why should the Authority continue to supply one to another Authority. One is a creditor of the Authority but the hon Member may draw some comfort from the preamble to the whole of section 19 which is that the Authority may in accordance with conditions and procedures approved by the Government refuse to supply or may discontinue to supply electricity. The Government have got to approve the Authority's disconnection and refusal to connect protocol and model. This is not something that the Authority can do by themselves without reference to the Government. The hon Gentleman raised also section 12 (5) and asked how the government envisaged that working in practice, he wanted to know how that was relevant to things of that sort. I am told that the sort of things that it applies to is advertising hoardings, structures that need an electricity supply which may not be connected to the electricity, for example, the advertising hoardings outside the airport, the fair and things of that sort. I am told that that is what that section is intended to deal with.

When the hon Member speaks of huge increases in pay he should bear two things in mind, firstly, that the funding is as I have explained to him substantially self-funding and secondly that the philosophy and the principle applied to those decisions and those agreements is equalisation. If there is a craftsman whose basic pay as a result of this agreement is being raised by 60 per cent, it is because there are craftsmen already in the department earning that much more than him. This is not because the Government have said let us raise the salary of craftsmen by 60 per cent, this is what I meant when I said that the underlying principle was the elimination of imbalances in the pay. If a particular technical grade is getting 'x' per cent it is mainly because there are other people doing the same work, the same graded standard getting it already. I would ask him to bear that in mind. These are not gratuitous liberally negotiated figures plucked from the clouds. The figures reflect the philosophy of the whole Authority raison

d'être and the reason I know the hon Member dismisses as completely unnecessary. He is mistaken. We dedicated more than 10 minutes thought to considering the reasoning that I gave him and applied that reasoning to what he really knows to be the constraints in Government he would come to the conclusion that it is not true that there is no need for this to be done in an Authority and it is not the case that this could be delivered within the Government. The hon Member says that there are now 35 other workers by which I understand him to mean the shift workers who will now wish to restore the 'imbalance' or words to that effect. The basis upon which they might come into the Authority have more or less been discussed with them in outline and indeed the scope that there is to negotiate with them has been more or less agreed already with the workers who are already in the Authority so there has been quite a lot of preparatory work done on that to limit the consequences that the hon Member fears about that. The generation shift workers can choose to come into the Authority or not the Government are perfectly happy to respect their decision. If they prefer to stay in a Government department as a Government department with their existing terms and conditions of employment they are perfectly welcomed to make that choice. The Government would respect it and continue to deal with them as a good employer and would regard them as an important part of the Government. There is no element of coercion or cajolement, direct or indirect. If they choose not to come into the Authority then they will not be able to claim imbalances because they are no longer comparing themselves, they would no longer be able to compare themselves with workers in the same organisation so, either they negotiate something with which they are happy and choose to come in on that basis or they stay out without the ability to cry foul on imbalances because they are a different employer, different organisation, different terms and conditions of employment. I think that the hon Member's concerns are unlikely to materialise although given the history of this sort of area it is not [INTERRUPTION].

#### HON J C PEREZ:

Could the Chief Minister explain whether the new scales of pay or salary are personal to holder to those in the Authority and if the Authority employs people would they be on a different pay scale or on the same scales that have been agreed with the union?

#### HON CHIEF MINISTER:

No, it is not on a personal to holder basis it does not arise on debate in the bill but I do not mind telling the hon Member it is not a secret. Everybody has agreed that this deal needs to be done outside Government. The unions have accepted it, the staff have understood it and accepted it and I am trying to explain it to the hon Member, I am not required to persuade him but everybody else that has addressed this issue has come to the same conclusion and I would ask him to reconsider if he wishes to air his views on that. The hon Member says, "*.....there is no point in doing it outside of the Government because that will not save you from an effect domino claims in the Buildings and Works Department.*" There is an agreement with the union about that. There is a ringfencing agreement. It is clearly understood that the *raison d'être* of this negotiation were specific to the historical problems that had accumulated. I do not say historical pointing the finger at the hon Members of the Opposition, I mean historical going back many, many, many more years before they arrived in office. It was agreed by everybody including the unions that this was a peculiar situation to deal with the historical problems that had arisen uniquely in this department for historical reasons and there is a ringfencing agreement but the Government are happy to negotiate with the Buildings and Works Department but there is a difference between doing something in the Government and entitling other workers to the same rates of pay automatically and saying to the Buildings and Works Department, "*what you want the same sort of negotiation with the Government?*" Fine, "*the Government are willing to negotiate with you on the terms of an Authority obtaining the same advantages and benefits that the Government feels it is getting,*" that he feels that they amount to

nothing, but the benefits with the Buildings and Works in the context of a negotiation which delivers what the Government considers is an improvement of productivity, of flexibility, of restructuring, of methodology, of management of whatever. The Government are perfectly happy, what the Government are not willing to do is in anyway entitle them to it automatically without even having to give anything in return for it. Why does the hon Member think that the Government have been willing to negotiate with the Buildings and Works Department?

Finally, Mr Speaker, people can change their minds and the hon Member is as free as anybody else to change his mind but I honestly tell the hon Member that I cannot comprehend his line about, I can comprehend the argument although I think it is mistaken, what I cannot comprehend is that he should adopt it as his argument the line of argument that says that the same good work can continue to be done within the Government and it does not need an Authority and it is the same people doing the work, and it is the same decision makers, and it is the same process, and it is the same procedure, so why do the Authority? I sit here listening to the hon Member say there is something in this argument which to be found on the lips of the Hon Mr Juan Carlos Perez does not square and then it dawned on me because it is all very well to justify his privatisation, which this is not, for example, Nynex [INTERRUPTION] he can justify Gibtelecoms, Nynex, Lyonnaise, [INTERRUPTION] the hon Member can delay me making the point but he cannot prevent it altogether so he might as well sit quietly there and listen to this, on the grounds that those were introducing external partners bringing money [INTERRUPTION] expertise, technology,..... and that argument would be available to draw a difference but then I say if the hon Member thinks that if something is going to carry on being done by the same people outside Government as inside Government why did he privatise the Lands Department of Government into Land Property Services? That is the same number of people, the same individuals, with the same Christian and Surnames as civil servants doing exactly the same work for exactly the same person namely the Government and the Minister who continue to make policy decisions who continue to pay for it 100 per cent and that is

a privatisation it is not even this. I am not giving way having done so four or five times already and having been in effect being heckled by him. No, the hon Member is in the uncomfortable position of being the subject of rhetorical questions at this point in time. Then I said, "*Is Land Property Services the only example of the hon Member doing something which appears to be the opposite of what he is now saying as the reason for not being able to support this initiative?*" and I said, "*No it is not.*" Terminal Management, full of ex-civil servants, why did the hon Member privatise the Environmental Agency that is civil servants, people who were doing that job in Government as civil servants doing exactly the same work in an Agency for the same client, the Government, paid for by the Government. Does he recognise all the arguments that he has tried to use against me for the Authority? [INTERRUPTION] The hon Member's excitement and nervousness is understandable but he has got to let me exercise my right to reply, why did the hon Member's office privatise the Tourism function into the Gibraltar Information Bureau? Same people, same minister, same function, can it be that the hon Member's recognise the value of being able to do things outside the Government even if it is with the same people, even if it is the same paymaster, even if it is the same political direction?

#### **MR SPEAKER:**

I have got to call the hon Member to order.

#### **HON CHIEF MINISTER:**

Can it be that despite the things that he has said in this House today that he understands that there are things that one can achieve outside the straight-jacket of Government that one cannot achieve within the straight-jacket of Government?



**HON J C PEREZ:**

What? Explain it.

**HON CHIEF MINISTER:**

Even though it costs more, even though it is the same people, even though it could have been done within the Government, what is the Environmental Agency doing today which could not have been done under Government? What is Land Property Services which I think does a good job but what are they doing today which they could not have done as a Government department which is what they all were. If the hon Member believes that Government departments can be easily reformed and the same people and the same position makers and the same paymaster are present in both, I put it to the hon Member for his political consideration that his own performance and record in Government suggests that he fully understands and appreciates that there are advantages to being able to operate outside the straight-jacket of the civil service which are either not available or certainly much harder to bring about within the straight-jacket of the civil service and that his privatisation, not even the Authority, this is not privatisation this is getting something from a Government department and just putting it in a statutory corporation outside the Government but it is outside the straight-jacket of the Government. And I am saying to him if that argument were valid it would apply equally to his privatisation where the privatisation did not involve a foreign partner with capital or technology where he has got a group of civil servants doing an administrative function for Government and he has simply said here go and do it in the name of a company called Land Property Services Limited and I will continue to pay you more than I have been paying you as a civil servant until now because no one was going to leave from Crown Lands Department to Land Property Services Limited unless it was for the opportunity to earn more money, same people same function and I would urge the hon Member to recognise and accept that

what we are doing here with this Authority is an even milder version of that and that if his arguments apply to this they apply even more so to these other privatisations that I have described where far from just getting higher salaries a lot of them are making very large profits with what used to be Government revenue streams which are flowing to the ex-civil servants as very, very, very commercially valuable dividends and if his arguments, the arguments that he has fielded for resisting this Bill apply to this Bill they apply with an even greater vengeance and vehemence to all those cases that I have mentioned, I therefore tell the hon Member that I cannot accept any of the arguments that he has fielded. I think that they lack logic, understanding of reality and to boot they are inconsistent with the thinking that he deployed when he was sitting on Government benches, Mr Speaker I give notice that at Committee Stage I will be moving several amendments of which I have already given written notice, I commend the Bill to the House.

Question Put.

The House voted.

For the Ayes:

The Hon K Azopardi  
The Hon Lt Col E M Britto  
The Hon P R Caruana  
The Hon H Corby  
The Hon Mrs Y Del Agua  
The Hon J J Holliday  
The Hon Dr B A Linares  
The Hon J J Netto  
The Hon R R Rhoda

Abstained:

The Hon J L Baldachino  
The Hon J J Bossano

The Hon Dr J J Garcia  
The Hon Miss M I Montegriffo  
The Hon J C Perez  
The Hon Dr R G Valarino

Absent from the Chamber: The Hon T J Bristow  
The Hon S E Linares

The Bill was read a second time.

**HON CHIEF MINISTER:**

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

Question put. Agreed to.

**COMMITTEE STAGE**

**HON ATTORNEY GENERAL:**

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

(1) The Gibraltar Electricity Authority Bill 2003.

**THE GIBRALTAR ELECTRICITY AUTHORITY 2003**

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

**HON CHIEF MINISTER:**

Mr Cjairman, I formally move the amendments set out in my letter of the 28<sup>th</sup> March at rest with the Speaker and would ask the Clerk to write them into the Bill as approved and then Mr Chairman you would still want to call them clause by clause as you normally do, and when you come to clause 39 I shall wish to move an amendment the one that I identified on my feet.

**Clauses 2 to 38** - were agreed to and stood part of the Bill.

**Clause 39**

**HON CHIEF MINISTER:**

Mr Chairman, I would like to move an amendment. The purpose of the 39 (3) , 39 (1) says that the Authority should be the sole authorised supplier of electricity to consumers and then 39 (3) makes exceptions to that for things that are already happening, for example, *".....the MOD supplies electricity to their own estate and defence installations and to persons living in estates belonging to the Ministry of Defence in accordance with arrangements made...."* There are words there missing and I would like to insert after the word "Defence" in the third line the words *"and to other persons"* so that it is *"nothing contained in section 39(1) shall preclude the Ministry of Defence from supplying electricity to their own defence installations and to persons living in estates belonging to the Ministry of Defence and*

*to other persons in accordance to arrangements made in subsisting from time to time....*” And that will cover arrangements between the Ministry of Defence and of the Electricity Authority in respect of those non-MOD estates which the MOD is still supplying for reasons of historical connectivity. The amendment is to add the words “*and to other persons*” after the word “*defence*” where that word appears in line three of clause 39(3).

**Clause 39** - as amended, was agreed to and stood part of the Bill.

#### **Clauses 40 to 42**

#### **HON J J BOSSANO:**

Mr Chairman, in clause 40 (1) were it says, “*..no Income Tax, Company Tax or any Corporate Tax shall be payable by the Authority...*” has any thought been given to whether this might be considered to be in conflict with EU State Aid Rules, because if it is as it is really academic because this is not really intended to be a profit making enterprise do we really want to run the risk that they will come back and say what you are doing is against State Aid Rules because one is giving a hidden subsidy to the provision of electricity to a state owned utility which then creates unfair competition?

#### **HON CHIEF MINISTER:**

The argument may well be put. It should not be put because it does not create unfair competition because it is a monopoly supplier anyway. We have just finished amending the clause that says that the Authority shall be the sole authorised supplier of

electricity to consumers. There is no single market in electricity supply, the hon Member knows that there are many Member States still with monopolistic state owned electricity, France, for example, and this is one of those areas where very little progress has been made on freeing up the market so to speak as a matter of compulsion. The danger is that if there is no exemption I wonder how the Gibraltar Development Corporation was dealt with. If they were to make a profit would it be subject to tax I do not know whether there is anything in one Ordinance or the other. My understanding is that this is in all the other Authority Bills. I cannot say that the argument that the hon Member anticipates will not be fielded, if it is fielded we shall have to amend it. I do not think that the objection could be to the fact that it is stated in the Bill, the objection would have to be to the fact that it is a fact, to the fact that it does not pay tax. Whilst it is a well spotted point on balance I think we should leave it otherwise the Commissioner of Income Tax has a real problem because there is at first sight a tax subject without statutory exemption.

#### **HON J J BOSSANO:**

Given the fact that as a trading entity owned by the Government and subsidised by Government because at the end of the day the Government says one cannot raise ones charges for electricity will make up the difference of what one thinks that one should be getting if it came to the stage where the subsidy disappeared, a profit was made and they pay tax to the Government on that profit it would still all be going at the end of the day to the Consolidated Fund the Government do not lose anything out of this.

## HON CHIEF MINISTER:

The hon Member will have noticed that I have tried to choose my words carefully. I said that I cannot guarantee that no one would try to make the argument. I do not think that the argument could succeed. One of the essential ingredients of State Aid is that it should distort cross-border trade. This is incapable of distorting cross-border trade because the Authority does not provide electricity across any border and no cross-border or no entity across a border provides electricity into Gibraltar nor is allowed. Bear in mind that OESCO provides electricity to the Authority not to the general market place so if anyone did try to argue that this was State Aid I think they would be bound to fail but the hon Gentleman asks whether if the argument could be raised. It could be raised but I am entirely confident that it cannot succeed. I honestly would prefer to leave it. I am grateful to him for his suggestion.

**Clauses 40 to 42** - were agreed to and stood part of the Bill.

**Schedules 1, 2 and 3 and the Long Title** - as amended, were agreed to and stood part of the Bill.

Question put.            The House voted.

For the Ayes:            The Hon K Azopardi  
The Hon Lt Col E M Britto  
The Hon P R Caruana  
The Hon H Corby

The Hon Mrs Y Del Agua  
The Hon J J Holliday  
The Hon Dr B A Linares  
The Hon J J Netto  
The Hon R R Rhoda

Abstained:

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

Absent from the Chamber:    The Hon T J Bristow  
The Hon S E Linares

## HON ATTORNEY GENERAL:

I have the honour to report that the Gibraltar Electricity Authority Bill 2003 has been considered in Committee and agreed to with amendments and I now move that it be read a third time and passed.

Question put.            The House voted.

For the Ayes:            The Hon K Azopardi  
The Hon Lt Col E M Britto  
The Hon P R Caruana  
The Hon H Corby

The Hon Mrs Y Del Agua  
The Hon J J Holliday  
The Hon Dr B A Linares  
The Hon J J Netto  
The Hon R R Rhoda

Abstained:

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

Absent from the Chamber: The Hon T J Bristow  
The Hon S E Linares

The Bill was read a third time and passed.

### **ANSWERS TO QUESTIONS (CONTINUED)**

The House recessed at 4.45 pm

The House resumed at 5.00 pm.

Answers to questions continued.

### **ADJOURNMENT**

The Hon the Chief Minister moved the adjournment of the House to Monday 31<sup>st</sup> March 2003, at 9.30 am.

Question put.                      Agreed to.

The adjournment of the House was taken at 7.20 pm on Friday 28<sup>th</sup> March 2003.

### **MONDAY 31<sup>st</sup> MARCH 2003**

The House resumed at 9.35 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 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 R R Rhoda QC - Attorney General

### **IN ATTENDANCE:**

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

### **DOCUMENTS LAID**

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

- (1) Pay Settlement – Statement No 5 of 2002/2003.
- (2) Supplementary Funding – Statement No 6 of 2002/2003.

Ordered to lie.

### **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 1.15 pm.

The House resumed at 3.00 pm.

Answers to Questions continued.

The House recessed at 7.35 pm

The House resumed at 7.45 pm

Answers to Questions continued.

## **ADJOURNMENT**

The Hon the Chief Minister moved the adjournment of the House to Tuesday 1<sup>st</sup> April 2003, at 9.30 am.

Question put.                      Agreed to.

The adjournment of the House was taken at 9.10 pm on Monday 31<sup>st</sup> March 2003.

## **TUESDAY 1<sup>ST</sup> APRIL 2003**

The House resumed at 9.35 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

### **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 R R Rhoda QC - Attorney General  
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 11.45 am

The House resumed at 11.50 am

Answers to Questions continued.

The House recessed at 1.40 pm

The House resumed at 3.00 pm

Answers to Questions continued.

The House recessed at 5.05 pm

The House resumed at 5.15 pm

Answers to Questions continued.

#### **THE PENSIONS (INCREASE) ORDINANCE (AMENDMENT) ORDINANCE 2002**

#### **HON CHIEF MINISTER:**

The Hon the Chief Minister moved that a Bill for an Ordinance to amend the Pensions (Increase) Ordinance, be read a first time.

Question put.                      Agreed to.

#### **ADJOURNMENT**

The Hon the Chief Minister moved the adjournment of the House to Tuesday 29<sup>th</sup> April 2003, at 10.00 am.

Question put.                      Agreed to.

The adjournment of the House was taken at 7.15 pm on Tuesday 1<sup>st</sup> April 2003.

#### **TUESDAY 29<sup>TH</sup> APRIL 2003**

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 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 J J Holliday - Minister for Tourism and Transport

### **IN ATTENDANCE:**

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

## **DOCUMENTS LAID**

The Hon the Financial and Development Secretary moved under  
Standing Order 7(3) to suspend Standing Order 7(1) in order to lay  
on the Table:

- (1) A Statement of Supplementary Estimates (No 1 of 2002/2003).
- (2) Statement of Consolidated Fund Reallocations (No 7 of 2002/2003).
- (3) Statement of Pay Settlement (No 8 of 2002/2003).
- (4) Statement of Supplementary Funding (No 9 of 2002/2003).
- (5) Statement of Improvement and Development Fund Reallocations (No 2 of 2002/2003).
- (6) The Draft Estimates of Revenue and Expenditure 2003/2004.

Ordered to lie.

## **THE PENSIONS (INCREASE) ORDINANCE (AMENDMENT) ORDINANCE 2002.**

## **SECOND READING**

### **HON CHIEF MINISTER:**

I have the honour to move that the Bill be now read a second  
time. Mr Speaker, this is a short Bill which as the hon Members

will have seen for themselves provides that occupational pensions paid to civil servants should rise by not less than 2 per cent. The hon Members may know that the current regime for the increase of these pensions is contained in the Pensions (Increase) Ordinance of 1973 and is covered by section 6 of that Ordinance in fact, curiously that Ordinance provides that where the increase in RPI is less than 2 per cent there should be no increases at all, it actually says that if there are only increases in the annual occupational pension where the increase in RPI is at least 2 per cent so that theoretically as the law now stands if the increase in RPI is less than 2 per cent then there is no increase payable at all by Ordinance, the increase in RPI has been less than 2 per cent for six times since and including 1994. The purpose of this Bill in effect is therefore two-fold by saying that the increase in occupational pensions shall be at least 2 per cent we are in effect overriding the existing provision that says that there will be no increase if the RPI increase is not at least 2 per cent and we are also providing that where the RPI index produces an increase of smaller of between zero, some increase but less than two per cent the increase shall be a minimum of 2 per cent.

The Accountant General and the Government Statistician have formed the view that the formula for the calculation of the Gibraltar Retail Prices Index should be revisited. They believe that it produces figures which are lower than the real increase in the cost of living in Gibraltar, for example, according to the local formula for the calculation of the Retail Prices Index the increase in the cost of living in Gibraltar in the year ended July 2002, the July 2002 index have increased by 0.2 per cent that is the figure including mortgage interest payments if one excludes mortgage interest payments then it rose by 0.4 per cent and I think that it is open to question and to doubt whether a basket of goods which is relevant to the expenditure of senior citizens in particular but the public at large in general has indeed increased by only 0.2 per cent this is a technical administrative matter. As far as the Government are concerned we have told them that they are free to look at that and to put proposals as to how they think that the formula can be improved. In any event this particular Bill is to provide a minimum of 2 per cent increases in those years in which

the formula whatever it is whether it is a current formula or any new formula the statisticians may want to establish in the future produces an increase of between 0 and 2 per cent the increase will be 2 per cent if the formula produces a figure higher than 2 per cent the increase will then be the percentage increase in the formula. I commend the Bill to the House.

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

#### **HON J J BOSSANO:**

Mr Speaker, we will be supporting the Bill. In relation to what has been said I recall that in 1996 when the Family Expenditure Survey Report was completed the Government said that they were undecided whether to include mortgage interest payments in the new index which was not in the old index on the basis that it had a greater importance now because there were more homeowners but on the other hand it might have an effect on pensions. It actually seems to have had an effect on pensions but in the opposite direction from the figures that we have been given because what we have been told today is in fact that it is included, that because it is included it produces 0.2 inflation and that if it had been excluded it would have produced 0.4 inflation that is the statement that has just been made as I understood it. Obviously the actual formula and the weighting was the result of the 1996/1997 exercise of family expenditure and I do not know whether in fact what we are talking about is re-examining the way that expenditure was translated into weighting for different elements in the index or we are talking about doing a new survey to find out whether family expenditure has changed since 1996/1997 which it may well have done for all we know. On the explanation as to the way the existing legislation provides for increases my reading of it when I looked at it in the context of the amendment that has been proposed was that as I read it if there is an increase less than 2 per cent in a year then that increase is

then added to the next year's increase so that the formula as I read it currently says that the pensions go up when the threshold of 2 per cent in inflation is reached even though that may take longer than a year.

**HON CHIEF MINISTER:**

Yes.

**HON J J BOSSANO:**

It is not that if there are a number of years with less than 2 per cent they get nothing at all ever. Effectively ensuring that the pensioners get at least a 2 per cent upgrade in their occupational pensions is a good idea and something that needs to be introduced given the very low rate of inflation which in fact as I recall, the survey that was done in 1996/1997 was done precisely because it was felt that the old weighting we had perhaps under reflecting the rate of inflation, it does not seem to have done anything to change it.

**HON CHIEF MINISTER:**

Anything linked to an index which is accumulative index if there are smaller increases than the 2 per cent that entitles one to an increase, that is naturally carried forward through a future years index increase so there comes a time when the index has moved 2 per cent. It is not that it has got to move by 2 per cent in the year and if not one loses the benefit of that increase, any increase less than 2 years does not earn one an increase in that year but that smaller than 2 per cent increase helps one when added to next year's perhaps small increase to get one's 2 per cent and so

his analysis of section 6 of the Pensions (Increase) Ordinance is entirely correct.

Mr Speaker, at a time of low and falling interest rates the impact of the cost of borrowing, mortgage interest payments as it is called, the course is very reduced it is only when interest rates are high that the cost of borrowing can really impact on the RPI index. I do not know if I have misheard the Leader of the Opposition when he was quoting the figures back to me or whether he misheard me when I was citing them originally, the figure for the RPI index inclusive in respect of July 2002, the figure including mortgage interest payments was higher than the figure excluding, in other words including mortgage interest payments it is 0.2 per cent excluding mortgage interest payments it is 0.4 per cent. The percentage increase is higher if one excludes mortgage interest payments and the reason for that is that even though interest rates were already low they have continued to fall so falling interest rates had an impact. It reduced the cost of the index by more than other prices have fallen so it has a disproportionate impact. I am grateful of the hon Members intention to support the Bill, 2 per cent is a figure that cannot be said to be by any means excessive or in any way over generous I think it is hard put to argue that whatever the statistics might show about the rate of inflation that in any one year the cost of living to an elderly person does not rise by 2 per cent whatever the statistics show to the contrary that the cost of living does not rise by at least 2 per cent I think is unrealistic in the real street economy. A lot of these actual increases in prices which have impact on people are sometimes minimised by much more broadly based statistics behind which they tend to disappear. I do not think that it is arguable that the excepting times of deflation that the cost of living does not rise by at least 2 per cent.

Question put.                      Agreed to.

The Bill was read a second time.

**HON CHIEF MINISTER:**

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

Question put.            Agreed to.

**THE PENSIONS (AMENDMENT) ORDINANCE 2003**

**HON CHIEF MINISTER:**

I have the honour to move that The Pensions (Amendment) Ordinance 2003 be read a first time.

Question put.            Agreed to.

**SECOND READING**

**HON CHIEF MINISTER:**

I have the honour to move that the Bill be now read a second time. Mr Speaker, this is also a short Bill and it is self explanatory really on its face. It has the same effect in its two parts and it provides that when as part of a Government restructuring exercise civil servants transfer from a Government department to a Statutory Authority as has happened in the case, for example, of the Electricity Authority, that those transferring employees although not future employees of the Authority but those transferring employees, in other words those employees that are presently civil servants and benefit from the Pensions Ordinance

in terms of their occupational pensions, they will continue to be regarded for the purposes of the Pensions Ordinance as if they were civil servants because they have ceased to be civil servants in fact on transfer to the Authority they remain public sector workers because it is a statutory Authority owned and controlled by the Government but it is not a civil service Government department and therefore as the Pensions Ordinance now stands they would not be eligible to continue to enjoy their pension rights under the Pensions Ordinance. This Bill does two things. In respect of those members that have already transferred to the Electricity Department the hon Members are aware of who they are pursuant to our debate on that issue last sitting it is the employees in the Consumer and Distribution sections of the Electricity Department and also the Electricians in the Technical Services department of the Government, they have now therefore ceased to be civil servants and have become employees of the Gibraltar Electricity Authority on terms of a new contract of employment which they have signed up to which therefore requires them as part of that negotiation their existing occupational pension arrangements were to be respected and therefore the effect of this amendment to the Pensions Ordinance is that they will continue to be regarded as if they were civil servants which in fact they are not for the purposes of the Pensions Ordinance only. As I say that will not apply to future new employees of the Electricity Authority and that is proposed sub clause (c) of the Bill. Proposed sub clause (d) of the Bill makes provision for similar things to be decided in respect of any other Authority that might be established in the future where the staff agree to transfer to being employees of that Authority and cease to be civil servants that it should not be necessary to amend the principle Ordinance again and the way that we have done that is to make a general provision so that listed amongst the people who will be entitled to be beneficiaries of the Pensions Ordinance it will be any person transferred from service under the Government to any statutory Authority that takes over a function of a Government department provided that the names of any such Government department and statutory Authorities are prescribed to the purposes of this section by the Government by notice in the Gazette. If for example, tomorrow or at some future date the

Government are able to negotiate successfully, for example, some of the Authorities where we are presently negotiating the establishment of the Port Authority then if the staff of the Victoria Stadium department opt to transfer to the Sports Authority they will be covered by this general provision and it will not be necessary to have an amendment to the principle Ordinance on each and every occasion that employees transfer from a Government department to an Authority and the way that the Authority and the employees get specified for legal purposes is that they must be specified by notice in the Gazette so that there is that degree of formality. In so far as (d) is concerned it is a preparatory provision for future possible Authorities. In respect of (c) it is necessary so that the Government can honour and comply with a term of the agreement that we have struck with the staff of the Electricity Department for their transfer to the Electricity Authority. I commend the Bill to the House.

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

**HON J J BOSSANO:**

Mr Speaker, we cannot support the Bill because although we agree with what the Government are doing we do not agree with what it is not doing which is to treat new recruits into the Electricity Authority as being in the public service. In moving the Bill the Chief Minister has used loosely the word '*civil servant*' and distinguished between what are civil servants and what are public service workers but in fact the text of the Ordinance says that we are going to treat people transferred to the Electricity Authority as if they were still in the public service and we think that they are still in the public service if they are employed in a statutory body which is doing what the Electricity Department has been doing until now moreover we have just approved unanimously that the pensions of public servants should go up by at least 2 per cent on the basis that that is not being over

generous. If it is not over generous to give at least 2 per cent increase a year to people who enjoy the benefit of a pension which is based on final salary how can we want to distinguish between two identical employees in the Electricity Authority or in another statutory body that the Government may set up where one is going to get a final salary pension which is now going to be linked to the index with a minimum increase of 2 per cent per annum and the other one is going to get a money purchase scheme which is what happens in the private sector which will depend on the vagaries of the stock exchange at the time they retire and which never goes up at all. People who finish up with private sector pensions that are not linked to salary and index linked as the public service pensions are get a lump sum with which they purchase an annuity and it never goes up irrespective of the rate of inflation. It seems to me that the argument that we have used in support of Pensions Increase ought to apply not just to the people who transfer from the Electricity Department to the Electricity Authority but to the people who that are recruited into the Electricity Authority on identical wages, identical conditions of service, except for one thing their eventual pensions. We would support the Bill if the same right is extended to new employees that are recruited. We are not in favour of the discriminatory treatment between the new employees and the existing employees and we certainly do not think that it is accurate to say we are going to be treating people who move into the Electricity Authority as if they were still in the public service because we think that they are still in the public service and if we look at the Pensions Ordinance and at the definition of the Pensions Ordinance of what public service means we can see that when the Ordinance was originally introduced in Gibraltar it said and it has not been changed since, "*service in a civilian capacity under the East African Railways and Harbours Administration or the East African Post and Telecommunications Administration or the East African High Commission are all public service in the law of Gibraltar,*" surely Electricity Authority ought to be public service if the East African Railway is public service in our law. We intend to abstain and we hope that the Government would give further consideration to this and reconsider the matter. I know that it is something that is a long time in the future because anybody that

is recruited into the Authority at this point in time is likely to be further away from reaching pensionable age than those people that are transferred and there is no question about having to guarantee the public service accrued already and their entitlement to pension. We take the point that this is to honour what has been agreed and it would be inconceivable that it should be otherwise that people are treated as if they were leaving the Government and losing their pension rights. They would not have got the agreement of people to move I imagine, if they had not been willing to continue their service in the Authority beyond their termination at the end of the financial year in the Government as public servants. I would remind the Chief Minister that when he brought the Bill to the Authority he was at pains to stress that they were not moving into the private sector. The workers in the Authority were still very much part of the public sector therefore I think that there are compelling reasons for not having two pension systems for employees of the Electricity Authority and in fact the only argument that can be put in the opposite direction is the eventual savings that there will be in the cost of pensions in the Authority and some point in the distant future. I think if it came to that the people whoever it is that is there then might need to take a different view. At this point I would put it to Government that it is consistent with what they have said about the Authority being part of the public service and consistent with the argument that has been put in ensuring that pensions go up by at least 2 per cent for existing Government pensioners and that that is not being overgenerous it is consistent with that to make the same provision for future employees of the Authority so on that basis we support that it should continue for existing workers, we ask the Government to have a second thought about extending it to new workers.

#### **HON CHIEF MINISTER:**

I think that the hon Member is confusing a number of different types of issues, First of all let me say just by way of side comment to him that he says that it is logical that we should need

to do this for the existing workers at least because we might not have got their agreement otherwise. I agree that we might not have got their agreement, the point is that we have not tried to get their agreement, we do not think that it is reasonable to expect people to settle for less than what they already enjoy but his own experience whilst in Government suggests that in some circumstances workers do accept that. Some of the people that left the Government to go into some of the privatised companies accepted a freezing of their rights in the Government pension scheme in favour of a new pensions entitlement with their new employer that was not as generous as the Government's pension scheme. Today's logic has not always been so, let us leave it at that but certainly we have not thought it appropriate and I think that in the light of those experiences I think he is right in his judgement today that when final salary schemes are at such a premium in a sense that nobody sets up a final salary scheme nowadays that anyone that enjoys a final salary scheme is very unlikely to give it up for any other good. His judgement is correct in the scenario that we have, that the world has moved into the pension industry has moved into the last ten years or so. In his contribution the hon Member was confusing the difference between public sector and public service. The Pensions Ordinance is for people in the public service meaning people who are employees of the Crown, civil servants. A lot of people serve the public, a lot of people in the public sector but meaning that they are not in the private sector but without being in the public service in the strict technical meaning of that word for general orders, purposes, civil service purposes and indeed Pensions Ordinance purposes. The term "*public service*" and "*public servant*" in its technical meaning means a civil servant – an officer of the Crown, somebody who is employed directly by the Crown and whose employer is the Crown directly. As opposed to which is why I used the phrase and not the phrase "*public service*", "*public sector*". I said that the Electricity Authority was still in the public sector in the sense that it remains a statutory corporation Government owned but there are things which are public sector and that wide sense of the word but which nevertheless do not fall into the narrower technical definition, for example, GBC. GBC is a statutory corporation it is publicly owned in the sense that it is

not owned by any individual private citizen, it is not however public service employees of GBC do not come under the Pensions Ordinance, are not regarded as civil servants for the purposes of their pensions. They have their own separate pension scheme. The Hon Mr Perez was trying to prompt the Leader of the Opposition to cite the example of the Gibraltar Health Authority and I think that would have been a mistake because he know for reasons that I have never understood they remain civil servants they are seconded employees. Something happened at that stage I think the AACR Government originally made them and then when the hon Members where in office they all came back to be civil servants I have never understood the reason for it and I do not say that there is anything untoward but that they are as we speak civil servants and that they are not employees of the Gibraltar Health Authority so I really do not see the relevance of what we have just done in the other Bill. No one is suggesting and the hon Member knows that the Government are trying to encourage occupational pension schemes in the private sector. The debate whether occupational pension schemes should be final salary schemes or whether they should be money purchase schemes is one which rages generally. It certainly enables the Government to take a different view of employment outside the Civil Service obviously employment in the Civil Service. The Civil service has got its Pensions Ordinance conditions and there is no question of changing that but in non-civil service public sector vehicles and it is easier for this and I suspect it will be for future Gibraltar Governments to take a view to employ more people if we feel that we are not creating a mortgage for future generations in terms of excessive pension liability. One thing is to employ, for example, 10 people on one pension cost; the pension cost is very often overlooked when one makes employment decisions, why? Because it is a problem for a future Gibraltar Government and we could take the view we are not going to be in office when the people now being employed come into Government so why should we worry about the problem that we are creating for future generations of Governments and future generations of Gibraltarian tax payers. There needs to be an understanding of what is happening in relation to money purchase schemes and final salary schemes

but the final salary schemes in the civil service as far as the Government are concerned is sacrosanct but that there are schemes not final salary schemes like, for example, the Gibraltar Provident No 2 Scheme in which we have developed and which we are using in such things as the Gibraltar Development Corporation and all Government companies now have an occupational pension scheme for their staff and it is not an ungenerous scheme in terms of the Employer's Contribution relative to the employee's Contribution but it is a contributory scheme and it does provide for a good pension. The Government have an obligation to be responsible on this question and therefore the fact that there should be a change of pension schemes for new employees who still do not exist, there are none, all the transferring employees we think is a reasonable and prudent step that makes decisions, for example, perhaps to increase manning levels easier rather than more difficult.

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 Dr B A Linares  
    The Hon J J Netto  
    The Hon R R Rhoda  
    The Hon T J Bristow

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

Absent from the Chamber: The Hon J J Holliday

The Bill was read a second time.

**HON CHIEF MINISTER:**

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

Question put. Agreed to.

**THE HOUSE OF ASSEMBLY ORDINANCE (AMENDMENT)  
ORDINANCE 2003**

**HON CHIEF MINISTER:**

I have the honour to move that a Bill to amend the House of Assembly Ordinance be read a first time.

Question put. Agreed to.

**HON CHIEF MINISTER:**

I have the honour to move that the Bill to amend the House of Assembly Ordinance be now read a second time. Mr Speaker,

again this is a simple but I hope the hon Members will agree necessary amendment to the legislation. The House of Assembly Ordinance as it stands limits the expenditure permissible by each candidate at a General Election to £750 so if there is a slate of eight, somebody can do the quick mathematics, it is somewhere in the order of £6,000 odd for the whole slate. The figure has not been increased since October 1987 when it was raised from £400 to £750 so when it was last increased the increase was almost 100 per cent. That was after I do not know how long after the £400 figure had been set but in any case it had last increased to the present level in 1987 that is 16 years ago and I think that an increase is now in order. The Government's proposal is that it should be increased to a sum of £2,000. I have noticed some comments in the press about whether that sum is too high, my personal view is that it is not too high I think that it would have to be excessive before one could say that money spent on communicating your political messages to the electorate is too high but the figure is also set at a level intended to do an element of justice to an independent candidate. The fact of the matter is that when one stands as part of a party one can take the view that one has £6,000 or now one can take the view that one has £16,000 but when one stands as an independent one has £750 and with £750 one is hard put as an independent even to publish and print one's manifesto let alone to do a mail shot. Remember that this is expenditure per candidate and that what applies to parties times 8 is also the regime for independent so what we have tried to do is set the figure for an individual at a figure that provides a meaningful sum of money for the independent as well who cannot multiply his figure by eight or by any other number. I commend the amendment to the House and obviously we would warmly welcome given that it is an electoral issue the hon Members of the Opposition would support it.

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



**HON J J BOSSANO:**

We are in favour of raising the amount although we made no effort to raise it in the time we were there it was raised before 1988 and we never touched it. Our problem has never been setting a maximum it has been getting the money to spend on an election. The fact that it is going up to £2,000 does not mean necessarily that we will be able to spend £2,000. On the point that there has been this issue raised about the unfairness of an individual having to compete with a group of eight that has got £16,000 is not necessarily addressed by the figure of £2,000. For the person who is standing on his own the ability to spend £2,000 if he has got £2,000 is better than being limited to £750 but I would have thought that since the decision was taken to raise the sum it would have given an opportunity to see whether in fact the way the provision is worded could be amended to say a person standing on his own would have a certain amount. We would have supported that if that was possible to do. I think it is a valid argument to say that if a candidate is on his own he is at a disadvantage as compared to a party and although clearly the experience of elections in Gibraltar is that party politics is firmly established and that people vote for parties, nevertheless somebody that wants to try and put himself forward as an individual should not be at a disadvantage in doing so in terms of being able to reach the whole electorate and I think that the argument in the past by individuals has been that having to send out the same one message to every household in Gibraltar when the cost is divided amongst eight is not the same as when the cost has to be borne by one person and he is limited in how much he can spend. It is a pity that the Government have not come up with a formula that would enable that to be directly addressed which we would have been willing to support.

**HON CHIEF MINISTER:**

Just a few words there, first of all my heart bleeds for the hon Member when he says that his problem was not the level of the

expenditure but raising the money. That must be his problem now it was not his problem when he was in office I remember the very financially flushed electoral campaigns that he used to run when he was in Government, indeed I remember being relegated to the back pages or to the inside pages of the then Gibraltar's only daily newspaper the Chronicle because he had, just before the 1996 election campaign, adverts everyday on the front page of the Chronicle for three months. I do not suppose he was paying that out of his social security money nor was he paying it out of his electoral expenses because it was before the campaign so, I think in Gibraltar we do very well with minimum regulation, practically no regulation, I think there is no evidence in Gibraltar of the sort of problems with the political party funding and purchase of influence as there are in other countries so we have a tendency here to immediately I see there has been some public comment on this question to see what issues are being debated in the wider world and then just sort of import them into Gibraltar and just say well what are we in Gibraltar doing about political party funding and things like of that sort. In Gibraltar I think we do very well, there is no visible excess party funding and no one certainly has ever suggested that political parties sell policies or sell advantages to citizens although it is true that party supporters do provide funding and I think that is how it should be. We have never been a rich political party either in Government or in Opposition because we have a poor fund-raising machine. I suspect that given that we could raise £10,000 or £12,000 even when we were in Opposition that it should not have become more difficult to raise them when one is in Government rather than less difficult but still I take with more than the usual pinch of salt the hon Member's lament that he could not raise finance even when he was in Government I think people's recollection of the slickness and obviously well financed nature of their political campaigns in years gone by is testimony to a very different state of affairs to the one that he is describing but of course it maybe more understandable that he has difficulty in raising that sort of money now.

Mr Speaker, the hon Member raises as a possibility whether this would have been an opportunity to introduce in this Bill some

mechanism that provides different funding limits for parties and for individuals. It gets one straight into a legal minefield if one tries to do that because the hon Member must remember that our Election Law is not based on parties it is based on individual candidates. The fact that Government and Opposition, they do not because they sit in two parties, but the fact that somebody goes in one political party what one then does is alliances. The Electoral Rules, all the Electoral Law is based on individuals offering themselves for election to the Parliament. The Electoral Law says very little, in fact, I am not sure it says anything at all about Electoral Political Parties as such so to make the distinction that the hon Member mooted of the possibility of having one limit for people standing as individuals and another for people standing as parties requires one to alter the basis of the whole of the Electoral Law and to introduce the concept of parties into the Electoral Law, when is a party a party and when is an individual an individual and when are a group of individuals a party? In Opposition there are two Members who went to the last elections standing as three, how does one do it with three, four, five, six? One gets into all that sort of issue. I think it is right that parties that put up a full slate should have higher spending power than one individual because after all parties that put up a full slate of candidates and therefore get the maximum purchasing power so to speak are after all offering themselves to the electorate for Government. They have to put across a much more detailed set of policy proposals on the whole range of issues, that takes longer, one needs more output to put across an entire programme for Government than an independent who necessarily is not offering himself for election into Government and therefore does not have the responsibility to have an implementable package of policies in all the areas of Governmental life so, I do not think that we should be shy that an individual only gets to spend £2,000 or £750 and that a party with a full slate can multiply that by eight. I think that is defensible and correct but it is also true however defensible and correct that might be that the individual still is able to spend a reasonable sum of money and the idea that we could have a different method of calculating those two is very, very, difficult and therefore we are left with this. It does not have to be £2,000 this is the Government's proposal the lower the better for

the Government the higher expenditure suits the Opposition not the incumbent I suppose some people would argue. There is nothing scientific about the figure of £2,000 it is simply the figure that the Government alighted on we are not going to propose a lower figure if the Opposition want to propose a lower figure then we would consider it but we do not think that spending £16,000, a party that is offering themselves for the Government of Gibraltar, to be able to spend £16,000 printing manifesto, other literature – the pamphlets seem to have become popular, mailshots, posters, the printers are not exactly cheap is it excessive to say that somebody can spend £16,000? I would not have thought so that is why we alighted on this figure and we ought not to compare it on the previous figure which was ridiculously low I think we just ought to consider the figure of £16,000 on its own merits is it an excessive figure yes or no if it is we can reduce it but it does not strike us as being excessive although we appreciate that it is a large percentage increase over the old figure but I do not think that is the correct analysis to make.

Question put.                      Agreed to.

The Bill was read a second time.

#### **HON CHIEF MINISTER:**

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

Question put.                      Agreed to.

## **THE DANGEROUS DOGS ORDINANCE 2003**

### **HON LT COL E M BRITTO:**

I have the honour to move that a Bill for an Ordinance to provide for the prohibition and control of Dangerous Dogs in Gibraltar be read for a first time.

Question put.            Agreed to.

### **SECOND READING**

### **HON LT COL E M BRITTO:**

I have the honour to move that the Bill be now read a second time. Mr Speaker, this Bill provides short and simple legislation to deal with what is essentially a problem caused by a minority of dog owners and by their dogs but nevertheless a problem which could have serious consequences if it is not brought under control. The huge majority of dogs in Gibraltar are loveable family pets who are well controlled and are entirely safe. Such animals have nothing to fear from this Bill. However, there are certain types of dogs which are considered dangerous which are often bred for fighting and which can have and have caused injury in Gibraltar and other countries, for example, last year in Gibraltar a Pitbull Terrier attacked a Barbary Ape which subsequently died from its injuries. In another incidence another Pitbull Terrier jumped over the fence of a family's back yard and killed their pet Alsatian. In a third similar incident two domestic cats were killed. There was an understandable public reaction to these and other similar events and representations were made to the Government urging it to legislate to control these dogs before further and more serious events took place. Unlike the Bill which the Opposition

brought to the House which their Bill was practically a word by word mirror image of the UK Dangerous Dogs Act of 1991, in preparing for this Legislation the Government took the conscious policy decision not to copy the UK Legislation but to prepare our legislation so that it was designed for the circumstances in Gibraltar. The Bill before the House today is the product of a monitoring and consultation exercise carried out by the Government which included several meeting which I chaired and during which a number of representative bodies, Government departments, and members of the public took the opportunity to comment on the consultation paper which was widely circulated. These included the Gibraltar Society for the Prevent of Cruelty to Animals, the Gibraltar Kennel Club, The Gibraltar Veterinary Clinic, The Gibraltar Women's Association , The Royal Gibraltar Police, The Environmental Agency, Customs and individual members of the public. The Opposition were also consulted and the hon Member Dr R G Valarino was given a copy of the Bill at a very advanced stage of drafting. His constructive comments were incorporated and he confirmed the Opposition's support for the Bill. The hon Member will have noted that the Bill in its final form is substantially the same as the draft on which he was consulted and the only changes incorporated have been either administrative or designed to strengthen the proposed legislation without changing any of the fundamental principles. I would like to take this opportunity to thank all those who participated in the consultation process and who made valuable constructive contributions.

Mr Speaker, coming to the Bill itself the proposed legislation identifies certain types of dogs which are known to be dangerous and also dogs appearing to be a cross breed of or substantially one of these types. These are dogs of the type known as the Pittbull Terrier, the American Staffordshire, The Japanese Toza, The Dogo Argentino and the Fila Brasileiro. The House should note that when referring to these dogs the Bill does not say breed but rather says type. This is a wider definition and is designed to prevent the owner of one of these animals arguing that the dog concerned is not a pure breed and therefore escapes the ban. The prohibition may be extended by order published in the

Gazette to a particular dog or to any other type of dog bred for fighting or which is dangerous to person or property. The overall concept of the legislation is clear and easy to understand. Within five months of the legislation being enacted dangerous dogs must be either exported permanently, destroyed or exempted. During the period of transition any such dogs must be kept muzzled and on a lead in any place to which the public have access. Such dangerous dogs will become prohibited imports and anyone importing, selling, buying or keeping such a dog will be liable to prosecution and on conviction to a fine up to £5,000 and to possible disqualification from owning any other dog. The legislation further allows for stray dangerous dogs to be seized and destroyed and also for warrants to be issued for entry into premises on which it is suspected that a dangerous dog is being kept and if one is found for it to be destroyed.

One of the points made regularly during the consultation exercise carried out by the Government were that one should not blame the dog itself for the behaviour of its owner, indeed there may well be in Gibraltar of the type that we proscribe which is a genuine family pet properly looked after and apparently harmless. The legislation therefore provides for an annual exemption certificate to be issued in respect of dogs of this type which are already in Gibraltar and which are licensed and registered. To obtain an exemption certificate certain criteria will have to be met. An application for exemption will need to be made to the Environmental Agency and the competent Authority, in this case the Commissioner of Police after receiving recommendations from a committee set up under the schedule to this Bill will decide whether to authorise the agency to grant such an exemption certificate. The Committee will be chaired by a senior police officer and includes representatives of the Gibraltar Society for the Prevention of Cruelty to Animals, the Kennel Club of Gibraltar, The Environmental Agency and a Veterinary Surgeon appointed by the minister. The applicant for such an exemption certificate will be required to present, at his own expense, such evidence as the committee may require of his own suitability as the custodian of such a dog. Of the dog's nature the fact that it is neutered, has an identification microchip implanted and that he (owner) has

valid insurance in respect of injury to damage to third parties. In addition to this primary legislation which is designed to bring under control certain types of dogs which are bred for fighting the Government are aware that there are other types of dogs such as Rotweillers and Dobermans, but not exclusively restricted to these two breeds, which although not specifically bred for fighting are intimidating by their appearance and by their behaviour and are capable of attacking persons and property and causing considerable harm. On the basis of the advice that has been received from informed and expert sources such as the Gibraltar Kennel Club, the GSPCA, the RGP, and Mr Mark Pizarro of the Animal Welfare Clinic the Government have decided that all such dogs of this and similar types and breeds should not be included in the Dangerous Dogs Ordinance but nevertheless agrees that the current legislation should be amended so that greater penalties are available to the courts to be specifically imposed on owners of these and dogs of similar characteristics who do not keep their dogs under proper control.

Mr Speaker, at the moment section 6 of The Animals and Birds Rules 2003 require that all dogs irrespective of size, weight, breed, or type be kept under proper control effectively restrained from causing annoyance to any person, beheld by means of an effective lead and have its registration badge and license disc affixed to its collar. However, the penalty for any breach of this rule irrespective of the size of breed or dog involved is level one on the standard scale or £100 fine for the first offence and a £200 fine for the second and subsequent offences. It is intended to amend these rules so that the penalty is raised to level 3 or a maximum of £500 for the first offence and to give the court power to order that the dog be kept muzzled subsequently whenever it is in a public place. For the second and subsequent offences the penalties will be increased in stages up to maximum of £5,000 and for the owner to be disqualified from owning or being in control of any dog. Irrespective of whether it is the first or subsequent offence the court will also be given new powers to order that a dog be destroyed if in the opinion of the court this is warranted. These amendments will give greater flexibility to the court so that it can continue to impose reasonable moderate

penalties for offences by owners of smaller and less aggressive dogs whilst at the same time being able to impose much more severe fines and penalties including the possible destruction of the dog on the owners and persons in charge of larger and more aggressive dogs which are not kept on a lead or under proper control or muzzled if applicable. Finally, I have given notice of several amendments to the Bill for the Committee Stage and these have already been circulated. I commend the Bill to the House.

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

#### **HON DR R G VALARINO:**

Mr Speaker, I thank the Minister for his long explanation about this short Bill. This is the long awaited Bill to provide for the prohibition and control of dangerous dogs in Gibraltar and we welcome the Bill. It was on the 28<sup>th</sup> February 2002 that I brought a Bill before the House which has now taken up to almost the beginning of May 2003 before it will see the light of day. One of the things that the Minister said is that this would take effect as from a period of five months. In the Animal and Birds Ordinance the usual prescribed time is 10 days so I think that the five months could well be a little bit longer than necessary but I am open to persuasion on that one. There is on the original Bill which he says is based on the UK interpretation there was a section on dogs bred for fighting and in fact it goes further than the actual Bill he has brought to the House. He may not have my copy. He says, “*..any dog of any type destined for the purposes of this section by rules made by the Minister being a type appearing to him to be bred for fighting but to have the characteristics of a type bred for that purpose...*” so these would include these type of dogs. The way this section is put is that we would have to wait another five months if this 2(2) before any other dogs would be gazetted and made illegal by law. There was also a part where it

mentions the breeding of dogs. There is nothing here about the ability to breed these types of dogs or cross breed these types of dogs in Gibraltar. Now the Minister talks about neutering but that does not stop anybody from ignoring the law and breeding such dogs and the last point that I would like to make is that there was on the last page, on muzzling and leads which was very relevant. I realise that The Animals and Birds Ordinance covers muzzling and leads and again I am quite easy on that one and tend to agree that we can go on the Animals and Birds Ordinance to cover this Bill as well.

#### **HON LT COL E M BRITTO:**

Mr Speaker, firstly to thank the hon Members of the Opposition for the indication support for the Bill. Just to cover a few of the points raised. The hon Member once again has laid down as the Opposition have done in the media periodically raises the point of how long they say it has taken since they published their Bill and this Bill has come into the House. First of all this is the Government governing and not the Opposition governing. The Government decided to carry out a consultation exercise and decided to do it properly and that is why it has taken longer. It has monitored the situation, it has evaluated how draconian or otherwise the legislation has needed to be done but more to the point it has tailor made the legislation to Gibraltar. The Bill brought by the hon Member in February last year was as I said in my opening remarks nothing more than a direct copy of the UK legislation. I will give you some examples:-

- ◆ The Acts section 2 was a directly copied in section 3 of the Bill.
- ◆ Section 3 was a direct copy of section 1,
- ◆ Section 4 is a direct copy of section 2,
- ◆ Section 5 is a direct copy of section 4,
- ◆ Section 5(a) is a direct copy of section 4(a),
- ◆ Section 5(b) is a direct copy of 4(a) or (b) et cetera,

I could go on right through the Bill forever just to make the point that the Government could quite as easily have done exactly the same exercise and we considered it to just copy the UK legislation and we would have brought it to the House before last February. This would have been irresponsible on the part of the Government because the UK legislation has been proved to have been ineffective. It has been proved to have been virtually unenforceable and has been proved in practice, some have called it one of the worst bits of legislation ever to emanate from Westminster. Without overbeating the point we totally reject that it has taken too long to bring the legislation to the House. We say and maintain that it has taken the right amount of time in bringing legislation that is tailor made to the needs of Gibraltar.

I am not sure that I understood the hon Member's point about The Animals and Birds Ordinance allowing for 10 days and this Bill allowing for five months and I say I did not understand this point because it is irrelevant the proposed legislation in the Bill we are debating stands on its own two feet and does not depend on The Animals and Birds Ordinance or Rules in any way therefore whatever section of The Animals and Birds he was referring to that refers to 10 days is totally irrelevant to the five months transition period being brought in by the Government. He is also wrong when he says that by allowing five months we will have to wait for another five months to go by before being able to legislate for any other type of dog to be brought under the terms of this Bill, this is wrong. The relevant date of the Bill is today, assuming the Bill is passed, tomorrow the Government could decide to include any other type of dog or any specific dog and bring it under the Bill. The purpose of the five months is to allow the exemption process if one needs to take place for it to be brought about. There is a certain amount of administration necessary but the dogs are as from the moment the Bill is passed these dogs that we have named are already illegal imports and they automatically need to be exported or destroyed. It is only to allow the transition period for the exemption process to go through that we have allowed the five months. The hon Members should also note that Members, and I say this for the advantage of the public who may be listening, the owner of one of these dogs does not have five

months to apply for an exemption. This will become clear when I table an amendment at the Committee Stage but the owner of a dog has two months from today's date to apply for an exemption and we have then allowed ourselves three months to make sure that a fair hearing is given to any application,

Finally, the hon Member says there is nothing about breeding and that the only reference is to neutering. As from today it will be illegal to buy, to own, to import, any of these dogs and therefore the question of breeding does not come into it because if one has a dog one is already committing an offence and by the cut-off date the aim is that only exempted dogs are in Gibraltar, every other dog is either exported or destroyed and therefore because exempted dogs before they have to be exempted have to be neutered it is not possible to breed. The point was considered but it was unnecessary to bring it into the legislation. The question of muzzling and on a lead as from the moment this Bill comes into operation today these dogs of this type now have to be on a lead and muzzled in a public place.

#### **HON DR R G VALARINO:**

I thank the Minister for his reply. I wonder whether he actually knows whether the UK legislation which is so poor and so abysmal is going to be repealed or a new one going to be passed and the second one if he actually believes in the goodness of human nature that people are not going to break the law by bringing dogs to Gibraltar for the purpose of breeding he is a little bit mistaken on that purpose.

#### **HON LT COL E M BRITTO:**

Mr Speaker, I am not relying on human nature or any other nature not even the dogs nature. The Bill prohibits the import and the possession of these dogs and as from the cut-off date in five

months time anyone having a dog will be committing an offence and will be liable to fines up to £5,000 and the destruction of the dog if it is an illegal import so I have no worries about the legislation in that sense.

Question put.                      Agreed to.

The Bill was read a second time.

#### **HON LT COL E M BRITTO:**

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

Question put.                      Agreed to.

#### **THE SUPPLEMENTARY APPROPRIATION BILL (2002 – 2003) ORDINANCE 2003**

#### **HON FINANCIAL AND DEVELOPMENT SECRETARY:**

I have the honour to move that a Bill for an Ordinance to appropriate further sums of money to the service of the year ending with the 31<sup>st</sup> 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. Mr Speaker, the Bill seeks the appropriation of a further £8 million from the Consolidated Fund for the financial year to the 31<sup>st</sup> March 2002. Some £5.7 million of these funds are required for departmental spending and the remaining £2.3 million for exceptional expenditure. The purposes for which these monies are sought are set out in the explanatory memorandum to the Bill with complimentary details contained in the Statement of Supplementary Estimates (No 1 of 2002 –2003) which has been made available to hon Members and was formally laid in the House this morning. At this stage I would just make two brief points which may assist hon Members in considering this Bill (1) taking into account the supplementary funding and pay settlement statements laid today and previously over £3 million of the supplementary funding provision has been reallocated. This was the £4 million provision voted in the approved estimates the balance is full committed and it is only confirmation of the final figures that is awaited before these funds are reallocated and it is really this commitment of the supplementary funding head already that makes it necessary to put this Bill forward, (2) should all the Supplementary Appropriation sought for departmental expenditure be consumed and because of the stage of the financial year we are at we are fairly sure that it will be consumed there will still be a recurrent surplus of revenue overexpenditure for 2002-2003 of approximately £5 million. I commend the Bill to the House.

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

**HON MISS M I MONTEGRIFFO:**

Mr Speaker, we will be supporting this Bill but we would welcome from the Government a breakdown as to the £3.3 million in respect of sponsored patients and prescription charges in the Committee Stage so that we can have a better picture as to why there have been such increases in these two areas.

**HON J J BOSSANO:**

Mr Speaker, with reference to the final point made by the Hon Financial and Development Secretary that there will still be a surplus of over £5 million can he confirm that this is because the provision that there was for increasing the grant about which I had a question earlier on did not in fact take place. There was £4.8 million increase in grants in one head but I asked whether in fact it had taken place and I was told that it had not taken place in the financial year, is this .....

**HON CHIEF MINISTER:**

Correct. It has not taken place as at the 31<sup>st</sup> March.

**HON J J BOSSANO:**

That is what accounts for the fact that there is £5 million.

**HON CHIEF MINISTER:**

Yes, if the payment had been made there would not have been but there are other reasons and that is that there has also been

higher revenue. He now has the forecast out-turn and he can see for himself how the projected forecast surplus is shown. If the balance in the payments envisaged had been made before the financial year end obviously the surplus would not have existed.

**HON J J BOSSANO:**

The point that I am trying to make is that the money that we are voting as supplementary expenditure is not in addition to the money that we voted in the original estimates in the sense that the £5 million that was unused in that particular subhead has not been vired to other uses because the point that I make in my initial contribution that the Hon Financial Secretary says that there is still a surplus we are voting £8 million even though last year's estimate projected an £8 million surplus. Obviously if we had spent all the money that had been voted last year and we voted another extra £8 million now there would be nothing left but that was what was originally proposed and therefore my question is, is the fact that there was underspending under this subhead which has sort of remained in the Consolidated Fund rather than being vired to other heads, the main reason that we have now got a £5 million plus at the end of the financial year in terms of revenue and expenditure and I have been told yes so that means that £5 million has not been used as the Hon Financial and Development Secretary could have done by vireing to other .....

**HON CHIEF MINISTER:**

Some of it has been used but he is right in very large substantial measure. He could turn to page 80 and he can look and see of the estimated amount what is the forecast out-turn and it may be a little bit higher than that when the figures finally come home but substantially there has not been virement there has simply been a failure to make the payment within the financial year the Leader of the Opposition is right in the substance of his point.



## **HON J L BALDACHINO:**

I intend to ask at Committee Stage and the hon Member might need to know beforehand so that the information can be available. On the question of Social Services 5(b)(6) there is £350,000 more on the supplementary. I remember at the time of the budget I asked why we were actually estimating for less than what we did the previous year and therefore I would like to know of the £350,000 how much is it that Milbury Care Services proportion of that £350,000 have taken and how much was it because it under when it was set up.

## **HON CHIEF MINISTER:**

Government are willing to have a debate and answer his questions but the hon Member did say that he was giving notice for Committee Stage he did not invite us but he can stand up and provide the information and we can do it at Committee Stage which it is for. As I understand the hon Member he was kindly putting us on notice in case we needed to obtain the information that he would be seeking it at Committee Stage.

Question put.                      Agreed to.

The Bill was read a second time.

## **HON 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**

### **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 Pensions Increase Ordinance Amendment Bill 2002;
- (2) The Pensions (Amendment) Bill 2003;
- (3) The House of Assembly Ordinance (Amendment) Bill 2003;
- (4) The Dangerous Dogs Bill 2003;
- (5) The Supplementary Appropriation(2002-2003) Bill 2003.

### **THE PENSIONS INCREASE ORDINANCE (AMENDMENT) BILL 2002**

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

**Clause 2 and The Long Title** - was agreed to and stood part of the Bill.

### **THE PENSIONS (AMENDMENT) BILL 2003**

**Clause 1 and 2 and The Long Title** - were agreed to and stood part of the Bill.

## THE HOUSE OF ASSEMBLY ORDINANCE

**Clause 1 and 2 and The Long Title** - were agreed to and stood part of the Bill.

## THE DANGEROUS DOGS BILL 2003

### **Clause 1**

**HON LT COL E M BRITTO:**

In clause 1 (3) delete figure 3 and insert figure 5.

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

**Clauses 2 to 8** - were agreed to and stood part of the Bill.

### **Clause 9**

**HON LT COL E M BRITTO:**

In clause 9 (1) after the words “may apply” insert “.....within two months of the coming into operation of this Ordinance....”

Add a new sub clause (3) after sub clause (2). The new sub clause (3) to read: “*no dog shall be exempted unless:-*

- (a) *the dog concerned is covered by insurance in respect of damage or injury caused by the dog to a third party;*
- (b) *the dog has identification microchip inserted;*
- (c) *the dog is neutered.”*

All the remaining sub clauses to be renumbered accordingly. This does not change the Bill in any way it is just last minute legal advice that makes it more watertight to include this extra clause.

**Clause 9** - as amended, was agreed to and stood part of the Bill.

### **The Schedule**

**HON LT COL E M BRITTO:**

Delete clauses (2) and (3) as they appear in the Bill and to substitute them by the new clause (2) which reads, “*....with his application the applicant shall present evidence of his own suitability as the custodian of such a dog, and the dog’s nature, and any other evidence the Committee may require. After examining such evidence the Committee shall advise the Commissioner whether to authorise the Environmental Agency to grant an exemption certificate.”* The new clause 3 to read,”.....*The Environmental Agency shall grant the certificate on the authorisation by the Commissioner of Police and proof to the satisfaction of the Environmental Agency that (a) the dog concerned is covered by insurance in respect of damage or injury caused by the dog to a third party; (b) the dog has an identification microchip inserted and (c) the dog has been neutered.”*

**The Schedule** - as amended, was agreed to and stood part of the Bill.

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

## **THE APPROPRIATION BILL (2002-2003) 2003**

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

### **Clause 2**

#### **1 EDUCATION, TRAINING, CULTURE AND HEALTH** **EDUCATION AND CULTURE 1A – SALARIES**

**HON DR B A LINARES:**

The hon Lady asked earlier about the £3.3 million addition where the increased expenditure of the GHA requesting a breakdown. £1.4 million is in respect of sponsored patients may I point out that £850,000 out of that relates to backlog from the previous year carried forward. I have explained to the House on other occasions that it is difficult to obtain billing from the Hospitals for services during the pertinent financial year and it has been a pattern always to carry forward.

A total £700,000 is in respect of GPMS prescriptions again £450,000 out of that is also backlog of payments during the previous financial years carried forward.

A total of £620,000 is in respect of personal emoluments, pay review, increments and additional staff.

A total of £300,000 is in respect of insurance premiums.

A total of £175,000 is in respect of industrial wages, pay review.

A total of £120,000 is in respect of relief cover, the cost of locum fees to cover absences and heightened charges from agencies that we contact in order to recruit the locums.

A total of £80,000 is in respect of increased costs of drugs and pharmaceuticals in the hospital and £40,000 is in respect of the Clinical Governance Programme.

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

#### **SUBHEAD 2 – EMPLOYMENT AND CONSUMER AFFAIRS**

##### **SUBHEAD 8 – CONTRIBUTION TO GIBRALTAR** **DEVELOPMENT CORPORATION, EMPLOYMENT AND** **TRAINING**

**HON J J BOSSANO:**

In the explanatory element of this it says, " *...to fund anticipated deficit at March 2002*" that would be in the preceding financial year not in the financial year which has ended and is it a shortfall in revenue or additional expenditure that has produced the £400,000 difference?

**HON FINANCIAL AND DEVELOPMENT SECRETARY:**

Yes, of the £400,000 approximately £230,000 related to a prior year pay award relating to GDC salaries that had not been taken account of by the year end and so was carried forward as a deficit. The remaining shortage about £170,000 is represented by some shortening of the receipts about £80,000 beyond what we projected and the other £80,000 is additional expenditure on training and development courses and a little bit on vocational cadets.

**SUBHEAD 8** - as amended, was agreed to and stood part of the Bill.

### **HEAD 3 – HOUSING**

#### **SUBHEAD 4D – UPKEEP OF HOUSING ESTATES – MASTER SERVICE LIMITED**

**HON DR R G VALARINO:**

Mr Chairman, I would like some information on what housing estates are being contracted out and what is the period of time that the £250,000 covers?

**HON J J NETTO:**

Mr Chairman, that is the figure for this particular year and as far as the other part of the question for how long does it cover for, is part of the overall contract that was given to Master Service which I think stands for five years in total, so what has been done is the remaining part of the five years. Standing on my feet I cannot remember whether it is two more years to run I could not tell him.

**HON DR R G VALARINO:**

Could the Minister let me know some time?

**HON J J NETTO:**

Could the hon Member write to me so that I do not forget and obviously I will follow it up.

**HON J L BALDACHINO:**

Does it cover all the Government estates?

**HON J J NETTO:**

Yes it covers all the Government estates plus a couple of buildings which are not within big estates.

### **HEAD 5 – SOCIAL AFFAIRS**

#### **SUBHEAD 6 – SOCIAL CARE SERVICES**

**HON MRS Y DEL AGUA:**

The hon Member asked of the £350,000 that have been sought by our Supplementary Appropriation how much did Milbury take? I believe that was his question. I can say that the approved estimates for 2002/2003 in respect of Milbury Care Services and the Social Services Agency was £1,450,000 of this £800,000 was paid to Milbury in 2002/2003, up to November, leaving a balance of £650,000. This sum did not meet the needs of the Agency up to the end of this financial year thus the need to appropriate the sum of £350,000.

## **HEAD 16 – CONTRIBUTION FROM CONSOLIDATED FUND RESERVE**

### **SUBHEAD 3 – GIBRALTAR HEALTH AUTHORITY**

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

#### **HON ATTORNEY GENERAL:**

Mr Chairman, I have the honour to report that the Pensions Increase Ordinance (Amendment) Bill 2002, with amendments; The House of Assembly Ordinance (Amendment) Bill 2003, with amendments; The Dangerous Dogs Bill 2003, with amendments; and the Supplementary Appropriation(2002-2003) Bill 2003 have been considered in Committee and I now move that they be read a third time and passed.

Question put.

- (1) The Pensions Increase Ordinance (Amendment) Bill 2002;
- (2) The House of Assembly Ordinance (Amendment) Bill 2003;
- (3) The Dangerous Dogs Bill 2003;
- (4) The Supplementary Appropriation(2002-2003) Bill 2003

were agreed to and read a third time and passed.

#### **ADJOURNMENT**

The Hon the Chief Minister moved the adjournment of the House to Tuesday 24<sup>th</sup> June 2003 at 10.00 am.

Question put.

Agreed to.

The adjournment of the House was taken at 11.55 am on Tuesday 29<sup>th</sup> April 2003.

**TUESDAY 24<sup>th</sup> JUNE 2003**

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 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 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

**IN ATTENDANCE:**

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

**DOCUMENTS LAID****HON CHIEF MINISTER:**

Mr Speaker, I beg to move that 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 ti.

Ordered to lie.

**HON CHIEF MINISTER:**

I have the honour to lay on the Table the Import Duty (Integrated Tariff) Regulations, 2003.

Ordered to lie.

**HON CHIEF MINISTER:**

On behalf of the Hon the Minister for Tourism I have the honour to lay on the Table the Air Traffic Survey 2002, The Tourist Survey Report 2002 and the Hotel Occupancy Survey 2002.

Ordered to lie.

**HON H A CORBY:**

I have the honour to lay on the Table the Employment Survey Report for the period ended October 2002.

Ordered to lie.

**HON MRS Y DEL AGUA:**

I have the honour to lay on the Table the Board of Charity Commissioners Report 2002.

Ordered to lie.

#### **HON FINANCIAL AND DEVELOPMENT SECRETARY:**

I have the honour to lay on the Table the Report and Audited Accounts of the Gibraltar Broadcasting Corporation for the year ending 31<sup>st</sup> March 2002; The Consolidated Fund Reallocation Statement No 10 of 2002/2003; the Pay Settlement Statement No 11 2002/2003 and finally the Supplementary Funding Statement No 12 of 2002/2003.

Ordered to lie.

#### **JOINT MOTION**

#### **HON CHIEF MINISTER:**

Mr Speaker, I have the honour to move jointly with the Leader of the Opposition the motion standing in our joint names and which reads as follows:-

“This House

1. Notes with satisfaction and approval:-

(1) that the recent UN Special Committee Caribbean Regional Seminar on decolonisation has taken place in the UK Overseas Territory

of Anguilla with the approval of the British Government; and

(2) that at the Seminar the Representative of the British Government indicated that the British Government were content for the UN Special Committee on Decolonisation to visit other UK Overseas Territories at the invitation of the territorial governments.

(3) That the United Kingdom representative at the meeting of the United Nations Committee of 24 meeting on the 4<sup>th</sup> June 2003 when Gibraltar was being discussed, told the Committee that the UK Government supported the sending of visiting missions by the Committee of 24 to United Kingdom Overseas Territories.

2. Notes that Gibraltar is a UK Overseas Territory on the same Constitutional basis as the other UK Overseas Territories.
3. Notes with approval that the present Chief Minister and his predecessor have on numerous occasions invited the Special Committee on Decolonisation to visit Gibraltar, most recently at addresses to the Special Committee earlier this month on the 4<sup>th</sup> June;
4. Supports the view that the Special Committee has systematically been informed by Spain about the characteristics of Gibraltar, its people, its economy, its physical and social infrastructure and the unique and separate identity and worthiness of its people, on an erroneous basis which bears no relationship to the truth.

5. Considers that the Special Committee would benefit from seeing the realities for itself.
6. Ratifies, confirms and adopts the Government's invitation to the Special Committee to visit Gibraltar at its earliest opportunity and endorses the offer by the Gibraltar Government that the costs of such a visit be defrayed by the Gibraltar Government, if necessary."

Mr Speaker, I am grateful for this opportunity to move this motion as for some time I have detected in our United Nation speeches and other public statements a coincidence of view between both sides of the House and I am grateful for the opportunity to convert that coincidence of views into what will hopefully be a unanimous resolution of this House. I think that one of the things that Gibraltar has got to avoid is allowing either the United Kingdom or the United Nations in its various organs from treating Gibraltar separately and differently to the other United Kingdom Overseas Territories. The existence of a sovereignty dispute, the existence of a 1713 Treaty which we passionately and firmly believe is irrelevant to our modern day political rights and which those who argue differently do not have the courage to test under international law in an international court, those two issues are not sufficient to entitle either the British Government or the United Nations from somehow putting us in a separate case category presumably together with the Falkland Islands when it comes (a) to the consideration of our political rights as a people and (b) when it comes to the process and mechanics with which they handle the Gibraltar question. It does both those things but the fact that the United Nations does precisely what I have just said that they should not do is not a reason why (a) we should aid and abet them in doing so and (b) is not a reason why we should desist from taking every opportunity that we can to row in the opposite direction to that. The United Kingdom Government for many years not to say for many decades declined to co-operate with the United Nations Special Committee on decolonisation. In recent years not only has it shown signs of reversing that in terms

of attending seminars but also its co-operation with the committee has extended in the last year or two even to the question of discussing de-listing criteria with the Special Committee in relation to the various territories and in the context therefore of those delisting discussions in the context of the substance of our rights but also in the context of the way the United Nations handles individual territories we have got to make sure that we do not lose any of the substantive arguments through the way we are dealt with. That the way that we are dealt with de facto amounts to a denial of our political rights by suggesting to the difference in behaviour that somehow our political rights are different or that the United Nations rights in relation to the territory of Gibraltar are different from its rights in relation to the other territories and it is into this latter category that the motion that we have before us today speaks to. The fact of the matter, is that as the motion recites, at the United Nations Caribbean Regional Seminar on decolonisation held recently in Anguilla, a United Kingdom Overseas Territory, the United Kingdom Government Representative Mr Roy Osborne made it perfectly clear that the United Kingdom Government have no difficulty with the concept, in principle, of the Committee visiting UK Overseas Territories at the invitation of the territorial Government and because we are a territorial Government and because Gibraltar is an Overseas Territory of exactly the same Constitutional Status as all the others we cannot be in any worse position because if it were the United Kingdom's position that because of the existence of the sovereignty dispute the United Nations is not entitled to visit Gibraltar or is not to be encouraged to visit Gibraltar even though the United Kingdom encourages it and is happy for it to visit the other Overseas Territories, what the United Kingdom would be saying is that Spain's sovereignty dispute overrides and displaces our right to self-determination and that is not even consistent with the United Kingdom's own position in relation to our right to self-determination which we would regard as incomplete and insufficient but such a stance on the part of the United Kingdom Government would not be consistent even with the United Kingdom's more restricted view of Gibraltar's right to self-determination, which is the following. In answer to a Question in Parliament from one of Gibraltar's friends, Labour MP David



Crawsby on the 6<sup>th</sup> November 2000 asked about Gibraltar's right to self-determination, Peter Hain then Minister of State at the Foreign and Commonwealth Office said, "*of course the people of Gibraltar have the right to self-determination it is just that because of the Treaty of Utrecht they cannot have independence without Spanish consent.*" That is the British Government's statement of policy and indeed it repeats exactly the same statement of policy in its annual reports to the UN Committees on relation to the Covenants on political, social and economic rights in Geneva. Exactly the same formulation as I have read out is stated to the United Nations in Geneva by the British Government every year. Leaving to one side whether we agree or whether we do not agree with the curtailment of our right to self-determination which that British Government statement of position includes, the British Government's own position is that we are entitled to all methods to every degree and to all the principles of self-determination short of independence and indeed even in relation to independence she cannot say "*you cannot have it,*" she says "*you can only have it if Spain consents.*" So, that is the British Government's position of self-determination. Not that it does not exist, not that it is displaced by Spain's sovereignty claim but that Spain's sovereignty claim and her alleged right under the Treaty of Utrecht which she refuses to have tested in International Court at most deny us the very last bit of the self-determination spectrum namely independence but leaves intact all the spectrum of self-determination between our current colonial status and just short of that independence and it would be wholly incompatible and inconsistent with that British Government position, as by the way is the joint sovereignty negotiations, but that is for another day, that the British Government should uniquely in the case of Gibraltar say that the Committee of 24 is not welcome to visit Gibraltar and I repeat the reason for that view that I have is that if UK were to have a different view to the UN Committee's visit to Gibraltar than she has to the rest of the overseas territories she would first of all be suggesting that we have a different constitutional status to the other Overseas Territories which is not correct. She would secondly be signalling to the United Nations Committee of 24 that it is right for the Committee to deal with Gibraltar differently and those differences would include

comments on our political rights; and thirdly the United Kingdom would be contradicting even its own formal position in relation to Gibraltar's right to self-determination and therefore for all of those reasons we have to assume that when Mr Roy Osborne the UK's Representative at the Anguilla seminar said that the United Kingdom was content for the Special Committee to visit the Overseas Territories that it would be irrational, illogical and totally unacceptable even from the point of view of UK's position, never mind ours, for that statement not to include a Committee's visit to Gibraltar. And indeed how can the United Kingdom fail to approve a visit to Gibraltar when it has allowed a United Nations decolonisation seminar, a whole conference on decolonisation by the United Nations to take place in Anguilla, one of its Overseas Territories like Gibraltar. Therefore in passing this resolution this House will be signalling to the British Government that the Committee is as free to visit Gibraltar and that the United Kingdom's willingness to allow and encourage the commission to visit other Overseas Territories applies equally to Gibraltar.

It is worthy of mentioning in this House although I am aware that the hon Members will already have seen reports to that effect but I think it is worth placing on record in this House the extraordinary hostile response that the Spanish representative Mr Chamorro who leads the Gibraltar issue in Madrid, Chamorro is the Spanish diplomat in the Ministry of Foreign Affairs in Madrid responsible for Gibraltar, he is not a representative from the embassy in any remote place, the extraordinary hostile response that he obtained not just from all the people attending the seminar other than obviously his Argentinean cousins but even from the Committee Members themselves particularly its Chairman, Earl Huntley the Ambassador of St Lucia and also the Ambassador of Antigua and Barbuda but many others when the Spanish Representative asserted that his Government would not allow the Committee of 24 as provided in UN Resolutions to visit Gibraltar and that provoked a string of interventions including from Committee Members to the effect that Spain's position was completely indefensible. Indeed one Member present reminded the Spanish Ambassador that in the context of article 10 in the Treaty of Utrecht Spain's rights if they existed at all were limited to a right of

first refusal in the event that the United Kingdom no longer retained sovereignty. Mr Chamorro was obliged to accept this. This prompted two members of the Committee to ask whether this meant that Spain accepted that the United Kingdom sovereignty would continue for as long as the United Kingdom wanted. Mr Chamorro confirmed that he personally thought that this was the case which prompted the Chairman of the Committee of 24 to question, given the circumstances under which Spain's right to first refusal could be exercised did not yet apply, to ask on what basis Spain thought she had any right to obstruct a UN Committee from going about their legitimate business. This led to clapping and nods from around the table including from the Members of the Committee and therefore Mr Speaker, I think that on this question of the United Nations' freedom and entitlement to visit Gibraltar I think Spain is wholly isolated and we have to make sure that it is not the United Kingdom that provides her with cover against that isolation and I believe that this resolution will go some way into resolving that issue.

Mr Speaker, the resolution also notes that in almost all of my speeches and in many of his both I and the co-mover of this motion, the Leader of the Opposition, have repeatedly extended invitations to the Committee of 24 to visit Gibraltar to see the reality of it for themselves and that reasoning for the visit quite apart from a visit being the United Nations taking responsibility for its mandate in respect of Gibraltar and showing that it has taken responsibility for its mandate. The other principle reason for the visit is that it will blow out of the water for all time one of the central tactics and strategies that Spain pursues at the United Nations to try and retain support for an otherwise democratically and legally indefensible and unjustifiable position which she does by painting a picture of Gibraltar which is calculated and designed to bring us into disrepute to incur the opprobrium of the United Nations and the international community about Gibraltar to paint us all as temporarily posted Anglo-Saxon expatriates on a three year short posting to some military base to suggest that we all earn our living through nefarious means, money laundering, it is worth remembering that Spain's reaction to our referendum in November 2002 was that the Government had funded it through

the proceeds of my money laundering and to the extent that I had not had enough from money laundering so they obviously do not think that I am a very successful money launderer if I cannot even fund a referendum from its fruit but for good measure they added that the balance had been provided by British Jews in Gibraltar. This is in a sense a mini monument to the image of Gibraltar that Spain seeks to create at the United Nations. A '*parasite*' economy, '*parasite*' on Spain. The word '*parasite*' has not been used to describe a people collectively since the middle of the twentieth century. This '*parasite*' economy makes most of its imports from Spain, hosts at least 4,000 Spanish workers in Gibraltar, opens its labour markets and its economic sectors freely and without restrictions to Spanish companies some of whom dominate certain sectors of our economy and whose citizens freely spend their disposable income in Spain. I am always struck by the anecdote that when Señor Braña imposed his double, triple, or quadruple filter I never actually counted the layers of Guardia Civil jeeps that there were out there, the Pryca in La Linea actually had to lay staff off because Gibraltarians were not going there to shop. So, this image of Gibraltar as an economic '*parasite*' doing nothing worthy, everything illegally, breaching every EU resolution, every EU directive, incidentally the House would be interested to know that in the most recently published tables of non-compliance with EU directives the United Kingdom and Gibraltar do considerably better than Spain whose record of non-compliance with EU directives is a good deal worse than ours and the United Kingdom but that does not prevent Spain from conjuring up this image of Gibraltar and the Gibraltarians as an unworthy country, as an unworthy people, unworthy to be supported, unworthy to have their right to self-determination recognised, it does not prevent Spain from peddling out lie after lie after misrepresentation, after distortion in order that the United Nations International Community should come to believe that we are so unworthy as a people and as a country that however weak and indefensible Spain's argument might be, however unwilling she may be to have them tested in International Law, Spain should still be supported at the United Nations because after all it is a mighty country, it is a worthy country pitted against such an unworthy people in Gibraltar and if the United

Nations Special Committee on decolonisation visited Gibraltar and saw the realities of this for itself Spain could never again field such arguments against us at the United Nations as she can no longer so at the IMF, as she can no longer do so at the FATF, as she can no longer do so at all the International organisations that we invite to Gibraltar who come, see for themselves, invariably give us a clean bill of health and then Spain gives up the ghost of trying to malign Gibraltar inside those organisations and the very same thing would happen in the case of the United Nations if only the United Nations would come to Gibraltar, see for itself, see that we are a self-sufficient modern European properly structured, properly regulated economy, see that we have a well ordered society, see that we are a people long established in Gibraltar with a unique identity and see that there are few territories left on their list better able, better ready and more worthy of having their right to self-determination recognised and to exercise it than Gibraltar and its people and for so long as the United Nations Committee does not come Spain will continue to make hay falsely against us and for so long as the United Kingdom should that be her position discourage the Committee from coming she would be aiding and abetting Spain in that nefarious tactic against Gibraltar at the United Nations.

Finally and before I give way to my co-proposer the final paragraph of the resolution speaks to the costs of such a visit. I have certainly said I am not certain if the hon Member has in his addresses, he may have, but the Gibraltar Government would be willing to defray the costs of such a visit. Gibraltar should not be deprived of the benefits of such a visit which would be enormous simply by some power that be at the United Nations saying that there are no resources available and indeed I went further at the United Nations this year and indicated that if the Committee did not want to accept the Gibraltar Government's money that we could arrange a street collection which would come up with the necessary funding in under an hour. Judging by the enthusiasm in which I see money being collected on Main Street every Friday I have no doubt that I can make those words come good should the need arise.

Mr Speaker, there is just one other thought that I would like to place before the House because I think that it is important that the Committee of 24 perceive and consume the idea that this enthusiasm and desire for them to visit is not the product just of a sort of political class of people who are detached from the people that they represent and it is not that long ago that Spain was saying that the only reason why the people of Gibraltar did not want Spanish sovereignty was that the Government and the Opposition were sort of suppressing the natural feeling and instinct of the people of Gibraltar so even that they tried. The idea that Gibraltar's elected representatives are somehow on a frolic of their own and if only these ogres would get out of the way and allow the free expression of public opinion this would immediately manifest itself as embracing the concept of Spanish sovereignty over Gibraltar and I think that concept needs to be scotched as well, and in relation to this visit I think that it is important that the Committee of 24 when we address it in October can be told the extent to which the people of Gibraltar want them to visit and for that purpose it is my intention to reconvene the Council of Representative bodies so that it does not involve political parties so they cannot say that we are again the politician, the political parties orchestrating. It is my intention to reconvene the Council of Representative Bodies and invite them to conduct a petition in Gibraltar during the coming month or two on the question of the subject of this motion so that we can present it to the United Nations when we meet with them in October and say to them, *"...this is what the people whose sacred trust it is for you whose wish is to protect that this is what they want in relation to how you should conduct yourself in relation to Gibraltar and as to whether you should visit..."* and once this motion is passed signalling to the Council of Representative Bodies that there is no political disagreement across the floor of this House it is then my intention to invite the Council of Representative Bodies to organise such a petition during the summer months to bolster our next request to the UN for them to visit Gibraltar, I commend the motion to the House.

Question proposed.

## HON J J BOSSANO:

Mr Speaker, in joining the Chief Minister in moving this motion I think that it is important to record that in 1964 the Committee of 24 right at the beginning of its consideration of the question of Gibraltar was invited to come to Gibraltar jointly by Sir Joshua Hassan and Peter Isola and even though that invitation in 1964 had the support of the United Kingdom Government which was then co-operating with the Committee of 24 which was then in 1964 at the peak of activity in the decolonisation process where some of the Members that had been mentioned by the Chief Minister were still colonies and were still on the list. Notwithstanding that, the influence of Spain was sufficient to block the Committee coming here but in a very different world. In a world where the allies Spain notwithstanding the diametrically opposed philosophy of General Franco who was killing communists in Spain actually saw supporting fascist Spain as a way to attack a British Gibraltar because of the military presence in the Mediterranean. That possible alliance has disappeared with the changes that we have seen and we have now got in the United Nations not only former colonies that have been through the Committee of 24 themselves and emerged on the other side but in addition many of the fragments of the corrupts of the eastern European countries which themselves have exercised in a non-colonial context the right to self-determination and therefore it has been evident that progressively since 1992 the Committee of 24 was more responsive and more knowledgeable and less in tune with Spain's views which are simply a repetition of what they said in 1964 as if nothing had happened in-between. The House will recall that although we were not successful in persuading the Committee of 24 to arrange for a visit to Gibraltar the closest we came to it was to get the Chairman of the Committee in one of the years, 1994 or 1995, to actually send a message to be read out at Casemates on our National Day expressing support for the right of self-determination and that was done when Grenada held the Chairmanship of the Committee of 24. On the occasions when we have raised the matter recently the argument, not for the first time, but the argument that has been used by the Committee of

24 has been that they are prevented by UN protocol from visiting a dependent territory without the expressed authorisation of the administering power. Indeed, one of the peculiarities considering that the Committee is supposed to be the defender of colonial people and to be monitoring the situation to protect them from the colonial power is that at one stage they used to expect the invitation to participate in seminars and in Committee of 24 meetings to go through the Governor of the colony which is appointed by the administering power.

I remember raising this on a number of different occasions with UK Ministers and when I raised it with Keith Vaz on his visit to Gibraltar he told me that he was going to make sure that the United Nations Committee of 24 was told by UK that UK itself had no objections to coming here. It never happened he went away from his visit and did nothing about it but the UK never really officially owned up and I think they hid behind each other because one was saying we need the permission of the UK to go to Gibraltar and the UK was saying they have not asked for permission to go to Gibraltar. One was saying we need to be invited and the other one was saying they need to want to say that they want to come. We break this bottle-neck of who it is that has to take the first step by taking the first step here and I think it is a very good idea the organising of the petition because effectively then what we are doing is that we the real owners of the Rock are inviting to our home the Committee of 24 and as I told the Committee of 24 when I was there we are entitled to invite to Gibraltar whoever we like and we do not need Spain's permission to do it and it is they who have got no business to stick their nose where they are not wanted and it is they who are interfering. Therefore, if we achieve as I hope their visit, I think the implications are enormous in winning the fight at the UN because it would mean that the members of the Committee of 24 will be responding to our wishes in the knowledge that it upsets Spain and it is one thing to have reacted on the spot in the seminar in Anguilla and another thing is to take a decision which requires clearance. When we spoke this year at Committee of 24 surprisingly one of the countries that put a number of questions to me and was quite supportive was Bolivia and I remember the UK

delegate saying to me afterwards he is going to get it in the neck when he gets back to his embassy. They were reacting on the spot to the things that they were hearing. We have seen when the question of the Falklands has been discussed this year in Committee of 24 the degree of mobilisation by Spain of Hispanic allies and therefore all the South American countries came out with resolutions from Mercosur from this and that supporting Argentine's claim to the Falklands and denying the people of the Falklands their right to self-determination. I do not think Spain can successfully mobilise South American countries against us if we are able to carry Commonwealth and European and other countries along when it comes to giving the necessary agreement within the machinery of the UN. In any case all that we are asking of the Committee of 24 in asking for a visiting mission is something that they themselves have been moaning about for years because the United Kingdom had withdrawn co-operation at that stage from the Committee of 24 on the basis that their resolutions were very hostile because they use outdated language and talked about the withdrawal of military installations and the end of imperialism it is only when they moderated the language that they started co-operating. But the UN Committee of 24 has year after year complained about the lack of opportunity to send a visiting mission to hear things for themselves at first hand from the people in the colonies for whom they have a responsibility. Now that we have got UK not standing in the way and that in itself is an important step forward because if the UK before did not want to say to us that they could come but did not want to say that they were stopping them it was for the obvious reason that in this area like in so many areas is not that we needed to convince the UK Government it is not that they did not know that it was the right thing to do it is that it was still caught up in the Foreign Office philosophy in relation to Gibraltar and Spain that the best approach is not to rock the boat so, do not say anything, do not do anything that might upset Spain and therefore at least we have got them on a leash and they are quiet. What should increasingly becoming clear to Gibraltar is that standing up for our rights and going against the wishes of the UK Government and not being afraid to upset Spain can work and that if we keep on that line and we believe in it it will work and that it is beginning

to work. So now we have got a situation where the Committee of 24 is decidedly upset with Spain for its attitude which is totally absurd because if the position of Spain is that the Committee of 24 cannot come to Gibraltar because they will be interfering, interfering in what, an internal matter? I can understand that they might not want the Committee of 24 to visit San Sebastian and I can understand that the PNV might well wish that they could visit San Sebastian or Barcelona where there are people who are part of the Spanish state but also claim the right to self-determination but it is not a legal right enshrined in the United Nations Charter or the Universal Declaration of Human Rights or the Declaration of the granting of self-determination and independence to colonial territories and peoples and in our case precisely because the Spanish Government thinks that they can tarnish us with a label by saying that we are a colony, precisely because we are a colony we have got a right as a colony to be decolonised and to invite to Gibraltar whoever we want from the Committee that is responsible for ensuring our decolonisation. The Spanish Government technically has a right to express a view on whether the Committee of 24 sends a visiting delegation anywhere because according to the list of non self-governing territories Western Sahara has not yet been decolonised it is occupied by Morocco and it is a Spanish colony but not in the case of Gibraltar.

Mr Speaker, I agree with what the Chief Minister has said about taking the opportunity on the meeting of the 4<sup>th</sup> Committee in October and it is a General Assembly resolution that we are seeking to comply with because there is a General Assembly resolution requiring the Committee of 24 in the context of completing the second decade for the eradication of colonialism sending visiting missions to the non self-governing territories precisely for the purpose of finding out what their wishes are so that they can exercise their right to self-determination. So an official visiting mission from the Committee of 24 in furtherance of compliance of that UN Resolutions would by implication give the lie to the Spanish argument that all those resolutions that refer to self-determination do not apply to us. In fact, although Spain has been arguing that the doctrine of the United Nations is, in

Gibraltar's case, territorial integrity and not self-determination and we have never accepted that argument the only time they have actually been able to get something produced in writing black upon white was that regrettable occasion in the seminar in the Marshal Islands when there was nobody from Gibraltar and for the first time we had this recommendation that the right of self-determination should apply except in the territories where there is a competing sovereignty claim. Indeed if that recommendation on the seminar in the Marshal Islands which regrettably has been included in all subsequent recommendations of the seminars but if we look at that recommendation it means that the Treaty of Utrecht does not matter anymore because it does not say where people have got a right of reversion it says where people have got a sovereignty claim. So, even if everybody agreed to refer to the International Court at the Hague for an advisory opinion the supposed constraint on our right of self-determination by virtue of article 10 of the Treaty of Utrecht the position recommended by the seminar is that even if we won there would still be a claim because the claim is not a claim that arises out of the Treaty of Utrecht, the Treaty of Utrecht does not give them the right to claim anything it only gives them the right to get it back if the UK gets tired of this place. That is a recommendation from the seminar to the Committee of 24 and it is not anything other than an expression of opinion and it does not uncover or overrule the Charter, the Declaration of Human Rights and the resolutions and therefore by bringing them here I think we will have seen the Committee shifting its position from being initially almost entirely in the Spanish camp to be subsequently somewhere in the middle and now to being past the median in our direction. Let me bring to the notice of the House that these things are not as difficult nor some people would argue indeed impossible as some would believe because in the last debate only a few days ago in the Spanish Parliament, Señor Ramon de Miguel the opposite number of Dr MacShane said that Spain's position had never been that we do not have the right to self-determination, Spain's position is that we do not have the right to independence. This was the UK position. The UK position was the one that said, *"your self-determination uniquely is constrained by the UK's legal obligations. We are obliged by the Treaty of Utrecht to limit how*

*you may exercise self-determination but the fact that we limit how you may exercise it does not mean that you will have it because if we did not have it then we could not exercise it anyway so it would be no question of limitation or constraint."* We have never accepted in this House that the Treaty of Utrecht has had such an effect, ever, not in 1964 and not since but in any case it is an academic question because if the only thing that it stops us from having is using the option under the UN resolution 1514 of emergence as a totally independent sovereign state since that is not an option that anybody in this Chamber has been elected advocating nor is it an option that any candidate in any election that I can ever remember ever stood for and advocated. Therefore it is a constraint which prevents us from doing something which none of us want to do. Spain for the first time has said in the Spanish Parliament in front of the Foreign Affairs Commission that that is what she means when she says we do not have the right to self-determination that it is on the basis that self-determination does not necessarily mean independence and we agree. It does not necessarily mean independence. Nobody has questioned that. The information that Señor Ramon de Miguel put in front of the Committee of Foreign Affairs on what the options are is incorrect but it is a major step forward that Spain is now willing to concede some measure of recognition for our right to self-determination a position that until now was only held by the United Kingdom and I think it is a measure of the retreat that Spain is in from its traditional position even though it will still go through the rhetoric of repeating the anachronistic and outdated language of 40 years ago and therefore in moving jointly this motion to the House and in supporting the initiative that the Chief Minister has announced in organising the petition I am sure that we will be taking one more important step in the road to the exercise and the recognition of our right to self-determination and to the achievement of our decolonisation.

#### **HON CHIEF MINISTER:**

Mr Speaker, I would like to make a comment on one of the observations made by the hon Member not by way of response

because we agree on this issue but by way of clarification of an interpretation of one of the points that he has made. The only point that I would make is this, I fear much as I would like him to be correct and much as I would like Señor de Miguel's remarks to mean what he has interpreted them to mean I fear that Señor de Miguel at least did not intend them to mean that. He also said in the same interview that integration with Britain would also be a breach to the Treaty of Utrecht, given that the Treaty of Utrecht at its best for Spain means that if Britain cedes sovereignty of Gibraltar she must offer it to Spain first. The mind boggles as to how integration into the United Kingdom which is the purest form of exercising British sovereignty over Gibraltar can conceivably trigger Spain's alleged right of first refusal under the Treaty of Utrecht and I fear that what Señor de Miguel meant in his statement is that of the three red line issues that is currently preventing the United Kingdom and Spain from concluding their infamous undemocratic and ill-conceived joint declarations of principles based on joint sovereignty the House will recall that there are three red line issues that prevented them from reaching that agreement, none of the red line issues are respect for the wishes of the people of Gibraltar as expressed in the Referendum of November 2002. The three red line issues the House will recall were that Britain whilst happy to betray our sovereignty of Gibraltar wants to keep exclusive sovereignty of the naval base. The only issue frankly, with which I agree with Spain. I think it is completely unprincipled that Britain should be willing to betray and violate the political rights of the civilian population of Gibraltar whilst pretending for all time to keep exclusive sovereignty over the bits of Gibraltar that interest her, namely the military facilities here, I think it is a wholly unprincipled position and frankly I agree with Spain that that is completely unacceptable.

The second red line issue was that the agreement has to be once and for all so that Spain is required to renounce anything that she does not achieve in this so called joint agreement which of course Spain refuses because she refuses to renounce the historical claim for the full return of the whole of Gibraltar's sovereignty but the third red line issue was that Spain who as the House knows does not even subscribe to the principle of consent let alone self-

determination, Spain had not even been willing for Britain to put the agreement to the people of Gibraltar even in respect of practical implementation which was the only basis on what Britain was planning to put to the people of Gibraltar, Britain was not planning to put the agreed political declarations of principle to us, Britain was proposing to put the agreement once it had been worked up into detailed proposals to us in a referendum to see if we wanted to implement it or not. If we voted 'No' to implementation the agreement would have remained on the table and might still remain on the table if they do the dastardly act as the agreed Anglo-Spanish position for all time curtailing our rights, limiting our options and hanging over our heads like the proverbial 'Sword of Damocles' and that is what our complaint has been about. So, what Señor de Miguel was saying was that Spain now and this is obviously some public negotiating process is relenting on one of the three red line issues, she no longer minds Britain putting this agreement to us for implementation and I fear that Spain's if there is any recognition of the right to self-determination and I repeat that I would like the position to be as the hon Member has described but I think that what Spain was saying is that our right to self-determination is limited to choosing between staying as a colony or accepting whatever the United Kingdom and Spain cook up behind our backs and above our heads for us. So we have a right to stay a colony for all time or to say 'Yes' to the Anglo-Spanish Agreement based on the principle of joint sovereignty and if we say 'No' to that then the only other alternative is the colony. I think that whilst our agreements are limited to just a few issues, that agreement would also extend to the view that that is clearly insufficient to our right of self-determination and that the position that Spain should adopt is the one that the hon Member has described and once and for all accept that the future of Gibraltar can and will only be decided by its own people exercising freely and democratically their political rights to decide their own future and that any initiative and I think that this might be taken on board by the United Kingdom as well, that any initiative which is not based on that premise is doomed to failure.

**HON J J BOSSANO:**

Will the Chief Minister give way?

**HON CHIEF MINISTER:**

Yes.

**HON J J BOSSANO:**

I take it that we are talking about the same thing that I quoted because he used the word interview and I was referring to the appearance before the Foreign.....

**HON CHIEF MINISTER:**

Yes.

**HON J J BOSSANO:**

I put it to the House what Señor de Miguel said was first that he had absolutely no problem in using the word self-determination which is not the case. This is the first time that a Spanish Minister responsible for Gibraltar says that he is relaxed about putting the word self-determination in the same sentence as Gibraltar. He then went on and said that self-determination was not the same as independence. Self-determination is to determine for oneself any issue and then speaking to the Catalan that had raised the matter he said, *"this is why I have no fear about the use of the words self-determination."* We know that independence for Gibraltar has been excluded by the Committee of 24 in the General Assembly of the United Nations and therefore that matter is now closed. Of the two options in resolution 1514 (XV)

which is either self-determination leading to independence or self-determination leading to integration territorially the only option that they have is the one of territorial integration. He is wrong in saying that there are only two options in resolution 1514 and although he may have said elsewhere that after the Treaty of Utrecht we are not entitled to integration he is saying that under resolution 1514 (XV) we are and Spain has never said that any of these resolutions applied to us because they have said that these resolutions will say we must choose between option 1 and option B recognise our self-determination and therefore Spain says since self-determination is not applicable in Gibraltar's case the options in resolution 1514 are not applicable in their case. This is a matter of restitution of sovereignty and that has been the version that Spain has defended throughout until this time for the first time ever, the colony is not Gibraltar, the colony is Andalucia and this is like the American base in Guantanamo. From that position to this position I submit this is an important shift. I am not saying we have got them all the way there I am saying we have got them part of the way and I am convinced we can get them all the way.

Question put.

Agreed to.

**HON CHIEF MINISTER:**

Mr Speaker on a point of order can I have the House's consent to allow two Colleagues on this side of the House who are away from Gibraltar today to subscribe to the resolution after the event when they return later today?

**MR SPEAKER:**

Yes.



## **BILLS**

### **FIRST AND SECOND READINGS**

#### **HON K AZOPARDI:**

I beg to move under Standing Order 7(3) to suspend Standing Order 7(1) in order to proceed with the first and second reading of Bills.

Question put.                      Agreed to.

#### **THE COMPANIES AMENDMENT ORDINANCE 2003**

#### **HON K AZOPARDI:**

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

Question put.                      Agreed to.

#### **SECOND READING**

#### **HON K AZOPARDI:**

I have the honour to move that the Bill be now read a second time. Mr Speaker, this is a very short Bill, relatively short, the House will remember that about three years ago we inserted an

amendment into the Companies Ordinance that allowed the striking off the companies when annual returns had not been filed. Since 1993 there was an exercise carried out to strike off those dead companies and about 12,000 were struck off and recently I had a conversation with Companies House managers and in discussion it was suggested that now that that first phase of the exercise was ended there was a second phase that could be done and they suggested that if we inserted an amendment that allowed the striking off of the company that has not filed an annual return for about three years that would allow a second phase of the exercise. That proposal was put to the Financial Services Commission and it was put to consultation to the Finance Centre Council, the matter has been agreed and this is effectively the thrust of the amendment. It will allow a striking off of companies that are dead. I think that is a valuable exercise because hon Members will know that Spain always says that there is an 'X' number of companies registered in Gibraltar and that is always a false figure, so us cleaning up our register and striking off dead companies I think will be valuable to the extent that we will have a real figure of active companies in Gibraltar and not a false figure which people try to bandy about internationally. There is a small amendment that I will move because a typographical error appeared in the Bill when it was produced. 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, the Opposition will be supporting the Bill. We supported the previous piece of legislation which the Minister referred to so we certainly have no difficulty in voting in favour of the Bill which allows companies to be struck off in default of filing their accounts for at least three years so we will be voting in favour.

Question put. Agreed to.

The Bill was read a second time.

**HON K AZOPARDI:**

I beg to give notice that the Committee Stage and Third reading of the Bill be taken on another day.

#### **THE PROTECTED CELL COMPANIES AMENDMENT ORDINANCE 2003**

**HON K AZOPARDI:**

I have the honour to move that a Bill for an Ordinance to amend the Protected Cells Ordinance 2001, be read a first time.

Question put. Agreed to.

#### **SECOND READING**

**HON K AZOPARDI:**

I have the honour to move that the Bill be now read a second time. Mr Speaker, hon Members will recall this legislation that went through the House a couple of years ago and as a result of that Aon the multinational insurer set up a Protected Cell Company in Gibraltar called White Rock Insurance Company, that

was the first example of a Protected Cell in Gibraltar. Indeed this type of legislation is present in other jurisdictions, quite successful in Guernsey, and it has been seen by the Finance Centre for some time as a product that they wanted to market generally as a diversification of Financial Services.

This is a rather technical Bill but what it tries to do is it tries to reconcile a directive that emerged post the legislation going through the House and the priority given to insurance claims and the definition of assets within the Ordinance. This matter started as a result of lawyers in the private sector making an approach to the Government and pointing out that a directive that had emerged post the legislation coming through this House potentially required a certain course to be transposed into domestic legislation that could unless there was amendments to this Ordinance render incompatible the whole concept of the cell structure. The Government took Counsel's advice in London from leading counsel on this issue, the Insolvency Council, and he did confirm that there was a potential conflict between Article 10 of Directive 17 of 2001 of the reorganisation and winding up of insurance undertakings in respect of the Protected Cell Companies Ordinance 2001 in that the article in particular created a concept of special priority in respect of creditors for insurance companies and that would affect when cross referred to the concept of the definition of assets unless it was clear what the definition of assets was in the Protected Cell Companies Ordinance that would potentially undermine the concept of the Protected Cell. Counsel did advice though that there was a possible way of reconciling Article 10 and indeed the directive in its entirety with the Protected Cell Companies Ordinance so that Gibraltar could meet its obligations and transpose this directive and also amend the Ordinance to keep intact the concept of the Protected Cell so that we could achieve both things. I will just read from his advice which was that we should amend the legislation to make clear that the estate which is the subject of the liquidation will extend only to non-cellular assets as we referred to in section 5 on the Ordinance and that that essentially requires an amendment to section 17 to provide that the cellular assets rather than the companies assets have to be dealt with by

the liquidator in accordance with the cellular structure. Hon Members will recall that the concept of the Protected Cell effectively is that a company will be set up and that cells are individually dealt with and so the assets of a particular cell are not attacked just because the assets of another cell are being addressed by potential liquidators. That requires a definition of assets in the liquidation so that we ensure that the insurance undertakings, the reorganisation directive, does not affect the concept of the cell and indeed that is the advice of London counsel and that is what we seek to do in this piece of legislation. As I say it is rather technical and if the hon Member wants to have a copy of the London counsel's advice I will have it sent to him. It is difficult to explain in 60 words. 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, when the Government brought Protected Cell Legislation to this House the Opposition supported that Legislation and based on what the Minister has said this morning we certainly would have no difficulty in supporting this Bill either. We would welcome a copy of the counsel's advice that the Minister has referred to and we obviously assume that the directive to which this Bill refers and why we are passing this Bill of 2001 has not yet been implemented in Gibraltar. If the Minister could clarify that point certainly the Opposition would have no difficulty in supporting the Bill based on the arguments that are being put forward.

**HON K AZOPARDI:**

Mr Speaker, I am grateful for that and I would certainly forward a copy of counsel's advice to the hon Members on a confidential

basis. As to the second point my understanding is that it is just one of those directives in the pipeline and it will come to the House eventually. In any event the commencement date required by the directive was something like 2003 so I am sure we are not being slow with the implementation of our obligations generally.

Question put.                      Agreed to.

The Bill was read a second time.

**HON K AZOPARDI:**

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

The House recessed at 11.25 am

The House resumed at 3.30 pm

**THE APPROPRIATION (2003-2004) ORDINANCE 2003**

**HON FINANCIAL AND DEVELOPMENT SECRETARY:**

I have the honour to move that a Bill for an Ordinance to appropriate sums of money to the service of the year ending with the 31<sup>st</sup> March 2004, be read a first time.

Question put.

Agreed to.

## **SECOND READING**

### **HON FINANCIAL AND DEVELOPMENT SECRETARY:**

I have the honour to move that the Appropriation Bill for the current financial year, now be read a second time. Mr Speaker, I will be confining my contribution at this second reading to an outline of the basic content of the Bill. The Bill is in the usual three parts, first the House is being asked to appropriate an amount not exceeding £141,063,000 of Consolidated Fund for departmental and related expenditure. A further £24,804,000 Consolidated Fund charges not requiring a vote of this House under the prevailing laws brings the total estimated recurrent Consolidated Fund expenditure for the financial year 2003/2004 to close on £166 million.

The number of Heads of Expenditure in this year's Appropriation Bill has been rationalised, however hon Members' consideration of the Bill will not be affected as at the Committee Stage of the proceedings we will go through the Government's Estimates department by department as has been the case in the immediately preceding years. The Government's estimates laid in the House previously show that the recurrent Consolidated Fund Revenue was projected to be nearly £172.6 million producing a projected surplus thereof of £6.7 million. This compares to a forecast out-turn surplus for the last financial year of just over £5 million excluding exceptional items. Mr Speaker, I have previously circulated to the hon Members some amendments to the Government's Estimates book correcting typographical errors. I am grateful to the Leader of the Opposition for spotting some of these and drawing them to the Government's attention. The Chief Minister went even further and identified that the covering errata page should have referred to the reserves of the 31<sup>st</sup> March 2004 and not 2003.

Mr Speaker, I would draw on all hon Members attention to a further gremlin that would be corrected in the final estimates approved by this House. The presentation of the repayment of Government borrowing of £8 million for the Improvement and Development Fund on page 5 of the Estimates should really be presented on the line where it shows 'Net Public Debt Movements' and that small correction as I say will be made in the final book.

The Consolidated Fund Reserves position shown there were the Reserves as at the end of this financial year, Consolidated Fund Reserves, just over £30 million remains unchanged. None of these changes affect the Appropriation Bill before the House.

Staying with the Improvement and Development Fund the Bill seeks the appropriation of up to £24,612,000. Again the Heads of Expenditure have been reorganised but to assist hon Members' consideration of the Bill spending against the previous years is shown at page 110 of the Estimates Book. The main sources of finance for this objective spending on capital and economic projects is an £8 million contribution from the Consolidated Fund Reserve and £10 million of Government borrowing. The remainder is made up of the proceeds of the projected sale of Government land and buildings, EU grants and miscellaneous income together with utilising some of the positive balance held on the Improvement and Development Fund.

Mr Speaker, backtracking to the second part of the Appropriation Bill the House will be asked to vote on the £8 million Contribution from the reserves towards the Improvement and Development Fund which I have just referred. The second part of this leg of the Bill is a continuing provision of £20,000 for the on-going Moroccan resettlement scheme. I now give way to the Chief Minister to present the Government's budget 2003/2004 and in so doing I commend the Appropriation Bill to this House.

## HON CHIEF MINISTER:

I have the honour once again to present to the House a general review of the economy, a review of public finances, a review of proposed Government measures, proposed changes to taxation, a review of last year's Government Revenue and Expenditure and a review of the Estimates of Revenue and Expenditure for this year.

Mr Speaker, once again I am glad to be able to report to this House that the state of the economy is good and stable. Once again I am able to report to the House that the economy has shown robustness and resilience in the face of continuing tax reform uncertainty and in the face of political uncertainty in the form of the events of 2002 relating to the Anglo- Saxon joint sovereignty negotiations. While in 2002 the Government were successfully pre-occupied with external affairs a very considerable amount of progress has also been achieved in domestic affairs. All economic statistics, indicators and reports reflect an economy that continues to grow at a significant rate despite all the obstacles and challenges that it faces.

Government would tomorrow publish tables containing the estimates of Gross Domestic Product of Gibraltar for the period 1996/1997 to 2000/2001 those are the National Income Accounts Estimates. This is the first time that Gibraltar's National Income Accounts will be published in this aggregated form. Previously only the finalised figure for overall GNP and GDP estimates were published as I will go on to explain in a moment. GNP and GDP estimates became increasingly unreliable towards the mid nineteen nineties and it was decided to suspend calculations from 1996/1997 onwards pending a comprehensive review of the accounts and subsequent verification using the results of the Input Output Study which was also commissioned. National Accounts Estimates in Gibraltar are calculated in two ways using both the income and the expenditure data methods. There is a third method known as the Production or Output method whereby the value of final output added by each industry is measured. In Gibraltar this is only applied whenever an Input Output Study is

conducted. In theory all three methods should give the same result for GDP. In practice this is not usually the case because data used by the different methods necessarily have different degrees of coverage and accuracy. The conventional way of reconciling estimates under these methods is the use of a balancing figure called The Residual Error. The tables for Gibraltar's GNP and GDP consequently show a residual error which balances the annual discrepancies between the income and expenditure methods of calculation. This balancing adjustment is always shown under the expenditure tables as advised by Mr Harry Fell in his review of the accounts in 1990, since the income estimate method is deemed the more accurate. The preparation of National Income Accounts depends on a wide range of data which vary as to accuracy and completeness. Accordingly, each component item is given an accuracy rating to highlight the likely margin of error inherent in that particular figure, so (a) is up to 5 per cent, (b) is up to 15 per cent and so on and so on. The accounting terms and concepts are based on the Government's statistical service publication known as the United Kingdom National Accounts Sources and Methods. A number of revisions have been carried out over the years both in terms of concepts and data compilation. The most recent review has been that of Mr Mansell in 1998. This review was aimed primarily at identifying the possible reasons for the large size of the residual error, which from 1994 to 1995 had reached a level of £113.62 million, that is almost 35 per cent of the published GDP figure estimate itself. Residual errors of this size are too large to render the resulting GDP estimates sufficiently meaningful or reliable. Hence the decision to suspend publication of unreliable economic data until the basis of the data could be rectified and verified. The increasing size of the residual error in turn reflected the increasing difficulties in measuring GDP following the significant shift during the 1990's from a traditionally dominant public sector economy for which data on economic variables was largely available, to a private sector led economy for which economic data was not easily available. The Mansell Report identified a number of changes to the treatment of certain economic variables together with a number of other conceptual adjustments. The decision to commission an Input Output Study of the economy was an

integral part of the review of Gibraltar's National Accounts. It was decided to await the outcome of that study in order to further verify the accuracy and reliability of the revised GDP/GNP Estimates. This caused some delay in the production of the Estimates from 1996/1997 onwards given that the study took two years to complete, but it was thought preferable to delay publication than to continue to publish figures upon whose accuracy little reliance could be placed. The Input Output Study Estimate of Gibraltar's GDP for the year 1999/2000 was provisionally estimated at £417.5 million as published in the 2001 Abstract of Statistics. This was subsequently adjusted to £411 million by the end of the Study. The GDP figure using the normal income and expenditure methods has been calculated £409.89 million. The closeness of the estimates using the three different methods of calculations in respect of the year 1999/2000 indicates that a significant degree of confidence and reliability can now be placed on the revised computation of Gibraltar's GNP and GDP figures. Now that the Input Output Study has been completed it is possible to resume calculations of GNP and GDP Estimates from 1996/1997 onwards and publish the figures with confidence as to their reliability. In addition, the Government have decided, as I have said earlier, to initiate the practice of publishing details of the calculations as opposed to just the bottom line produced by them. Figures for these years have been produced and will be published as I say tomorrow. The figures will show the rate of change on an annual basis in GDP figures in respect of the years 1996/1997 to 2000/2001 as follows I am leaving out the points just rounding it down to the nearest million:-

- ◆ 1996/1997 £352 million;
- ◆ 1997/1998 £364 million, that is a growth in money terms of 3.5 per cent;
- ◆ 1998/1999 £393 million, a growth of 7.9 per cent;
- ◆ 1999/2000 £409 million, a growth of 4.2 per cent and;
- ◆ 2000/2001 a GDP of £433 million a money terms increase growth of 5.8 per cent.

That shows an economy that has grown between 1996/1997 and 2000/2001 by 23 per cent, an annual average of 5.75 per cent. Even if one takes the inflation adjusted terms, in other words, the percentage increase in real terms as opposed to money terms, in other words money change, money increases minus inflation during the same period one still has a growth of 16.6 per cent above the rate of inflation. That is over 4 per cent per annum of economic growth, as I say stripped of inflation.

The Government now also have available the Input/Output Study conducted by Professors Fletcher and Wanhill experts in Small Country Accounting of Bournemouth University which the Government published in February 2003. The results confirm much of really what we already either knew or suspected. Firstly, the buoyancy of the economy which the report describes as thriving and energetic. Secondly, the major contribution made by the Financial Services Sector and by the Tourism Sectors to GDP and to employment; and thirdly, the growing shift towards a private sector led economy. The results reveal other aspects about which we previously knew little, for example, the sectoral impact on employment and Government revenue, in other words, the multiplier effects in the economy and the effects that they had on those issues. Income employment and revenue effects of spending by the different categories of visitors and the interdependence of the various sectors or industry of the economy on each other all of which can be measured by the Model so that the downturn in one sector of the economy can be measured not only as to the effect that it will have on that sector of the economy, income employment et cetera, but also as to the effect, a downturn in one sector of the economy will have on other sectors of the economy given that all the sectors of the economy are inter-related to each other. The Report attached to the Model sets out the findings of the Input/Output Model and presents figures relating to the structure and size of the Gibraltar economy as a whole.

Using the Input/Output method of GDP calculation which the Report does and thereby using the 2000/2001 GDP produced by the Report using that method of £411 million, this gives Gibraltar

£33,796 per full-time equivalent worker or £15,120 per capita. That compares with a GDP per capita of £14,962 in the United Kingdom, in other words Gibraltar's per capita GDP is slightly higher than the United Kingdom's per capita GDP. The Model shows the relative sizes, the relative contributions of each sector to the economy as a whole. Financial intermediation accounts for 21 per cent, real estate and business activities for 10.67 per cent and indeed financial intermediation is to be distinguished from Financial Services. Financial Services would be a greater share than financial intermediation because as I have explained in this House before many of the activities that we have traditionally regarded as being part of the Finance Centre are dealt with under the UN and the UK models of reporting used by this Report and Input/Output Model actually park under the heading Real Estate and Business Activities. So the 10.67 per cent that Real Estate and Business Activities has, as a share of GDP, actually includes many elements, lawyers, accountants, et cetera, et cetera, that we would regard as Financial Services which should be added to the 21 per cent, which is described in the Report as Financial Intermediation. Government accounts for just over 18 per cent, the retail sector for 10 per cent, the wholesale sector for 10 per cent. As the Report points out in a small economy like Gibraltar the distinction between retail and wholesale is much more arbitrary than it is in a larger economy and therefore if we combine the retail and the wholesale 10 per cent each, 20 per cent, then we can see that the retail and the wholesale sector is a formidable component of our economy. The construction sector amounts to just under 9 per cent and the MOD to just under 4 per cent. The figure for the MOD has got to be taken with a degree of caution because it relates only to that share of the MOD budget which is actually spent in Gibraltar.

According to the Model and the Report, Financial Intermediation, which is part of our Financial Services industry, has an export value to the local economy of £193 million a year. It accounts for 813 direct full time jobs and for direct Government revenue of £3 million, but if we add the indirect effects, the number of full time job equivalents that it supports it rises to 1,295 and the Government revenue for which it is responsible rises to £5 million;

and if one includes the induced effects, the size, the number of jobs supported rises to 1,847 and the Government revenue to £19.5 million. Therefore, the jobs supported by the Finance Centre throughout the economy is more than twice the direct jobs in the Finance Centre, and I make that point Mr Speaker, in order to demonstrate the effect that the Finance Centre has, the importance that the Finance Centre has, to the rest of the economy. It supports therefore twice as many jobs as it accounts for directly. For every person employed in the Finance Centre directly, more than one person is employed in some sector other than the Finance Centre but which job would not be necessary in those other sectors if the Finance Centre did not exist, and bear in mind that these figures relate only to Financial Intermediation, so the actual position, when we take into account, everything that we would regard as Financial Services is actually bigger, because part of the Financial Services, as I said a moment ago, is accounted for under the separate heading of 'Real Estate and Business Activity'.

In respect of Tourism, the Study and the Model shows that tourism accounts directly for 1,853 full-time equivalent jobs. When one takes into account the indirect effects of tourism it supports 2,760 jobs and when one takes into account the induced economic activity that takes place locally, induced by the tourism activity, it supports 3,498 jobs, distributed right across all sectors of the economy and what these figures show, Mr Speaker, is that Tourism and Financial Services have an importance to the economy which stretches well beyond the people that work in those sectors directly. Tourism in terms of its contribution to Government revenue, accounts for £9.25 million a year in direct Government revenue, £17 million a year of direct, plus indirect revenue and £36 million of revenue on the basis of direct/indirect and induced activity. Therefore, one can see the significance of both those sectors, not just to Government revenue but also to jobs. The buoyancy of the economy described and demonstrated, not just by the increases in economic growth as shown by the National Income Estimates, but also the buoyancy shown by the Report attached to the Input/Output Study, is similarly reflected in all the usual local economic indicators. So,

we have the National Income Estimates, now drawn up on an accurate, reliable and verifiable manner, pointing to 23 per cent economic growth since 1996/1997. We have the Input/Output Study Report pointing to the buoyancy of the economy and now I would like to briefly review with this House the other more traditional local economic indicators which point to precisely the same direction and to precisely the same buoyant economy state of affairs. In 1999/2000, the Government collected £13 million in Corporation Tax. In the year 2002/2003, that is last year, the Government have collected £17 million on company profits. That is an increase of 30 per cent in just two years.

It is a well known fact that in times of buoyant economy companies make more profit and in times of less buoyant economy the companies make less profit. As much as the hon Member might try, he cannot explain a 30 per cent increase in Corporate Tax yield by some strange analysis of the collection of arrears. If the hon Member is not impressed by increases in Company Tax yield, which everywhere else in a civilised democratic world is regarded as an indicator of economic health, perhaps he might be impressed by the Employment Survey figures. Presumably, he will agree that the levels of employment in an economy are a product of the levels of economic prosperity and activity in the economy.

In October 2001, and these figures are in the Employment Survey the hon Members now have, there were 13,931 jobs in the economy, this has increased in October 2002 to 14,266 jobs, that is 335 additional jobs or an increase of 2.4 per cent. Average earnings have risen by 3.7 per cent to £16,802, the hotel and restaurant trade now employ 101 more people than it used to employ as of October 2001. These are compared to October 2002 to October 2001 figures and indeed that would be explained by the arrival on the scene of Casemates, and financial intermediation, so criticised by the hon Members. Employment between 2001 and 2002 increased from 1,183 to 1,218, 35 new jobs, an increase of 3 per cent. So year on year, the number of jobs in the economy continues to grow, the hon Member may be interested in being reminded of the Government's record on new

job creation going back to the year that we took office. In April 1996, when we arrived in office there were 12,980 jobs in the economy. In October 2002, that is last October, there were 14,265 jobs in the economy. That is according to the Employment Survey calculated in exactly the same way as he used to calculate, that is an additional 1,285 jobs in the economy, an increase since 1996 of 10 per cent, so we have our own employment statistics telling us that the number of jobs has grown by 10 per cent. We have professionally, accurately calculated National Income Account Estimates telling us that since 1996 the economy has grown by 23 per cent. We have an increase in Corporation Tax yield in just two years of 30 per cent and, if the hon Member, wishes to continue to argue as he has done in past years that the economy of Gibraltar is not growing and has not grown in the past since 1996 by substantial and verifiable amounts, then the hon Member will have to understand that he has practically no chance of persuading anybody except the most sycophantic members of his own side of this House.

Mr Speaker, moving to the Finance Centre. The Financial Services industry remains in the grip of a global recession. It remains in Gibraltar under the cloud of inevitable uncertainty relating to the Tax Reforms and the delay in their approval by the European Commission. Speaking of our Tax Reform Proposals, the hon Members of the House will be aware that these were approved at the political level of the European Community earlier this year by the Council of Finance Ministers who ruled that they were not harmful. We are awaiting the final obstacle, the final hoop which is the Commission's approval of them under the State Aid Regulations. We understand that this State Aid Review is going well. The principal obstacle appears to be the principle which I have highlighted in this House before, of regional selectivity. In the context of the regional selectivity argument, the House has to be aware that the details of the reform proposals are irrelevant. The argument on regional selectivity if Gibraltar lost it, would mean that we would have to have the same tax scheme as the UK. It would not be a question of looking at this scheme or that scheme to see if it on its merits complied with State Aid Regulations. If the regional selectivity argument is lost,



it would mean that Gibraltar was not entitled to have a different tax regime to the United Kingdom and that would render completely irrelevant any consideration of the merits of any particular scheme that Gibraltar might propose. The UK position is in common, it has to be said, with other Member States of the European Community in that it is challenging and resisting the regional selectivity argument hard. This is not a Gibraltar specific point, it is something that the Commission is trying to establish throughout the Community and the consequences in almost every Member State would be very significant. Indeed the United Kingdom has an element of devolved responsibility in taxation, Germany certainly does and Portugal and indeed Spain has in respect to some of its regional autonomies and if the regional selectivity argument as projected by the Commission prevails, it would seek to establish that one cannot overcome State Aid requirements in the field of tax simply by delegating tax powers down from the central government to some regional or lower tier of government in ones State. Of course whatever might be the complexities of that argument applied to regions of Member States, the fact of the matter is that in Gibraltar's case the principal defence to the argument is that we are not a region of the Member State. Therefore Gibraltar's devolved tax powers are not the taxing powers that this House enjoys, it does not enjoy because it is a region or lower administrative territorial geographical unit of the Member State UK, we have it because we are not part of the Member State UK and our taxing powers is not by way of exception from the UK's National Tax scheme, so both we and the UK and indeed many of the other countries that are supporting or opposing rather the Commission in these arguments are ensuring that this argument by the Commission is resisted. Indeed there is a case before the European Court of Justice on this very issue now involving the Azores and Portugal and both the UK and the Gibraltar Government intend to intervene in that case to ensure that the Court does not establish jurisprudence on the question of regional selectivity without the benefit of full argument and certainly with full argument such as would favour the application or the non application of that principle to the case of Gibraltar, which is different to the Azores because the Azores is part of metropolitan Portugal.

And so, despite all these challenges, despite the threats and challenges and the uncertainties faced by the Finance Centre, it continues to grow and it continues to change as it must. The employment statistics in financial services are clear. In October 1996, there were 1,426 direct jobs in financial services . In October 2002, there were 1,883, that is an extra 457 direct jobs, an increase of 32 per cent and the annual jobs in financial services continues to increase year on year despite the challenges, the tax challenges, the political challenges, the EU challenges, indeed despite the global recession, despite the consolidation that takes place in the banking sector, two or more existing large banks in Gibraltar merge, inevitably there would be loss of jobs, taking all of that into account the number of people employed in financial services in Gibraltar continues to grow year on year. If one then analyses the levels of activity in the Finance Centre, the hon Members may have seen in Reports of the Financial Services Commission that the amounts of activity continues to grow. Take, for example, Company Management and Trusteeships. The number of licensees have risen from 331 to 354 since 1999. The number of Trusts for which trustees are provided has risen from 1,800 in 1999 to 3,000 in 2003. The number of companies for which managerial services are provided have risen from 27,600 in 1999 to 34,500 in 2003 and so on and so on. There are significant levels of increased activity in the company management and trusteeships despite the OECD, despite all the threats and challenges that it has faced and that it continues to face. And if one analyses, the licences, well we have already established that exceptionally in the case of banks the number of licensees has fallen from 26 to 18. That is the result of consolidation, of recession from which other jurisdictions have suffered much more than Gibraltar. Of course we would have liked to have maintained the same number of Banks operating in Gibraltar as would have operated elsewhere but even in the contexts of the recession, even more established banking jurisdictions than ours, have shown a higher percentage of attrition of banks, a higher percentage of attrition of lost jobs, frankly we think that it is a creditable performance in the most difficult of our Finance Sector sectors for Gibraltar to have

curtailed the reduction to much smaller proportions than has been experienced elsewhere be it in the City of London or in the Channel Islands. But there has been spectacular growth in other areas of financial services activity. I have already mentioned the company managers and professional trustees. Take insurers, the number of licensees has increased from 12 in 1996 to 31 in 2003 an increase of 158 per cent. Insurance intermediaries 17 to 27 an increase of 58 per cent. Investment firms, that is to say fund managers et cetera an increase from 12 to 27, an increase of 125 per cent and I am reliably informed that interest and licensing in the Insurance sector continues to increase at the rate of about one a month and therefore the Government are confident that despite the difficulties that it faces the Finance Centre is continuing to show the same degree of resilience and robustness that it has done during the last three or four years, that the levels of activity within the Finance Centre is rising every year, that the levels of operators in the Financial Services sector is rising year on year and that the level of employment in the Financial Services sector is rising year on year and the hon Member can if he wishes focus on just one sub sector of financial services ignore all the rest, focus on only the one that has been subject to consolidation and try and pretend that the Finance Centre is in crisis as he likes to say in his public statements.

If a sector of the economy is thought by him to be in crisis, despite the fact that it continues to witness year on year growth in activity in operators and in employment he has a very peculiar and distorted way of measuring and commenting on the economy.

Moving to Tourism the number of visitors that arrived in Gibraltar in 2002 was 7,608,000 compared to 7,286,000 that is an increase of 4.5 per cent. This, in the year following September the 11<sup>th</sup> and despite September the 11<sup>th</sup> our visitor numbers increased. Entry into the Upper Rock Nature Reserves increased. Cruise calls were static between 2001 and 2002. Actually a very good performance given the fact that the bottom fell out of the cruising market in 2002 in almost every part of the world, and the hon Member can, as I am sure he will, he does after all every year point to Malaga. Malaga, is starting in cruising from a very low

base, they have started from a standing start a few years ago. And the hon Member can if he wants the compliment of comparing Gibraltar to Malaga which for Tourist purposes is the capital of the most important tourist region in the whole of Europe, and if he thinks that it is relevant to compare our growth and to compare our performance by reference to the Costa del Sol which is the Florida of Europe, well Mr Speaker, again, he is misleading himself and anybody else that might listen to what he has to say but even by those comparisons and stripping out the distortion of the fact that Malaga is catching up in percentage terms, Mr Speaker, Gibraltar's performance is equally credible.

The percentage hotel room occupancies has risen to 49.7 per cent. It has not been higher there since 1988. Similarly, sleeper nights sold and arrivals in hotel continue to rise to levels not seen since 1990. Again a growing Tourism sector, again continuing growth in a sector of the Gibraltar economy in the grip of global recession, a very creditable performance both by our Tourism Sector Operators and by our Financial Services Operators. And if they want to review the Port statistics they will see that merchant ship calls, all ship calls and bunkers delivered have all risen to all time record high and are currently at all-time record high.

We have also continued to see growth in the Offshore Gaming Industry. I told the House on the 3<sup>rd</sup> of March this year, I think in answer to question by the hon Member spokesman for Trade and Industry, that there were nine gaming operators employing 567 persons as at March 2003. The total employment in the offshore gaming industry has now risen as at June this year to over 600 people as I predicted it would in last year's budget speech. One of the operators has established its Head Office, one new operator has established its head office and administrative call-centre in Gibraltar and has almost finalised its relocation to Gibraltar from another distant jurisdiction. The company which is already trading as "Casino on Net" expects to commence online Casino operations in July and would be licensed as Cassava Enterprises Gibraltar Limited. The number of employees has grown in that company from 88 in March 2003 to 144 as of

today's date. In addition they have been given in principle approval to operate a Sports Book licence and that is scheduled to commence on October 2003 and is likely to create another 25 to 40 jobs thus pushing the total employment figure, which we can expect to have in this sector of our economy in October this year, up to 650. That would be the highest level of employment the gaming industry has obtained in Gibraltar.

Other existing operators have recently expanded their operations and/or expanded into other areas of offshore betting. The gaming revenue to the Government, Gaming Tax revenue to the Government, has increased from the forecast out-turn of £2.2 million in 2002/2003 that is the financial year just ended and is projected to rise to £2.6 million in the financial year in hand.

The Government are currently reviewing the need to strengthen legislation and regulations in Gibraltar relating to Gaming and in particular Internet Gaming. The Government are monitoring developments in the UK in this area and will take whatever steps are necessary to ensure that Gibraltar remains a premier and attractive jurisdiction and a competitive jurisdiction for reputable internet and telephone gaming operations.

Mr Speaker, everything that I have said to the hon Members in the House about the state of the economy, the positive things that I have said as they appear by the National Income Accounts which show growth by the Input/Output Model which shows a vibrant economy by reference to the economic indicators that I have just gone through is indeed drawn out by the results of the Chamber Survey 2002.

When asked how business performance in 2002 had compared to business performance in 2001, 72 per cent of respondents said that they had done the same or better. When asked what their outlook was over the next two or three years 81 per cent answered that they expected to do the same or better. Interestingly Mr Speaker, one of the constraints on economic growth and employment creation in Gibraltar appears to be difficulty in recruiting trained and qualified staff. There was a

total of 81 per cent of respondents to the Chamber Trading Conditions Survey, 81 per cent said that it was difficult or very difficult to recruit trained and qualified staff. That in a sense is evidence of structural full employment, but the Government remains committed to training schemes in partnership with industry to maximise the amount of industry trained labour demand that can be supplied from local labour. It also highlights the extent to which future economic growth is going to have to be serviced as indeed there is already increasing evidence that this is happening by imported labour and that Gibraltar's indigenous labour force has hit a ceiling really and that new jobs in the economy tend to go in a disproportionate percentage in number terms to newcomers to Gibraltar.

The Chamber Survey also revealed an issue which certain companies had already been making representations to the Government about and that is the concern that exists about the inflow of substandard and counterfeit goods into Gibraltar. Seventy nine per cent in the retail and wholesale trade said that there is a need to curb inflow of substandard and counterfeit goods into Gibraltar. The Government recognise this, the Government understand and accept that the sale in Gibraltar of counterfeit goods or degraded goods, for example, stale tobacco is damaging to the reputation of Gibraltar as a Shopping Centre and should be dealt with. For that reason, the Government intend during this financial year to introduce legislation to further curb the importation and sale of counterfeit and degraded goods and will put in place administrative measures to police, the existing and new legislative measures in that respect.

I would like to move now to a series of general measures that the Government are to introduce. On the subject of the Social Insurance contributions paid by casual and some part-time workers. I previously explained in this House that the Government have exercised extreme caution in this area because of the need to ensure that a legitimate regime to reduce to fairer levels the Social Insurance contributions payable by casual and genuinely part-time workers and so that our regime of Social Insurance contributions for genuinely part-time and casual

workers should not act as a disincentive to part-time and casual work that has to be carefully achieved to ensure that we do not by doing so encourage employers to have recourse to cheaper casual workers rather than full-time workers and to ensure that we do not undermine the established culture in Gibraltar of full-time conditioned employment and create an atmosphere or a charter in which employment in the private sector can become destabilised, less well conditioned, more casual and part-time than conditioned and full-time.

I am happy to be able to tell the House that the Government have now arrived at a scheme that will indeed allow these two objectives to be satisfied and we will be implementing the scheme as from the 1<sup>st</sup> of January 2004, that is the start of the next year relevant for Social Insurance Contributions. Details of the scheme will be unfurled later in the year following a period of consultation with interest groups affected.

The Government increased the National Minimum Wage to £3.75 then a substantial increase in the budget of July 2001. I now propose that the statutory minimum wage be brought up to date to reflect inflation and it will therefore rise as of the 1<sup>st</sup> July this year to £4.00 per hour from £3.75.

I have in the past and on several occasions emphasised the importance that the Government attaches to a greater incidence of occupational pensions in the private sector. We have often said that the great economic divide in Gibraltar is between people that have worked in the public sector and retire can look forward to a retirement in relatively comfortable economic situation because the public sector has good occupational pension provision and compare that to the employees in the private sector many of whom have no occupational pension whatsoever and for which retirement looms as a threat of financial difficulty and is not something that they can look forward to.

Whilst there has been some progress in the increased incidents of occupational pension provision in the private sector, the incidents of take up of opportunities made available recently by the private

sector pension's industry has not been enough. We applauded the initiative taken in this respect this year by the Gibraltar Federation of Small Business in partnership with a local pensions company. In order to supplement this initiative the Gibraltar Providence Scheme which is a Government administered pension scheme and currently provides occupational pension scheme for employees of Government owned companies will be opened to employers and employees of private sector companies especially those, especially but not limited to those who employ lower paid workers and who have a high degree of staff turnover. We hope that by making available the Gibraltar Provident Scheme to private sector companies the Unions will have an easier time of negotiating with and persuading employers that there is a cheap, effective, value for money way of giving pensions to private sector employees and no longer will it be possible for private employers to say *"it is not worth it because I am only employing this bricklayer for 3 months"* or *"I am only employing that carpenter for 6 months"*. This will be a scheme that will be static to the employee not to the employer and the employer can contribute into it for as long as the employee remains in his employment. When the employee moves to some other employer that employer can then take over the employer's contributions and this excuse that is always given that *"my staff does not stay long enough in my company to be worth providing a pension scheme for"* that will no longer be available as a credible argument. As well as being a scheme with very low management costs, very low administration costs so that almost the whole of the contributions flow to the benefit of the pensioner who in effect has an account with the pension scheme and I hope the hon Members will welcome that as a useful addition to the encouragement of private sector occupational pensions.

I move still in the area of pensions to the area of annuities. There is a problem at the moment with annuities and that is that the companies in the UK that used to sell annuities in Gibraltar no longer do and that therefore annuities are no longer available to retiring occupational pension holders in Gibraltar. The House will be aware that under Gibraltar's Tax Rules when one retires from a private Occupational Pension Scheme, 25 per cent of the

capital value of the pension scheme pay out one can take in a capital payment but 75 per cent has got to be used to purchase an annuity and the problem has developed of late that there are no annuities available in the Gibraltar market place because the UK service providers, product sellers have withdrawn to the UK domestic market.

Government propose to remedy that problem by converting the Gibraltar Savings Bank into an approved annuity pension provider. In other words, the Gibraltar Savings Bank will issue Monthly Retirement Income Annuity Debentures which will be fully compliant with the Income Tax Ordinance Rules relating to the investment and the purchase of annuities and the details of that scheme will be announced by the Treasury in the next few weeks as legislation is published. The results of it will be that there will be a locally available Gibraltar Savings Bank provided source of annuities for people who retire with lump sum private pensions obviously this does not affect people who retire from the private sector on pension schemes that continue to pay them a reduced salary so to speak. That sort of scheme does not require the purchase of an annuity but for those schemes that pay out a lump sum they require the annuity.

Another problem has arisen following the fall in investments and that is that I have already explained to the hon Members that the existing Tax Rules are that one has got to spend 75 per cent of the capital pay out of one's pension in the purchase of an annuity. But very often what happens especially with interest rates now being so low that when one has not got a very large pension, the 75 per cent that one is obliged to spend on buying an annuity actually only purchases an annuity if they were available which they are not will only purchase an annuity worth a few hundred pounds a year. It is not worth having the capital tied up to provide an income which is not in any sense liveable on and of course the problem with annuities is that one forfeits the capital because once one buys the annuity one only receives the annuity during one's life and depending on the nature of the annuity during one's widow's life at a reduced rate. Now if one has got £20,000 and interest rates are 4 per cent and one has got to

jeopardise one's capital, £20,000 odd capital for an annuity which it is going to purchase at about 4 or 5 per cent of £20,000 is just not worth it. At the moment the rule is that if a 75 per cent element of capital that one is obliged to be used to purchase an annuity does not buy an annuity of at least £260 a year then one can take the 75 per cent of capital in lump as well. I am now intending to increase that sum from £260 a year to £1000 a year. In other words if 75 per cent of capital that one is obliged to spend under the current tax rules in purchasing an annuity does not purchase an income of at least £1,000 a year at current, at the rate of interest applicable on which will be fixed by reference to an indicator does not purchase at least £1,000 of income a year, then one can take the whole of the capital sum away in a lump sum and not invest it in the purchase of an annuity and I think both these measures together will contribute a significant amount to the situation of those in Gibraltar who presently need annuities and as the hon Members would see when the legislation the rules are published there would be further advantages still to annuity purchases in Gibraltar.

During recent years the availability of appropriate banking services has been concentrated in progressively fewer banks, that is to say the appropriate domestic banking services. Some people particularly the lower paid find it increasingly difficult to obtain certain types of banking services at affordable prices and on affordable terms. In order to remedy this and to supplement the services available in the private sector the Government would during this financial year extend further the role of the Gibraltar Savings Bank by extending the banking services and the banking products provided by the Gibraltar Savings Bank and these will include Cheque Accounts and even Card Accounts are a possibility. Well, Cheque Accounts for certain, ATM facilities, Automatic Tele Facilities and possibly also Card Accounts. This extension of the role of the Gibraltar Savings Bank the Government hopes will go to correcting some of the difficulties that people in Gibraltar, some people in Gibraltar particularly the lower paid, particularly those that are paid low incomes in cash are having in obtaining easy accessible banking services.

Also during this financial year the Government would extend to all Government housing tenants the right to buy their homes at affordable prices.

In the area of Information Technology the House knows the importance that the Government have attached to information technology not least by the fact that they have exempted it from import duties over the last few years. The Government's policy is based on the principle that information technology, computer and softwares both in our businesses, in our schools and indeed in our homes is no longer to be regarded as a luxury, is no longer to be regarded as a peripheral aid, they are now to be regarded as basic equipment whether it is in the learning process, in the domestic leisure process, in the communication process, or in the business process. Information technology is now basic equipment and not to be regarded as some sort of extraordinary piece of kit that only some people should have or some people should have affordable access to and because that is our continuing philosophy I am happy to be able to announce a continuation of the import duty exemption on information technology hardware and software.

I am also happy to announce Mr Speaker a capital investment of a £0.25 million in information technology equipment and software in our schools at all levels, at all appropriate levels in all schools and my Colleague the Minister for Education will be announcing the details of that to the House in his own address. Government continue to computerise and network Government departments throughout Government functions and all areas of the public administration. Fourthly, during the course of this financial year the Government would unfold the detail of an e-commerce proposal not based on Gibraltar hosting web farms but logistical support structures to enable Gibraltar traders to retail and wholesale their goods globally across the world on the internet and we will be announcing and putting in place indeed the logistical infrastructure to enable local businesses to actually sell goods physically and dispatch goods physically out of Gibraltar.

Mr Speaker, moving now to the whole area of provision in Social Welfare and what I call the 'Social Safety Net'. The House will be aware that the Government's tax reduction policies over the years have been designed to ensure that they are specially targeted at the most vulnerable members in our community, so the elderly have seen the introduction of the Senior Citizens Tax Exemption and indeed of the Elderly Persons Minimum Income Guarantee. The first has ensured that no pensioner with an income of less than £7,900 pays any tax at all and the second has ensured that no elderly person, no person of pensionable age has an income, in Gibraltar, of less than £85 a week for a single person and £110 a week for a married couple.

The low paid have benefited from a freezing of the Social Insurance Contributions. Contrary to what used to be the position when the Opposition were in Government and Social Insurance Contributions were increased every year they were in office bar one. We have only increased Social Insurance Contribution in one of the eight years we have been in office. Social Insurance Contribution increases are a tax on the lower paid, because it is a standard flat rate tax and if one increases taxation by the same amount regardless of whether one earns a lot or a little, it is a more penal tax on those that earn little than compared to those that earn more and by only increasing Social Insurance Contributions once, we have substantially reduced the tax burden on everybody but particularly on the lower paid. We have reduced the tax burden on the lower paid by expanding, widening the lower thresholds of tax, the lower tax bands, and we have increased, or rather reduced the tax burden on everybody but particularly on the lower paid by increasing the personal allowances which as a percentage of income accrue greater benefits to the lower paid than to anybody else. I repeat again, as I said earlier, one of the measures that we have introduced to help the lower paid was a very substantial rise in the Statutory Minimum Wage that we introduced in July 2001 and which I have increased today.

One area where the Government have, as yet, unfulfilled manifesto commitment is a review of Social Assistance

Payments, and in compliance with that manifesto commitment I am now happy to announce the following changes. I will say by way of comment and backdrop that except the Disabled Person's Allowance, which we increased in June 1998, none of the Social Assistance Payments have been increased since 1989. Accordingly, Disabled Person's Allowance is raised by 8 per cent. In addition the Adult Rate will now be paid as from the age of 18 instead of as from the age of 19, as has always been the case, and therefore the new Disabled Person's Allowance rises from, if one is under 18 from £21.50 to £25 a week and if one is over 18 from £31.70 to £35 a week. In addition we will conduct a thorough review of this allowance to ensure that together with other Social Assistance Payments available, it provides a dignified and sufficient level of income for the disabled in our community.

The increase in the Disabled Person's Allowance is increased by 8 per cent, as I said, because that one had been increased by us in 1998. The others as I have said had not been increased since 1989 and accordingly all Social Assistance payments will now rise by 35 per cent. Which means, that the entitlement of a single person under the age of 65 will rise from £29.10 to £39.30 per week and that in respect of a married couple it will rise from £50.20 per week to £67.80 a week. Similarly, the entitlement of elderly persons that is to say persons aged 65 and over will also rise by 35 per cent. The allowance in respect of Dependant Children, in some cases will rise by up to 63 per cent, so that the allowance in respect of a child less than 5 years old will rise from £8.55 to £14 a week. The allowance for children up to the age of 15 will rise from £10.35 to £14 a week, and the allowance for children up to the age of 19 will rise from £12.65 to £17 a week. The last two is an increase of the 35 per cent that prevails throughout all of this. But the first one for children less than 5 years of age, the increase is actually 63 per cent and the reason for that is that we are abolishing the distinction between children less than 5 and children less than 15. So that in other words, there are presently three rates for children less than 5, which was the lowest rate, for children between 5 to 15 which was the middle rate and for children 15 to 19 which is the top rate. We are

abolishing, we are reducing the rates from 3 to 2, so now there is one rate for 15 and down and there is another rate for 15 and up so that whilst everybody gets a minimum of 35 per cent increase because we merge the less than 5 years into the higher up to 15 year olds, they benefit from a one off substantial increase of an additional 20 odd per cent. As I say the rates are now reduced from 3 to 2. The family, the additional family premium will rise by 43 per cent from £7 a week to £10 a week. The additional single or Lone Parent Allowance will rise from £9 a week to £15 a week that actually is an increase of 67 per cent.

In addition and because we do not wish the Single and Lone Parent Allowance to be a disincentive to single parents to take part time or casual work which is what they tend to be able to take and so that they do not lose the allowance with a small amount of income the amount of income of earned income that will not affect one's entitlement to the Single Parent Allowance, these allowances will be raised from £26 to £50 a week.

The allowance for Rent will rise from £7.70 to £10.40 and the Invalidity Allowance will rise from £21.70 to £29.30.

Also increased by 35 per cent is the ceiling for applicants with Capital Assets so that the amount of capital that will be disregarded in the case of a single person will rise from £2,000 to £2,700 and the amount of capital that would be disregarded for a married couple will rise from £3,000 to £4,050 and the maximum amounts which may be awarded will rise from £50 for a single person to £67.50 and from £88.35 for a married couple or a single parent to £120 in both cases. My colleague the Minister for Social Affairs will announce a number of other changes to the rules, the criteria and the eligibility criteria which apply to the Social Assistance Scheme. I hope the House will recognise and welcome that these increases represent a very significant increase in the income for the most socially vulnerable in our community.

Another benefit this time statutory which has not increased since 1989 is the statutory Unemployment Benefit which is paid for a

maximum period of 13 weeks following each period of unemployment. As I say the weekly rates were last increased in 1989. In order to provide a more realistic level of benefit the current rates of Unemployment Benefits are also increased by 35 per cent in line with the increases just announced in respect of Social Assistance discretionary payments and so the statutory Unemployment Benefit will rise in respect of persons over 18 from £37.20 per week to £50.25 per week that is an increase of £13.05 a week. For persons under 18 the rates will increase from £18.30 a week to £24.70 a week, that is a weekly increase of £6.40 and the rate for wives will increase by the same amount £6.40 from £18.30 to £24.70. The increase per child with the amount per child of Unemployment Benefit will rise £7.20 to £9.75 that is an increase per child of £2.55 per week. Just to give some indication to the House of what that might mean to a typical family, one example would be in the case of a married man with a wife but no children the weekly rate of benefit would increase from £55.50 a week to £74.95 a week an increase of nearly £20. Another example, a married person with a wife and 2 children the weekly rate would increase from £69.90 a week to £94.45 a week, a weekly increase of £24.55. Similarly, hon Members will recall that in my budget of the year 2000 I introduced the Elderly Persons Minimum Income Guarantee. Currently there are 388 elderly persons benefiting from this guarantee and as I say, the way the scheme works is that the Government would top up the income of every person of pensionable age where the Government would make them a payment to top up their income to ensure that their income is at least £85 a week for a single person and £110 a week for a married couple. In other words that no elderly person in Gibraltar must live on less than £110 a week if they are married or on less than £85 a week if they are single. This will rise as of the 1<sup>st</sup> July from £110 a week, £120 a week in the case of married couples and from £85 a week to £90 a week in the case of a single person, increases of 9 per cent and 6 per cent respectively, and as an innovation to the scheme to be introduced this year, savings income from up to £10,000 of capital will be disregarded in other words, the income in respect of savings of up to the first £10,000 will be disregarded, so that that income will not count towards the calculation of the level from

which the Government needs to top up to £90 or £120 and that income will be deemed at the best rate available from the Gibraltar Savings Bank. However people might choose to have their £10,000 in non income savings form and in order to protect against that, the best rate available from the Gibraltar Savings Bank for a pensioner will be the level of income that will be disregarded when it comes to calculating this benefit.

Mr Speaker, moving now into the area of Public Sector reforms, the Government have recently concluded four year pay deals with the Trade Unions relating to all Industrial and Non-Industrial staff and these four year pay deals follow a similar event in the Ministry of Defence UK with which Gibraltar is analogued for parity purposes in the Public Sector and therefore the agreements closely follow the UK MOD Pay Scheme except that we will retain more generous progression scales up the new scales to reflect the Government's continuing commitment to honour the existing Gibraltar local pay scales. Industrial employees who have not had previously a progression pay scale will now enjoy such scales under this year pay deal as indeed they now enjoy in the MOD in UK.

Other agreements during the last year with Unions in the Public Sector have provided for the delivery of a significant measure of Public Sector reforms, these include the Post Office, in the Wardens Section of the Housing Ministry which has resulted in a marked improvement in the level of cleanliness of Government Housing Estates and in the Electricity Authority. Additionally negotiations continue or will shortly resume with staff at the Buildings and Works Division of the Ministry for Housing, the Port Department and the Sports Department and indeed with those elements of the Electricity Department who have hitherto not chosen to move into the Electricity Authority but who have indicated a desire to commence negotiations to that effect with the Government. The Government's policy remains as it has been from the day that we were first elected into office. We are willing to and we are committed to investments in Public Services in exchange for improvements in Public Services.



Other changes in the Public Sector this year have been that a number of Classroom Aides and other long term supply workers have been moved from supply worker status to permanent and pensionable. There is a group of people, who have in effect been permanently on supply worker status. Supply worker status gives one reduced pay, reduced pension conditions, gives practically no sickness conditions, gives no holiday terms and this is justifiable when people are genuinely on supply panels. But when people are permanently occupying full time jobs, they really cease to be supply workers, are in effect occupying permanent jobs but on supply worker term and the Government have wanted to address those cases which were most flagrant and therefore in August 2001 seven officers mainly Classrooms Aides were transferred from supply terms to permanent and pensionable terms. In October 2002 another 13 officers of which 11 were Classroom Aides in the Department of Education and two officers of the Ministry of Social Affairs obtained the same reclassification of their status, and the case of another 17 officers who have been on longer, on long term, but less long term than the other officers that have already been dealt with, another 17 officers are currently under consideration for all the same treatment.

Moving to the question of Public Finances and the Bill before the House this year. In respect of the financial year just ended which is in the estimate of Revenue and Expenditure as the forecast out-turn for the year 2002/2003 and dealing first with expenditure, the hon Members will know that we had originally in respect of last year estimated that we would spend £153.9 million and that was subsequently revised by a Supplementary Bill to an estimated expenditure of £159.6 million compared with the original estimate of £153.9 million. The forecast out-turn the hon Members will see, is £158.1 million so the Government have spent £4.2 million rather more than it originally estimated at the start of this time last year. That is an over expenditure against original estimate of 2.7 per cent which in a budget this size is reasonable estimating and I think a reasonably good level of budgetary control and recurrent expenditure.

On the revenue side, last year we had estimated at the start of the last financial year in June 2002 that up to March 2003 we would collect £162.6 million. We have in fact forecast to have actually collected nearly £163.4 million and that is a surplus of actual collection over-estimated collections so to speak of £725,000 just 0.45 per cent of our estimated revenue figure and I think that that again reflects a very accurate level of estimating of public revenues 12 months in advance. In terms of the surplus that we therefore have generated, if we have actual revenue of £163.4 million and we have forecast actual expenditure of £158.6 million we have made a budgetary surplus of £5.3 million compared to the surplus of £8.8 million that we originally estimated that we would make and the £5.3 million.

Mr Speaker, if I can move now to the state of Government finances at the end of the last financial year, having just dealt with the revenue and expenditure figures for the last financial year, as at the beginning of the last financial year say March 2002 the General Government reserves which as the hon Members know now includes all reserves whether it is in the Consolidated Fund or in Government companies, the figures stood at £41.4 million in March 2002 and it stood at £49.8 million as at March 2003. An increase in Government reserves of £8.4 million during the course of the last financial year and the hon Member may be interested to know that the level of Government reserves as at March 2003 stood at the same level as they stood as at March 1999.

In terms of Public Debt, there has been zero increase in public debt from one year end to the other year end. As at the end of March 2002 the public debt stood at £78 million as at the end of March 2003 the Public Debt remained at £78 million and therefore no net increase year end to year end and therefore current public debts stand at £78 million and the hon Members may be interested in some historical data, net public debt, that is Public Debt, minus Sinking Fund, in 1994/1995 stood at £83 million compared to the current £78 million and net Public Debt that is to say growth debt minus Sinking Fund provision in 1995/1996 stood at £65 million compared to the current £78 million and therefore the current net debt is £5 million lower than it

was in 1994/1995 and £30 million higher than it was in 1995/1996. These are gross cash figures and as the hon Member knows given his experience in Economic Management matters, in a real economy, in Western Economies, in developed economies if one wants to see whether the level of debt is prudent, imprudent, whether its risen or not risen one does not look at the absolute figure one looks at various measurements of public debt that exist. For example, using just a domestic example, if somebody who earns £10,000 a year just to put it in a domestic context owes £1,000 to a bank and somebody who earns £40,000 a year also owes £1,000 to the bank, well public debt, their level of debt is the same but the relevant measurement of debt is much different to the one that earns £10,000 a year than to the one who earns £40,000 a year, why because public debt is measured by reference to the amount that one owes relevant to the size of the economy. The conventional way of measuring public debt is, public debt as a percentage of GDP now, using the latest figures that we have, net public debt in 1996/1997 was £61 million and in the same year GDP was £352 million and therefore net public debt as a percentage of GDP was 17.3 per cent. The latest figures that we have for GDP are 2000/2001. Net public debt as of the end of 2001 was £70 million but the economy had grown, GDP had risen to £433 million and therefore net public debt as a percentage of GDP was £16.2 million, in other words, by that standard measurement of public debt, net public debt has fallen since 1996/1997 to 2000/2001 from 17.3 per cent of GDP to 16.2 per cent of GDP and indeed, we believe that that percentage will be even lower when future years GDP growth is factored in, given that there has not been any increase in the other potential variable public debt figures, so as a percentage of GDP which is the way that every economy in the civilised world measures the size of public debt, our public debts are falling and can be expected to continue to fall. The other conventional way of measuring public debt is to take the cost of servicing the public debt as a percentage of total Government revenue. In other words, *"How much is your income?"* because the level of one's income determines how much public debt one can comfortably afford to service and this is the direct analogy of the private citizen who understands that the

higher his income, the more he can afford to borrow comfortably and be able to afford the repayments, it is exactly the same principle when one is talking about governments. In 1999 to 2000, the reason why I use that figure is that 1999 was the first year when we had completed our restructuring of the Estimates of Revenue and Expenditure so that it was all in the Estimates, we stripped out the Revenue and Expenditure Special Fund and Companies. In 1999/2000, if we go further back, the figures would be even more favourable to the point that I am trying to make. But starting in 1999/2000, the debt servicing cost was £6.6 million. The Government revenue was £140.6 million, giving a debt servicing cost as a percentage of total Government revenue of 4.7 per cent. In 2002/2003, the debt servicing cost was £7 million, but Government revenue had risen to £165.6 million, therefore in 2002/2003 debt servicing cost as a percentage of Government revenue had fallen from 4.7 per cent to 4.3 per cent of total Government revenue.

The hon Member will recognise that the figure of 17 per cent as a percentage of Gross Domestic Product and the figure of less than 5 per cent of debt servicing cost as a percentage of Government revenue are very, very low and conservative figures by European standards. Indeed, let me say that in respect of the debt servicing cost as a percentage of total Government revenue, the percentage would be even lower than 4.3 per cent and therefore even smaller if we were to factor into the calculation, which we do not, Government revenue which reckons by English rules these calculations of which we do not take into account, for example, Group Practice Medical Scheme income, which in the UK is taken into account in the definition of total Government revenue, which we do not take into account and therefore their fraction has a higher figure of Government revenue than we have and ours would be higher if we improved in all the elements in it, that they have improved and that would produce a lower percentage fraction cost.

The House might be interested to know that in terms of *'net debt'*, and now I use the phrase *'net debt'* in a slightly different meaning, whereas before *'net debt'* was debt minus 'Sinking Fund' provided

for that debt, now when I say '*net debt*', I mean debt minus reserves of all sorts, Gross Debt minus reserves of all sorts. On 1<sup>st</sup> April 1996, '*net debt*' thus defined, that is to say, debt minus reserves, stood at £23.6 million. On 1<sup>st</sup> April 2003, that is to say two months ago, the last financial year, it stood at £28 million, an increase of just £5.5 million. Yet in the seven or eight years since 1996 there has been considerable economic growth, there has been a considerable increase in Government revenue, the Government indeed have invested nearly £120 million, in fact over £120 million in capital investment projects and we have lowered personal taxation by a very, very significant amount. Despite all that, the level of net debt is only an insignificant £5.5 million higher. Just to put that into perspective, the increase in capital debt in the last seven years is less than the budgetary surplus that we made last year in respect of the recurrent revenue over recurrent expenditure, by any measure a prudent conservative state of public finances.

Moving to the Financial Year just beginning and which is the subject matter of the Appropriation Bill that we have before us, we are estimating expenditure in the Consolidated Fund at £165.9 million and that compares with what we spent last year, which was £158.1 million and we are estimating that we are going to spend about 5 per cent more in recurrent expenditure this year than we did last year. The main contributor, there is an element of netting because on some issues we are going to spend more, on some issues we are going to spend less, but the areas which contribute to the increase is in a significant grant that the Government intends to make to a particular charitable trust, the cost of running the Retreat Centre, the cost of the 2004 Tercentenary Celebrations, the increased cost in Civil Contingency Emergency Planning and things of that sort, those contribute to some of the increase. The Gibraltar Health Authority contribution from the Consolidated Fund is expected to be £2.5 million higher this year and of course there is the usual £4 million supplementary provision in those figures, the contribution to the Social Services Agency rises by £1.2 million, basically to take account of the transfer of staff of Milbury to the Government. There are savings in other areas mainly in the Secretariat Heads

but the net amount is that we expect to spend about £7.5 million more, which works out at about 5.8 per cent more, just over 5 per cent more.

In terms of revenue we are estimating that we will collect £172.6 million compared to the £163.4 million that we collected last year, we are estimating to collect an additional £9.2 million. That is to say a 5.6 per cent increase we expect in revenue this year. The main contributors to that are taxation, import duty, increased electricity charges collected, that is arrears, Savings Bank reserves that shall become freed up to transfer and a projected increase in sales of stamps and mail fees in the Post Office, increased company dividends and gaming tax are expected and issues of increased revenue from tourist sites, that is the sort of issue that contributes to an estimated increase in revenue of £9.2 million, an increase of 5.6 per cent and therefore we are estimating a surplus at the end of the current financial year of £6.7 million compared to the £5.2 million or £5.3 million surplus that we made in the financial year just ended.

Mr Speaker, if I could move to the Improvement and Development Fund and before commenting on the figures, could I just point out to the House the change there has been this year in the lay out to the Improvement and Development Fund in the booklet. There has been a significant reorganisation as the hon Members will see. Whereas in past years there have only been six Heads, Head 101-Housing, Head 102-Education and Cultural Facilities, Head 103-Tourism and Transport, Head 104-Infrastructure and General Capital Works, Head 105-Electricity, I mean why should Electricity have its own Head. It may have been justifiable at a time when the electricity expenditure was bigger in capital terms than it is now. And Industry and Development and the idea contrary to the hon Member's quip from a sedentary position, is actually not that he should have less information, but that he should have more information because the reorganisation provides no less information than the hon Member has been accustomed to having, but presented under more Subheads so that fewer main titles disguise expenditure in unconnected areas of Government than they do at the moment. For example, if the

hon Members had wanted to know how much the Government were spending on housing, health and social affairs, which are the three main caring, if one likes social services, before he would have had to scramble around the entire booklet and he would never have got the right answer because there comes the point where it just says "Housing Projects" and he would have to have totalled sums from many Heads, some of them because they were EU funded were disguised under the EU Funding Head of the Trade and Industry Department. Now, for example, Head 101 is not just Housing, it is Housing, Health and Social Affairs. Health and Social Affairs did not previously have their own Heads. They were Subheads with unrelated titles and the Education and Culture Head, as it was before as Head 102, has now become a more meaningful grouping - Education, Sport, Leisure and Youth. Head 103 which was Tourism and Transport is a new Head which did not exist before, which is Environment, Culture and Heritage and what used to be the Tourism and Transport mixed up together has now become an exclusive Head for Transport, Roads, Port and the Airport and what used to be Economic Development that was scattered some under Tourism, some under Transport, some under Trade and Industry, is now all brought together under a Head called Economic Development, Industry and Infrastructure. Perhaps the most helpful one, although I think they are all helpful, the expenditure before on Public Administration and Essential Services was scattered all over the place. There is now a specific Head called Public Administration and Essential Services. That is to say the capital investment that the Government makes in its own, publicly owned things, not in privately owned things, in other words, in the public administration and in essential services. I think that the hon Members will now find that in exchange for absolutely no loss of information but in fact providing more information and that more information is actually clustered, clustered together in more purposeful relevant Heads, so that it means that they have at a glance available the picture of what we spend on transport issues, on what we spend on economic development, on public administration and on all the newly reconstituted Subheads rather than as before having to trawl through the entire Improvement and Development Fund to tally up all the various expenditures

and even then they would have been hard put to get to the bottom line.

So all that said, the 2002/2003, that is to say, the last financial year, in the Improvement and Development Fund, we estimated that we would spend £26.1 million, in fact it appears from the Forecast Out-turn that we only managed to spend in the last financial year up to March £20.1 million, that is an expenditure rate of 77 per cent over the estimated amount. In the year 2003/2004, we estimated that we would spend £26.1 million, we actually only spent £20.1 million Forecast Out-turn. An expenditure rate of 77 per cent of the estimated amount and in respect of the year 2003/2004, we are estimating to spend £24.6 million, realistically we may not and do not think that we will be able to spend it all. Indeed the hon Members may be interested in knowing what the expenditure rate, the actual over estimated in the Improvement and Development Fund, has been over the last few years. In the year 2000/2001, we managed to spend 71 per cent of the amount that we had estimated, that we would spend in the Improvement and Development Fund. In the year 2001/2002, we managed to spend 86 per cent and in the year 2002/2003, as I have just said, we managed to spend 77 per cent. So there is an average somewhere there in the high 70's and that is a realistic view of the amount that we should be able to actually spend during the financial year.

The major items by way of capital projects that are either in progress already and will continue during the current financial year, or will start during the current financial year are the on-going and very substantial programme for the refurbishment of existing housing stock, the relocation of the small boats from Western Beach to their new area in Coaling Island, the Bayside Sports and Leisure complex, a replacement of the Victoria Stadium playing surfaces, that is to say, both the artificial grass and the athletics running tracks. A significant amount £1.25 million which we are spending this year on rock fall remedial works and sewage works, the on-going Theatre Royal project, the significant amount of expenditure as people would have noticed on road maintenance and resurfacing and the construction of parking facilities. The car

park at Landport Ditch is about to open and the construction of a new multi-storey car park at Willis's Road just south of the Moorish Castle is imminent. There are tourism and ongoing beautification projects, there are amounts which are included, for example, phase 2 of Catalan Bay. Also included is what I think is going to be a magnificent project when it is completed of the beautification and restructuring of the John Mackintosh Square. There is a project for the construction of a dedicated swimming pool for the elderly and disabled within the GASA complex but operated during the appropriate months of the year, exclusively for the elderly and the disabled. I have already mentioned the schools computerisation projects and therefore there are a number of on-going and new projects which are accommodated in the IDF vote for this year.

The new hospital project, is not provided for in the Improvement and Development Fund but in the Consolidated Fund because of course that project is now being done under the PFI route and not by the expenditure of public capital and therefore in effect that becomes, as I have explained to the House at Question Time, that in effect becomes a rental payment. I have already explained to the House in answer to questions, from the hon Member, how the PFI works. I have also explained although some people outside of this House do not appear to have heard or understood and who appear to be intent on scaremongering on the basis of information that they either do not understand or if they do understand, they choose to ignore for the purposes of misleading the public and I say outside this House to make it perfectly clear that it is not from inside of this House, Mr Speaker, who talks publicly about hospital downsizing and creeping privatisation. Well, there is no hospital downsizing, there is a very large measure of hospital upsizing, not just in terms of the size of the hospital but indeed in terms of the range of medical services that will be delivered in the hospital. There is no creeping privatisation, as I have already told the hon Members when they asked me a question to this effect in this House. None of the facilities presently being provided by public employees is being privatised except that by agreement with them, the porters will no longer carry out receptionist facilities nor receptionist services.

They will be dedicated exclusively to portering and new dedicated receptionist facilities will be employed. No publicly run facility is being privatised indeed the hospital services are not being privatised. The Health Service will continue to be owned and run by the Gibraltar Health Authority and there is no element of privatisation either of service or of staff or of anything else. And so as I have already explained to the House, the hon Members therefore understand the financial arrangements. This is a classical PFI scheme as is used frequently for not just hospitals by Government in the UK but railway projects, underground railway projects and public capital projects of all sorts in the UK. I have to tell hon Members that as I think I already told them when we dealt with this during Question Time, that the financial deal that the Government have struck is a good one. If the hon Members want to compare it, and PFI is capable of being compared with interest rates, for example and just to explain to anybody who may be listening who has not made an analysis of PFI as against public borrowing, the Government could borrow £38 million and spend them in building a hospital and then spend the next x years servicing that £30 odd million of public debt and paying back the capital perhaps and certainly paying interest. In PFI what happens is that the private sector puts up the capital, so the Government do not need to dig their hands into their reserves or go to their bank to borrow money. Under the private finance initiative, the Government says to a company usually a bank, but sometimes a consortium of banks and construction companies, *"You put up the capital and we will make you yearly payments"*, which in effect include but are not of limited to interest that we would have paid. Now, in order to qualify as public finance initiative and not to be treated as public debt there has to be by the rules approved in the United Kingdom a minimum, an element of minimum transfer of risk. If there is no transfer of risk it will not be accepted as PFI and will be regarded as a disguised borrowing which I mean most people, many people regard it as anyway but still an unacceptably disguised public debt. Therefore it is legitimate to criticise, it is legitimate to criticise PFI because it is a little bit more expensive than debt, why? Because that element of risk that one has to transfer to the party that is in effect the lender, the provider of the capital, that element of risk that

one has to transfer to them does not come free. One has got to pay for it and therefore there is a small increase, for example, if the Government's Scheme for the funding of the hospital were to be regarded as debt, the effective equivalent interest rate is 5.3 per cent. Because it is lease payments because it is a PFI structure, the effective annual payments are the equivalent of 6.6 per cent interest, so in other words there is a 1.3 per cent which is the bank margin and risk transfer charge included in these figures.

I was a little bit distraught because I know that the hon Member knows better when in a recent public statement he spoke of the hospital because of the way the Government had financed it, I think he spoke of the hospital this year I think I have a copy of it here, the hospital costing £55 million or of course that is true whichever way one finances it. If one goes to the bank and borrows £500 to buy a television set and the loan was a 15 year loan one can take the view that by the time one finishes paying off the loan and all of the interest paid that the television set has cost £130, Mr Speaker that is true of anything that one does with borrowed money.

Mr Speaker, I cannot claim the credit for being the first to introduce a Public Finance Initiative in Gibraltar. The Leader of the Opposition has that credit because when, Yes, Mr Speaker, because when he funded the incinerator and the electricity plant associated with the incinerator through In-town Developments who spent the £22 million of capital and which he then paid a fee to which included not just the cost of burning the rubbish but the cost of finance of that £22 million of capital, he was without knowing it, employing a Private Finance Initiative. In other words, he was allowing somebody else to put up the capital and the cost of that capital he was paying back to them not as interest to a bank from a bank loan, but as service fee for the burning of rubbish, exactly the same scheme, and he did it not once but twice, because when he chose to contract the services of OESCO to generate electricity in Gibraltar he could have gone to the Government's bank and said now *"Hey Mr Bank, will you lend me, the Government"*, at a much cheaper rate of interest by the

way because the Government can borrow at much cheaper rate of interest *"will you lend me £10 million or £15 million so that I can build six generating units for my Generating Station"* and then one would have paid interest. I would certainly not have accused them of the cost of the generators being the original capital sum borrowed plus all the interest that he paid to the bank thereafter, which is what he has done, and so by saying to OESCO *"No no you invest millions of pounds in buying these seven generators and I will pay you not just the cost, a sum of money for the purchase of that electricity, which is not just the cost of generating the electricity plus the profit, but also a sum which reflects the cost of capital."* It is exactly the same scheme as the Government are now doing for the financing of the new hospital. So, I am confident that whatever he may say in unguarded moments, I think actually that one was on the occasion of his May Day Message but I may be wrong, I know that he fully understands PFI, that he fully understands the virtues of them and the fact that they cost a bit more than capital projects done by the Government from public funding, but that they are nevertheless done by Governments all over Europe for obvious reasons. The additional small extra cost has certain economic benefits that lever Government's financial ability. So I know that he knows how they work, I know that he does not disapprove of them because he did two of them before me, and I know that on reflection he will simply recognise that we are continuing not just what has been done in Gibraltar before on such finance projects but indeed what is done throughout Europe and indeed is rampant in the United Kingdom.

Just one final detail which I do not know if I told them when I answered a question in this House, if he wants the real value of the cost of the hospital project brought forward to attach a capital value today to future payments of interest, which he knows, I mean the method exists, it is called net present value - the net present value is £45 million at a discount rate of 4.8 per cent. If he wants to place by conventional economic means, a current capital valuation on future capital and servicing payments, it is £45 million and no more.

The hon Members will see that in the budget at Appendix 'C' that although the financial situation of the Health Authority is not part of the Consolidated Fund and therefore not part of the Estimates formally, the hon Member knows that it was our practice from several years ago to include this as an appendix and they will see at Appendix 'C', in effect the expenditure on the revenue in the current financial year of the Gibraltar Health Authority.

Mr Speaker, they will be aware that expenditure in the Health Authority has risen from this year's estimate of £38.2 million from the 1995/1996 level of expenditure of £20.7 million that is to say in the seven years, eight that will have elapsed by the end of the current financial year since 1995/1996, expenditure on Health, the Government's investment in Health has risen by £17.5 million a year that is to say, by 85 per cent. That is, at a rate of 10.5 per cent a year which is vastly in excess of the inflation rate. On what has some of this extra expenditure gone? Well, it has gone on such things as the provision of a dedicated and professional emergency ambulance service. It has gone on a significant improvement in the Primary Care Centre, in increasing the space in the Primary Care Centre by 60 per cent, in raising the number of Health Centre Doctors from 11 to 15.

In recruiting nurse practitioners as an intermediary between nurses and doctors and in a very significant expansion of the degree of the types of medical services available in the Primary Care Centre or as we know it in Gibraltar, in the Health Centre. It has gone in training nurses, it has gone in a considerable increase in expenditure on sponsored patients and not just on the numbers of sponsored patients that are sent to the UK and to Spain, but also on the allowances that are paid to them which have also increased. It has gone on information technology expenditure of the Health Authority and it has gone on increasing staff to improve resources. There are now an extra 40 nurses in post now compared to when we arrived in office. There is extra administrative support, there are ward clerks now, there are specialist nurses, there are three additional Senior House Officers at St Bernard's Hospital, there are three additional consultants at

St Bernard's Hospital, there are 10 additional specialists in various medical disciplines.

Government have no doubt whatsoever, that the effect of the very many improvements that have already been introduced into the Health Authority, plus the effect of the new hospital in terms of new premises, the extra space that it will give, the extra facilities for additional services that it will give the opportunity to provide, coupled with the clinical governance,..... the hon Lady by her reactions makes it perfectly clear that what she wants to do is to use isolated examples to denigrate the entire system and ignore the massive improvements that there have been and the even more massive improvement that there will be. She is the only person in Gibraltar who having identified that there are things in the Health Authority that need putting right or that need doing better, actually does not want them to be put right or to be done better because what she actually wants is for them not to be put right, not to be put better, not to be done better so that she can continue to belly-ache on the basis of this case here and this case there, in an attempt to denigrate the whole service and as I keep on telling her, to denigrate the service in a most cowardly fashion. Yes, Mr Speaker, in a most cowardly fashion, because there are nearly a thousand people providing the Health Service in Gibraltar. To say that they are doing a magnificent job but that the Health Service is in crisis only because of the performance of the Minister for Health, as if it was the Minister for Health .....but she says it so frequently - I'm not expecting to hear anything different today, as if it was the Minister for Health who carried out operations, as if it was the Minister for Health that took temperatures of patients in the wards in the middle of the night, as if it was the Minister for Health ..... Well, as one can see she has lost credibility to a point that the hon Lady I do not think appears to understand. The fact that the hon Member feels entitled to criticise the Health Service and to criticise particular events in the Health Service I would have thought was confirmation which simply proves that the Government are doing the right thing, What I find completely irrational on the part of the hon Lady and prove positive that she is just making political capital of a situation until it is very imminently put right, is that she

recognises that things need to be put right but resents what the Government are doing to put them right. Either she understands what a clinical governance audit is and in which case everything that I have just said about her motivations would have to multiply by hundred or she does not understand what a clinical governance audit is, in which case she should listen rather than snigger when it is being spoken about in her presence.

A Clinical Governance Audit which has never happened in Gibraltar before is not as she likes to say in public, just another review. It is true that we have already had two reviews in the nursing area and in some other areas in the resourcing area all whose recommendations have been implemented. This is not that sort of review, this is people who in the United Kingdom are responsible for the standards of medical care, for the standards of management in hospitals who are crawling round every office in St Bernard's and at the Primary Care Centre, who are crawling around every clinic, every nook and cranny, every area, the wards, the various clinics in the hospital, the X-ray Department, the Blood Department, the Laboratory, the wards, the Doctors' clinics and is looking at how they do their business, is looking at the standards to which they are working, is looking to see whether there are fixed written protocols for the delivery of particular and every type of medical service, so that it is not on a hit and miss basis depending on who is on duty, and is going to erect a comprehensive study of these things so that by the time that the report is finished, we will know everything that is being done medically and managerially and administratively in our Health Authority, that can be done better, can be done more safely or can simply be done in a way which does not raise safety issues but which are simply more modern, and, when this is finished, which will be soon, and when this is implemented, which it will be, and when this is implemented in a brand new hospital which no community of 28,000 people anywhere on this planet has, the combination of both of those things plus what has already been achieved, will result, in a Health Service for Gibraltar in the 21<sup>st</sup> Century which will have resolved all the historical difficulties which will be modern and which will deliver to the people of Gibraltar, a Health Authority of a standard which properly reflects the fact that we are spending £38 million on it and

we believe that the people of Gibraltar are entitled to the best medical service that that very significant proportion of public expenditure justifies and that they will have it, that they will have it, if not by this time next year very shortly thereafter when the new hospital is up and running and when the Clinical Governance Audit recommendations have all been implemented. There is no element that will be left untouched on private practice, no waiting lists, nothing, not the complaints procedure, not the way that we run our wards, not the way that we run our clinics, not the way we operate our operating theatres, not the way we handle our medicines, nothing will be left un-audit reviewed, and therefore, when this is done, unless of course she doubts the expertise of the people doing it unless she doubts that we are going to do it, she will be disappointed if we are still in Office when the reports come through. When that happens, the Health Service in Gibraltar will be such, that she will find it even more difficult to rubbish than she does now, of course, when we have done all this, she will still be able to carry on to practice her particularly heinous style of politics in relation to health. Because of course, not even in the Houston Medical Centre, even in the NASA Medical Centre, there are incidents, people die, mistakes are made, and there are regrettable incidents. So I am afraid that even when, all this is put into practice there will still be people that will die in questionable circumstances and there will still be instances where people have legitimate grievances and complaints. There is no Medical Service in the world, that is exempt of that. So I have no doubt that whereas she is making hay whilst the sun shines whilst all these reforms are put into place assuming that she is selected by her executive to continue in this House and assuming of course that we are privileged enough to be elected by the people of Gibraltar at the next General Election, for a third term, I have no doubt that we will have to continue to endure her political capital making out of regrettable incidents in the Health Authority. Regrettable incidents by the way, which when they occur now, are investigated with public accountability which was not the case before. Criticisms of the Health Authority, which she can make now because we published an Annual Report of the Health Authority which she never used to do. And grievances in the Health Authority have come to light because we have created an Ombudsman to which



people can complain, and the reports come to light whereas, of course they did not have. So, part of the reason why she has ammunition to criticise the Government with on health, is because in the layers of transparency and public accountability to the report, and to the Ombudsman that we have introduced are simply and through the enquiries that take place were non-acceptable and regrettable incidents occurred simply did not use to happen in her time when everything was swept under the carpet, and people did not get to hear because if the hon Member genuinely believes, that the Health Service is not infinitely better now, than it was when she left it to us in 1996, then she has fallen into that well known propagandist trap of ending up believing her own rubbish and her own propaganda.

Another area which has seen increased public expenditure, and we do so consciously is in the area of the Elderly Care Agency and the increases in public expenditure in this area reflect the Government's targeting of funding towards the caring public services. The Elderly Care Agency is by any standards a massive success story. It has become a genuine centre of excellence in elderly care in Gibraltar. There has been a transformation in the services at Mount Alvernia and in the Jewish Home, in the atmosphere particularly in Mount Alvernia, that places are unrecognisable, they are unrecognisable to visitors, they are unrecognisable for residents, and they are unrecognisable places to work in for staff such has been the element of improvement. As we speak, we are at an advanced stage of a capital works project which will increase the capacity from the current 90 residents to 140 residents. In addition, there is an increased expenditure this year of £160,000 for a new domiciliary care service, that is to say caring for the elderly, providing care for the elderly in their own homes, which is a new service which is being introduced. I would like to thank and congratulate the management and the staff and indeed the Friends of Mount Alvernia and the Friends of the Jewish Home for the magnificent dedication, for the magnificent effort, for the magnificent work that they have done, in increasing by countless-folds, the quality of the service that increased Government expenditure has been able to purchase for those

senior citizens who are in residence at the two Homes run by The Elderly Care Agency.

Moving to the question of taxation. On every year since our election to Office in 1996, we have effectively reduced the level of taxation. Hon Members will recall indeed I have already mentioned it this afternoon, that there has only been one increase in Social Insurance Contributions since 1996 compared to increases of 10 per cent each year and that is 10 per cent compound, 10 per cent of the previous year which in itself been increased by 10 per cent, so there has been a 10 per cent compounding increase in all the years that they were in Office bar one.

Also, and by that method they paid increased taxation for everybody, every year and by greatest amounts for the lowest paid. Also, Opposition Members never increased personal allowances, nor widened any tax bands thereby increasing the effective tax burden each year, as the relative value of personal allowances decreased and more and more people drifted into higher tax bands in respect of their ever increasing proportion of their pay. Since 1996, we have increased all personal allowances, not just to cover inflation during the years that we have been in Office but we have also increased the personal allowances to cover inflation during the years 1988 to 1996 when they were in Office and they did not increase them. So in seven years we have made up the lost ground in inflation over 15 years. And so, we have reversed the effect of their failure to increase the allowances by reference to inflation, and to widen the bands.

Mr Speaker, speaking of tax bands. In 1999, we began to restructure the tax bands. In 1998/99 the tax bands were the following: £1,500 at 20 per cent, £5,500 at 30 per cent, £5,500 at 35 per cent, £3,500 at 40 per cent, £3,500 at 45 per cent and the balance at 50 per cent. By last year we had already reduced those bands, by widening the bands this reduced the tax burden, by having the first £3,000 at 17 per cent, as opposed to the first £1,500 at 20 per cent, by having the next first £4,000 at 30 per cent, the next £8,000 at 35 per cent, by abolishing the 40 per cent

bracket altogether, by having £8,000 at 45 per cent and by reducing the top rating from 50 per cent to 47 per cent. And I intend to continue with the restructuring of the tax bands this year and therefore, as of the Tax Year commencing on the 1<sup>st</sup> July, the tax bands will be further restructured and widened as follows: the 17 per cent rates will apply to a band of £4,000 of income, in other words £1,000 is being transferred from the 30 per cent band to the 17 per cent band; £6,000 will be subject to 30 per cent rate, in other words £3,000 is being lowered from the 35 per cent bracket to the 30 per cent bracket; £5,000 will be taxed at 35 per cent, and the balance will be taxed at 45 per cent, in other words, the top rate of tax is reduced from 47 per cent to 45 per cent which means that in 3 years we have not only restructured the tax bands to deliver tax cuts to everybody but particularly more so to the lower paid, but we have reduced the top rate from 50 per cent to 45 per cent now this year.

In addition, all allowances are increased by 2.5 per cent. The Personal Allowance was just £1,450 when we arrived in Office. It was never increased in 8 years of the hon Member's of the Opposition being in Government. It has now risen to £2,430 an increase of £980 or 68 per cent and the same applies to the Wife Allowance which was £1,350 is now £2,275 an increase of £925 again 68 per cent increase in that allowance. And a married man, has seen his allowances therefore rise from £2,800 to £4,705 again an increase of 68 per cent. Therefore the new allowances will be as follows:

- ◆ Personal Allowance rises to £2,430,
- ◆ Wives Allowance rises to £2,275,
- ◆ Single Parent Family Allowance rises to £2,275,
- ◆ Child Allowance rises to £850,
- ◆ First Child studying Abroad Allowance rises to £955,
- ◆ Second Child Studying Abroad Allowance rises to £795,
- ◆ Disabled Individuals Allowance rises to £1,425,
- ◆ Nursery School Allowance which is something new that we introduced in 1996/97 now rises to £875,
- ◆ Dependant Relative Residence Allowance rises to £165,

- ◆ Dependant Relative Non-residence Allowance rises to £115,
- ◆ Age Allowance for a single person rises to £585,
- ◆ Age Allowance rises to £830 in the case of a married couple,
- ◆ Blind Allowance rises to £530,
- ◆ Apprenticeship Allowance rises to £330,
- ◆ Medical Insurance Relief rises to £515,
- ◆ Special deduction for senior citizens, that is the level before which they pay no tax at all, rises to £7,915, and the level up to which the amount of tax that they pay is reduced on a tapering basis rises to £10,295 in the case of a married man age 65 or over, £12,815 in the case of a single man or single woman aged 65 or over, and £13,480 in the case of a woman aged over 60 years and under 65 years.

The Charitable Covenants maximum rises from £750 to £1,000 and this is now gone up 100 per cent since 1996. The levels to which the Senior Citizens exemptions and tax reductions increased, I have already read out and is worth pointing out, that the exemption of tax on income of £7,915 per annum is after Community Care and Old Age Pension so it is a complete exemption from all tax to persons of pensionable age, in respect of the first £7,915 of income, after their income from Community Care and after their income from the Old Age Pension.

In 2001 we introduced a mechanism to deliver even greater targeted tax cuts to people on low incomes, and that was the Low Income Earners tax credits. When we introduced it in 2001 it was £100 tax credit that is in effect £100 of value but, that is not an allowance that is £100 deducted from one's tax bill below the line for anybody who's income is lower than £7,000 we raise that to £130 in last year, and it was for people with income of less than £8,000. I am now increasing the Low Income Earners tax credit to £230 for people with income of less than £8,000. In other words, when people with income of less than £8,000 submit their Tax Return at the end of the year, they will receive a credit the amount payable at the bottom of their assessment will be reduced by £230 and the appropriate refund cheque sent to them.

The percentage of home owners continues to grow. The Home Purchasers Allowance increased from £10,000 to £11,500 in the year 2001/2002. Many existing home owners have recently purchased the Government's share in their flats and I have given the statistics on that to the hon Members recently in the House in answer to questions. To help those persons and indeed, to deliver further help to all existing home owner occupiers, a new additional Home Purchasers Allowance of £4,000 is introduced with effect from this tax year. This can be used at a rate of £1,000 per annum, delivering an additional £350 per annum tax savings to anyone who reaches the 35 per cent tax bracket and an additional £300 per annum to anyone who reaches the 30 per cent tax bracket. This new allowance is available to any home owner occupier who has bought or built in the past and who is still using or has exhausted the existing Home Purchasers Allowance and who indeed remains an owner occupier.

The value of this year's tax cuts can be illustrated as follows: and this ignores the Home Purchases Allowance, it ignores all the allowances except the Personal Allowance, somebody with an income of £12,000 per annum will this year pay at least £280 less in tax this year than last, somebody with a gross income of £15,000 per annum will pay at least £301 this year in tax less than last year. Plus, if they are home owners an additional £300, if they are 30 per cent tax payers or an additional £350 in tax saving if they are 35 per cent tax payers, plus, 2 per cent of any taxable income above £23,000, that is the effect of reducing the top rate from 47 by 2 per cent a saving equivalent to 2 per cent of one's income over £23,000, plus the extra £100 cash value for anyone with an income less than £8,000. Just to give an illustration of how these impact on people with income of less than £8,000, last year such a person would have paid £1,930 in tax, this year they will pay £1,650 in tax, a saving of £218.

What of the effect of the reduction in tax burdens that have been introduced since 1996? Yes, of course, it is all too easy for people to underestimate the size of the tax reductions when they are given away on an annual but accruing and incrementing basis and I would just like to give the House some illustrative examples

calculated by the Commissioner of Income Tax and his staff. Let us start with a single person. In 1996 a single person with income of £7,000 per annum paid tax of £1,515, this year he will pay tax of just £721, a saving of £794 equivalent to a reduction of 52 per cent in his tax bill. At £8,000 of income a single person used to pay £1,815 will now pay just £1,021, a reduction of £794, a 43 per cent deduction in his tax bill. At £12,000 the saving is £842, a 26 per cent reduction in his tax bill. At £15,000 of gross income this is not taxable income, that is £15,000 that is still below the average wage in Gibraltar, at £15,000 gross income the saving is £915 in tax per annum, a reduction of 22 per cent in the tax bill. At £20,000 the saving is £1,036, 16 per cent reduction in tax bills. At £25,000 of gross income the saving has been £1,238 per annum as of this year, this is not adding up the savings in the totality of the year, this is what they are paying in tax now this year less compared to what they paid in the year 1995/1996. At £35,000 the saving is now £1,738 a year, a reduction of 12.5 per cent and in fact the reductions in tax are even bigger than that because this does not include the Medical Insurance Relief, it does not include the extra Household Purchasers Allowance that we have just introduced, so the actual savings this tax year are even bigger than the ones that I have just described.

Let us move to the married couple with no children, similar increases, I can understand that the hon Member does not like hearing this I would not like to hear it either if I was in his position. The married couple, let us start with the married man with a wife and a child, the married couple with just one child. Such a person with an income of £8,000 a year in 1995/1996 would have paid £1,260 in tax will now pay a mere £286, a saving of £974 and a reduction of 77 per cent of his tax bill. Somebody on £10,000 was paying £1,860 is now paying just £814 a reduction of £1,046 or 56 per cent reduction in his tax bill. At £12,000 of gross income, we are still below the average earnings in Gibraltar there are tens of thousands of people in Gibraltar with gross income at the levels that I am discussing here who used to pay tax in 1995/1996 £2,545 now pay just £1,414. A saving, a reduction in his annual tax bill of £1,141 or a 44 per cent reduction in the burden of taxation. At £15,000 still below the average wage in Gibraltar,

used to pay £3,595 now pays £2,314, a saving of £1,281 per annum or a 35 per cent reduction in his tax bill. At £20,000 the saving is £1,554, 27 per cent reduction in his tax bill. At £25,000 a married man with one child is now paying £1,720 less in tax, a 21 per cent reduction in his tax bill, and at £35,000 the saving is £2,220 a 17 per cent reduction in his tax bill. The reductions and the savings are even bigger because that does not include the Private Nursery Allowance, which a person with one child might well enjoy at £875 a year is worth an additional tax saving of £305 if the income reaches 35 per cent; does not include the Medical Insurance Relief which is worth another £180 in tax saving and does not include the extra Home Owners Allowance that we have introduced. And the savings in respect of married couples without children are similar. The most spectacular savings even more spectacular than the ones we have just announced, that I have just taken the hon Members through are the reductions in taxation suffered by persons of pensionable age.

Let me illustrate for the hon Members the extent to which in seven years we have reduced the tax burden of Gibraltar's pensionable age population. In 1999, which was when we introduced this scheme and therefore they used to pay even more in 1996 because there had been no increases in allowances, a person, a single person aged 65 or over with an income per annum, after Community Care and after pensions of £7,900 used to pay in tax £1,293, now pays zero, a reduction of 100 per cent in their tax liability. A single person aged 65 or over with an income after Community Care and after Old Age Pensions of £9,000 per annum used to pay £1,623 a year in tax now pays a mere £369 in tax, a saving of £1,254 or a reduction of 77 per cent of their tax bill. Such a person with an income of £11,000 after Community Care and pensions used to pay £2,294, now pays £1,331, a reduction of £962 per annum or 42 per cent of their tax bills. A married couple aged 65 or over with £7,900 of income used to pay £625 in tax, now pays zero, also a reduction of 100 per cent. With £9,000 in income over and above Community Care and over and above Old Age Pension, a married couple aged 65 or over with £9,000 of such additional income used to pay £956, now pays £369, a saving of £586 per annum or 61 per cent reduction

in their tax bill and at £11,000 the saving is £435 or 28 per cent reduction in their tax bill.

I do not want to depress the hon Members even more but the figures for a woman aged 60 and under 65 are even better. Such a woman aged between 60 and 65 with an income of £7,900 or less, because less than £7,000 it is still in 100 per cent saving but other £7,900 used to pay £1,432 in tax, now pays zero, again a reduction of 100 per cent and a saving of a full £1,432. At £9,000 of such additional income over Community Care and Old Age Pension the reduction in tax is from £1,762 to just £369, a saving of £1,393 or 79.6 per cent of the tax bill and at £11,000 tax reduces from £2,456 to £1,331, a saving in tax of £1,125 or a 42 per cent reduction in the tax burden. These figures will give an illustration of just how significant and extensive the tax reductions, through increases in allowances, through widening of tax bands, through reductions of top rates, through the introduction of Elderly Persons Tax Exemptions up to a certain level and reducing on a tapering off above that level, the introduction of the tax credit for Low Income Earners, this is an analysis of the actual extra money that it has delivered into the pockets of every tax payer in Gibraltar. I hope the hon Members will agree that not only is it a spectacular reduction in taxation but compared to their record of annual increases in taxation, there is a clear difference between a party of tax and horde and a party of tax cuts, public expenditure, increases in revenue and still being able to reduce taxation considerably.

Mr Speaker in conclusion, therefore, I have told this House every year in my budget address that the Government's economic policies are driven by four policy objectives one is an investment in our future. In all areas of life I have always said that there is no point Gibraltar investing in sport if it is not also investing in caring services, or is not also investing in housing. The Government's policy of public expenditure is that we make progress across all fronts of life in Gibraltar. I have also said that an objective of Government are that the economy should be invested in so that it can continue to sustain our standard of living. I have said the third strand of Government economic policy is improvements in our

public services generally and in our caring services in particular and fourthly that there should be tax cuts and at the same time a prudent, conservative policy of public finances that will curtail public borrowing and that will maximise public reserves, and I am happy to report to this House that as we have done every year since we have been in Office all four of those golden rules of policy objective have once again been achieved this year.

Members will be aware of the numerous public investments in the economy, in health, in housing, in leisure and sport, in social services, in culture, in public highways, in streets and in squares. Since 1996 Government have spent £140 million in capital expenditure by the end of this financial year that is over and above the recurrent expenditure in the budget. We have maintained public reserves, we have maintained or in real terms lowered public debt yet there has been massive tax cuts, there has been rising employment, there has been rising average wages and hon Members who are economically literate will know that all of this is only possible in a successful prosperous and growing economy and without a successful, prosperous growing economy it is not possible to spend £25 million a year maintaining reserves, not increasing public debts, being able to cut taxes and being able to employ, increasing numbers of people. I commend the Bill to the House.

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

The House recessed at 6.30 pm

The House resumed at 6.50 pm

Debate continued on the Appropriation (2003-2004) Ordinance, 2003.

## HON J J BOSSANO:

Mr Speaker, I do want to talk on the general principles of the Bill but clearly I am not going to limit myself to talking on the general principles of the Bill and I do not think that you will object after the last three hours and I certainly will not be spending three hours on the subject. The Chief Minister has complained in previous budgets that Members come here with a position that they have reached without having listened to what the Government have to say and that instead of reacting to the Government.....he seems to forget that the whole purpose of us getting the Estimates of Revenue and Expenditure before we meet is to enable us to make an evaluation which we do not arrive here and then throw away because of something he says, particularly when he plays about with figures whenever and however it suits him, as I hope to demonstrate.

In my reply to him this year as well as dealing with a number of outstanding issues I shall be devoting a large part of what I have to say to the published results of the long awaited Input/Output Study and the resulting figures for Gibraltar's Gross Domestic Product as indeed the Government have done. First I need to raise as I did last year the question of the Government's decision in 2002 to remove £5 million from the Social Insurance Fund and I will remind the House of what I said last year. I said, "*.....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 therefore there is a clear political divide in this House. The Estimates show that in the financial year just ended (that was last year's budget) £5 million has been removed from the Social Insurance Short-Term Benefits Fund. We are totally opposed to this decision. When the Government brought an amendment to the House to provide for money to be taken out of the SIF and transferred to the Consolidated or other Special Fund we opposed it and argued against it. Social Insurance Contributions are compulsory payments to fund a receipt of identified benefits, they are not taxes 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 to this it is in flat contradiction to everything the Government have said in this House since 1996. In his first budget the Chief Minister said in the House that the old Social Insurance Fund contained £17.5 million in 1996 and that traditionally it had contained £50 million. This statement was untrue and utter and complete nonsense. Never in its history had the local Social Insurance Fund had a £50 million balance. Later he repeated this unfounded and false accusation when he said *"...there is a much depleted pension fund whereas the hon Member (meaning me) reached office with a social insurance pension fund having a sum of £55 million as we speak today there is only £15 million in it."* That was in 1997 he was falsely accusing me of having between 1988 and 1996 run down the pension fund by no less than £40 million. He then went on to say, *"so there is a substantial problem of underfunding of the scheme which the Government would have to find resources for."* He repeated this when he raised at a later meeting the insurance contribution to the pension fund by £1 a week. He told the House, *"It is intended that the short falls in the Long Term Fund be met from the currently overfunded Short-Term Benefits Fund,"* he said then that there was £8 million in the Short-Term Benefits Fund which was in a sense money that might otherwise have gone into the pension fund. That there was £8 million of accumulated capital that could easily be diverted to the Pension Fund and that would meet the shortfall for two or three years. I asked last year why it had not been done, although the Chief Minister spent hours replying to the points of the Opposition that was one point that he ignored completely and that is why I am raising it again and I will keep on raising it as long as it is needed to be raised because we still have not received an answer in this House.

Mr Speaker, every year the Chief Minister complains that instead of questioning Government policy we simply attack the Government and always says how disappointed he is with our performance. How did he reply to this point? He said my arguments were the height of argumentative dishonesty that the Short-term Benefits Fund was not the Pension Fund that it had nothing to do with the Appropriation Bill, that it was not even in the forecast out-turn and that I was trying to mobilise elderly people

against him. So much for the desirability of raising policy issues in this House. He ignored completely the totally false accusations he had made against me saying I had run down the fund by £40 million and did not even admit that the £40 million was in fact ODA money paid out to former Spanish pensioners that had never belonged to us. I do not know whether that could be considered argumentative dishonesty. The £5 million was shown in the forecast out-turn column of Appendix 'H' on page 134 so it was wrong when he said it had nothing to do with the Appropriation Bill. If the money for the SAF had come out from Import Duty as it should have done and as they could afford to do since there was a surplus of over £15 million the Consolidated Fund Reserve would have been lower. It is entirely relevant to the state of the Pension Fund about which he was so worried in 1997 because as he himself said the money in the Pension Fund is in a sense money that could have gone from the Short-Term to the Long-Term Fund. If the Short-Term Fund was already overfunded in 1997 as he told us, why did Government carry on overfunding it for five years knowing the money could easily be diverted to the Pension Fund as he had said, what possible explanation could there be for first overfunding something and then at the end of the year arguing that the money is not needed because it is overfunded and taking it out. These are legitimate questions which were not answered. As it is the Government have since admitted that the fund went into the red on a recurrent basis after the removal of the £5 million and would eventually run out so that it would not be in a position to supplement the Pension Fund. In fact if we look, yes that is what we were told in this House, that Government would go in to bail it out but that it would run out at the present rate of excess of expenditure over income in something like eight or nine years. If we look at the last available audited accounts which are for the year ending March 2001 we see that the total balance of the four social insurance funds taken together was £38.1 million in 1999, £37.1 million in 2000, £36.2 million in 2001 and it is now probably below £30 million so even though the money from the insurance is arbitrarily divided into these funds and the Pension Fund is running at a loss and the other ones have got a surplus, even if the surpluses were all passed over to the fund that is actually operating at a deficit, since they have given one the figure for all

the four together it shows that in fact the position identified in 1997 is not as serious as the figures he made out then but it is one where there is no reason for having removed £5 million. I have not even been told the total, the global of the four funds which was already coming down at a million a year all it has done is accelerated the time at which it will have to be bailed out by having money put in which he claimed was the intention of the Government in 1997 to provide additional capital. We therefore consider that sooner or later the Government would have to put back that £5 million into the Social Insurance Fund and that this is a contingent liability to be borne in mind in looking at the level of the Consolidated Fund balance.

Last year the Chief Minister opened the Budget Debate with a lengthy rebuttle of the Guardian article and the Straw letter regarding the failure to publish National Income figures for the Abstract of Statistics. He will remember that in my reply I came to his defence saying, *"...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 this figure and the document in question have not been publicly available has anything whatsoever to do with money laundering or anything else."* That said I have to point out that the 2002 Abstract of Statistics has not been published yet. In last year's budget the explanation for the delay in the Abstract given was that resources had been focused on producing in record time the Employment Survey, the Hotel Occupancy Survey, the Tourism Survey and the Air Traffic Survey. This in fact is not a reason that can be given on this occasion because the reports have been tabled today nor the other reason given last year which was that they were carrying out the Census in 2001 which we were told would be published before December 2002 and still has not been published. I hope we do not have to wait for another letter from Jack Straw to see publication of these two documents.

In last year's Abstract there was a table with GDP figures and a footnote with the reference to the Input/Output data I therefore propose to deal now with the question of GDP and the

Input/Output data. Dealing first with the Input/Output Study, we have been told that the purpose of the study is to use its results to validate the GDP estimate and that makes the estimate more reliable than it used to be before. Today that has been expanded upon and we are being told there are three ways of estimating the GDP. The Income Method and the Expenditure Method which have been growing further apart over the passage of years but it is the Income one that has been published all the time and the Expenditure was lower and in fact what the Input/Output Study has done has been to show a higher figure than even the Income figure so nothing has been produced that suggests that the figures that were published were too high but nevertheless let us look at that in a minute. What was the other purpose of the study? A purpose to which even more importance has been attached because the Chief Minister keeps on talking about the study showing the growth in the economy, the report does not show the growth or the lack of growth in anything because the report deals with one year it does not compare any year with any other year it makes passing comments about the changes in the economy, about how Gibraltar has adapted, how it is more private sector led, about how it has grown, but it does not say anything about how good or bad the growth was nor would it be the job of Professor Fletcher to pass judgement on what is a suitable rate of growth or a desirable rate of growth but it suits the Chief Minister to say that the fact that he is happy with the rate of growth is backed up by the happiness of Professor Fletcher. We the Opposition certainly are not happy with the rate of growth that has been taking place since 1996/1997. If we are going to be using the Input/Output Study not just to see how it compares with the other two methods but as the mechanism which the Government and the private sector have been urged to depend on (urged by the Chief Minister) to be able to project the consequences on the economy and the employment effect of changes that take place, he has repeated that today, this is going to determine policy decisions then clearly it is important to assess, indeed imperative I would say to assess how confident we can be about the reliability of the model that has been constructed. I will do the area of bringing the information from the model to the GDP later but now I want to look at the report itself and take the House through some of the things in it which give us concern.

Whenever I have sounded critical of the proposed study and the expectations of what it could achieve I have drawn the wrath of the Chief Minister. Over the years I have suggested it might be helpful if I could meet up with Professor Fletcher whilst the study was taking place but the Government did not appear to be interested in arranging such a meeting which I feel would have been helpful all round. However, when I gave way to him last year during my budget statement in reply to his opening one, he said, “.....*when the model is available I have said to the hon Member that he can see it. He will be able to examine it and I hope he may have many enjoyable evenings in the pub with Professor Fletcher over a pint of beer to try and pick holes in his work.*” Unfortunately there was no meeting and no beer. Let me say that it is not that I want to make out that I am cleverer than Professor Fletcher, or want to pick holes in his work for the sake of it, however, I believe that if something is going to be so influential in driving economic policy and it is something which has been paid for out of funds voted by us then I should examine the results critically and seek explanation rather than react as if it were Moses coming down from the mountain with the Ten Commandments written on tablets of stone. When the final report was ready I was told it would be explained in a public meeting and when I said at Question Time that I would go and put my questions there the Chief Minister’s reaction was that he did not think that would be an appropriate forum. In the event in February this year the presentation was a private affair by invitation only and I was not one of the invitees. This happened in February on a Friday, I took a copy of the Report over the weekend and I e-mailed a series of questions to Professor Fletcher on Monday. Within 24 hours I got a response from him saying he would be happy to answer my questions subject to Government approval. At the start of this meeting of the House I still had had no reply from Professor Fletcher and that is why I put my questions here to the Government. The answer in the House was that my Questions should have been addressed to Professor Fletcher and that the Government were not answerable for questions on the contents of the Report but as I said I had already done that as far back as February. The Government also said that it was not for me to ask Professor Fletcher to run calculations through the Model. I have not done that, most of my questions require a yes or

a no as I was seeking confirmation of what the Report appeared to be saying. Since then I have been in regular contact with the Chief Secretary who has been very helpful and I am grateful to him and to the Government for agreeing to this, however there still remains many questions that have not been answered. Before I go into the details of some of the areas of the Report which I hope the Government would be interested as interested as me in clearing up, I would just like to put the record straight on something the Chief Minister said in his closing speech last year. As is often the case when the Chief Minister remarked on my comments in his closing speech he was far less friendly than he had been at the beginning. The Chief Minister usually reserves his nasty remarks for the moment when he knows that he has the last word although today a smile on the face of my Colleague when a reference was made to this expensive exercise of Clinical Governance was enough to provoke him into another half an hour of condemnation of my Colleague and defence of the Health Service which clearly he feels he is much more capable of doing than the Minister for Health.

Last year what I had said that so upset him was, “..*I must say 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 say those words was in 1987, in a different context, we were arguing then from the Opposition that it was possible to do something to pre-empt the Spanish pension problem. Sir Joshua Hassan reacted by standing up in the House and telling me that Sir David Hannay who was saying that nothing could be done about it was the top authority of the European Union and how could I possibly pretend to know better how to deal with the Spanish pensions than Sir David Hannay.*” Nothing very offensive in that I would have thought. The Chief Minister’s misrepresentations of the above comments were as follows, “*In order to get away from the fact that Professor Fletcher’s Input/Output Study shows growth in the economy,*” which I have already pointed out it has nothing to do with growth in the economy it is a picture of a particular year, “..*which of course constrains his whole platform ....*” He then goes on to



attribute to me the following words, “...ah, rubbish Professor Fletcher I remember when Mr Wanhill,” by the way these are all his quotes of what I am supposed to have said, “..Mr Wanhill has never had anything to do with National Income Accounts or GDP. Mr Wanhill's mistake was to make himself out to be an expert on the 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 EU does that mean there are no experts or anything? Because Mr Wanhill is not an expert on the EU is it therefore the case that Professor Fletcher is not an expert on National Accounts either? According to him Mr Wanhill is an impostor,” I had never mentioned the man, “..although I am sure that there are others who have got a different view but according to him because Mr Wanhill was an impostor as an expert on EU matters therefore there are no experts on other issues including Professor Fletcher.” He then went on to accuse me of either showing much less expertise on statistics and the economy than I had led this House to believe or alternatively that I was just ‘obfuscating’ a word I would never use unless I was quoting him, the facts on purpose. Members will see that none of his diatribe was at all justified by what I had said previously which I had quoted word for word from Hansard. I actually did not call Mr Wanhill or anyone else an impostor. I do not even know Mr Wanhill, I know nothing about him, I have never met him and I was talking as I have quoted from last year about Sir David Hannay and simply drawing a parallel. Because somebody comes here and says that he is an expert it does not mean he is going to get it right on a problem that affects us and history has proved that Sir David Hannay was wrong when he said that nothing could be done because subsequently in Government the people in the United Kingdom admitted that something could have been done and simply then argued that it had all been water under the bridge and that we could not go back which we could not go back but we were saying it before it happened.

I hope therefore that the Chief Minister does not become again paranoid today about my comments on the study which I had not seen last year and which I was not able to say whether it showed growth or did not show growth. I have put in a lot of hours of

work into looking at the figures in the Report analytically and I hoped that he would realise that my contribution is not driven by anything other than a desire for accuracy in a Report which is going to be given such relevance in matters affecting economic policy. One of the questions that I asked earlier was whether there had been any changes between the draft report quoted by him last year and the version published this year and I was told at Question Time that there were no changes. Last year in his speech he highlighted three areas, financial services, tourism, shipping and port related activities. He said the contribution of port related activities was calculated as accounting for over 15 per cent of output. Since output is given in the Report as £1.335 billion we are talking about £200 million worth of output. I have to tell him that in the final report there is no mention whatsoever of this. I would have thought that was an important change but I do not know whether he has read the second report or whether he has just read things that other people prepare for him.

I will now deal with financial services. The figures quoted last year and now shown in the Report refer to 1998, the obvious question to ask and when I expressed surprise that it was not asked by somebody before me is not because I am trying to belittle others but because it seems to me so obvious. The obvious question to ask is if the Report deals with the GDP of 1999/2000 and all the tables in it relate to the output, the income, the Government Revenue and the employment in that year, why is the breakdown given for what was happening in 1998? The answer that was one of the questions I have had answered, the answer I got was that this was purely for the purpose of illustration and I do not see why it could not be illustrated with this other year but nevertheless that is the answer 1998 was picked for the purpose of illustration and that the co-efficient and multipliers hold good for five years and therefore the relevant adjustments had been made to produce the figures for 1999/2000. Mr Speaker, I am afraid it is not true or else there was no growth in the Finance Centre between 1998 and 1999/2000 which I find hard to believe. Let me explain why. The Chief Minister said last year that the Finance Centre accounts directly and indirectly for a total income level of £130 million

supporting employment of 1,085 full-time equivalent jobs directly and indirectly. The figures that he was quoting which are about the 1998 performance do not paint the whole picture. What the Report says is that the sales in 1998 was £222 million. It then goes on to analyse the effect of the £193 million export sales out of these £222 million and makes no mention of the effect of the balance of £29 million. As regards the £193 million the direct employment is 830 rising to 1,295 as a result of indirect employment, that is purchases by the finance sector from the other sectors in the economy and finally rises to 1,847 the figure he mentioned earlier as the induced effects of the spending of wages and salaries raises demands and creates jobs, at least that is the theory. If we include the £29 million of sales which have been left out of the published report, then the figures are 935 direct jobs, 1,489 adding the indirect jobs and 2,123 including the induced effects so the Chief Minister will see that I am not trying to reduce the figures in the report but simply putting out that the published report understates the position in 1998 by not spelling out the comparable effect on £29 million of internal sales and limiting itself to the £193 million of export sales. Because the total figure of direct employment is 935 in 1998, I thought it would be worth doing a check with the Employment Survey Report for 1998 and I find that there in the line dealing with financial intermediation the figure converting part-timers into full-timers and therefore using the same method as the study is 935 full-time equivalent jobs so what Professor Fletcher said was the direct employment by the people who produce £222 million of sales in financial services coincide with the figure in the employment survey of 1998 of the numbers employed in financial intermediation. I then run the calculation using the percentages given in the tables in the report for 1999/2000 and checked them with the transaction table provided by the Government on a confidential basis and obviously what I should have found was higher figures for 1999/2000 than what we had just looked at for 1998 because I had been told there had been an adjustment. I am afraid there is no higher figure. The result is that in the tables dealing with 1999/2000 there is exactly the same performance as in 1998, £222 million of sales and 935 direct employment. If we accept the accuracy of the Input/Output Study then, even though

I have adjusted the figures upwards because if I had not done that one might think that the 935 was the equivalent of the 830 but with growth but that is not the case. The 935 is related to the £222 million, the percentage of the output of £1.335 billion given in the table in the Input/Output Study comes out to £222 million and therefore on that basis it is only possible to conclude that either there was no growth, which I have said I do not believe is correct, or that there is something wrong with these calculations which is important to look at and I hope the Government would do something about it because I am not just bringing this here for the sake of bringing it or for the sake of counteracting anything that the Chief Minister has said but he quotes it obviously on the basis of simply telling the House what is in the Report which any of us who can read and write can find out for ourselves by picking the Report and reading it. What I am doing is telling the House what the Report has black upon white and what the implications of that Report are when one does calculations based on the methodology that it contains and which the Government supports and believes in and therefore I think that it is important that these points should be taken seriously and investigated.

Mr Speaker, even though we are talking about the figure of 935 in direct employment and I know that today the Chief Minister has told the House that financial intermediation means one thing and the Finance Centre means something different, even though the report uses the terms interchangeably to mean the same thing, I have to say that whenever he has used statistics for the Finance Centre before he has just used the figure that has come into his head without being based on anything. So much for wanting solid reliable data because in the 2000 budget the Chief Minister told the House that the financial services provided 2,000 direct jobs not 813 or 935. That probably is another 2,000 indirect support jobs. My reaction was to express surprise that the Finance Centre could account for 4,000 almost 50 per cent of all the private sector jobs excluding Government funded entities because we need to adjust the figures in the private sector because as we know from answers to Questions the Employment Survey includes as a private sector the Gibraltar Development Corporation, the Elderly Care Agency, the Finance Centre cannot

be 50 per cent of that it has to be 50 per cent of the rest. However, the Chief Minister said that he was not surprised that it should be 4,000. I imagine Professor Fletcher would be as surprised as I was given that he was conducting the study at the time. Nine months later by January 2001 the Chief Minister's optimism had grown by 25 per cent. His New Year message was, "...the Finance Centre provides vast numbers of jobs in Gibraltar, probably as many as 5,000 depend directly or indirectly on the Finance Centre." My reaction then was that this figure was complete nonsense since it did not add up with total employment levels in the private sector given that there were many other sectors in the economy. The Chief Minister does not seem to realise that the more he argues for one sector being very big of necessity since the total does not change he has to argue that the other sectors must be getting smaller because the total level of employment is not being challenged this year for the first time he is quite happy with the results shown in the surveys and I will deal with that at a later stage.

Mr Speaker, the total employment in the economy clearly is influenced by the level of employment in the Finance Centre, we did not need an Input Study to tell us that, we needed an Input Study to give us quantified relationships so that we would know if the Financial Services Industry sells £1 million more and the output goes up from £222 million to £223 million and that is the growth in sales what is the effect of that extra £1 million. That is what the multipliers are supposed to tell us about income and employment and Government revenue and GDP. The fact that the Report apparently did not use that concept to move from 1998 to 1999/2000 and show higher figures is in fact worrying, but I need to make clear that it is not the case that with this analysis and these questions we are trying to make out that the Finance Centre is not an important part of Gibraltar's economy. What we may disagree with is about just how important a part it is and it is perfectly legitimate to have a different view, particularly if when we are given the Report produced after so many years and we start doing sums using the equations provided the numbers do not come out. I think therefore that there is no need to make exaggerated claims about the

significance of the Finance Centre in order to be able to defend and justify the need to make changes to company tax I think that is quite unnecessary and I say this because that in fact is the reason the Chief Minister gave in the New Year Message. He said, "*I say these things*," that is what he had just said about the 5,000 jobs and how we all depend on it, "*I say these things because in order to protect the Finance Centre the Government would need to make changes to the tax system to enable the Finance Centre to continue to sustain the direct and indirect jobs it currently provides*," that is the 5,000 claim he was making so presumably he thought if there were five people who may be unhappy about me doing away with company taxation which I do not think is going to be the case, I think people will accept it, then I reassure them by telling them that if I did not do it they would all be on the dole.

We come now to the value of tourism to the economy as the Report calls it on page 17. Here we have an analysis of the £145 million spent by visitors to Gibraltar according to the Tourist Survey Report of 2001 Tabled last year. Last year the Chief Minister said that according to the draft report that he had, in the year 2000 the tourist industry had grown substantially. I do not know how it is that the reports that he gets talk about growth and the reports that I see do not mention growth they mention what happens on a particular date. They do not say the growth was between such and such a date 'X' per cent that is nowhere there. Last year he said, "*The tourism industry has grown substantially*." Grown from when to when? From one year to another? I accept that the Tourism Report Tabled in the House shows that it was coming down from £165 million to £145 million. If he does not link the statement to something that one can check he can then say it has grown because it has grown since 1704 but he was talking about the year 2000 I do not know whether he made a mistake last year and he said in the House that it accounted for a total income level of £107 million. That it provided 2,300 direct jobs and total employment generated of around 4,000. I can tell him that if the draft report contained these figures about the year 2000 the final report that has been published says nothing at all about the year 2000 even though he had told me there had been

no change. Nothing whatsoever, the year 2000 is not mentioned. What it says is about the year 2001 and the figures about the year 2001 given in the Report are all different from the ones he quoted last year. The figures for 2001 related to the £145 million of expenditure by visitors produced a total income of £91.5 million not £107 million, £16 million here or there might not be a sufficient margin of error for him, and it mentions total employment of 3,498, 500 jobs less than he mentioned the previous year. It could be I do not know maybe he would be able to clarify that when he replies that he was quoting figures for 2000 and that in the year 2000 the figures that he gave of 4,000 jobs and £107 million worth of income are the relevant figures and that for some reason the Professor decided to take away the figures of 2000 that had been put in the draft report and instead put the lower figures of 2001 which are in the published report. In the case of these figures on visitor expenditure I have not been able to carry out the same analysis as with the Financial Services because it is not one of the 13 sectors of the economy that have output. The expenditure is something that enters the economy and then is distributed amongst the 13 sectors whereas in the Financial Services we have it in the transaction table as one of the sector vying from all the rest. Since I do not have access to the computer model of the study and I imagine that after today it is possible I never will have it, relying as I do on my pocket calculator I can only make use of the published statistics. In the year 2000 what the Report On Tourism Expenditure tabled in this House shows is that expenditure was £162 million and that it dropped to £145 million in 2001, the Chief Minister asked me, "*of course there was growth where does it say there was no growth?*" In the Tourist Survey it says that we actually had less money being spent in the Gibraltar economy by visitors in 2001 than in 2000 and therefore if the Input/Output Model works then one should be able to see how things change when expenditure by visitors goes down from £162 million to £145 million. I do not know whether that is reflected in the drop of 500 jobs between the 4,000 the Chief Minister quoted from the draft report and the 3,500 that is shown in the final report that has been published but I have to say that I have difficulty in believing that there was a loss of 500 jobs in the economy between 2000 and 2001 which is

what the figures show. I am quoting his speech and his figures and I know what he will say that I have just changed statistics around because he does not want to take up my invitation to go and read for himself what I have read and see whether I am correct or not and if I am not correct fine but if I am he ought to be grateful to me for bringing these things to his attention at no expense given the way he lashes out bags of money to all these experts. If the drop in spending between £162 million and £145 million according to the multipliers in the Report results in 60 per cent of expenditure by the visitors going into the retail trade then we will be seeing fluctuations in the numbers employed in the retail industry accompanying the fluctuations in the level of expenditure attributed to visitors and that in fact does not happen. If we are looking at the tables for the financial year 1999/2000 the relevant figures are derived from the Tourist Expenditure Survey for 1999 because it would be the figures for 1999 that will apply in the financial year 1999/2000 and there the visitor expenditure was not the 2000 figure of £162 million but £122 million. Here we have a situation where the material used to calculate this effect on our economy show in 1999 visitors to Gibraltar spent £122 million. In the year 2000 they spent £40 million more, £162 million and in the year 2001 they spent £17 million less, £145 million. The Input/Output Model would say that all those changes in spending would be reflected in Government Revenue, employment levels, and GDP. How can one have the GDP figures that the Chief Minister has quoted arrived at from the Input/Output Model as he says they have been to make sure of their reliability when the model itself says it uses this document as its raw material, the expenditure patterns, if not what is the £145 million doing in the Report when the Report has got page after page analysing how the £145 million entered the economy. It tells how one can break down the £145 million by mode of arrival whether they arrive by land, yacht, cruise liner or air, or that one can analyse the same £145 million by breaking it up a different way and looking at it as to whether they were day, transit, or staying visitors and it gives one in respect of each of those segments of the £145 million the impact that it has on the economy. If that is true of the £145 million presumably it must be true of the £162 million and of the £122 million and if not the

Chief Minister will no doubt in his closing speech, explain if he cares to address the questions I am putting, if he does not then he will just launch into a whole list of offensive adjectives which is what he tends to do when he does not have answers.

If we take the £121 million for 1999 and we apply the multipliers in the Report linked to the £145 million what we would get would be £76 million as opposed to £107 million and £91.5 million. So, here we have a sequence of three years and we take the Input/Output Model and we do what we are told the model is useful for which is to take the multipliers and say right if somebody is coming to Gibraltar and buying from us £122 million worth of services in our shops, hotels, or restaurants, what does that do for the income of Gibraltar? The model says that what it does is that one finishes up with an income effect of £76 million and then if the following year we look for the source of the information and we say instead of being £122 million in 1999 it is £162 million in the year 2000. What does that do? I take it that it is the £107 million quoted by the Chief Minister last year I have not done the calculation myself but that is the figure he quoted and if we take the 2001 figure what is it - £91.5 million – that is not my figure that is Professor Fletcher's that is in the Report. Equally on the employment side the effect would have been that the 1999 visitor expenditure would have given us direct, indirect and induced employment effects total of 2,928 as against the 4,000 he quoted last year for the year 2000, and as against the 3,498 quoted by Professor Fletcher. It is obvious to all of us without being experts on National Accounts or Input/Output Studies that there has not been that fluctuation in employment in the private sector. The private sector has not jumped from 3,000 to 4,000 between 1999 and 2000 and then declined by 500 the following year, that has not happened. The Minister for Labour will know that has not happened but anybody in this House will know that that has not happened and therefore I would have thought that the sensible thing to do if somebody says to you, “*the way this model works is that if an extra £ comes in this will happen,*” one then tests the model and sees if what the model predicts does happen and one tests it with historical data and I have only done it by reference to the year 1999 because the

Chief Minister did it by reference to the year 2000 a year ago and Professor Fletcher did it by reference to the year 2001. So if it is legitimate to illustrate it with 2001 it must be as legitimate to do it with 1999 but I do not believe that these figures are correct and therefore the important conclusion is that either the Tourist Survey Reports contain inaccurate information or the Employment Survey Report tabled in the House are not accurate or the multipliers in the Input/Output Study are not as reliable as we have been led to believe. It is an inescapable conclusion, the three things cannot be right they do not match. They do not add up. I hope the Government would agree before I get accused of saying that Professor Fletcher is an impostor that the figures give cause for concern and that the model needs fine tuning to put it mildly. Let me make a final point in relation to tourism expenditure, the breakdown of tourism expenditure in the Input/Output Report is for illustration purposes that is the explanation that I have been given and therefore it does not necessarily relate to the GDP of £411 million in the year 1999/2000. What I would have expected to relate to that would be the expenditure of 1999 because it would be in the financial year 1999/2000. The £411 million ought to be a reflection of the £120 million by analogy with the explanations given to me and the explanations in the Report. By letter dated 15<sup>th</sup> April the Chief Secretary provided from Professor Fletcher the answer to one of my questions in the breakdowns on tourism expenditure which was whether visitors by land had spent £7.61 million as I had calculated from the Report and the number of visitors involved and these were not day visitors but visitors by land that stayed, otherwise I would not have had the need to ask the number because the number of the total is already there. The answer was to confirm that the calculation was right that £7.61 million was spent by people who entered Gibraltar overland and stayed in hotels and that the numbers that spent this money and stayed in hotels out of the £145 million in the Tourist Survey Report of 2001 and I asked whether in fact the £7.61 million was part of the £13 million shown in that Report in the line that has hotel expenditure and that was confirmed. However, almost at the same time that I was getting this reply a similar question was Tabled in this House and that was answered by the Minister for

Tourism who in answer to Question No 211 of 2003 told the House that in 2001 the number of visitors from Spain staying in hotels was 17,024 not 87,505 and that the amount that they spent was £4,050,000 and not £7,610,000. I would hope that Members will agree that margins of errors on these two figures, this is supposed to be from the same source, we are talking about people coming from Spain spending £120 million as day visitors to Gibraltar, we have a figure by the Professor that says the total expenditure from Spain, all this is in the Report, Members can look at it and check the accuracy of what I am saying, was £127 million he says in one place. In another place he says the total by day visitors was £120 million the obvious thing to ask is if in one sentence the people that came from Spain spent £127 million and the other sentence says that the people who came in from Spain as day visitors spent £7 million the difference between the £127 million and the £120 million which is £7.61 million must be the spending by those who were not day visitors who were staying visitors because I have already explained to the House that he has actually broken down expenditure into tables of staying visitors and day visitors. I did that exercise I deducted the £120 million from the £127 million and I asked for confirmation *"is this correct"* and the answer was *"yes this is correct"* this is the figure spent in hotels by people who arrive in Gibraltar and went to the hotels overland but the Minister says of the same year, of the same visitors and of the same hotels that it was not £7 million that it was £4 million and the figure has not been calculated by the Minister that is obvious we all know that, he has asked the Statistics Office who have given him that as a breakdown of the figure published and Tabled in the House. This is just one small element but Members have to accept that if this is what then generates direct, indirect and induced effect if we have got a multiplier that says for every £1 million of spending so many jobs are created in the economy of Gibraltar and of the same year from the same Report and from the same source one answer is that they spend £4 million and another answer is that they spend £7 million the two answers cannot be right. One must be wrong. If one of them is wrong and I can only imagine that it is the Input/Output Study one that is wrong I cannot see how the Statistics Office one given in this

House can be wrong because they are the people who actually compile the report. They must have put the £4 million in there but then we have to go back and check this because then we say, *"if the figure was not seven and should have been four, how does that change the other bits of the equation?"* I would hope that Government agree that the margin of error must raise some questions about the reliability of the assumed impact of the expenditure patterns that we see from tourism expenditure. One of the things that follow obviously from this is that irrespective of the fact that models like this can be constructed whether the model will predict what happens depends on whether the figure of expenditure one is putting into the model is in fact accurate but if the multipliers are accurate then what should follow is that if the employment levels shown in the Employment Survey do not tally with what the Input/Output Study says should happen then we need to go back and say, *"...there must be something wrong."* and we need to establish whether what is wrong is that the predicted value of the model is inaccurate or that the collection of information on the amount of expenditure is inaccurate. One of the things that I am not clear about because I do not see how one gets from one to the other is how the expenditure figures finish up influencing the GDP given the fluctuations that there have been which are not reflected in the GDP figures we have been given today in the House and which I was given previously in answer to my questions.

Speaking of margin of error I think I must remind the Chief Minister that it was precisely the margin of error between the income and the expenditure methods of calculating GDP that made the Government in the first place decide to commission the Input/Output Study. In the beginning the Government had said that they were unhappy about the methodology of calculating GDP and I have repeated year after year that the methodology was based on the UK Blue Book for National Accounts and that that was the case prior to 1998. This has been confirmed by the Government in the opening speech and I am glad that last year the Chief Minister in his opening speech then, acknowledged the accuracy of the statement when he said, *"I accept that just as my Government accepted 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 into our administration from history but what we do then either is just carry on 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 and that is what the Government chose to do."* That is the explanation that he gave us last year. Well, I have no quarrel with that explanation except that obviously I feel that I have an obligation to make sure that what we put in the place of what was there before is in fact something that can be considered reliable by testing it.

In previous explanations about this situation he has not always been so gracious. In 2001 he said, *"The growth in the economy from 1988 to 1996 was based on completely fictitious, contrived and invented statistics."* Very strong language I would put it for somebody that is not being blamed or accused of cooking the books. Similarly in another year when we were dealing with the same subject in another budget he attacked me as he did in 2001 for being critical of the Government's intended policy to stop unemployment benefit for people that they claimed were not genuine job seekers. I put that in this context because I am going to demonstrate with this particular point which is nothing with what we are doing in analysing the economy how the Government says one thing one year, forgets what they have said and then later one can go and take them back to what it was before and show the Chief Minister that when he goes over the top with the language that he uses in the House not only is it totally unnecessary but at the end of the day he is finishing up swallowing his words because he told me that when I was arguing that he should not go ahead with the job seekers agreement which said people would lose their unemployment benefit which I am happy to say the Government have now abandoned, I am very glad that they have abandoned it, but when I was trying to persuade him as if it was some crime to try to persuade him he said that my arguments were pseudo ideological objectives that persuaded no one not even me. They certainly persuaded me and I am glad that they have now

persuaded him and not only have they persuaded him not to do away with the right to this benefit, they have even persuaded him to give a big increase on the benefit on top. My powers of persuasion must indeed be better than he gave me credit for.

To get back to the GDP, after 2001 outburst on the nature of the statistics on another occasion he had mellowed a bit and he limited himself to say that the GDP figures that I produced were Mickey Mouse statistics so I was happy to learn in last year's budget when he accepted that I had inherited the system that I was not being cast in the role of Walt Disney. So let us find out what Mickey Mouse has been up to. In last year's Abstract of Statistics we have the GDP figure up to 1995/1996 and in the footnote to table 33 on page 36 we are informed that the 1996/1997 figures and subsequent years are now being calculated on the basis of the Input/Output Study and it has been confirmed today. We do not know what the recalculation entails. We do not know what the figures looked like before they were re-calculated, we know what they look like after the re-calculation and since February I have been trying to get from Professor Fletcher an explanation of how one gets from the Input/Output tables to the £411 million GDP. I have not had an answer yet but I have been able thanks to the transactions table that he provided, I have been able to work out two thirds of the picture so I am now able to account for two thirds of the £411 million but there is the element of depreciation and business savings which I cannot see from where that comes from and I hope that in the explanation that I get from Professor Fletcher it will be possible to see how that is arrived at. I am saying this because I think Members will appreciate that I intend to carry on with this so one of the things that the Report tells us, we now know from the Statistics Office, from the Abstract of Statistics and from Government today that the 1996/1997 figure and subsequent figures have now been validated and the Professor tells us in his report that the 1987/1988 figure for GDP was also validated because the 1987 Input/Output Study came out with an estimate of GDP using a different methodology which only differed from the National Accounts work of the Statistics Office by £2 million coincidentally the same amount as it did on this occasion and

that consequently that meant that the closeness of the result arriving at a figure from two different roots gave confidence in those results. So, we are confident about 1987/1988 and we are confident about 1996/1997. We are not confident about the Mickey Mouse in-between. [INTERRUPTION] My time in-between with Mickey Mouse there.

**HON CHIEF MINISTER:**

Your Mickey Mouse.

**HON J J BOSSANO:**

I accept his criticism, my Mickey Mouse was there, it was not there at the end of the financial year 1987/1988 and the economy had produced £152 million. We do not know what happens after that because Mickey Mouse comes into the picture but we know that it disappears in 1996/1997 and we know that in 1996/1997 when again we have got the thing validated by the Input/Output Study the result is £352 million so in the Mickey Mouse period, something happened that produced an increase of £200 million from £152 million to £352 million because the £152 million is the last AACR year, the £352 million is the year that has just been validated by the Statistics Office and given in the House today and therefore what we have is a growth in the output of the Gibraltar Economy which we know between the 1<sup>st</sup> April 1988 and the 31<sup>st</sup> March 1997 was £200 million. The Chief Minister may argue that in fact that was £199 million of growth since he got elected in May and £1 of growth in the eight years that we were there but I do not think that that interpretation would have much credibility. If the economy of Gibraltar was producing £152 million in 1987/1988 and was producing in 1996/1997 nine years later £352 million and if the figure for 1987/1988 has been validated by Professor Fletcher and the figure for 1996/1997 has been validated by the study of Professor Fletcher then we do not

have any doubt about those two figures, we have doubt about the middle. In the nine years what happened? In the nine years Gibraltar's output, the National Income, the Gross Domestic Product, which are all the same thing grew by 132 per cent in those nine years, 132 per cent and that translates into an average rate of growth of 14.5 per cent per annum plus. What has happened since 1996/1997? We were told that earlier on, since 1996/1997 what we have is from 1996/1997 to 2000/2001 we have 23.1 per cent growth an annual average of 5.8 per cent per annum. On a yearly basis the figures are 3.4 per cent in 1997/1998, 7.9 per cent in 1999/2000, 4.1 per cent in 2000/2001 and 5.9 per cent in 2001/2002, the same figures that were quoted by the Chief Minister. I must say that strangely enough employment in the private sector according to the Employment Survey, that is why I mentioned earlier this year the Chief Minister opens and says, *"Look, look at the Employment Surveys the Member does not believe the Employment Surveys he does not believe that there is growth in the economy. He will not convince anybody."* But I do believe in the Employment Surveys it is just that until the year 2001 the Employment Surveys were showing there was no growth and when I said to him, "the Employment Survey that you have tabled this year does not show growth it is stuck at 13,000 jobs the private sector is not getting any bigger, he said, *"Ah, yes you are obsessed with statistics all you do is you look at figures, go out into the streets, talk to people, walk up the pedestrianised Main Street, stop at Irish Town were I am you will see how happy everybody is the place is booming,"* and I said, *"yes but what about the figures?"* *"Ah, well, the figures they do not count."* This year he says to me, *"You must look at the figures, look at them, it has gone up."* I know it has gone up, well done, at long last it has gone up about time too. It may be that the accuracy of this needs to be tested because maybe there was growth in employment which was not reflected in the Employment Survey because it is difficult to see that the figure for GDP is higher in 1999 than in 2000 in terms of the rate of growth, I would have thought that if the growth of the economy is 7.9 per cent in 1999 then the employment levels in 1999 would grow more than the employment level in 2000 when it was 4.1 but in fact what we see is that the employment goes up



in the year 2001 and we do not see a correlation between the growth in the economy and the growth in the jobs market in different years. All I am saying is that maybe we need to examine in the light of all these extra methodologies that we have got whether in fact these results are consistent. I am not questioning the fact that the economy grew 3.4 per cent in 1997/1998 7.9 per cent and that the average was 5.8 per cent. I accept that the average was 5.8 per cent over these four years it is just that I do not think that 5.8 per cent is enough I think it should be more. In 1996/1997 and in 1997/1998 expenditure by tourists in the economy dropped 50 per cent according to the report Tabled in the House from £160 million to £82 million yet the economy grew from £352 million to £364 million. If I bring these figures to the attention of the Government it must be because surely if they look at the reports that we get in the House the reports are here for a reason, why are they Tabled? They are Tabled in order to provide information to this House so that when we come to make an analysis and make statements on the state of the economy or the state of the budget or the public expenditure position we do it on the basis of the information we have got and therefore if we are given information about the same year on different things then it is logical to say let us see if the picture that is presented by this coincides with the picture that is presented by that. Let me say that I have not done the exercise of relating visitor expenditure .....because frankly I think we always talk that the visitor expenditure here was not reliable because those fluctuations looked too big but in the light of the importance that has been given to it in the Input/Output Report given the detailed breakdowns which have got the look of science then we need to say, if we are now working on the premise that this is a scientific reliable document which when it says tourists spend £80 million in 1998 than they did in 1997 that is what really happened if there was £72 million to be exact less coming in in sales from visitors how could our National Income have grown by £12 million? I would suggest that given that the Input/Output model uses the Employment Report as its raw material it needs looking into. Just before I leave the subject of GDP I need to mention the comment by the Chief Minister last year when he said to me, *"The hon Member I am sure is aware*

*that GDP excludes MOD which is not treated as part of the domestic economy."* Far from being aware I was so dumbstruck by his revelation that I failed to pick it up when I replied. However, I did raise the issue subsequently at Question Time. The Chief Minister appeared to get very annoyed when I did and assured me that he had expert advice that the MOD was in the GNP but not in the GDP. Even if he is shaking his head if he cares to check the record of Hansard and he will find that he did say it if not I will send him a photocopy of it because I have looked at it. Given that GNP happens to be lower than GDP how can anybody argue irrespective of who told him, how can anybody believe that the MOD has been left out of the GDP, had been included in the GNP but the GDP is higher. The GDP without the MOD is higher than the other one with the MOD that does not make any sense in fact the Input/Output Report makes clear that the GDP is part of the £400 million that it is included and that it had been included every year. We have all been saying for years that the MOD used to be 60 per cent of GDP, he has said it, I have said it, so how could it be 60 per cent of something in which it was not included if in fact the GDP figures given previously had not included GDP in the old days. When it was 60 per cent the GDP would have been minuscule. Let me assure the Chief Minister that he was wrong with the statement last year which he expected me to agree with and that MOD has always been in the GDP figures before 1988, between 1988/1997 and after 1997 and whilst we are considering this question of MOD being part of GDP I think it is worth pointing out that the percentage attributed to the MOD as its share of the £411 million GDP at 3.77 per cent even though it has been said that it is because of the contribution to money spent within the economy, that may be okay in the Input/Output Study but the contribution in the GDP is the contribution in the GDP, household incomes and intermediate sales are things that are relevant to the Input Study not to the GDP figures. If one says the MOD is 3.7 per cent and let me say that in the report it says that subsequently it grew to 5, 6 or 7 per cent, so it is not a question, the actual report says that in subsequent years the MOD share goes up. That is not correct, the MOD has not unfortunately doubled its spending in Gibraltar and therefore the share cannot be 3 per cent one year and 6 per

cent the next year so the 3 per cent must be wrong. If the 3 per cent must be wrong then it should follow that given that the total £411 million cannot change because that is right we have validated that if there is more money coming in from the MOD it can only be because some of the other sectors will have to have their notional share reduced as a compensating factor. That again raises a question mark about the details of the model which I think needs to be addressed. We are talking about things that affect the coefficients attributed to the different sectors of the economy and while we are looking at this one important area affecting the coefficients and the multipliers for which I have been waiting for a reply since February, and I still do not have a reply, is the treatment of frontier workers. The report makes clear that when we are talking about induced effects we are talking about the spending of people who are either directly employed in a sector or employed in another sector supplying to the first one and that the induced effect comes from the wages, the income, the salaries, the profits being spent by those individuals but that if those individuals come from across the frontier and take their earnings with them then the report says this is not then included in the multiplier. This is income leaking out of our economy so it is obviously pertinent to ask, *"are the multipliers that you have put the net effect after you remove the frontier workers yes or no?"* I am not asking for anybody to go into the computer and run the model I am saying that if one puts multipliers and the reports tells one that the multiplier is based on people spending money but that the people who spend money are the people who live here then can one confirm that one has done an exercise and of the 12,171 full-time equivalent jobs which the model produces the frontier workers are not included when it comes to the induced effect. I think it is very important to find out whether it is yes or no and very important to be sure that the figure that is there if it is there, and I hope it is, is an accurate figure because as we have been pointing out every year the employment survey shows increasing numbers of frontier workers and indeed today we have been told that the Government view is that the only way that the economy can grow is by bringing in frontier workers because a growing economy will produce a growth in demand for labour and that we have now exhausted the local labour market.

We were also told in relation to the motion by the Chief Minister that there is at least 4,000 frontier workers coming in. We are not convinced that that is a true reading and what is happening is that we are seeing less Gibraltarians in the private sector for reasons that I cannot explain but I keep on bringing it here and since the Chief Minister says things that every argument anybody ever uses is not based on anything other than a political dogfight then if I tell him, *"the figures that you bring me,"* and he says *"the jobs are going up,"* I say *"yes jobs are going up,"* but you have just brought to this House the Employment Survey for 2002 and the Employment Survey for 2001 and what does that show? It shows that there are less Gibraltarians in 2002 than in 2001 in the private sector in your survey. He can say, *"No, no, that is rubbish,"* but he uses the survey when it suits him, he uses the survey to argue that the total is up and if it is legitimate to use the survey to say that the total is up it is just as legitimate to say *"yes, although the total may be up the number of Gibraltarians in a higher total is less than it was in the previous lower total."* If one comes to the conclusion that there are no more Gibraltarians that might be an argument for not expecting it to go up but it is not the reason for them going down so we feel that given the numbers that we are talking about it is important that it is checked that the multipliers have been done on the basis that we are dealing with resident workers. If we look at the Employment Survey as I am doing at the moment what we find is that the increase in the private sector is 268 jobs. I am not saying between 2001 and 2002 there was no increase I am saying between 2001 and 2002 the private sector employed 268 more people because that is what the report says. I was saying it was not doing it when the report for other years showed it was not doing it, every figure that I have quoted has been a figure from a Government publication not from anywhere else. Some of these 268 jobs as I have mentioned are classified as private sector but will be in the area of the Elderly Care and the Social Services Agency which were growing at this time but leaving that fact aside what we see in this same report that there was an increase in frontier workers of 240 so we say to ourselves, *"...the private sector in 2002 and the figures in this House and that lengthy exposition by the Chief Minister of how well the economy was doing."* It seems peculiar

to me that before the Chief Minister could say that we were on a boom and we were on the crest of the wave every year because there were no GDP figures. Now we have got GDP figures going back a number of years. I suppose that just as he tells us every year that the budget is prudent and cautious and well balanced irrespective of whether it makes a huge surplus or does not, he also tells us every year that the economy is doing well irrespective of whether it is growing by 2 per cent or 7 per cent. If doing well is 7 per cent then doing a 2 per cent growth must be doing less well than the first one but we always seem to be on the crest of the wave when he is over there.

If we have 240 frontier workers as the report says then what we are saying is that practically all the new jobs were filled in by people coming across and that has now been accepted as an inevitable consequence of the way that the labour market is going to develop. Indeed in figures provided by the ETB the total number of frontier workers was higher than the one in here, I think it was around 3,000 but in any case the Chief Minister told us in the House during the debate on the motion on the UN this morning, on the UN visit, that he believes it to be at least 4,000. If the changing employment situation the 2000 performance is analysed as the report also does not by looking at the tables that gives us the frontier workers but by looking at the tables that gives us a breakdown by nationality then we find that in the private sector in the year 2002 compared to the year 2001 we had 338 made up of the three main non-Gibraltar national groups which were UK, Spanish and other EU nationals. That means that the total employment went up by 2.68 per cent but the non-Gibraltar employment went up by 3.38 per cent again simple arithmetic tells us that not only did the people that came in from outside take the new jobs, they even took some of the existing jobs that Gibraltarians might have left for a variety of reasons and that there is in fact a replacement taking place. If we look at the shop assistants even when there are unchanged figures we have it in this year we see that the total of shop assistants is the same in 2002 as in 2001, no increase in the retail and wholesale trade in spite of the fact that the predictions of the Input/Output Study would require some different results

from tourist expenditure but even within that there has been almost every year, almost every year without exception there has been a decline in the number of Gibraltarians in the retail trade and an increase in the number of Spanish nationals whether the total was coming up or coming down and this year where the total is unchanged we see that trend again. We cannot be happy with that situation. Indeed I need to remind the Chief Minister that at one stage, today he seems to be quite relaxed, but at one stage he was concerned about getting to grips with the exact numbers of frontier workers that were coming in and in answer to one of my questions in November 1996 he said, *"...the question that the Government are determined to get to the bottom of is how many people cross the frontier everyday to work in Gibraltar in one form or another even as self-employed wholesalers as appears to be the case of a lot of them. How many people cross the frontier everyday to work in Gibraltar we are determined to establish a mechanism at various levels which will enable us to put a figure on that."* November 1996. I know that six and a half years is not such a long time especially when one probably requires an expert consultant to come out here and tell us how to go about finding out how many frontier workers are coming in and taking jobs in Gibraltar but can I suggest to the Member that he probably now has a golden opportunity to obtain the necessary expert advice at no cost to the Appropriation Bill. Perhaps, he could have a quiet word with His Excellency the Governor who as the previous Head of GCHQ may be able to give him a few tips on how to monitor the ingress of elusive frontier workers. This is needed especially now that the Government's economic strategy is going to be so reliant on the Input/Output Study and therefore on the accuracy of the distinction between resident and foreign workers as their expenditure patterns as I have explained will determine the induced effect on income, employment, and on Government revenue and so coming to Government revenue I would now address the estimates of revenue and expenditure in the Appropriation Bill and I thought hon Members might well be thinking about time too but then I thought hon Members could not be thinking that after having experienced such a long-lasting introduction to the general principles of the expenditure pattern

and I think really in that context what I had to say is entirely relevant to our assessment of what the figures in this year's estimates and the results that are being presented in the book for the first time, for example, the actual figures of the year before last, they are here for the first time and therefore that now has to be seen against the background that for the first time we have got GDP figures with which to make an assessment of this and in order to make that assessment what we need to look at is the balance that has to be maintained if in fact what we have is indeed a private sector led economy and what we have is a pattern of Government spending which is able to function and be solid in that context.

We have been told in many budgets that the maintenance of Gibraltar's public services can only be guaranteed by the success of the private sector and I think that it is possible to make a judgement of this. We were told last year that the economy was sound and stable like we have been every other year and we are not saying otherwise, we are not saying it is not sound and we are not saying that it is not stable but what we are saying is that it is not growing fast enough. In case he thinks that this is a new theory that I am coming up with let me tell him that in the last AACR budget of 1987, the Financial and Development Secretary Brian Traynor who used to delight this House with quotes from Shakespeare at every budget time before we changed the system to the Chief Minister defending the budget, an administrative practice that I am glad to say the Member has retained, used the occasion then (his last budget) to say, *"..the underlying growth rate in the economy is of the order of 6 to 8 per cent. This is high compared to a mature economy but not high compared with a small and comparable economy such as the Isle of Man which achieved a growth rate of 10 per cent in 1986."* So, in fact it was the view before we came into Government that it was possible and not so unusual for small economies to be able to achieve higher growth rates than huge national economies and that we should attempt to do it. The average rate of growth in Gibraltar has been 5.8 per cent between 1996/1997 and 2000/2001 that is the figure that we had calculated and the figure that has been confirmed today by the Government. Let us

now look at Government revenue and expenditure and let us assume a not ungenerous growth rate in the economy in the year 2001/2002 which we have not yet got and in the year 2002/2003 the financial year we are just ending. So, let us assume 6 per cent per annum compound in respect of those two years as opposed to the average 5.8 per cent. Let me therefore put a simple formula to the Government in relation to GDP, Government revenue and Government expenditure projecting GDP, the last GDP we have been given here today at 6 per cent compound for those two years would give us a prediction in the year 2002/2003 and we will see what the figure is when it eventually comes out, that would give us a prediction of £486 million. I am assuming that the figure for last year will turn out to have been £486 million GDP growth on the basis that the economy is actually growing faster in the last two years than it was growing in the preceding four. This represents a growth in GDP since 1996/1997 of 38 per cent. This is 38 per cent on the 1996/1997 figure. If we now look at the forecast out-turn for Government revenue at £163 million compared to £118 million in 1996/1997 we find the same percentage increase 38 per cent so on this not unreasonable assumption of 6 per cent growth having taken place in the last 24 months per annum what we see is in fact that Government revenue appears, and that does not mean that it has to be like that every single year I think the value of being able to span six years is that one can establish if there is a trend in any particular direction and it would appear that the position is that Government revenue has grown over the period at the same pace as the economy has grown. So the economy has grown by 38 per cent up to the end of March this year and Government revenue has grown by 38 per cent in the same period since 1996/1997. What about Government spending? Well, compared to the result that we get on Government revenue what we have on the spending side for the same period is a percentage increase of 55 per cent. That means that starting in 1996/1997 and we take Government revenue, Government spending and Gibraltar's National Income, the Gross Domestic Product, we see the Gross Domestic Product going up 38 per cent, we see the revenue going up 38 per cent and we see the expenditure going up 55 per cent. Without taking that medium

term picture I do not think that it is possible to make judgements as to the soundness of the way things are being run but it must follow that a higher growth rate is likely to be correlated with higher growth in Government revenue and remove that gap between the 38 and the 55 per cent. It must also follow that if we do not achieve higher growth rates and we have the same pattern of income and spending that has happened until the end of the last financial year then eventually some of them will have to give way because one cannot have one thing growing faster than all the rest. It seems to us that if there is a commitment to prudent, reasonable, sustainable management of the public sector and that if we argue that it is a private sector led economy and we argue that the public services depend on the prosperity of the public sector then more needs to be done to obtain growth in the economy of Gibraltar and frankly with 6 per cent it will not be possible to maintain the picture or discrepancy over a number of years which might not be obvious in one year. If we do not look at a number of years together and we take a picture on one day and a picture on another day and we say to ourselves what has happened between 'X' and 'Y' and what has happened between 'X' and 'Y' is that we have finished the last financial year with expenditure which was 55 per cent higher than it had been in 1996/1997, according to the figures provided by the Government in the House. The Chief Minister who is the one who produces all the figures here shakes his head when he does not like the use one makes of them. I do not know what he thinks they are given to us for? [INTERRUPTION] I am, I am. [INTERRUPTION] I am using the figures post the restructure which he gave in this House in the 1998 budget. Yes, I am, I can assure him that I am, I will have him hold me to my word on that and I will apologise profusely to him because I spent half the night looking it up so I can tell him it is still fresh in my memory and it was the figures that he quoted when he came here with the restructured finances and he said, "...had we done this restructuring for 1996/1997 what we would have would be the following," and he gave us the figure for income and the figure for expenditure produced and calculated by him. Before the end of this meeting I will give him a copy of his words I will get them photocopied and give it to him.

Mr Speaker, these medium term analysis as I have said is a useful one to enable us to make an assessment now that we have got more information as a result of the figures that have been given today by the Government on the economy as a whole and not just on the question of the estimates which are the primary thing that we are looking at. When we are looking at the estimates that are before the House, in doing an analysis of that we first need to look at what actually happened in the last 12 months and what was expected to happen at the time and the Chief Minister himself in his contribution has done such an analysis and has given us some explanation and given us some percentage as to what was expected and what has materialised and I am now going to give mine because I do not agree with his.

The estimates book last year showed a forecast revenue of £160.6 million for the year that has just ended then, 2001/2002. We now have for the first time the actual figures in this House because they are the final column. This year's book shows that the actual result on revenue was £1 million less than they had forecast, instead of achieving £160.6 million they achieved £159.5 million, £1 million less than we had been led to believe a year ago. The revenue shortfall was almost entirely due to the fact that although the forecast out-turn presented in last year's budget included a forecast transfer of profit from the Savings Bank of £1 million the final figure is zero. The £1 million is not there and therefore the £1 million less than expected is because they did not pass £1 million of profit because there was not £1 million of profit to pass from the Savings Bank to the Consolidated Fund. This revenue shortfall was entirely due to this explanation the rest is unchanged. Expenditure for 2001/2002 last year had a forecast out-turn of £144.9 million and the new figure before the House today is £144.135 million so it is very close to what was forecast. It is indeed some £700,000 less than expected so the surplus we learn today was smaller than the expected surplus and the opening balance of the Consolidated Fund of April 2002 as a result of these two movements, that is to say, the forecast out-turn on revenue goes down £1 million, the forecast out-turn on expenditure goes down £700,000 but it is still £300,000 less than expected and that

difference we see in that the figure for the balance on the Consolidated Fund which was originally given as £32.8 million is given now as £33.2 million.

Last year's budget showed estimated revenue of £162 million and estimated expenditure of £153.8 million, however in the £153.8 million was included the £5 million in Head 8-A 17(c) - Sundry Grants which had not been there the previous year and therefore if we are looking at the change in Government spending from one year to the other then in my view we need to put on one side the new item of the £5 million grant and see what was happening to the rest which is the thing that was there in both years. That would mean that the recurrent expenditure was expected to be £148.85 million as opposed to £153 million, up £4 million from the forecast out-turn and revenue was up £1.9 million. That left a surplus of £13.8 million. The new £5 million grant which was introduced in that year reduced this figure to £8.8 million which is the figure that was actually shown on page 5 of the estimates but without the £5 million it would have been £13 million. What actually took place in the last financial year? If we based it on the forecast out-turn now before us which is the only thing we have got to base it on, revenue is now forecast to be £163.376 million. That is to say £876,000 above the estimate so the estimate one could say was very close and one of the things that the Chief Minister was doing when he was pointing out out-turn as opposed to estimate was, *"look how close we are to the estimates,"* but by looking at the components we do not get the same pictures if we just look at the bottom line of the estimates because the explanation for the fact that that they came so close to the estimates was that they actually collected nearly £5 million in tax more than they expected so it is not that at the beginning of the year they said, *"we are going to collect just over £163 million."* They actually finished with £800,000 more. If one estimates how much one is going to collect and one finishes getting £800,000 more in £160 million that is very good estimating, but if what happens is that one estimates that one is going to get 'X' number of pounds in tax and one is out by £5 million on the tax and out by £4.5 million on everything else but in the opposite direction, one finishes collecting £5 million more tax than one estimated and

collecting £4.5 million less on everything else and therefore a result which is only £0.5 million out is not evidence of very efficient estimating as the Chief Minister tried to tell us in his opening. That is evidence that there were things that did not materialise, some on the plus side and some on the minus side and they cancelled. I am afraid that is not what estimating is because if what he is saying is *"...if we put in £32 million for import duty this year what we are saying is we estimate that it could be £32 million and £62 million tax or that it could be £60 million tax and £34 million import or that it could..."* When one puts an estimate against a Head of revenue and one asks to look at the forecast we look at the forecast of that Head of revenue and we accept that an estimate can be out but what one cannot argue is that because one has got estimates wrong on the minus side and estimates wrong on the plus side and they more or less cancelled out that shows how good the estimating is. I am afraid that that which was the nature of the argument that was put is not an argument that I have come across before. The explanation was that if we disregard the £4.9 million more that they collected in tax and we look at the other areas there was once again the disappearance of £1 million of profit estimated to be available for transfer to the Consolidated Fund so we have had now for the second year that the Government have been expecting to be able to transfer £1 million surplus from the savings bank into the Consolidated Fund, it was there in the previous year's estimate, it was there in the forecast out-turn, it disappears now in the final figure and we see it disappearing for the forecast out-turn of the last financial year and that is £1 million that would have brought total revenue down but for the fact that income tax was up by £4.9 million. The other thing was that import duty which Government had estimated last year would grow by £1.7 million did not grow so we have these two changes and when we look at this year's figures we will see the relevance of this. What happened to the estimated expenditure? Instead of the £148 million the forecast is now £158 million. When the Chief Minister did his comparisons in his contribution he compared the £153 million with the £158 million and he gave us what that was and how much of a percentage it was. I am afraid that is not right. That is misleading, I do not know whether it is because he wants it to be

misleading or because he does not realise that it is misleading because if one originally has £153 million and that includes a gift that one is going to give somebody of £5 million and the rest is £143 million for running the business, for paying wages, electricity and one finishes spending not £153 million but £158 million then one needs to compare the £158 million with the £148 million that one would have spent excluding the grant because one has not given the grant. It is not the case that the Government said, *"the running of the public services is going to cost us £153 million."* What the Government said in last year's budget was, *"..the running of the public service is going to cost £148 million,"* we voted expenditure of £148 million and we voted a grant which if it had not been made would have produced a surplus of £13 million and it has not been made and the surplus is not £13 million and therefore what we have is that if we count all the Heads of expenditure and we do not net out the grant we just say, *"Well, look, it need not have been there in the first place, let us look at what we spent in the rest,"* but what we spent in the rest is £10 million more than they expected. We are not saying that Government should not have spent it, we voted in favour of the supplementary funding what we cannot do is be told in this House as he has done that the forecast out-turn is only £5 million more than was intended, no. The forecast out-turn is £10 million more than was intended and as a result of the fact that that would have left them with a figure for a surplus this year which would have been a surplus which the Chief Minister would not have wanted to show because it was a surplus of less than £300,000 and he has argued in the past that, and urged us to support him on this that it is not a good idea to use all the annual surplus. We have a situation where the surplus in front of us is £5.297 million and we have £5.297 because the grant that was going to be given of £5 million was not given and why was it not given, because it was not needed? Since when has the Government given money to an institution that does not need it since he has been arguing since 1996 that he did not give them money because they did not need it. If it was needed last year and if it was not given last year why? The only answer is because they spend £10 million more than they expected because that would have left them if they had given the grant with a surplus of £0.297 million and because he did not

want to come here and defend that the result of the year was £300,000 surplus because he has argued in the past that that is not a sound and prudent way to behave and that the policy of the Government are that they will not use all the surplus of income and expenditure to finance health, education and essential services because some of that income is dangerous and might not be 100 per cent reliable. He has told me that and he has asked me to support him on that view or does he not remember that, do I need to get a photocopy of that as well? Indeed, at previous Question Time I said to the Chief Minister that I could only suppose that they had not proceeded with the grant because they had decided that in view of the other expenditure commitments that had come up they did not want to remove that kind of money from this year's balance at that particular stage and that it would be reinserted and that it has been reinserted.

What about the position now? If we look at the figures for this year we are now looking to an expected result of a surplus of £6.744 million and here we again have when we are looking at the figure to do the opposite exercise of the one that I have just done before, in the £165 million is included the £5 million grant, when we are looking at what the Government are providing in the estimates for increased spending we need to put the grant on one side because the grant is not there to be spent by any of the Ministers in any of the departments, the grant is there to be handed over to somebody and it was for that purpose the year before. I imagine that if supplementary expenditure reduces the £6.744 million to below the £5 million the £5 million will not be proceeded with by the logic of last year [*HON CHIEF MINISTER: By your logic, you make the rules....*] No I make the analysis and I draw conclusions [*HON CHIEF MINISTER: You expect an analysis and then you comment on it*] since I assumed that that was the rationale for not paying the £5 million last year because it is the rationale that is consistent with the philosophy that the Chief Minister has preached to me and urged on me then I assume that unless he has done a dramatic change since the end of the financial year he would not want to see this year ending in a deficit or risking a very small surplus. There is a factor and that is that there will be an election before that needs to happen and that

might mean that it does not matter anymore, it might have mattered before the election but it might not matter after the election so perhaps he is right in telling me that I am drawing the wrong conclusion maybe he is right after all. I know, Mr Speaker, it is a waste of time when anybody is talking here because what we all ought to be doing is listening to him talking for three hours and then having the right of reply and if the Chief Minister is in the fortunate position that at the end after everybody has had a go he will be able to have a go at the Opposition. *[HON CHIEF MINISTER: As you used to do when you were in office]* Yes, as I used to do, I accept but in the knowledge that I had the opportunity to do it I did not keep on jumping up and down everytime in-between as well. I contained myself but the Chief Minister cannot. If we smile as he is talking that winds him up for another half an hour and it is almost masochistic to smile in this place because one is in for another half an hour of bashing.

I was coming to the estimates for this year. The figure for this year as I have said shows a surplus of £6.744 million, in looking at the £165 million on the expenditure side given that the grant is not there in the previous year and it is here the balance of the increase, forgetting the £5 million for the moment, is £2.788 million. Is this a sensible or realistic figure that the Government think they can keep to? I doubt it very much. We are talking about a position where the amount in the budget in the previous year is £158 million and it is going up to £160 million because the rest is the £5 million grant, do they really think that they can keep the system going with another £2 million. The Chief Minister gave us some analysis in his contribution but if we look at this as he told us there is an amount to the Health Authority which is an increased provision and that increased provision accounts for virtually the whole of the increase there is nothing left for anybody else because we have in the Health Authority figures this year for the first time the cost of the rent of the building, £3 million and the contribution from the Consolidated Fund to the health service is going up by £2.6 or £2.7 million. If we add the £2.6 million to the £158 million and we add the £5 million grant that is it, that is the whole of the increase so all the other Heads of expenditure, I know that they are not all identical I know that there is in some

cases some people getting more money because in other cases other people are getting less but I do not think that there is the remotest possibility to keeping anywhere near these figures in the current financial year. On the revenue side the Government are expecting £172 million. The increase there is £9.2 million over the forecast out-turn of £163 million and obviously the amount that is being put there is if anything likely to be exceeded given that the amount that is being put in respect of subhead 1 of the revenue the taxes, is £90 million as opposed to £87 million and all we need to do is look back at what happened the preceding year and the preceding year it went up from £79 million to £87 million. I would think that that is likely to be exceeded but the rest we have had no indication why it is that they thought that they could collect £1.7 million more in duties in last year's budget over the preceding year, it did not happen, the fact of £30 million is almost the same as in 2001 and yet they are pencilling in another there have been no change in duties and there is nothing else to account for it so we cannot see where it is going to come from unless there are some changes that we do not know yet about and we are going to find out later on. The position therefore on the amount that is available is in our view one which will lead to supplementary funding during the year and may lead to the non-payment of the grant during the year unless the revenue exceeds much more than we think is likely the amount that is there but that is our evaluation of the probable state of play.

In looking at the Improvement and Development Fund we saw that there was a position regarding the £8 million pound loan and I note that while I am looking at the forecast out-turn, that on page 5 that is shown in the item Improvement and Development Fund Loan (£8 million). If Members look at page 17 they will see that the forecast out-turn column has total Consolidated Fund expenditure of £166 million and that includes the £8 million. I would have thought it would be more accurate that the £8 million should be under subhead 13 on the following line which says – *Consolidated Fund Reserve* – given that that is how they show it on page 5 because on page 5 they are adding the £8 million to the £2.318 million and coming out with a figure of £10 million. I know it does not change anything but I think it is bound to be



more confusing if one looks at this column and sees £166 million and then looks at the other page and sees £158 million so it is a matter of changing the page but if the Government are willing to do it I would recommend it because when one looks at first one needs to work it out and then one needs to see where the £8 million is on the other side.

I have mentioned that the £2.78 million appears to us to be low as a provision, in fact it represents an increase on departmental spending for the whole of the Government of 1.76 per cent and the Health Authority alone takes almost the whole of it. Taking the £2.6 million leaves £188,000 in the balance for the rest. In previous years what we have had is that the revenue has been estimated conservatively and then we see a substantial increase but in this year's out-turn it shows that this has happened again in respect of Head 1 – Tax but that the other Heads fail to meet the original estimate and that is not something that usually happens and therefore I would suggest that in looking at the prospects for there being more money available we need to examine, it might be that the estimates are getting better and that is why they do not need to be upgraded except in tax. In the Health Authority itself we have the £2.6 million but they are having to meet £3.5 million new expenditure this year which is £150,000 for the running costs of the new building, £3 million for the rent and £400,000 for this consultancy so if one takes that £3.5 million which is new then I would have thought the Health Authority budget will not be able to keep these figures it does not leave anything else. We are putting a higher contribution from the Consolidated Fund of £2.6 million, the Authority is going to be paying out to other people £3.5 million that is really just the money coming in one hand and going out the other and therefore what it retains for its use does not seem to us particularly if there are *[INTERRUPTION]* I am aware of that but I would have thought that this year there would be in any case more cost involved I do not know whether in fact the position is that the new building, I think that the Chief Minister told us that they would need to engage people who specialised in moving one hospital out of one building and putting it into another, is that something that is due to happen this year or not?

**MR SPEAKER:**

This is not Question Time.

**HON J J BOSSANO:**

He can answer it when he replies at the end, because if that were something to be predicated to take place in the current financial year then I cannot see that there is any provision for it there.

The trends that I have outlined show that the position is that here we are in a situation where their Government expenditure has grown faster than its revenue, where it is revenue is growing in line with the economy and where we see on the figures that we have got before us little leeway for them to be able to meet expenditure commitments which I would have thought are inherent in the policies that they have introduced. If Government keep on creating these agencies and doing these things then if without these, expenditure has grown by £55 million, then with these things that are in the future we are going to have a faster rate of growth in spending and therefore what we are going to see this year is a situation where on the basis of the £172 million here they need the £6.7 million to supplement the amount that they are putting in. I do not think that it is conceivable that they can manage on this amount of money given all the other things that he says that they want to do. Therefore, I return to the position that I have been recommending the Government that they really need to aim for a faster rate of growth that it is possible to attain a faster rate of growth and that they should set out to achieve it. In the information that we have been provided today that we did not have before I regret to say, otherwise I would have included it in the original calculations that I had made, we have had the Air Traffic Survey, the Tourist Expenditure Survey and the Hotel Occupancy Survey, the 2002 Tourist Expenditure Survey that has just been Tabled and we have just read it for the first time shows that the figures of tourist expenditure in 2002 compared to 2001 went up by a certain amount. The importance of this is that as compared to the analysis that I was making before, where I was

making an analysis based on taking three dates, the date in the Input/Output Study Report, the figures given by the Chief Minister last year when he said they were for 2000 and the position in 1999. On this occasion we have got something where we can do a check on the predictive value of the model on the basis that the model does a breakdown of 2001 and today we have 2002 and what the model is supposed to tell you is what is going to happen in the future and what Professor Fletcher has told me is that the coefficients and the multipliers hold good for five years. Therefore, what happens if we run the model which was produced with this report, Tourism Expenditure 2001, and we say, *"let us put this report in the place of this one, 2002,"* and do what was done in the Input/Output Study Report made public which the Government says how well tourism is doing, what was done with that one let us do with this one? One thing we could not do in the time we had because we have only had this when we arrived here this morning and that is to apply this to the detailed breakdown by mode of arrival or by staying in hotels or elsewhere but what we can do is take the global figure of £145 million and the global figure in this report. With more time it will be possible to do the other exercise but taking the global figure what we have is that we start with £145 million in the study detailed in the Report and £177 million here and that means that £32 million came in the year 2000 into the economy which was not there in the year 2001. We know that the direct jobs in the 2001 study is 1,853 and therefore for another £32 million we ought to get 2,262 jobs, yes, I am afraid that this is how it works. It does work like that, the report says that the multipliers show for each £1 million of growth how many jobs will be created and if the Chief Minister says that it does not work like that then it goes back to the author of the report and says to the author of the report, *"take out the £145 million that you have put in the computer model last year, put in £177 million of this year's result and tell me what that produces,"* and when he has got that done for him then he can come back to me and say, *"It does not work like that,"* because this is how it works but at the moment when all that he has done is read the report out and not attempted to do any calculations with it I do not think that he is in a position to tell me that he does not do it. All I can tell him is that on the basis of the answers that I receive to my

Questions, on the basis of having asked what the multiplier was, on the basis of what multipliers were used in 1987/1988 when I met Professor Fletcher although he was not a Professor then, I can tell the House that the effect of it is that it has got something that says, *"We predict that if spending by tourists goes up by £1 million from £145 million to £146 million the £1 million will enter the economy and they will enter through Main Street, Casemates or through the Rock Hotel and when they enter the economy the demand will increase the output and the output will increase the employment."* So I am saying, *"fine there is now £32 million weaving its way down Main Street into Casemates, it must be creating extra employment."* How do I know how much extra employment? The way that I know is because the report says, *"In the multiplier tables (a), (b) and (c) it says that if one starts off with unit 1, one multiplies by a factor and that factor tells one what Government revenue will be, what income will be, what imports will be and what employment will be,"* and if he does not believe me he goes back and he asks the people who wrote the report whether that is what it says because that is what it says believe me and therefore on the basis the predictive value of this we can now test. We have got an opportunity now to say to ourselves, *"Okay, let us see how accurate is this. Does the £32 million which we are told has come into the economy last year had the effect last year that the report will have predicted,"* and the answer is no. the predictions in the report based on the multipliers that have been given would have been that there would have been 409 extra direct jobs; 609 taking into account indirect employment and 771 taking into account induced employment but there has not been 771; there has been 268 and the 268 when one looks at the breakdown in the Employment Survey are Finance Centre and not retail trade. Retail trade which takes 58 per cent of tourism expenditure and if it takes 58 per cent of the 145 unless one does a survey to see if there has been any change, if one is applying the coefficient that one used for the 145 then what happens is that one applies the same coefficient to the 177. So, one says, *"We work on the basis that of the £32 million that came in was spent in the pattern that the 145 was and that 58 per cent went into retail shops."* Well, if it did it did not require any extra manpower as the report predicts.

Income should have gone up by £41.6 million directly, £68.5 indirect and £91.5 induced. In expenditure on shopping on that basis that it is 58 per cent, would have created 240 jobs in the retail trade and there are none. The retail trade is static according to the Employment Surveys also tabled today. So, since we have this tool we should be saying to ourselves, *“Great what a wonderful opportunity the House has today we are going to be the first ones to test the mechanism.”* I am afraid that the test fails that it does not produce the results that one would have expected it to produce and in doing the calculation, in comparing the supposed generation of jobs what I have not done is I have not converted the figures in the Employment Survey into full-time equivalents because I have been doing this today while I am here. It will not make a big difference but the figures for the retail trade will not change if instead of having full-time and part-timers and adding them up we actually converted them into full-time equivalents by putting only half of the part-timers in the equation. Apart from that minor difference which I want to put on the record I have not built-in, the rest of it does not show what one would expect it to show and certainly as I have said the difference in the expectation of 771 jobs from increased £32 million by visitors not only does it not fit with the 268 that are recorded as additional workers but that in fact it would mean that if tourism spending alone had generated 771 jobs then the other activities, forget the indirect and induced effect of the other activities, that the Finance Centre has not sold one penny more in the year 2002 than in the year 2001 in spite of new insurance companies coming in? Is it that the gaming in spite of the information that we have been given during the House did not employ one single person? We have been told otherwise. It indicates one of two possible things because really what we are looking at again is the three elements. We have got the figures that are not the responsibility of the Input/Output team which is the figures calculated by the Statistics Office of what visitors to Gibraltar spend in 2002 and we have the figures calculated by the Statistics Office of the people working in Gibraltar in 2002 and we have got a model that says one can predict what there will be in the second if one knows what is happening to the first and we apply the first to the model and we get the prediction and we compare it with the result

produced by the Statistics Office and they do not match. So either the tourist industry did not grow to produce £32 million more in which case one cannot blame the model or the Employment Survey understates the numbers of people that are working or the multipliers in the model do not hold good and it is not a marginal difference and I think it is important for the House to know which it is because after all this is something that has been carried out by the Government with a lot of expectations of what a useful tool it would be, yes if it is not going to be used for this I would like to know what it is going to be used for? If all that we are using the Input/Output model was to validate the GDP figures then let us be told that that is what it is because certainly we do not need to be sending people to UK to train to run the computer model just to validate the figures. If we are going to be doing something more sophisticated, if we are going to be having a Government that will come to this House and say, *“Well look on the basis that we run a number of possible different policies through the model we have now selected the policy that will maximise employment or the policy that will maximise Government revenue,”* because that is what the model is supposed to give. It is supposed to give a system that lets one sit down before one does something and say, for example in tourism, I would have thought one of the effects on tourism policy, otherwise the whole thing is a waste of time. On tourism policy one says to oneself, *“which segment of the market generates most benefits,”* If one believes this is accurate and if one believes it is accurate and it tells what produces most money for Gibraltar and what produces most jobs in Gibraltar is people coming in coaches, then one says, *“right our priority must be coaches,”* and if it says, no it is people coming in aeroplanes, *“then our priority is people coming in aeroplanes.”* Before it was simply intuitive one could feel that because people stayed in hotels there is money left behind but this report is supposed to be a scientific exercise that does not require one to speculate about which bit and which segment is better. It puts numbers next to it. If the Chief Minister is telling me that the model does something different from what the report says the model does then I do not know what we have published the report for. I understood that the report that has been made public and about which I am asking questions because it is a thing that I

have got, plus the transactions table which the Chief Minister supplied to me on a confidential basis and therefore from which I do not quote are the basis, the engine that makes the model work and that if the report has got at the back a list of multipliers which are public knowledge and if it says what the multiplier does it enables anybody to get that report and do the exercise using the data in the report as to what the multiplier is. So if it is showing an extra £1 of construction output, that will produce by applying a multiplier so much income and so much Government revenue and so much imports but if that £1 instead of being the output of the construction is the output of the Financial Services then there are different multipliers and the results are not the same. If that is not what the model is doing which is what the report says the model is doing then I have been doing a lot of work for nothing because I have been working on the basis of having read the report very thoroughly, having looked at the figures very critically and done a lot of work on testing them and I have done it for the purpose of bringing it to the House and putting it on the record in the House and making sure that those that are in a position to do something about it do something about it because at the end of the day if we spend a lot of public money and waited a long time and the Chief Minister has often said that we have both waited a long time, the Government and the Opposition, well if we have waited a long time then frankly let us make sure that what we have waited such a long time for is worth having waited. That it has the predictive value that it is expected to have, that it does not appear to fail the first time it is tested otherwise I would have to ask whether it could be that we have got rid of Mickey Mouse only to bring in Donald Duck and I only pose the question I am not saying that it is the case and that concludes my contribution to today's estimates.

## **ADJOURNMENT**

The Hon the Chief Minister moved the adjournment of the House to Wednesday 25<sup>th</sup> June 2003 at 10.00 am.

Question put.                      Agreed to.

The adjournment of the House was taken at 9.35 pm on Tuesday 24<sup>th</sup> June.

## **WEDNESDAY 25<sup>TH</sup> JUNE 2003**

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 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

### **ABSENT:**

The Hon Lt-Col E M Britto OBE, ED - Minister for Public Services,  
the Environment, Sport and Youth  
The Hon R Rhoda QC - Attorney General

### **IN ATTENDANCE:**

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

Debate continued on the Appropriation (2003-2004) Ordinance,  
2003.

### **HON MRS Y DEL AGUA:**

Mr Speaker, seeing that this is the last budget speech that I will be delivering during this term of office, and it depends on the electorate whether I will deliver one again, I will proceed to give an overview of what I believe are the objectives achieved in the areas over which I hold ministerial responsibility, together with the projects which are in the pipeline. I believe it is the collective

responsibility of government ministers to ensure that the accusation levelled by the Opposition at every available opportunity, that all this Government have done is plant a few trees, is challenged. My contribution today, I am sure will go some way towards achieving this.

I always like to start off by mentioning our elderly citizens, because I believe that this sector of our community deserves to be given the highest priority and attention, and also because I am quite proud of what my Government have achieved for them. The measures which have been adopted to improve the quality of life of our senior citizens, both in general terms and financially, are numerous. The establishment of a dedicated Elderly Care Agency was the first important step in the right direction. Since the establishment of this agency, Mount Alvernia, which for many of our elderly citizens is the last home they will ever have, has undergone dramatic changes. Although the vast improvements to the physical infrastructure will not be noticeable until the major refurbishment works are finalised, the change that has been wrought as a result of a more dynamic management, different working practices and much needed funding in both human and financial resources, is clearly palpable, and the benefits of this change are reflected in the residents themselves. Whereas before, the mere mention of residing in Mount Alvernia was anathema to many elderly people, nowadays we have people literally queuing up for admission. Thankfully, the waiting time will be very substantially reduced once the refurbishment works are finalised and bed capacity is increased to 140.

A domiciliary care pilot scheme, at an initial cost of approximately £160,000, was commenced at the beginning of January. The service which is currently being extended to 30 users, has been warmly welcomed by both the beneficiaries themselves and by health and care professionals. The objective of this service is to provide support to elderly people in their own homes to a degree that enables them to continue living in their own environment. This service is viewed as part of an overall home care plan and is complemented by other available services such as district nursing and visits by social workers. The progress and demand in this

area will be carefully monitored for the first year and reviewed thereafter.

The 4 day-centres for elderly people which currently exist are now being fully funded by Government, whereas before they had to depend on charity and volunteers digging into their own pockets for the provision of meals and outings. In addition, the day centre which has been historically located at Bayview House, has now been moved to new and much improved facilities at the basement of the Social Services Agency. I have also received representations from the users of the Glacis Area Day Centre that the hall they use is inadequate. We are now in the process of refurbishing a flat within the area for their exclusive use. As part of the Social Service's Agency commitment to the effective development and improvement of care and support services to elderly people, several training opportunities have been delivered to the volunteers who work at the day centres. These include a certificated course in food hygiene, a basic first aid course and a series of 6 weekly workshops on the subject of bereavement provided by the newly appointed Counselling Psychologist and the social workers of the adult services. The Agency is also planning a public awareness day in September with a view of attracting more elderly people to the new and improved services now being provided at the day centres.

A rolling programme of lift installations in estates is also a welcome relief for those elderly people who live in upper floors, some of whom have been literally housebound for many years due to their inability to climb stairs.

Specifically designed accommodation for the elderly in the form of Bishop Canilla House has been another very welcome innovation introduced by my Government. Residents of Bishop Canilla, and I get this information firsthand because I have cause to visit the block on a regular basis, are delighted with the transformation that the move to this purpose built facility has brought about to their quality of life. As announced recently by my colleague, the Hon Mr Netto, more of these facilities will be built in the near future to cater for the exclusive demands and needs of elderly citizens.

An Honoured Elder Award has been introduced which revolves around the concept of providing elderly people with motivation to remain physically and mentally active. As to the provision of financial benefits for our elderly, Mr Speaker, until we came into office, those senior citizens who were unfortunate enough not to be entitled to any form of pension, had to survive on a weekly allowance of £20.40 per week or social assistance payments of £38.30. As from the 1 July this year, every person over 60 who lives alone, with their spouse, another elderly person, or another person on social assistance, is guaranteed a weekly income of £90 for a single person or £120 for a married couple. Furthermore, all pensioners with an annual income inferior to £7,915 are now exempt from tax. On three occasions we have given pensioners an opportunity to complete their social insurance contribution records to enable them to receive a full pension. Death duty, which was particularly financially burdensome on our elderly, has also been abolished.

And turning to Social Services in general, Mr Speaker. The statutory Social Services Agency became operational on the 10 November 2002. Subsequent to Government taking over the administration from Milbury Care Services, various changes have been implemented which have further improved conditions for all employees. Whilst Government employees continue to enjoy the status that they have always had within the Civil Service, Agency employees, have been offered, and have gladly accepted, a package of measures which include the opportunity to join the No 2 Pension Scheme, a pay increase of 3.5%, and new conditions of employment which incorporate, among other things, new allowances and rates. The staff establishment of the Agency has also been increased by one Chief Executive Officer, one Team Leader, one Social Worker, one Counselling Psychologist, two trainee Social Workers, one Finance Officer and one Receptionist/Typist.

Prior to the establishment of the Agency, many important and innovative measures had already been implemented. These include the conversion of Dr Giraldi into three self-contained

apartments and a considerable increase in the provision of respite care.

Community Service Orders have been made available to the courts. The implementation of this scheme has been highly successful and has been welcomed by many sectors of the community.

A family centre has been established. The centre works with vulnerable families, both as an education experience in child care, parenting, budgeting etc, as well as a monitoring tool for children at risk.

A benchmark in the provision of social services, and an achievement which gives me great satisfaction, is the move of children in care from the institution which was Bishop Healy Home to small flats in the community. Hand in hand with the fostering scheme, those children who through unfortunate circumstances of life need to be removed from their family home, will be much better off than they have been in the past, and Government would spare no effort in ensuring that their future is as bright and full of potential as for every other child in Gibraltar.

A fund to provide wheelchairs and mobility aids to disabled people was introduced by this Government when we came into office. The opening of the first ever shopmobility centre, the brainchild of the Disability Awareness Group is also now a reality and has allowed many people who have been hitherto housebound to enjoy leisure activities, like a shopping trip down Main Street, for example, which we all take for granted. In short, Mr Speaker, I believe that the delivery of social care in Gibraltar has now been brought up to the highest of European standards.

In the area of social security, this Government have also taken a pro-active stance. Examples of financial measures adopted to assist working families include the following: Maternity Grants and Death Grants have been increased from £36 and £72 respectively to £350. The Family Support Benefit has been replaced by a new benefit named Child Welfare Grant. By taking

into account the combined parental income with an increase in the income limit to £30,000, a fairer system of means testing has been introduced which entitles more families to the grant. It has also become available to any person who satisfies a residence condition, regardless of nationality. A new maternity allowance has replaced the statutory maternity pay payable under the Employment Ordinance by employers. In addition, no social insurance contributions are payable by either the employer or the employee during the 14 weeks of maternity leave. Industrial Injuries Benefits and Industrial Death Benefits have also been increased by 33 per cent, leading to yet another increase in the maternity allowance. In order to enable contributors to understand and establish their entitlement to the different benefits, a comprehensive and user-friendly Social Insurance Guide has been published by my department.

And turning now to an issue which I know concerns the community as a whole, Mr Speaker. The abuse of drugs in our society, especially amongst our youth, is a topic which has never before been given the priority that it deserves. It gives me great satisfaction to be able to say, that the establishment of a co-ordinated drugs strategy, which was recently launched by Government, is a very important step towards ensuring that drug abuse and the availability of drugs is substantially diminished. This Government are totally committed to tackling a problem which has existed in Gibraltar for many years, although in my view, it has been totally ignored by previous administrations. There is no point in hiding our heads under the sand and pretending that the problem does not exist. Drug abuse is a threat posed to all communities all over the world, some to a greater extent than others, and Gibraltar, unfortunately is no exception. During our first term of office, Government recognised the desperate need that existed for a rehabilitation centre in Gibraltar, and one of its main commitments then was to set up such a service. It should be recalled that no such service existed in Gibraltar and persons who were unfortunate enough to fall into the clutches of drug abuse, had no other option but to undertake rehabilitation in Spain. With Bruce's Farm now up and running very successfully for a number of years, and with the

establishment of a new centre providing after care facilities, the introduction of a coherent co-ordinated drug strategy was the only missing piece in the jigsaw. It will be the role of the newly appointed Co-ordinator, to promote, co-ordinate and develop this strategy in conjunction with the key public sector bodies represented in the Drugs Taskforce. The document which details the strategy, entitled "A Brighter Future", is the fruit of many hours of work, consultation and brainstorming by all the members of the Drugs Advisory Council in conjunction with Government. Let us hope, Mr Speaker, that the youth of today and future generations will be able to reap the benefits of the collective efforts of the many people involved in the implementation of this ambitious programme, and that the attempts by certain quarters to belittle and doom it to failure, even before it had began, will fall like seeds on the wayside.

And moving on to new projects and measures for 2003/2004, Mr Speaker. As already announced by the Hon the Chief Minister, a general and comprehensive review of our social assistance arrangements will lead to an increase in benefits, especially targeting those in genuine need as set out in our manifesto. In addition to the increases there will be changes to the eligibility criteria to certain benefits. For social assistance purposes, "pensionable age" will be the same as for the Minimum Income Guarantee Scheme, that is age 60 for both male and female. As a consequence, persons over 60 but under 65 on social assistance, who do not qualify for Minimum Income because they do not meet the criteria of living alone, will be eligible to a the new rate of social assistance payable to those aged 65 and over. For example, a 60 year old person on the current social assistance payment of £14.70 per week will now be eligible to £31.11. Similarly, a married couple on £29.40 will be eligible to £62.23.

With regard to the single parent allowance, at present all maintenance payments for children are regarded in full when assessing entitlement to benefit of the parent. For example, if maintenance payment for a child exceeds the allowance payable for the child, the excess is deducted from the parent's allowance. In future, any maintenance payment for the children which

exceeds any child allowance payable, will be disregarded when assessing entitlement for the parent.

The two weeks waiting time before payments are made to abandoned wives will be removed from the existing arrangements, allowing the Director discretion to effect payments immediately whilst a case is being investigated.

Under the current rules for receipt of invalidity allowance, which is paid to persons eligible for social assistance who are severely ill or permanently incapacitated, a person is disallowed if he/she is in receipt of any personal income. An applicant with some personal income may now be eligible if the income does not exceed the weekly rate payable. The first £10 of personal income will be disregarded when making the assessment. In addition, it will no longer be a requirement that the applicant has been in receipt of social assistance for one year immediately preceding the date of application.

The pocket money allowance payable to people with no income confined to a long term stay in hospital or living in a residential home has also recently been increased from £9 to £15.

Other discretionary allowances, for example, the long-term allowance payable to persons who have been in receipt of social assistance continuously for one year, the allowance for blind or partially sighted persons, and the old fostering allowance for persons who do not qualify for the new fostering scheme, have all been increased by 35 per cent.

Mr Speaker, during the last budget session, I announced that Government were committed to providing a purpose built swimming pool for the elderly and disabled, somewhere within the reclamation area. I am pleased to say that after lengthy consultation with representative bodies of both senior citizens and disabled people, Government are now in a position to give details of this facility. The new swimming complex will be located within the existing GASA complex, although it will be completely



separated from the latter. A concept design document has already been prepared and provides for the following:

- ◆ A 13m X 13m pool with a maximum depth of 1 metre.
- ◆ Pool access available by wheelchair, ramps, stairs and/or hoist.
- ◆ Male and female toilets, showers and changing rooms for 100 persons.
- ◆ Separate toilets, showers and changing rooms for the disabled.
- ◆ Ample pool surround area for carers, safety staff et cetera.
- ◆ Retractable pool roof and opening side panels for open air summer use.
- ◆ Terrace areas for approximately 100 persons.
- ◆ Direct access to the sea by means of ramps and stairs.

This project will provide a state of the art swimming facility for the elderly and disabled and I am told by the representative bodies with whom I have met that it exceeds their expectations by a very long stretch. The complex will be for the exclusive use of the elderly/disabled during the summer season. During the winter, the use of the pool only, will be shared with members of GASA who will utilise it on a sessional basis for teaching purposes. The cost of this project is estimated to be in the region of £650,000.

Mr Speaker, another major social project is the relocation of the Prison to a purpose built facility at Lathbury Barracks. The existing prison is now almost three hundred years old and must be one of the oldest, if not the oldest in the Commonwealth. It is obvious that in the 21<sup>st</sup> century this penal establishment has more than outlived the purpose of its original construction and the need for re-siting it from its present location is well overdue. Since coming into office, this Government have provided funds on a yearly basis to enable the Prison Authorities to improve conditions in general at the prison for both staff and inmates alike. Despite all this, the prison is still visibly outdated and cannot serve the functions of a modern prison due to the existing structure and

location. The move, therefore, will bring important social benefits to the inmates, the staff and to the immediate vicinity.

Mr Speaker, 2003 is Disability Awareness Year throughout Europe. Social integration for disabled people is the aim of this Government. There are currently two projects that Government are looking to implement in this regard. The first of these is a scheme which is being developed to assist disabled people into employment. Social Services, the Employment Service and the Education Department are working closely to deliver a scheme which ensures that disabled people are given opportunities for employment, including adequate preparation via a workshop training scheme.

The second scheme which is geared towards the concept of social inclusion is the provision of what is termed "community living". After consultation with six individuals who are currently living at Dr Giraldi, it is envisaged that they will be moving into two flats within the community in the near future. This move will provide these individuals with a more independent form of living.

Mr Speaker, I have never been one to blow my own trumpet, but I have learned in over nearly four years in this House, that not only will nobody else blow it for you, but that every attempt will be made to stifle it. I believe that this Government's track record on the delivery of social care and related measures for all sectors of our community, will not be snubbed at by anyone who is not politically motivated against Government, and that the people of Gibraltar, who do not have as short a memory as some would wish, know how to differentiate between political spin and real tangible achievements.

And finally, Mr Speaker, I cannot but show my appreciation publicly, not only to the numerous support staff of the different departments over which I hold ministerial responsibility, but also to the many Board Members of the three Agencies which I chair, namely the Elderly Care Agency, the Advisory Council on Misuse of Drugs, and the Social Services Agency.

I thank you, Mr Speaker, and the hon Members of the Opposition, for your attention.

**HON H A CORBY:**

Mr Speaker, I should like to start by firstly addressing the principal area of responsibility within my Ministry, that being employment, and straight away it must be emphasised that irrespective of any possible fluctuations in the local economy, the number of persons on the unemployment register remains contained, with figures for this past year averaging under the 350 mark.

It must be considered that on the whole we as Gibraltarians generally seek employment in our homeland and rightly so. We are not known to be a workforce where mobility is an issue, and it has to be said that we are most fortunate in this respect and forever may we continue to enjoy continued employment opportunities in our homeland.

Still do we ever pause to consider the number of school leavers and young graduates, for example, that our labour market absorbs every single year? Do we ever pause to consider how those unfortunate enough to have been made redundant, for example, are absorbed back again into the labour market? Do we ever pause to consider how we are still able to provide jobs, for example, for a non-resident contingent work force? No matter from what perspective it is considered, the reality is that a contained unemployment register is only possible because opportunities for the generation of wealth are being created and jobs continue to be likewise generated.

That there should be fluctuations in the number of registered unemployed from one quarter to another should not be of great surprise, more so when the figures oscillate around the current mean average. Gibraltar's economy continues to be in a state of adaptation consolidating its new found base and private sector dominance. The challenges and opportunities affect both

employers and employees. Diversification of the economy has meant the creation of new employment opportunities; employment opportunities which have likewise required a new approach and mentality, all round.

Flexible as any workforce may be, there will invariably be instances of 'mismatch' at the best of times. This may in turn help explain, to some extent at least, the turnover of staff as an indication in the number of notified terminations for any month, alongside of course the numbers of vacancies opened in any month.

As I am sure it will be recalled, in previous addresses of this sort I have always spared no effort in spelling out the need, the vital need, for across the board adaptability and flexibility. I am as convinced now as I was when I took over the Ministry of Employment, that this is the key to employment in today's labour market as well as the sure road to reduce unemployment.

This concept of flexibility and adaptability is one which necessarily requires the commitment of all interested parties alike, employers, employees, Government and unions. Again, mismatch or imbalance in the approach will impact negatively – it has to be, per se, a collective effort.

I have in the past also highlighted the imperative need to make maximum use of locally available human resources, as opposed to readily available human resources which is non-resident. I cannot but strongly urge the social partners to consider in the best interest of Gibraltar's economy the resident available human resource, the local labour market.

To this end it has to be stressed, once again, that if our legislation requires that all vacancies be notified by employers to the Employment Service, it is for the purpose of making absolutely sure that we do make maximum and best use of our resident human resources. That is by affording the opportunity of a job interview, at the very least, for suitable applicants from the

unemployment register; a job interview which may convince the employer about their suitability for that position.

Unfortunately, many vacancies continue to be notified, as required by law, but with a person already signalled as the job taker. If use has been made of the resident human resource element then that is fine, but all too often that is not the case. The notified vacancy is too readily filled from the non-resident labour force, and whilst such an action by an employer is to be accepted, the opportunity of just considering in the first instance, the resident human resource availability, goes amiss. It is acknowledged that within the number of unemployed persons that make up the unemployment register it will be impossible to match one against every notified vacancy. This in itself can be a positive sign in the sense that it is evidence that all the resident human resource in a given business or industry group is in effect in employment. And this is precisely the reason behind compulsory notification of vacancies – to maximise the use of the resident human resource.

As for the non resident human resource element in Gibraltar's labour market, it is more than evident that, as it has been and will in all certainty continue to be, it remains an integral and necessary important ingredient for the local economy. The reasons are as obvious and traditional and Gibraltar will continue to maintain, and value, such a human resource. This, however, will not detract one bit Government's efforts to ensure that it maximises the employment potential of every individual that makes up the locally available resident human resource.

In particular, Government's efforts will continue particularly focused on trying to break down the barriers that constitute long term unemployment. To this effect, the various wage subsidy measures are specifically geared towards direct assistance to the re-integration of the long term unemployed into the labour market. This happens by way of a direct financial assistance package for the potential employer, whilst importantly ensuring the creation of sustainable jobs, and not jobs that only last the duration of the wage subsidy period.

Wage subsidy schemes are now available not only for the longer term unemployed, but also for other disadvantaged groups like, for example, ex-offenders and those "returners" wishing to take up employment after having been out of the active labour market for personal and family reasons. These schemes were announced last year and I am happy to report that they are now fully operational and assisting as intended.

Also, much effort is dedicated on the training front to equipping the available resident human resource with the appropriate level of skills relating to the different business and industry groups – but I will leave the Minister for Education & Training to expand on this. Further, the services of the Job Club continue to prove themselves instrumental in, for example, making it possible to ensure that a job applicant, through appropriate coaching, will make the most of himself/herself when granted the opportunity of a job interview. Basic as this may seem, it remains undoubtedly a key factor between landing a job or continuing jobless. Together with other services offered through the Job Club, unemployed persons are able to improve their employability in the most practical of ways.

For its part the Job Centre, which is so to speak the face of the Ministry of Employment, continues in its permanent and consistent endeavour to seek out and offer the registered unemployed the possibility of gaining employment. The employment officers are forever engaged in checking vacancies against potential candidates, liaising with employers, arranging job interviews and in effect doing anything and everything that needs to be done in order to give practical meaning to what hopefully will translate into the opportunity of a job. The work of the team of employment officers all too often remains unrecognised. I should once again and here pay particular tribute to the efforts of this dedicated team.

For its part, it will remain the top priority of this Ministry to ensure that every possible effort is made towards assisting the registered unemployed back into the labour market, thereby maximising

employment opportunities for the resident human resources capability.

Turning to the employment legislation scenario, the most significant development relates to the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations, which came into operation on 1<sup>st</sup> April this year, as a result of the transposition of Council Directive 99/70/EC – the Fixed Term Work Directive. Given the very recent introduction of these new and important regulations I would like to take this early opportunity to expand on the effects of such regulations. In essence these regulations provide fixed-term workers with the right not to be treated any less favourably than permanent employees performing similar work for the same employer.

The regulations also put an end to the systematic and often abusive never ending renewals of fixed-term contracts. Employers are now limited to a statutory minimum period of four years for the use of successive fixed-term contracts and employees have the right to receive from their employers (within 20 days of request) a written statement either confirming that their contracts will be regarded as permanent, or give reasons why such a contract continues to have effect as a fixed term contract.

This four year period may well be revised by Government at some future date. Fixed term employees now can complain to the Industrial Tribunal if they have been treated less favourably than a comparable permanent employee; or if they have been subjected to detriment for asserting their rights not to be treated less favourably than a comparable permanent employee.

These new regulations are set to change dramatically the way in which fixed-term contracts are used by employers as well as the rights that they afford to workers employed on this basis.

The message to employers must then be clear – they must review their thinking and procedures in this area. Employers need to ensure that the terms and conditions that they offer to a fixed-term

worker are (taken as a whole) not less favourable than those offered to a comparable permanent employee. Fixed-term working is no longer the poor relative of permanent or indefinite employment and due note is warranted. Two other pieces of intended legislation need to be highlighted.

The first relates to the protection of young people at work as per Council Directive 94/33/EC and further to the Working Time Directive already transposed under The Working Time Ordinance. Much as the latter reflects provision in relation to the protection of young people at work, and in order to give whole effect to the relevant Council Directive, a new ordinance has been drafted – the Protection of Young Workers (Employment) Ordinance – which will be brought to this House in the immediate future.

The other piece of legislation refers to a review of work permits in relation to non-entitled (basically non-EU nationals) self employed persons, which also is intended to be brought into effect soonest.

Having said as much on the employment front it only remains for me to express my gratitude to all the staff of the Ministry of Employment for their efforts and sense of dedication to their work. Employment work is dominated by personal relationships which in turn require a particular sense of dedication and it pleases me greatly to be able to confirm that the staff of this Ministry certainly manifest such dedication.

Of course, before turning to other areas of responsibility within my Ministry, I must also commend the valuable contribution of the social partners as expressed in their representation on the Labour Advisory Board. Their views and contribution towards matters affecting the general employment scenario are most appreciated. Their valued contribution and spirit of co-operation always affords Government much assistance in its deliberations.

And now Mr Speaker, I should like to turn to those other areas of responsibility under my Ministry, directing myself firstly to Consumer Affairs. The Department of Consumer Affairs continues to steadfastly gain its rightful place as a fundamental

and necessary service for the community at large. Despite the need to still incorporate further appropriate legislation in this area, the Department of Consumer Affairs has undoubtedly managed to offer citizens a credible and respected complaints service through which to claim and exercise their consumer rights.

Trading standards are likewise being addressed, initially through relevant training in the UK which commenced last year. This has been followed up this year with further training and attendance at the Trading Standards Institute in the UK which has allowed further development of useful contacts and much assistance in the development of our own Consumer Protection and Trading Standards.

To this, of course, needs to be added the recent opening of the Citizens Advice Bureau, as announced by Government. The CAB is now fully operational and already delivering the anticipated advisory service to the public on their rights in general, of course, of their rights to Government Services and benefits.

Thus, the Department of Consumer Affairs together with the CAB and not least the Office of the Ombudsman now offer unprecedented and independent access to all citizens in Gibraltar for them to be better informed and better advised to exercise their legitimate rights as consumers and citizens.

Whilst now established and operational, under the Civic Rights umbrella, the Government would endeavour to continue to develop such services in a way that will aspire to guarantee that our citizens have every access possible to the right kind of information and advice that will allow them to best exercise their rights.

And now, Mr Speaker, I would like to turn to my remaining ministerial area of responsibility. I will briefly report on the work of Bruce's Farm Rehabilitation Centre and the Gladys Perez After Care Centre.

It might not seem so but it is now almost four years since Bruce's Farm Rehabilitation Centre opened its doors to its first patients, and since then it has been expanding its service and going from strength to strength. As an example, just the last six months has seen 25 assessments, 15 admissions, 30 out patients monitored, 13 family conferences and 5 school presentations as part of the Centre's Drug Awareness Campaign. To this, of course, needs to be added the number of patients in treatment at any time, considering that the programme ranges between 12 and 20 weeks. There is then the After Care Centre, as announced by Government round about this time last year and officially opened last September. This has proved a great enhancement to the services and facilities already offered, whilst plans are well in hand for extending the After Care facilities even further.

These plans include providing workshops for many different groups in the community such as nursing staff, doctors, social services, families, school teachers, school children, employers, et cetera. This will form part of the Rehabilitation Centre's very own drug awareness campaign where issues relating to drug addiction will be presented from a professional perspective.

The Aftercare Centre will still preserve its key function in providing a dry place for those patients in recovery who have completed, and I stress, a full treatment programme in Bruce's Farm. This service provides facilities to enjoy social evenings at weekends which are the most difficult and crucial days of the week for those in recovery. Extra staff by way of counsellors as well as support staff is to be recruited in order to maximise the true potential use of the Aftercare Centre, which has already proven to be the ideal compliment to the recognised and valuable work undertaken at Bruce's Farm Rehabilitation Centre.

Finally Mr Speaker, as in the past I am compelled to place on record my most sincere gratitude for all the dedication and generous assistance that has been afforded to me, throughout the year, by the management and staff of the various sections within my Ministry. This work is both valued and recognised, having always contributed in no small measure to my better

discharge of responsibilities as Minister for Employment and Consumer Affairs.

**HON J L BALDACHINO:**

Mr Speaker before I start my contribution I would like to extend our deepest sympathy to the family of Mr Douglas Henrich. I think he carried out a very valuable social commitment especially in the Special Olympics and I think that that association will miss him tremendously.

**MR SPEAKER:**

The whole of the House including the Speaker will join you there.

**HON J L BALDACHINO:**

Mr Speaker, I will be dealing with my contribution on the two departments I am the Opposition spokesman for Social Services and Employment and Unemployment as well but before I do that I will be answering the Hon Mr Netto on the comments he made in his last year's budget speech in response to mine when I attributed to him having said that women looking for part-time work were not genuine job seekers when he was Minister for Employment back in 1997. Let me say that his response had nothing to do with my comments because he should have read the whole of the answer he gave to the supplementaries in question and not just the ones that suited him. He also stated that he had been taken aback by the manner in which I had tried to score cheap political points, he even questioned if this was my style and that I had been very unparliamentary to try and tarnish his reputation by using such baseless and personal arguments. I am convinced that if any of my comments had been unparliamentary, Mr Speaker would have called me to order. As for my comments having been baseless and personal well the comments were made by him and they are in Hansard. I can tell

the Minister that if we put all the comments I have made in this House in almost 20 years I have been here against the ones he has made in his seven he would beat me on that score by much, much more than a long shot. Having said that let me assure the Minister that my comments were not designed to achieve any of the accusation that he levied at me and I say it because it was remiss to the facts.

My position on this issue is exactly the same as the one I held last year. I still believe that women play a vital role in our society and economy and if they go down to the Employment Agency to put their names in the Unemployment Lists because they have heard that a particular job will become available to aid their families financially and also permit them to carry out other important family commitments then they should be encouraged to do so and not criticised. Like what I said last year women should be encouraged to seek full-time and part-time work if that is better for them to fulfil the other family obligations. As far as I am concerned they are genuine job seekers as those looking for full-time employment and in any case there is a demand in the labour market for part-time work. If we look at the Employment Survey that has just been laid in this House by the Minister for Employment he will see that ladies are taking part-time work to the tune of 1,493. Coincidence it might be because under the same table which is the one that I am quoting which is table 1, Gibraltar women and I am talking about Gibraltar women, the figure is exactly the same 1,493 I do not know if it is a coincidence or a tidying up exercise because everybody else is 686. I do not know if the 1,493 actually are all Gibraltar women taking part-time jobs but that is what the figure shows. Why do I say this? Because it is good both for them and the economy that they should be encouraged to take a part-time job, why? Because their standard of living improves and our economy is injected with further spending which is a far healthier situation than having more foreign labour taking up jobs in other communities as they are already doing. We must also not lose sight that, according to our law, employers must open all vacancies with the Employment Agency and the agency has 14 days to send candidates for the post immaterial if whether the

post is full or part-time work. The only recourse open for women interested in part-time jobs is to be able and to be able to have access to such vacancies is that they have to register with the Employment Agency as unemployed. There is no other option. If they do not do that they will not be considered by the Employment Agency as looking for part-time work unless they are employed by direct labour by the employer something that the Minister for Employment does not agree to and neither do I. I think that Mr Netto did not agree at that time.

The other issue that I raised in last year's budget was on the Working Time Bill passed in 1999 giving effect to Council Directives (9) 93/104/EC to this Mr Netto also took offence, I do not know why but he did. During the debate of the Bill I said that the Bill being proposed at the time was inferior to those already in our statutory books where a young person is considered to be between the age of 15 to 18, under the new Bill persons aged 17 were going to be treated as adults. The Hon Mr Netto in that debate said and I quote from Hansard," ...but I can say that that particular point that the hon Member has said now will be covered in a following Bill to come to the House on the protection of young workers." Last year Mr Netto said that I should not have raised the issue in my speech, what I should have done was to follow it up with the now Minister for Employment the Hon Mr Corby as to any development or clarification in the field.

First of all it is not for me or any other Opposition Member to run around reminding Government Ministers that they have not yet introduced their declared policy in any issue therefore it was not only legitimate for me to raise it last year but my duty from the Opposition to say to them, *"you have failed to do what you said that you were going to do three years ago."* We know now, that the Government have no intention to bring the Bill to the House. It was said in the last meeting of the House. Last year Mr Netto said that I should not have raised the issue in the speech like I said before. First of all which brings me to the point if I was the sort of person that the Mr Netto tried to paint last year, I probably could now be saying to him, *"you mislead the House during the date of the Working Time Bill"* but I am not going to say that to

him I believe that he was genuine when he said that it was the intention of the Government to bring the Young Protection Bill to the House. I do not know what has happened during that period and why the Government have scrapped that but what I am going to ask the now Minister for Employment, seeing that the Government are not proceeding with the Bill on the protection of young workers they should now revisit the Working Time Ordinance and close the loophole that exists for young persons of 17 years.

Mr Speaker, I would now like to turn to Social Services. The hon Lady said that before they came into Government there was no payment for elderly people. Let me remind her that the minimum income guaranteed is only payable to pensioners living alone and therefore it is not true that there are pensioners with income below this level. Moreover the Minister this year introduced the minimum income guaranteed paid to those who get the same amount, when Community Care increased its payment in December it was actually reduced by that amount. We are totally opposed to these decisions taken by the Minister. She says that before the minimum income guarantee had to rely on a pension but failed to mention that every year since 1989 all pensioners have enjoyed Community Care thanks to the millions of pounds provided by the GSLP Government to the charity that makes this payment.

Mr Speaker, the Chief Minister when he was actually announcing the increases that he is giving social services and others says that we were nervous. I can tell him for one that I was not nervous if he was increasing the figure. The increases, I agree with him some of them were overdue and if increasing allowances to people who were less worse off one cannot disagree with that but I tell him what makes me more nervous. It will make me more nervous if he did something else, for example, if he were to take part in the Brussels Agreement immaterial were all conditions were met by him one way or the other. Not only would it make me more nervous it would make me more insecure not because he would be attending it but I felt that way when other people attended. That he has done it in his

last budget good for them neither am I criticising that because when I did something when in Government, Opposition Members, one of them said I was doing it because it was the last budget and therefore it was goodies. I am not going to levy that criticism on the Government I think that the Government are there to govern for four years whether they do it in the first year or whether they do it in the last year it is immaterial so long as he helps people who need to be helped. I never had the responsibilities under the GSLP Government for Social Services which is neither here or there either because we have a collective responsibility but sometimes when one is in Opposition and has a responsibility for a certain department things come to light that when one is in Government being "protected" by being in your ministry one does not find out that there are other problems outside or within what is the Social Services system. I am sure that what I am going to say might have come to the Minister's notice and we can no longer bury our head in the sand and say that this is not happening in society. It might be controversial what I am going to say. Sometimes one governs by his own principle and his own models. I have my own and sometimes they contradict what I am about to say but nevertheless as the allowances were not increased by decades society as a whole has also changed by a lot from many, many years ago, 20 years ago and it has been a failure of all Governments to recognise including the one that I was in when I was in the administration of Government. I do not know why it is because we are being ignorant of the fact or because sometimes it would not go well in certain sectors of our society but nevertheless we are here not to implement our morals or our principles we are here to adjust and to link what is the demand and what is the society that we are living in. Many, many of the allowances that exist are linked to something else and this is something that should be looked at, for example, rent relief is linked to a certain formula which is £65 for a married couple which has now gone up. One of the benefits that actually is reflected in rent relief is what the Chief Minister said of giving £10 for rent allowance which is an included part of the rent relief formula, the other one is obviously the 13 weeks on the minimum income guarantee when somebody is in hospital the 13 weeks is linked because these 13 weeks are

unemployment benefits. I agree with the Minister that maybe the allowance should be reduced if the person is going to be for ever more in hospital but I do not think it should be taken away if it is 14 weeks, for example, even though the Minister explained in a question that that was reduced to a certain level depending on the merits of the person that was in hospital. Maternity grant, for example, and I am saying this because of people that have approached me either with complaints or that have brought to my notice that the system is unfair so more than what I am trying to say so more than the increases which is fine the whole system of qualifications to payments especially in the supplementary side should be looked at. It is not going to be an easy task, I agree, but it must be done because society out there is changing and the one that maybe more controversial than all is one that has been brought to my notice on Maternity Grants. It has to be a married couple. I know for a fact because I have been approached on this one that there is a person who lives with a common law life, has four children of the union, they live together they do not live apart, they live together, and he is not entitled to the Maternity Grant. In this case where somebody can prove that they have been living for 12 years, that they have four children in common as for me that constitutes a family like any other and I am a believer in traditional family life let us be clear about it. *[INTERRUPTION]* I have already said that these things should be looked at because society is different. There was another case, for example, a single mother who was getting supplementary benefit because she could not work, had a baby, she was not married, the allowance that the father of the child, they were not living together, the father of the child paid maintenance to the child yet the payment of that maintenance was actually reduced from what she was getting from the supplementary benefit and I think that the Minister has moved in that direction and I welcome that she has because I thought that it was illogical and in the sense that one now has two mouths to feed and they probably were getting less than what they were getting before and obviously she as a mother knows that a child costs a lot of money.



On the question of the disability allowance which the Minister has increased the payments there is one factor that I think that should actually be looked at and that is the payment to the person who has a disability but to those that may be considered adults because they have now reached what could be the working life of any other person. I am referring to and I know that the Minister has also increased by less because it had been increased before the disabled persons allowance. There is one particular one which I think that should be looked at more carefully and that is the disabled person who has reached the age where he could have been working if he did not have that disability. Obviously we should do every effort possible that they do actually get employment, difficult as this might be because there might not be the jobs that they would be able to do which the Minister said, the Minister said and I agree with her that this should be the case and I do agree with her but I think that the allowance of the minimum income guarantee should be extended also to those disabled people or something similar that have reached working age and are not able to work. Sometimes because disability as the Minister knows is in different categories and there are persons in that criteria which actually feel that they could give a service to the community. One thing is mentally physical and the other one is physically by other means. I think it will be a great help for them to feel dignified that they are being treated like any other adult in that sense. Sometimes in these cases the cost for the family is higher than a normal family cost and therefore another controversial issue which I know that the Society for the Disabled might not agree with me nevertheless I think it is fair because sometimes like I said before it is not a question of what one believes or what one principle is that is sometimes what one sees directly or indirectly because of the family or because somebody that one knows is that the allowance that is exactly the same for everybody and I think that if it is help that we are giving to families they are families who even though a child might be disabled the cost of bringing up that child is exactly the same as any other child. Yet in other cases the cost to the family is higher than what is in other normal family relationship of a child and I think that that is if social services like the Minister said last year is there to help the one that most need

it I think that the share of the cake should be to the one that most needs it than just have a, even though it is easier for any Government to have a wider range of payment because it is less administrative problem and things like that.

The disability payments which is another case that has been brought to my notice I do not know how many they are I am just bringing it in all in the same package, if somebody who is receiving injury benefit because he cannot work even though when he approached me he said that I have worked by cleaning toilets or cleaning this but in any case what the Medical Board awarded him was £3 a week. In any case, in this case what the Medical Board awarded him was £3 a week because the wife was working and she was earning £200. For the person receiving the £3 was degrading even if the wife was receiving £200 because £3 today does not go a long way a week even for personal consumption and this is something that probably should be looked at in general. The other thing is that I am glad up to a certain point that the minimum income guarantee has been increased but yet again like I said before last time it was increased elderly people that lived in Government flats did not pay rent they were in full supplementary benefit. Once they got that payment they had to pay in some cases £3. I have seen and this is what I am trying to impress the Minister, seeing that this is linked to a different formula of a payment maybe it should be looked at if that formula for rent relief should also be increased so that the person actually gets what the Government are proposing to give them maybe by increasing now this they would have to pay more rent and therefore they will not be getting the full amount for a married couple which is £120 as I think the Minister said and £90 for a single person which is something that might not happen if one lives in the private sector and pay even a lower rent than what one is paying in a Government flat. I am saying this not as criticism to the Government I am just putting these problems because they exist in our society and should be looked at either by them or when we are in Government or if somebody else in Government because that is a requirement to be done.

Mr Speaker, I will now turn to employment and unemployment. Let me say that we are glad that the Government no longer intends to proceed with Job Seekers agreement as we were against when the Government announced their decision to introduce it in Gibraltar. The employment level for Gibraltarians and I will be basing my arguments how unemployment and employment affects Gibraltarians in this area, the economy side has already been covered by the Chief Minister and the Leader of the Opposition which I agree the more people that are employed immaterial of what nationality he is the better it is for the Government coffers but nevertheless I think that we should protect our own people before. The employment level for Gibraltarians in December 2002 was higher than those of December 2001. As a matter of fact it was higher than those for December 1999 and December 2000 because I have compared the end of the year month with the same month of the year for year. As a matter of fact the employment level in December 2002 for Gibraltarians is exactly the same as those of December 1996. The reality is that we have finished the year with the same unemployment level, exactly the same unemployment level as it was in 1996. If we look that there was a total of 587 vacancies filled in 2002 the total of Gibraltarians filling those vacancies was 2,487. Other British 1,353, Spaniards 1,442 which I think is more in the region of what the Chief Minister said nearly 4,000 are here and those do not need to register because they are domestic workers. Percentage wise only 42.5 per cent of the jobs went to Gibraltarians, 24.2 to Spaniards, 23 per cent to other British and the remaining percentage of vacancies were taken up by other nationalities. There was also a total of 4,893 terminations in the year 2002 of which 2,130 of the contracts terminated were for Gibraltarians. Other British 731, Spaniards 1,882 and the other percentage a minimum and they are actually by Moroccans, other EEC nationals and other nationalities. The number of employment contracts for Spanish nationals registered with the Employment Agency in 2002 was 2,376 more than double than that of 1996 which was 1,046 so this Spanish employment in Gibraltar has been going up steadily all through the years, I have got the figures here if it is necessary to demonstrate that this is the case, and in any case the figures are those of the

Employment Agency and provided in Question and Answer session by the Minister for Employment. So it is not that I have worked it out by the figures that the Minister has been providing in this House. But if we look at the Employment Survey Report which has just been laid on the Table on table 1 page 1, I will be referring to the total which includes part-time jobs. There is an increase in a total global figure including part-times as full-times. There has been an increase of 335 more jobs in 2002 than in 2001 that is from 13,931 in 2001 to 14,266 in 2002. Out of the 335 jobs that has increased from one year to the other Gibraltarians have taken 99 and if we look at the tables it is clearly shown that the majority have been employed in the public sector. Spaniards have taken 140 jobs and UK 55 jobs, Moroccans employed has gone down by 31. It is the only one to have gone down. Therefore it is clear, the prospect of Gibraltarians being employed in the private sector is well below other nationalities by the figures that have been provided by the Minister. I think the Chief Minister said when he was referring to the report of the Chamber of Commerce that one of the areas was that people had to be trained in that there were no people trained to do certain. Therefore something had to be done with the Chamber of Commerce to put in place a training scheme that would meet that criterion. Sometimes employers open the vacancy and then they actually also submit the terms of employment for somebody else which is not a Gibraltarian. That is totally unacceptable, our laws are clear and they are designed for that, that Gibraltarians must have first priority of employment in their country. Obviously in some cases like the Chief Minister says, we might not have the expertise or we might not have the Gibraltarian to fill the job, fine, I am not against foreign labour coming in what I am against is foreign labour coming in, competing against ours and ours will be in an inferior position because of the pay less wages or because whatever it is that they do to other nationalities and that is not acceptable to the Opposition and I hope it is not acceptable to the Minister for Employment Mr Corby. If we do not do that and if sometimes it is difficult because the law says that one has only got 14 days and they keep refusing hundreds and hundreds and then they come back and say this is the one I want. Sometimes I know from

experience that they put certain qualifications and when one looks at the qualifications there is nobody in Gibraltar with this qualification. I remember once that a hotel advertised for a chambermaid and they said that the person had to be fluent in Spanish. When I called the person I said, "*What about fluent in English as well?*" and they said, "*Oh we have made a mistake,*" and then they employed a Gibraltarian but they already had somebody else to employ and those things they do get up to try and bypass the system.

Therefore and to finish I hope that the Government take into consideration what I have said about the social services and the criteria of qualifications because if we are trying to reach as many people as possible then there are people who are actually worse off in the sense not more than any other but worse off and they are not able to benefit from what the social services provide because of their status and I personally think that the criteria should be looked into. On the question of unemployment I think that every effort should be made to ensure Gibraltarians being employed in the private sector equals if not surpasses any other nationality something that has not happened since 1996 and I think we should be looking at that as well. Thank you, Mr Speaker.

#### **HON J J NETTO:**

Mr Speaker, once again the Hon Mr Baldachino has brought back historical issues in my time as Minister for Employment. I repeat my comments once again Hansard is available to anyone who wishes to read the text and come to their own conclusions. In relation to his remarks of tarnishing Members' reputation I simply say once again I leave it in the hands of members of the public to judge for themselves which political party and which individuals have had a deliberate policy of rubbishing and personalising political opponents.

Mr Speaker, it gives me great pleasure to address this House with respect to my responsibilities under services in connection to public housing and maintenance. Firstly, the Government are firmly committed to providing proper resources to achieving a quality service for Government tenants. This is precisely what they pay for, deserve, and, ultimately, should be offered. Secondly, the Government would continue to introduce reforms wherever practicably possible, in its endeavour to achieving these aims, mainly through the application of a strategic approach. Thirdly, this process of change will be continuous since the services that my administration delivers must be in tune with local needs and the modern society that we live in today: It must adjust and shape itself to these emerging demands.

The previous Government under the GSLP, have much to answer for, in that they completely abandoned the existing housing tenants, and, therefore, the infrastructure and planned maintenance, which is so crucial in securing decent standards of living. Instead, they totally concentrated on new housing infrastructure at the expense of everything else. This irresponsibility has resulted in the Government having to strenuously catch up with a massive backlog of refurbishment, previously left to one side. The obvious logical way forward is to secure a balance of both provisions. That is to say, to provide continuous support to existing housing and maintenance, whilst also carefully addressing new emerging demands. I am pleased to confirm here today, to the House, that this Government would continue to concentrate on both these important areas of housing provision, with the same level of importance and commitment that our community deserves. A proper strategic and holistic approach is what is necessary; not policies dictated by piecemeal ad hoc introduction, and knee jerk reactions associated with the Opposition.

This Government would continue to invest heavily in existing infrastructure to gradually undo the enormous damage created by the Opposition when in Government, and this will be properly balanced, as I said earlier, with emerging housing demands - this is our mission.

To illustrate this point let me say that the Government are placing £3 million in the Improvement and Development Fund, Head 101 – Housing, for Major Remedial Works and Repairs to Housing stock. This level of funding, in addition to the over £10 million already spent, goes to show this Government's commitment to invest in our housing stock which is unheard of in the history of housing services by previous Governments.

However, before entering into the substance of my address, I think it is appropriate to begin by summarising this Government's achievements during this legislature in matters of housing, given that this will probably be our last budget before the next general election, and thereafter, highlight the continuity of reforms and changes envisaged together with new policy initiatives over this year. Later, I shall focus on the new proposed relationship between Housing and Buildings and Works and how this will affect service delivery for the benefit of our tenants. This will be followed by details of proposed changes within Buildings and Works and the move of the Reporting Office to the City Hall. Later, I will give a brief update on the refurbishment programme accomplished so far, and in addition, a plan to introduce a co-ordinated strategy, driven by the Ministry for Housing, with regards to tackling the problems of anti-social behaviour. I will then, finally, provide a brief overview of the current expenditure under Head 3.

As far as the progress so far we have done :

1. A planned programme of investment in existing housing stock;
2. Restructure of Housing and Buildings and Works;
3. Investment in appropriate Information Technology, hardware and software to complement the services the Administration provides;

4. New arrangements for the cleaning of the estates;
5. Investment to upgrade Buildings and Works Depots, investment too in heavy plant, tools and vehicles;
6. Equalisation of rent relief for pensioners in Gib V.

As far as completed major remedial works we have completed:-

- ◆ Glacis Estate Beautification;
- ◆ Glacis Estate – Installation of Lifts;
- ◆ Varyl Begg Estate garages and car park;
- ◆ 62 Flat Bastion Road;
- ◆ Sandpits House;
- ◆ MacMillan House;
- ◆ MacFarlane House;
- ◆ Willis's House;
- ◆ Anderson House;
- ◆ Coelho House;
- ◆ Heathfield House;
- ◆ Knight's Court;
- ◆ MacFarlane House footbridge;
- ◆ Arengo's car park;
- ◆ Glacis Estate Social Club; and
- ◆ Moorish Castle Estate Social Club.

So that goes to show in terms of housing initiative and refurbishment programmes in hand we are working on:

- ◆ A new Housing Ordinance;
- ◆ A new set of Housing Allocation Rules;
- ◆ A Tenants' Charter;
- ◆ Reintroduction of Estate Managers;
- ◆ New development for home ownership;

- ◆ New development for a senior citizens building;
- ◆ New development for Government rental;
- ◆ Laguna Estate Beautification Scheme;
- ◆ Lift Installation Programme;
- ◆ Varyl Begg Refurbishment Programme;
- ◆ Scud Hill House Refurbishment;
- ◆ Electra Flats Refurbishment;
- ◆ Belvedere House Refurbishment;
- ◆ Rosia House Refurbishment;
- ◆ Vineyard House Refurbishment;
- ◆ St Joseph's Estate – Renovation of External staircases; and
- ◆ Alameda Estate – Installation of Lifts.

In regards to new housing policy initiatives and on-going planned programme of works we have:-

1. Introduction of target times for Housing Maintenance Repairs;
2. Introduction of Anti-Social Behaviour legislation and enforcement;
3. Penney House Refurbishment and Lift Installation;
4. Upper and Lower Witham's House Refurbishment;
5. Referendum and Constitution House Refurbishment;
6. Kent House Refurbishment;
7. St John's Court Refurbishment and Lift Installation;
8. Churchill House Refurbishment and Lift Installation;
9. Knight's Court Lift Installation;
10. Police Barracks (Officers' and Sergeants' Blocks) – General refurbishment;
11. Gavino's Dwelling – General refurbishment;
12. Alameda Estate Beautification Scheme;
13. St Jago's Estate – General embellishment scheme; and
14. St Joseph's Estate – General embellishment scheme.

Today we can already see the major benefits that this has accrued. Particularly, at one end of the spectrum, we have seen the embellishment of Laguna and Glacis Estates, together with

an extensive programme of external refurbishments at Macmillan, Sandpits, MacFarlane, Willis's, Anderson, Coelho, Heathfield Houses, Knight's Court, and of course, other works. Whilst on the other end, the fact is that we have cleaner Estates, attended to regularly. I will not be tempted into listing all the positive aspects that have resulted from this Government's patient campaign towards caring for its tenants. Instead, all I will say is, ask tenants and the majority will express the sentiment that real improvements have taken place which are evident for everyone to see. Nevertheless, there remains much more work to be done. For example, many of the initiatives that I highlighted earlier, have already been introduced with the exception, at this moment in time, with the New Housing Ordinance, Tenants Charter and the Introduction of Estate Managers. All of these latter commitments, continue to play important 'cogs' in the overall wheel, that will constitute a future modern public housing service, that Gibraltar can be proud of. Bearing in mind their relevance and significance in the wider picture of events, these will be introduced at the appropriate juncture, since they are inextricably linked to other new Government commitments, which I shall elaborate on later.

In terms of reform, the main structural reforms have already taken place whereby the Ministry for Housing is now equipped with a technical division whose main aim is to monitor Buildings and Works, prepare, implement and supervise major and minor housing related contracts, and provide professional advice into all aspects of housing design and maintenance. You will be aware that this is directly under the Principal Housing Officer, who is now responsible for housing issues, and, ultimately, Buildings and Works, through its Chief Executive. I briefly wish to give the House an insight into some of the main areas currently being tackled.

As Members will be aware Government decided to undertake to review the whole manner in which housing services were being delivered and, consequently commissioned a reputable UK company known as HLB Kidsons Consulting Ltd to scrutinise exactly how such services were being provided: their findings

were published in a final report. The conclusions showed that over the years, the services had deteriorated to such an extent that it was no longer satisfying the local needs of the community. Indeed, the Office of the Ombudsman has continuously indicated that the highest number of complaints from Government Departments, are linked to Housing and Buildings and Works. Government, therefore, took the decision to introduce radical change and presently, is undertaking critical measures to ensure that services are improved. May I remind the House that the most poignant changes were:

1. The formation of a Directorate of Housing, in order to strategically plan Housing Service, and control and monitor Buildings and Works.
2. Separation of corresponding duties and roles in the provision of *Service Delivery* and *Service Execution*, in other words, the corresponding role between client the Ministry for Housing and supplier Buildings and Works.

I am pleased to say that these reforms have been introduced gradually and the exercise is still on-going as I shall explain later.

In terms of organisational direction, all organisations whether they are small, medium or large, require a focus or vision for which to steer and aim towards. It allows a process of measurement whereby realistic corporate goals may be accommodated and achieved. Without such a pivotal process, organisations often fall astray, lose momentum, and direction, and even suffer role confusion in society, or enterprise. Organisations in today's modern age require a realistic and true mission of aims, encompassing a collective philosophy, direction, and alignment of achievable outcomes. To help assist in such a step, modern organisations need to develop this mission, and ultimately, aims and objectives. Regrettably, this has never previously been developed within the Ministry for Housing and, therefore, I am now pleased to see its introduction by the new management.

I believe it is appropriate to describe what these are. Firstly, the main overall mission of the Ministry for Housing is "*Orientating housing services to the needs of the community*". In this context, its principal aims will be to:

1. Plan and allocate a fair system of public housing.
2. Produce a practical planned and emergent strategic framework for housing, over the short to medium term.
3. Identify ways of improving quality and speed of service delivery and implementing these accordingly.
4. Seeking new ways of reducing the high number of unacceptable complaints emanating from dissatisfied customers in relation to Ministry for Housing and Buildings and Works.
5. Changing the structure and culture of the Ministry for Housing, and Buildings and Works, towards a service orientated provider.

In order to assist in this process, the Ministry for Housing has set itself the following measurable objectives:

1. Develop and implement a Code of Practice for the Ministry for Housing that will focus on improving quality of service to the general public.
2. Plan and implement a Minor Works programme for 2003/2004 that will include works of less than £10,000 in cost.
3. Plan and implement a Major Works programme for 2003/2004 that will include works greater than £10,000 in cost.
4. Within a Framework Document, define the main roles of the Ministry for Housing and Buildings and Works, and subsequently produce a Best Value Performance Plan within a Service Level Agreement, which will form the basis of operation between both parties.
5. Review and modernise the Housing Ordinance and Housing Allocation Rules of 1994.
6. Develop and maintain an Asset Register for all public housing stock.
7. To provide new low cost private and public housing to meet the demands of the local community.

8. Preparing a co-ordinated approach to tackling anti-social behaviour by various agencies.

These targets though ambitious are achievable and essentially will deal with the main structural issues that require attention. Other factors such as changing the culture within the organisation, is a long-term objective and requires approaches, which are applicable through the use of *re-education and training*. Here, the emphasis will be on reasons for change and the repercussions of failure and often involves a bottom-up approach (emergent strategy), led by a facilitator, whereby beneficiaries are taken through a re-education process that focuses on sense of responsibility and job satisfaction. In order to promote and encourage this philosophy, a first step would be to recommend the introduction of a new code of practice, that is what is expected from staff and effective good practice.

I must add that my staff at Housing and Buildings and Works, have worked particularly hard during this past year of reform and I am deeply grateful for the commitment and motivation shown. I believe that these talents can be nurtured further through the code of practice, since this will reflect the issues raised to satisfy the mission stated earlier, that is, in relation to service expectancy. Firstly, in order to establish this, staff should be made aware of what is expected from them when dealing with the general public. Secondly, it then follows that customers should also become more informed about levels of service they are entitled to. This twofold approach is a powerful mechanism in reminding people of their role, which, if not properly checked, may become confused or lost through daily routine, and, therefore, I propose to tackle the following areas:

- ◆ Customer Care;
- ◆ Information Systems;
- ◆ Commitment;

- ◆ Advice;
- ◆ Staff Training;
- ◆ Public Awareness.

With this in mind and in order to facilitate the '*step change*' necessary towards approaching a more service orientated organisation, in-house staff will need to participate fully in structured training programmes. This should be introduced using three main themes including (a) unfreezing of attitudes and antiquated beliefs, (b) the actual movement into the desired new state, and, finally, (c) the re-freezing process which consolidates and reinforces the philosophy outlined above. Totally top-down approaches to initiate change are seen to be outdated and autocratic. A more participative approach is advisable whereby the proponents of change (the staff) are given the opportunity to take more ownership of the changes. This should facilitate and improve job satisfaction, which is a powerful tool that motivates people within the workplace. It is felt that this be regarded as an investment and not a cost, which, ultimately, will trickle down to the customer. At this point, I would like to put on record, that I am particularly grateful to my Honourable friend, the Minister responsible for Education and Training, and to his administration, led by the Director of Education and Training, for their full co-operation and efforts into arranging and organising the forthcoming training package that will include the turnover of around 200 staff, from both Housing and Buildings and Works. This will include a major exercise in customer care and systems development. Undoubtedly, this will help provide general improvements in these areas.

The code of practice will also help support staff and customers as to what is expected from them and remove the potential of role confusion. The Ministry for Housing should be in tune with the needs of today and, therefore, the above will help to gradually generate a culture, that is fit and more commensurate for the type of service delivery that is expected from a large public organisation that is ultimately, geared to serve the community.

The general public is increasingly becoming more knowledgeable in this modern age and greater impetus should be placed upon providing proper advice and information to customers. To this extent, I am pleased to say that the Ministry for Housing is now gearing itself into campaigning for greater awareness through the application of two main mechanisms. Firstly, it is planned to introduce a series of user-friendly information pamphlets that will highlight the most frequently sought information. For example, this may include whether one is eligible to be on the Housing List, or whether they are entitled to rent relief, whilst technically, this may include tips on reducing the effects of condensation and prevention of dampness. Secondly, I am presently initiating an Annual Report so that the general public may be updated on latest trends and useful points of contact. Rather than listing achievements, this Report will be more about services available and it is planned to include extracts from many interesting sources, including, for example, the view of Tenants Associations, and other Government departments or agencies that provide services to tenants.

In relation to Tenants Associations this Government have never been afraid of encouraging freedom of expression and honesty in listening to real views of Tenants, without intimidation or hostility, and in whatever capacity. To this extent, I strongly encourage tenants to organise forums to express opinions and grievances related to housing, so that Government do not lose touch of day-to-day issues. I am, therefore, very privileged to regularly Chair up to 17 Tenants Association meetings, and though at times these may become rather hair-raising, I remain particularly impressed with the many positive suggestions that have often emanated and, dare I say, subsequently been taken up. This forms part and parcel of Government's policy to empower tenants as much and wherever practically possible. This proactive approach does allow greater impetus on our tenants to freely argue what are their most important views. They certainly keep me on my toes. I should at this point, put on record, my deep gratitude to all the Tenants Associations for this very important contribution.

It follows that the Housing Ordinance and Allocation of housing units will require modernisation in line with the needs of today and variable demands resulting from demographic change. For example, the existing system is based on 'points weighting', and the following questions need to be addressed prior to the implementation of a new approach, for example:

1. How is it presently being conducted?
2. Does it meet our needs?
3. Are there fairer approaches worthy of consideration?
4. How can these be introduced without prejudicing people already on the waiting list?
5. How will a new Housing Ordinance fit in with this new approach?
6. Can the exercise be carried out in a more streamlined process?

There inevitably will be resistance to change, particularly by those who perceive their opportunity of acquiring a dwelling being thwarted or overtaken by somebody else. Should Government decide to proceed with changes then it must include a reassurance that such a mechanism will not 'negatively affect' existing names on the lists. Essentially, the main perceived categories fall along whether they are classified as dependent, or self-dependent from society. It follows that people falling within the dependent categories should wait less time for an allocated unit, whilst a proper system of allocation should be designed for self-dependent categories that is (a) transparent, (b) fair, and (c) balanced. In addition, it could be argued that some overlap will inevitably emerge between dependent and self-dependent



categories. Therefore, further investigation would be necessary as to exactly how such a system will operate before being introduced.

In relation to Asset Register the allocation of housing is determined by the level of public units available at any given time. Therefore, Government have given resources to develop a proper Asset Register so that the general conditions of public housing may be established and appropriate actions taken to provide a balanced supply for those on the waiting list. This will show a summary of local Government owned dwellings and their respective conditions and serve as a useful instrument in ascertaining the type and general condition of existing housing stock. Though there is steady progress, I nevertheless, have to repeat again that this is a long-term process, mainly because of the fact that such an exercise has never been locally attempted, nor have there been suitable and proper systems developed for such application. However, I am still of the opinion that this will provide good dividends, and will be instrumental in helping develop a planned maintenance programme, particularly in response to minor works. This is moving away from the ad hoc crisis driven management, often practised and associated with the past 40 years.

Apart from social considerations, housing policy is dependent on market fluctuations, determined mainly by demand, price per floor area and cost of rebuild. Nevertheless, it may also be influenced by central intervention. For example, the increasing attraction of Gibraltar by companies overseas, has imported many welcome new residents, though this has inflated housing prices within the local property market. In particular, this has affected locals wishing to buy or rent.

In order to address this, the Government are presently proceeding with new housing developments, whereby people will be offered the opportunity to purchase their own home. The approach is popular with young adults and married couples wishing to enter the property market for the first time, and as you are aware, potential sites have already been earmarked for the construction

of low cost housing and Government rentals. With this in mind, I am pleased to confirm to the House that outline design options are already being drafted for Government consideration.

I should point out at this stage, that notwithstanding the views expressed by the Opposition that this is too little and too late, I must remind them of two important developments that have impacted on this decision. Firstly, it would have been purely irresponsible of Government to proceed with a new housing scheme running in parallel with a serious litigation process with respect to Harbour Views - this would have left an unprecedented risk with respect to capital expenditure. Secondly, as I have already stated many times before, this Government have and will continue to place equal importance on current housing infrastructure. Therefore, as mentioned earlier, this Government would take any prudent measures necessary to have a careful balance of what is required in tune with our needs, though this will sensibly be conducted without openly compromising Government's position. This said, the Government would monitor the extent of local demand for home ownership scheme, and possibly announce further schemes, following this current one.

Increasingly, demographic patterns show that people are living longer in the western world and Gibraltar is no exception. Though many elderly continue to remain self-dependent, there are some that, inevitably, will wish to have accommodation that is more suited to their needs, or others will become more dependent on a sheltered environment. This will, therefore, require specialist accommodation, inclusive of caretakers in areas that are mainly more central to amenities. Therefore, as part of this package of new housing scheme, the Government would provide an additional Bishop Canilla-type of dwelling, and further housing rental flats.

It follows that there is, quite rightly, increasing importance placed on maintenance. Though in Gibraltar, this approach continues to be rather fragmented and, historically, there has been a tendency to wait until the problem occurs and then cured, the thought of 'planned maintenance' remains a relatively new concept. The

advent of more complex building practices and increasing costs of materials, is forcing many people to rethink and review current policy. Rather than “knock ‘em down and build them again”, many sources now turn to extensive refurbishment programming as a means of re-energising estates and environments. This is particularly favourable should the environment be of high heritage value. I should also add that there are mainly two schools of thought on the policy of pursuing extensive maintenance within the construction sector. Firstly, there are those who propose to wait until buildings go into disrepair, with little intervention until absolutely necessary repairs are accommodated on an ad hoc basis. On the other hand, there are those who favour the concept of forward ‘planned’ maintenance, that is, to undertake both periodical routine and deep maintenance intervention, as a means of preventing a rise in problems rather than having to cure them. Of these two approaches, there is growing evidence to suggest that, despite its obvious initial cost implications, the concept of planned maintenance is key to better value for money over the medium to long term. The Government, as I stated earlier, is committed to this policy.

It follows that planned maintenance is viewed in two ways. Based on regular inspections, firstly, it may be categorised as routine, or secondly, deep-routed intervention. The execution of maintenance programmes would be dependent on the services of Buildings and Works, who are charged with the responsibility of carrying out the works. The demarcation of (a) role and (b) level of responsibility, should be clearly defined and agreed in what is normally termed a Service Level Agreement.

In relation to the new roles and relationship between Housing and Buildings and Works, it is high time that the roles of both the Ministry for Housing (client) and Buildings and Works (supplier) be properly defined so that both parties are clear on what is expected from them and these mainly fall over two main categories which are as follows:

#### Ministry for Housing (client) responsibilities:

1. Budget management;
2. Maintaining agreed monitoring standards;
3. Monitoring provision of service;
4. Agreeing service changes with supplier when required;
5. Acting as the contractual link between final end-user and supplier;
6. Considering policy and service requirements when necessary;
7. Acting appropriately when a termination of contract is required.

#### Responsibilities of the Buildings and Works (supplier) involve:

1. Maintaining an agreed level of service and cost;
2. Managing the procured service;
3. Maintaining quality assurance;
4. Dealing with the client liaison contact on matters resulting to changes in service.

The roles are definitive in that the Buildings and Works has control and flexibility on how the service is executed, whilst Housing takes an arm's length approach when dealing with operational activities. These activities are seen to be the

responsibility of the supplier. The Ministry for Housing is more involved with the delivery of service.

This new relationship will help to ensure that work is being carried out to specifications, works being done on time and within cost. The splitting of roles should also help Government to have greater flexibility in considering future intervention to help unblock the backlog of work. This redefinition allows for the identification of a clearer demarcation line between what both parties are responsible for. In addition, it allows for easier and simpler administration in purchasing. Additionally, this suggests that there are two distinctly different roles being played by Housing and Buildings and Works, and, therefore, any overlap is discouraged. Nevertheless, the nature of the pending new arrangements proposed by Government, should ideally be suited to forging a strong and long-term relationship.

A new approach is proposed to ensure continuous improvement through the introduction of a Best Value Performance Plan. This should be carried out by the Ministry for Housing, in consultation with Buildings and Works, so that realistic (though effective) targets may be agreed and implemented. Typically, its aim is to achieve continuous improvement in service delivery to Users. This may be accommodated by (a) establishing corporate wide objectives; (b) agreeing a programme of Best Value Performance Reviews of services; and (c) by introducing target times for response. When dealing with maintenance, the Buildings and Works will be made responsible for satisfying these targets, whilst the Ministry for Housing will intervene in cases whereby there is failure in the service. In order for the new relationship to bond and to implement the new changes determined by Government, the Buildings and Works will need to have a proper strategy for implementation.

Last year I spoke at some length on the deficiencies of Buildings and Works and the detrimental effect these had on tenants and applicants on the Housing Waiting List. More importantly, I also discussed how I planned to remedy the situation. Today, I will

touch on some of the wide-ranging changes that have already taken place and those planned for the future.

During the third quarter of last year, the Corporate Management of Buildings and Works was replaced with a new Chief Executive, Project Manager and Human Resources Manager, who, I am confident will be able to successfully carry out the changes that I consider necessary, for this Department to operate efficiently.

Mr Speaker, part of the Consultant's Report mentioned earlier, looked into the operations of this Department and advised a way forward. The new management has introduced many of the recommendations and a coherent strategy is now in place.

An area which I feel merits urgent attention is the re-organisation and manner in which work is conducted within the three depots. Until recently, the North, South and Central depots carried out remedial works of all categories on an individual and geographical basis. This meant that each depot operating within one of the three districts would carry out major works, refurbishment, occupational therapy, and response maintenance. For example, the South depot would accordingly tackle work in the southern district, whilst the North depot would be responsible for work in the northern district. Similarly, the Central depot would concentrate in the Town area. This has now changed.

The North depot now specialises in major works in any location and the South depot carries out refurbishment and occupational therapy work. The personnel that have been moved to these depots are the most suitable for the work being executed and I am pleased to say that the programming of major works, is now much easier to plan and implement. Management have clearly defined programmes for these two depots up to January 2004 and soon will be finalising a 12-month programme for all major works, refurbishment and occupational therapy projects. The centrally located depot has been given the role of dealing with emergency works and day-to-day maintenance. It is this depot that major changes will take place in the foreseeable future when a man-in-the-van system will be introduced. Properly trained multi-skilled

tradesmen with equipped vans, will be attending directly to those small recurring problems like leaky taps or faulty locks. The new system will make major in-roads into the backlog of minor jobs, and those classified as emergencies will be dealt with quickly. In addition, to ensure that all the depots will be working to maximum capacity, an appropriate recruitment exercise will be undertaken shortly.

As part of the re-organisation, a centralised store and a plant and tools section are planned for the Central depot. There will be improved health and safety measures and better messing facilities for the workforce generally. Shortly, the Management and its administrative support staff will be moving to the Central depot at Ragged Staff, again improving communications and subsequently releasing the premises at 31 Town Range.

In my last address, I touched upon the importance of upgrading and updating our systems in line with modern methods. In Buildings and Works, we plan to introduce software packages for store catalogues, material supply lists, and a computerised LPO system that will display stock levels and control. All this will save substantially on the time needed prior to the commencement of jobs and help provide a more transparent audit trail.

I should point out that training features strongly in Government's plans to initiate change within Buildings and Works. This will include the opportunity for (a) Labourers to acquire National Vocational Qualifications (NVQs) up to craftsman status, (b) employees obtaining NVQ units of competence in areas that fall outside their main core discipline, thereby encouraging a multi-skilled workforce, (c) continuous professional development for individuals wishing to update themselves, and (d) training towards our statutory obligations.

It is also Government's intention to improve transportation within Buildings and Works and, therefore, new vehicles will be purchased in order to help operations. Other changes envisaged for the measurement of the day-to-day running of the Department

are many to mention though I briefly would like to list the following:

1. The introduction of an improved methodology for the calculation of bonuses that will produce clear cut incentives to ensure increased productivity and high quality standards.
2. The introduction of allowances for full-time attendance and penalties for persistent offenders.
3. Internal checking procedures by supervisors and estimators prior to works being verified as complete.

There is clearly much to do and I honestly have no doubt that these first steps within Buildings and Works, will attract substantial improvements in the way that the Department will operate. It is also evident that employees are working particularly hard within Buildings and Works and I wish to thank all of them for the great strides that they have so far achieved. I am sure that together, we will be able to steer Buildings and Works into a proud and positive public sector organisation, which others will wish to follow as an example of what decent services should all be about.

Before concluding my address with respect to Buildings and Works, I wish to inform the House that the TGWU along with the shop stewards therein, have written to me asking to enter into negotiations, without prejudice, on a possible new Authority. To this effect, the Government are preparing a comprehensive package, which will be discussed with trade unions in a move to establish such organisation as an independent Authority. Whether this is agreed or otherwise, Government remains firmly committed to change and pursuing every avenue leading towards an improved level of service for our tenants. It would be the desired objective of the Government to have a consensus agreement between the two sides, and we sincerely hope that this time round we may conclude the forthcoming negotiations.

Members of the House will remember that the Reporting Office was formerly located at the Central Depot, known as Ragged Staff or '*el Patio Chico*'. All initial enquiries in relation to housing maintenance would have been directed there. As a result of the change in roles between Housing and Buildings and Works, it is now more appropriate that this be moved to the City Hall, where proper facilities are being provided. Eventually, the Government intends to centralise all enquiries through the Reporting Office, so that the general public may enjoy one source of contact. The main emphasis being that the Reporting Office will be chasing up enquiries and providing feedback rather than the other way round. This will also help improve communications where in the past, there has generally been difficulties in accessing information or feedback, after reporting for example, a pot hole, a faulty drain, an infestation, or a leaky tap.

I am pleased to report that the Works in the City Hall refurbishment programme are progressing steadily. This building is an important part of our heritage and, therefore, I should stress that as Minister for Housing, I have liaised and co-ordinated closely with the Government Heritage Division and the Heritage Trust to ensure that the works are (a) finely tuned to appropriate construction methods, and (b) taking due care and attention to the historical building fabric. Bearing these important considerations in mind, I am pleased to say that the main counters serving Housing Allocation, Rent, and, as mentioned earlier, Reporting Office, are all now complete. The works will continue to progress gradually throughout the rest of the City Hall, carefully ensuring that there is the right balance between preserving and enhancing heritage value and providing a quality centre that will facilitate public housing services. For example, many people will have already noticed the changes when they pay their rent, or make enquiries on issues pertaining to housing, suffice to say that there is improved access and space for members of the general public when visiting the Ministry for Housing.

I think it would be appropriate at this point to say to the House that the exemplary quality of high traditional skills, enthusiasm and high levels of motivation shown by the tradesmen of Buildings

and Works in this challenging project is worthy of note. To go further, this shows that Buildings and Works has many skilled and highly motivated workers, and it is, unfortunately, a minority element that attracts the regrettable criticism that is often attached to the organisation. It is my responsibility, therefore, to build on this platform of skills and to this aim, I remain totally committed to ensuring that the Buildings and Works is given the right level of support and resources it deserves. To this effect, Hon Members will have noticed the introduction of a Training Co-ordinator in the establishment figure for Buildings and Works – Operation Unit, in order to facilitate such training to future generations of trades people.

Gibraltar enjoys a harmonious society in which many cultures would be envious of. We, like everywhere else, also have a minority of unruly elements. This is particularly a problem for decent law abiding tenants, who through no fault of their own, just happen to be living next door to people who, for example, consistently play loud music in the early hours of the morning, or vandalise main communal areas, or are victims of harassment, or even assault. For some tenants, this problem can make their lives a misery and regrettably, the law does little to protect against continuous offenders. I wish, therefore, to explore what actions Government may take in order to target consistent offenders who undertake acts of anti-social behaviour. Rather than shift unruly tenants somewhere else, like many Boroughs do in the UK, we are limited in what we can do in Gibraltar, of course with the exception of moving persistent offenders into a particular location: a solution which is totally unacceptable for obvious reasons. With this in mind, I recently carried out a study to seek ways in addressing this problem. Obviously, as this overlaps into housing, the Ministry needs to be in the driving seat but in order to deal with this problem, other Government Departments and Agencies need to come together to provide the necessary legislation, enforcement and re-education to curb this undesirable problem. This is a subject that I take a keen and sensitive interest, and I hope to introduce a strategy, in the not too distant future. The general thrust of this approach will be to introduce preventative

measures with realistic punitive action once the latter measures fail to deliver.

The Approved Estimates of recurrent expenditure for the Ministry for Housing, that is Head 3, has increased significantly from an approved overall figure of £7,044,000 in Financial Year 2002/2003 to a figure of £7,749,000 for the current year. This Head embodies both the Housing Administration side of the Ministry, which is situated at the City Hall and Buildings and Works. We have seen three principal factors that have affected the increase in the overall budget from last year to the current year. These are :-

- (a) the introduction of the new cleaning contract for Government estates, which came into effect early this year;
- (b) the consequent disbandment of the Wardens Section; and
- (c) the restructure of the Housing Administration side of the Ministry. The latter has resulted in a considerable increase in staff members principally on the Technical side of the Ministry.

The effect of the above in the recurrent vote has been varied. In the first instance, and as a result of the introduction of the cleaning contract in January 2003, the Ministry has had to recourse to supplementary funding to the tune of £230,000 to meet this unbudgeted expenditure. Similarly in Buildings and Works, supplementary funding was also sought to meet the unbudgeted expenditure in respect of extraordinary payments made to staff for loss of earnings as a result of the disbandment of the Wardens Section. However savings in other areas of the vote counteracted the final amount of supplementary funding needed.

In the Housing Administration side of the Ministry, the largest increase in the recurrent vote for the current year when compared with the previous year, has primarily been in Personal Emoluments as a result of the restructure. The total estimate for

Personal Emoluments has therefore increased considerably in the current year. The largest element of this increase has been as a result of the introduction of the new Technical and Design team which is listed in the Establishment Figures. To a lesser extent, there have also been increases in various areas of activity under general office and computer expenses as a direct result of the increase in the number of officers in the Ministry arising out of the restructure.

The Government have taken a bold and courageous step into initiating radical change so that service delivery can be improved. Though the strategy will need to be planned over the medium-term, there are, nevertheless, priority areas requiring immediate attention.

To summarise these points, the development and pursuance of an overall organisational mission and aims and objectives, will constitute the initial drive to implement a cultural change within the Ministry for Housing. Though this approach will be gradual and the benefits will come into fruition in the medium to long-term, these will, nevertheless, be important 'engines' which will trigger (a) greater focus on direction, (b) measurable outcomes and, therefore, accountability, and (c) provide Gibraltar with a modern perspective on the delivery of a public housing service. In addition, the Code of Practice will help unfreeze entrenched values, norms and beliefs, and with proper training and re-education, will help encourage a framework for a new organisational culture to be nurtured. The process, however, will be continuous, otherwise there is a danger that old values will creep back again.

It is essential that the Ministry for Housing embarks on a new relationship with respect to Buildings and Works and this will require clear demarcation as to exactly what will constitute sole responsibility and lines of authority. Similarly, the Ministry for Housing will need to be balanced and fair in its new approach with Buildings and Works. That is, fair in that intervention will be introduced only when absolutely necessary, and balanced in that the targets will be negotiated and agreed.

The administration of housing allocation will need to be reviewed in line with today's needs. The main issue is whether Users fall within the 'Dependent' or 'Self-Dependent' categories. In addition, the present constraints levelled at young adults unable to enter the property market and those prospects of people living longer in the future, requires a twofold approach to the development of affordable Housing in Gibraltar. The fact is that these two target areas require immediate attention.

The Reporting Office has moved to a more appropriate location at the City Hall where it will form the basis of a future centralised facility for the benefit of the general public and the improvements already being witnessed resulting from the steady refurbishment of the City Hall, will provide an enhanced historical building through ensuring that there are proper facilities for the public. In addition, the problem of anti-social behaviour within our Estates needs to be addressed directly so that we may tackle persistent offenders. With this in mind, the Ministry for Housing is co-ordinating a strategy to address this increasing problem. Finally, I have given a relevant brief overview of recurrent expenditure.

Mr Speaker, in conclusion, I have outlined a formula for a new and modern public Housing organisation which is steadily improving its services to our community. Though this is ambitious, it is by no means an exhaustive budget since an enormous amount of work is still required to modernise service delivery. I am confident, however, that the investment and the reforms being introduced by Government have been paying dividends already, and will certainly pay dividends in our community in the future, and I have no hesitation in commending these measures to the House.

Finally, my sincere thanks to all of my staff in the Ministry for Housing and Buildings and Works for their hard work and dedication, especially I would like to mention my Personal Assistant, Mrs Caroline Valdivia and my Personal Secretary, Mrs Jenny Coelho, for taking the pressure directed at the Minister's Office and, of course, putting up with my occasional irritating moods. Thank you.

## HON DR R G VALARINO:

Mr Speaker, I thank the Minister for his detailed statement and I always believed that miracles only came from heaven. The late much loved Hugo Gryn once described the essence of life as it had been taught in his childhood. God says to man, and this is not a Spanish saying "*I have three and you have three, your three are your wife, your child and your servant my three are the widow, the sick and the homeless. The deal is this you look after my three and I shall look after yours.*" Nowadays the widow can be classified as the elderly, the sick are still the sick and the homeless are those that need to live in decent accommodation. Thus the three most important local issues but the Government must look after the elderly, the medical services that care for the sick and the housing problems present in our community. However, in this respect this present Government have failed dismally with regards to all three. I will deal with housing as it is my remit whilst the other two subjects will be dealt with by my Colleagues. This will be the last budget of this present Government before the general elections to be called when the Chief Minister decides. I will deal with aspects of the Housing Agency since the last elections.

During this period of time the work of this Agency has gone from poor to fair and again to poor. One has only to read the three reports of the previous Ombudsman where almost a third of all the complaints received by the Office of the Ombudsman against Government departments or agencies were against the Housing Agency. The Chief Minister once said that it was only human to try to improve living conditions and present complaints against this department. I agree, but throughout these three and a half years this department has treated Gibraltarians with disdain and if someone with a genuine grievance wants to see the Minister he or she is told nothing doing having to see a member of the agency in his place. As I have said before the people with these problems then have to recourse to the Ombudsman, myself and even to the Chief Minister. People are often told to go and live in Spain and unfortunately many Gibraltarians are being driven once again to live in the Campo Area as they are unable not only to find a home in Gibraltar but also unable to do so due to the severely overpriced

housing market. The housing market has become overpriced to an alarming degree because of the failure of the GSD Government to provide new housing stock with the consequential effect that house prices are now out of the reach of the ordinary Gibraltarian couple.

Increasingly more and more young people have to find accommodation in Spain because of necessity with all the social economic and political implications that this carries with it. In March this year Government announced the proposed building of 275 flats for affordable homeownership to be built at North Mole Road. One hundred and fifty flats for rental to senior citizens at the same site and another 150 flats at Devil's Tower Road for rental for those on the government waiting lists, these to be built by 2007. At the last election the GSLP had the manifesto commitment to build 500 new housing units immediately on coming into office however the GSD failure to do anything since 1996 has made us include in our forthcoming election manifesto a commitment to build 750 units for rental, homeownership and pensioners. This motion on housing was unanimously passed at our annual general meeting early this year and has become as such a manifesto commitment.

The same situation which existed prior to 1988 and which the GSLP addressed by the land reclamation scheme exists now today and unless the problem is tackled with vigour and awareness which is lacking we are condemning future generations of young Gibraltarians to an uncertain future. During the eight years of GSLP Government a very large number of housing units were built on the reclaimed land a total unable to be imagined. As I have said before homeownership should not be a status symbol but a right. At Question Time in the House this year the Minister answered that there were 354 applicants in the Housing Waiting List together with 499 in the pre-list, no wonder there were queues a mile long every day when people were asked to put their names down on a no commitment basis at the City Hall for the 275 flats. At the same time the Chief Minister also stated that he remained committed to reviewing the view in which pre-war rent is charged and that Government

would not allow a hike in rents though Government recognised a Supreme Court view on the unfairness of the current state of affairs. He said, *"Security of tenure and affordable prices for tenants was a concern for Government and that in some cases specially the elderly rent relief would have to provide a safety net. Landlords would have to have a commensurate obligation to maintain properties too."* He added, *"There will be an active management of the Pensioner Exchange list,"* says the 2000 GSD manifesto not so says the Housing Agency. Those on the exchange list have to find an exchange themselves. There were 286 pensioners in the Housing Pensioner Exchange List when this question was last answered by the Minister. There were 284 in October 2002 so where is the active management? The Chief Minister during his budget speech mentioned tax relief for homeowners. He has followed the same pattern of ideas we suggested in 2000 but only three and a half years later.

Bishop Canilla House is still a matter for concern. Since I first started asking questions in 2000 the answers remained the same. When last asked 15 out of the 86 flats suffered from dampness problems all to varying degrees, of these six would be classified as severe with another six already being repaired. Repair work included internal redecoration moreover a total of three flats were affected by water penetration problems last winter. Surely Government have had more than enough time already to solve the problems at Bishop Canilla House and I wonder what will happen this coming winter. I hope that these obvious design faults by the architects will not rear up their ugly heads in any new construction for the elderly. I am glad that Government's commitments to implement a phased refurbishment at Varyl Begg Estate has been implemented at long last. I earnestly hope that work on the roofs will have been finished before the winter rains.

Housing rent arrears continue to soar, on the 31<sup>st</sup> March 2002 there were an estimated arrears of £2.3 million an increase of 11.7 per cent over the previous year which had an estimated increase of 13.5 per cent over the previous year. In contrast on the 30<sup>th</sup> March 1996 the estimated arrears were just over £1



million. The Principal Auditor noted that the last occasion when a debt chasing exercise was performed by the Housing Agency was in May 2000. I awaited the Principal Auditor's Report at the end of July 2003 together with the Annual Accounts of 2001/2002. Why do people stop paying the rent? Often it is because of a minor reason, for example, they have a roof that leaks and they contact the Housing Department who do nothing and the tenant in return stops paying the rent. In October last year I wrote a letter to the department to ask for a change of a bath to a shower for a medical patient who had broken her hip and was living alone as her husband had died. In fact, I checked on this before I came to the House and the lady in question said I had written two letters, not only that I had spoken to the Housing Agency myself. To this date neither the tenant nor I had been contacted. The poor lady has to wait until her daughter has some free time to help her get into the bath. She is still paying her rent, however, hundreds would not.

As far as Buildings and Works is concerned despite the changes that have taken place the staff is still underutilised with no proper management and bonuses are being paid late. What is the point of paying £38,500 for a Human Resources Manager who is, I am told, a 63 year old UK national when he is simply surplus to requirements?

I will now turn to the environment. The GSLP have made the policy commitment to fund and publish an enquiry into the effects of the emissions from industry in the Campo Area. The study would analyse whether the emissions may be having a detrimental effect on the health of residents of Gibraltar and its hinterland. The perceived very high incidents of cancer and breathing disorders and allergy afflictions in Gibraltar points to there being an issue here that must be properly investigated by qualified persons. We have received numerous representations from the public and relevant organisations in particular the Environmental Safety Group in relation to this and other related issues. The GSLP have committed itself publicly to the full publication of this study and to funding litigation, if necessary, to ensure that we protect our people from emissions that are

outside the norm. The Environmental Safety Group published a document last December about their environmental concerns. These concerns are being assessed and qualified. We will be meeting them in the near future the aim is to incorporate some of their concerns into our manifesto into the forthcoming elections.

As far as heritage is concerned I have previously stated that the Government have the backing on this issue from the Opposition. It is vitally important to preserve our heritage not only for ourselves but for our children and grandchildren. We must not lose the Gibraltarian identity however when I first asked whether Government would contemplate removing those horrible steps leading up to the first floor of the Theatre Royal I certainly did not expect to find that the building would be reduced to what is almost a shell of what it once was. I am now informed that when the refurbishment of the Theatre Royal was first launched and Government announced that the cost of the project would be partly met by EU funding it now appears that EU funding may have been lost and that the costs of the refurbishment programme have sky rocketed as the works have become a total rebuilding job. I will be grateful for an assurance from the Minister concerned about what works are scheduled to be carried out, whether EU funding is available, a total cost of the project and the estimated date of completion.

I am happy to see that the Piazza project is going ahead as planned and that the Chief Minister has taken advice from the Heritage Society as to whether the toilet facilities are not to be sited. Sadly the present House of Assembly by the time the project is completed will need major refurbishment if it is to continue as the seat of our parliament. I have suggested previously an alternative site providing amongst other things air conditioning. In my opinion a better all round forum. Whatever decision is taken I would hope that in years to come we can be proud of our House of Assembly as other countries are.

Finally, Mr Speaker, I would like to thank the Clerk and the staff of the House for all the help they extend towards the Opposition Members. Thank you sir.

The House recessed at 1.25 pm.

The House resumed at 3.00 pm.

### **HON DR B A LINARES:**

Mr Speaker, as I report to this House on my ministerial responsibilities I am conscious of the grave import that these areas of governance carry as they mark the quality of life of our community in such vital areas as Education, Training, Culture and Health. From the start I want to express my sincere appreciation to all those members of staff who day in and day out walk into our offices, our classrooms, hospital wards, clinics, and other places of work with a clear commitment to serve our people. There will be failures as in all human endeavours but it is not right that in this blame society in which we live our practitioners should have to work under a permanent fear of vicious criticism, trumped up litigation and often even violence and abuse. I want to say that I do believe in the goodwill and the tireless efforts of the vast majority of those who work for us in our public services and I am sure that all the Members of the House will join me in this respect.

### **EDUCATION**

Mr Speaker, we are justly proud of our educational system. There is almost an intuitive sense amongst us that education of our people is a premium investment and an overriding aim.

As Members of the House are aware our educational system is entirely modelled on the UK National Curriculum. I believe that this is indeed a wise decision since our opportunities for higher education, in realistic terms, reside in Britain (where we currently sponsor over 600 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.

### **♦ 14-19 Education**

There is no doubt, that the toughest challenge for our secondary teachers and educators in the next few years will be the adoption locally of the proposals set out in the UK Government's Green Paper entitled "*14-19: Extending Opportunities, Raising Standards*". These represent a massive shift in the way learning opportunities for young people will be organised and delivered in the future. The proposals identify that long-standing need to secure parity between "academic" and "vocational" qualifications.

The working group to study these proposals chaired by the Director of Education and Training with representation of relevant teachers, educators and union executives have continued to meet and have recently launched a wide-ranging consultation document to all teachers in secondary schools and the Gibraltar College on the principles and main features of the UK 14-19 document as adaptable to our own needs.

### **♦ Higher Education**

The fact that over 40% of our annual intake gain access to higher education is proof of our success in preparing our pupils throughout their school career for public examinations and the statistics speak for themselves – our pass rates are well above national averages in UK and our results place our schools among the top-ranking schools in the UK's national league tables:

In 2002, the

- GCSE pass rate (A\* to C Grades) was 72% (an increase of 8% over 2001)
- A/S level pass rate was 95% (an increase of 4% over 2001)

- A level pass rate was 97% (an increase of 5% over 2001)

The number of students in UK universities is 605. The cost of tuition fees paid by Gibraltar Government are £548,372

#### ◆ Performance Management

The ground-breaking settlement between the Government and the Teachers Union in 2000 to relate teachers salaries to structured performance management criteria has been well accepted and is working very well. We will be completing the second cycle of performance management this summer 2003. The Department of Education and Training is required to ensure that the performance of its teachers, including the Director of Education and Training, headteachers, and members of the Support Services, is reviewed annually. 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.

#### ◆ Professional Development

The Department continues to offer courses to meet the needs of schools and individual teachers. It continues to offer management courses since these will become compulsory for promotion to Deputy Headteachers and Headteachers as from 2004 in the UK. These courses are being offered in conjunction with Sheffield Hallam University (52 teachers are currently undergoing this course). The Department will soon enter negotiation with NASUWT locally so that this qualification becomes an essential requirement for promotion to this senior level of school management.

#### ◆ Special Needs

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 wholeheartedly 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 1<sup>st</sup> January last year. The Department's policy is spelled out in also in a booklet 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 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 continues to be made within the pre-school unit which we have created last year as an annex to St Martin's School, in St Martin's School itself or in the specially resourced units which some of the mainstream schools have. St Martin's Special School will continue to engage in a form of "outreach" partnership with mainstream schools, whereby pupils in the Special School are time-tabled to share in selected mainstream programmes to facilitate social interaction between special needs children and their mainstream counterparts.

In order to ensure an effective implementation of these programmes we have appointed in each school teachers with a 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 the following:

- ◆ 16 classroom aides in mainstream schools;
- ◆ 4 classroom aides in mainstream nurseries;

- ◆ 4 nursery nurses employed in mainstream nurseries;
- ◆ 2 nursery assistants in mainstream nurseries;
- ◆ 2 vehicle escorts for children with special educational needs;
- ◆ 14 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 Adviser for Special Educational Needs.
- ◆ ICT Resources

There is now a requirement for ICT to be included in that group of subjects known in the National Curriculum as the Core subjects including (Mathematics, Science, English and now ICT). There is also an ICT (Information Communications, Technology) requirement built into all the subjects taught in our schools and this is reflected in post 16 examinations and coursework. Some subjects require ICT provision over and above this, for example, the sciences require specialised equipment for data-logging and monitoring of experiments. The Government, therefore, will invest largely to the tune of nearly £0.25 million as announced earlier by the Chief Minister and we therefore aim to provide each and every school with at least one modern up-to-date computer suite equipped with the latest technology and internet enabled. The computers in these rooms have to be networked to allow the sharing of internet access, printers and other peripherals. The purchase of digital cameras, scanners and similar technologies have also got to be integrated into these rooms. In Bayside for instance, at least three extra computer rooms will be provided to keep up with present A-level, GSE in ICT and Business Studies and they will be equipped with 24 additional computers and 2 laser printers for each computer suite. In Westside similarly a designated area will be converted into a computer suite provided

with 50 additional computers, three laser printers, appropriate cabling and a server. All other schools, middle schools and first schools and the College will similarly have their present stock of computer hardware and software greatly upgraded and increased.

#### ◆ Staff Resources

The compliment of teachers has been increased as from next September by 10 from 323 to 333. It is significant to point out that the compliment of our teachers has increased from 285 in 1996 to 303 as I say today. That is an increase of over 16 per cent. School secretaries have increased from 10 to 14 this year and three assistants in areas such as art rooms and design and technology workshops have been employed this year. As announced by the Chief Minister earlier, the compliment of classroom aides has been increased this year by 10. Again it is significant to point out that the compliment of classroom aides has increased from 11 in 1996 to 33 today. Some of these classroom aides have been engaged as supply on the basis of supply as the Chief Minister explained and they have now been incorporated as permanent and pensionable.

#### ◆ Infrastructural Works

After the major programme of construction carried out during the academic year 2000/2001 at a cost of more than £2 million in order to provide schools with adequate accommodation and suitable conditions for school lunches it was possible this past year to revert more fully to the on-going programme of repairs and maintenance in our schools.

This year will see the start of a major building programme at St Paul's School. This will consist of a large dining hall/assembly hall plus a number of classrooms to allow for expansion. The building will encompass the area which is presently occupied by the school nursery and the play area which has now been released by the Housing Department and I am grateful for this,

after consultation with the Tenants Association I am also grateful to them. It should accommodate a large Assembly/Dining Hall, with extra classrooms on top and a new nursery to replace the present portakabin. The addition of extra classrooms will enable the school to take on more children, especially given the extra number of housing units being built in that area (Europlaza and the new Government scheme adjacent to the Coach Park). In addition, the Department is actively working on the relocation of St Mary's School to a site in the Queensway area and make it into a 3-form entry first school and 2-form entry middle school.

#### ◆ **School Lunches**

Facilities for school lunches were made available in all schools as from January last year involving a change of the traditional school hours. As always, Headteachers and Deputy Headteachers have risen to the occasion by managing the new arrangements well and I am pleased to report, that the new arrangements have now fallen into place to the general satisfaction of over 90% of parents (and grandparents, may I say). Indeed over the last year 335 more children are staying for lunch in school than this time last year. This increase has meant the employment of extra lunchtime supervisors. I want to put on record our appreciation of the supervisors' excellent work – whilst the Department has ensured that proper induction courses were given to them, it is their caring commitment which has greatly contributed to the success of this challenging and innovative scheme. During the course of this financial year the Government would carry out a consultation exercise with parents and schools to establish the level of interest in parents and the feasibility of providing pre-cooked meals for children in schools.

#### ◆ **Educational Exchanges**

I want to make reference to the wide programme of educational exchanges between teachers and pupils from our schools and schools over the frontier. The Opposition's Press regularly sneer

at these activities – they like to call me the “Osmosis” Minister. Well, if by “Osmosis” is meant the effort to foster links of friendship, understanding and tolerance between our peoples, especially the young, then I am quite happy to be labelled with that rather interesting pseudonym of classical Greek origin.

Countless activities and events have taken place. Hundreds of our pupils have travelled to ERA (Archaeological Educational Site near Chiclana) and to Jimena's Granja El Dorado (educational Animal Farm) and to the ecological school in the Arcornocales of Los Barrios and similarly hundreds of children from Spain have visited our schools and taken part in Sports Fun Days at the Victoria Stadium and my Honourable and Gallant Friend the Minister for Sports will no doubt report on the quite spectacular success of the Straits Games recently in Los Barrios. My own daughter who actually took part in the Games summed it all up when she said: “Daddy the Spanish girls were quite nice to us”. On a more academic level two joint seminars have been held this year between teachers and education advisers from Gibraltar and the Cadiz province to make a comparative study of our two systems of education.

#### ◆ **Transborder Institute**

In this same spirit I would like to report, Mr Speaker, on the progress of the Transborder Institute which was instituted in 2001 by the Chief Minister and the President of the Diputación de Cadiz, Don Rafael Roman, precisely to foster at a higher level of cultural and academic understanding relations between our peoples on both sides of the frontier. Four major conferences have been organised this past year, two hosted by our local team and two by the La Linea Director. In April 2002 a Conference was held at the John Mackintosh Hall on the subject of *“The Effects of the Euro on the Economies of the Strait Countries”*. This brought together economists from Madrid, Cadiz, the Campo Area, Morocco and a number of our local finance experts led by Mr James Tipping the Director of the Finance Centre and Mr Joseph Caruana a member of the Finance Centre Council.

In October we also organised the 1<sup>st</sup> Trans-border Congress on Marine Biology to coincide with the 12<sup>th</sup> Iberian Symposium on Benthic Ecology. This brought to Gibraltar top scientists from all parts of Europe. Field events took place on both sides of the border and the subject, of course, quite apart from its generic scientific interest, is of great environmental relevance to all of us on both sides of the Straits.

The La Linea Centre similarly hosted a fascinating seminar in January this year on *“Interculturalidad y Educación – una apuesta de futuro para las comunidades del Estrecho de Gibraltar”*. This Seminar was sponsored by the University of Cadiz. A similar conference was organised by the La Linea Centre in Altea near Alicante on the subject *“Gibraltar – Mas alla del Contencioso”* where relevant members of our community, including myself, were able to put across a profile of the Gibraltarian community as a unique historical, cultural, and sociological identity.

#### ◆ Environmental and Social Education

Mr Speaker, Education goes beyond examination results and academic attainments. It involves education of the whole person and education for life. It is to me personally gratifying that increasingly the pendulum is now beginning to swing to aspects of education to which I have dedicated great part of my life – personal, moral, spiritual, social and environmental aspects which our advisers are now integrating into our school curricula. Perhaps of the most impressive outcome in this field of education has been the recent publication jointly by the Department of Education, the Ministry for Environment & Health with the support of Professor Daniella Tilbury of Macquarie University in Sydney, a Gibraltarian herself, for the use in schools on *“Action for Sustainable Development”*. A similar important contribution by the Department of Education’s advisers (and may I, wearing another hat which I will wear later, also record here the contribution of the GHA’s Public Health Department) to the elaboration and publication of the Government’s *“Strategy to Combat Drug Misuse”* on which, my Honourable Friend Mrs Del Agua, has already reported.

## TRAINING

Mr Speaker, I turn now to my ministerial responsibility for training in its broadest aspects. I have already explained the importance being given today to vocational education as an integral part of a broad-based educational curriculum. Indeed, not only throughout the 16 to 19 phase is this being recommended but as an on-going provision of skills development in the form of life-long learning. I will now give an update of schemes and courses currently available.

#### ◆ Maritime Sector

The Department of Education and Training is currently working in partnership with the Gibraltar Maritime Authority and local Port Operators in order to make available training provisions for the Watchrating Certificate.

During this last year the Department of Education and Training has sponsored employees from the Private Sector to attend Courses at Warsash Maritime Centre in Southampton to follow Specialised Tanker Training Programmes.

#### ◆ Tourism Sector

During the last year there were two Intakes into the School of Tourism. Twelve trainees commenced training in each of Intakes 9 and 10. Intake 9 finished in April 2003, from which seven trainees graduated. Of these a total of four trainees gained immediate employment in a Tourist related trade.

#### ◆ Diploma in Business Administration

This is a business related course leading to accredited qualifications issued by the London Chamber of Commerce. Lecturers from the Gibraltar College deliver the theoretical

components of the course at Bleak House, and trainees receive work related experience with local companies.

#### ◆ **Financial Services Sector**

The Department of Education and Training has been working in partnership with the Compliance Institute and a Foundation Course in Compliance Risk Management was delivered in Gibraltar in November 2002. A total of seven participants from Gibraltar's Finance Sector attended this course. Courses leading to a Certificate in Offshore Finance & Administration and a Diploma in Offshore Finance & Administration continue to be offered in Gibraltar. The Department of Education and Training continues to offer subsidies of up to 75 per cent to students undertaking the Certified Accountancy examinations known as ACCA.

A Portfolio Planning Workshop primarily aimed at continuing professional development for those working with the Insurance Sector was held in November 2002 at the Bleak House Institute of Training.

#### ◆ **Management Training**

33 Candidates successfully attained a Post Graduate Diploma in Strategic Management, of these 16 candidates were from the Public Sector and 17 from the Private Sector. The University of Durham delivered the Post Graduate Diploma Course in Gibraltar.

A Business Management Programme for the Private Sector, leading to a Diploma in Management accredited by the Chartered Management Institute, commenced in October 2002. The University of Durham is once again delivering all training, and the present 20 participants are employees from 18 different local companies.

Courses are also being run for Civil Servants to attain Diplomas in Management, and there are currently over 60 Officers of the Government attending Management Courses delivered by the University of Durham.

#### ◆ **Training in Counselling Skills**

We are currently subsidising 17 students undergoing training leading to an Advanced Diploma in Therapeutic Counselling.

#### ◆ **Health and Safety for Operators**

A course on Health and Safety for Operators was held in February 2003, and there were a total of 129 participants from the local Construction Industry.

#### ◆ **Construction Training Centre**

There are currently 32 trainees undergoing training in the various construction related trades, of these 25 were new entrants since September 2002. The current trainees are working towards NVQ Levels 1,2 and 3. The apprentices are following NVQ training leading to awards by the UK Joint Awarding Body – City & Guilds London Institute and Construction Industry Training Board. As part of the Government's plans to re-organise Buildings and Works, my honourable friend Mr Netto referred to this earlier today, Labourers are being offered the opportunity to undertake NVQ Qualifications in areas where there are shortfalls in core disciplines. Fourteen Labourers have expressed an interest to undertake NVQ training up to Craft Level.

#### ◆ **Cammel Laird Training Centre**

A total of 12 new apprentices commenced training at the joint Government of Gibraltar and Cammel Laird Training Centre last

October. There are currently nine trainees following training in the following trades up to NVQ Level 2. There are a further 24 apprentices currently working towards achieving NVQ Level 3 qualifications. It is hoped to have a new intake of 10 or 12 apprentices this coming October. The External Verifier from EMTA Awards visited Gibraltar in May 2003, and has once again granted the Cammel Laird Training Centre NVQ Centre Approval.

#### ♦ **Training for Prisoners**

The Government's Training Officer is currently working closely with the Superintendent of Prison with a view to extending training facilities currently on offer to persons confined to Prison.

#### ♦ **Vocational Training Scheme (VTS)**

A total of 294 youngsters between the ages of 16 and 25 have undergone training this past year through the Vocational Training Scheme. At present there are 142 continuing their training, with the other 152 trainees having successfully gained employment or moved on to further studies.

### **CULTURE**

Mr Speaker, Gibraltar is blessed with a wealth of talent in all fields of the arts, music, drama, dance, the fine arts et cetera. The Ministry of Culture has kept up during the past year the renewed momentum and vibrancy of cultural activities that we have witnessed over recent years by supporting different groups and organisations with funding, premises, logistical and advisory support. Evidence of this is the extraordinary successful Spring Festival held traditionally during the month of May when every day this year was taken up with some cultural event ranging from concerts, plays, shows, exhibitions including the 5<sup>th</sup> Spring Art Exhibition, demonstrations of Arts & Crafts, et cetera. Ince's Hall

has had throughout the year bookings for every week of the year with performances ranging from drama productions, pantomimes, flamenco shows and recently the spectacular 'Bollywood Bonanza' a variety show produced by the Hindu Merchants' Association.

Quite apart from the annual grants given out by Government to support individual groups and associations, this past year premises have been allocated to the Gibraltar National Dance Association, the Gibraltar Drama Association, the School of Music, Rumores Dance Group, and Los Salineros Dance Group.

But I would like to highlight, Mr Speaker, three major developments that will have a far-reaching effect by raising the profile of our community as a veritable cultural centre. One is the rise of the Gibraltar Music Centre Trust which now runs the School of Music and incorporates the long-established Music Centre. Since it started just over a year ago with just wind band tuition for 30 students it now caters for over 400 pupils today. The aim of the Trust is to ensure that different groups and individuals can share instruments, equipment, resources and experience and receive professional tuition in a variety of instruments, including strings and also music and voice lessons. The Government are pleased to have provided adequate premises at South Barrack House, the old BFBS building, for this exciting venture. As I have said earlier, there is a wealth of natural talent in our people, particularly in the field of music. It is important that this potential is developed by providing properly qualified tuition to our youth with facilities in the way of adequate premises and funding which should come not just from Government but also sponsored by the private sector as a form of investment in the raising of our cultural profile.

Another important investment made by the Government are a substantial contribution of funds to improve the resources and stock of the lending Library at the John Mackintosh Hall. This year there will be an initial injection of capital to the tune of £50,000 over and above the contracted annual funding allocation to Knightsfield Holdings as the agency managing the Hall and the



Library. On subsequent years the capital funding for the Library will be in the region of £25,000. I am confident that in this way we hope to build a worthy Public Library to meet the growing needs of our community.

Finally, Mr Speaker, I would like to update the House on progress regarding the Theatre Royal. As you are aware last year we organised a press conference and what became a very well attended exhibition at the Mackintosh Hall that lasted for a week. In it we displayed layout drawings, artist impressions, designs and models of the Government approved scheme. Following this exhibition final meetings were held with a whole range of interested and relevant user groups and indeed modifications were made to suit most of their requirements. I can confirm that the scheme presented to the public last year is exactly the one that is in progress on site at this moment. What we are doing now is continuing a tradition that dates back to the 1820's, when the first theatre was built on this site and over the years the layout and the disposition of the auditorium has been repeatedly changed again and again to meet the requirements of the community at each particular time and we are doing exactly the same now.

The demolition that has taken place is that of a rather plain and sparse auditorium built in the 1930s designed to cater for what actually became a cinema and intended to raise to a maximum the possible number of cinema goers but certainly not in compliance at all with present day safety requirements. The Theatre that we are building will become I can assure the House a real showpiece, it will be a modern but classical and elegant and well appointed theatre with a sitting capacity of 545, an orchestra pit for 35 musicians and a huge stage covering an area of 132sq metres with a 16 metres high fly-tower. The Theatre will be seen to have evolved within most of its existing external walls and roof enclosure and the building when completed will again show the public its restored 19<sup>th</sup> century façade. The interior design is intended to evoke subtle historical links to its past. A modern theatre with echoes of the past. The project has recently gone through its demolitions phase and piling and underpinning of

existing walls are currently in progress and the second phase will see the beginning of new construction.

## **HEALTH**

I turn now Mr Speaker, to my responsibility for health.

### **♦ The New General Hospital**

This 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. Building works at the new Europort Hospital site continue. Works have been progressed on a floor by floor basis, with partitioning, installation of doors and laying of new floors to the lower levels already at an advanced stage. The design has made use of the modular nature of the buildings, with blocks one and three being mostly used for the provision of in-patient services. In-patient facilities are made up of a variety of single, double and triple bedded cubicles with a high percentage of accommodation boasting en-suite facilities. The New Hospital will comprise 201 public in-patient beds, a suite with 3 operating theatres, an Endoscopy Suite, a Day Surgery Suite, staff and visitors canteens, a chapel with pews for eighty persons, and a mortuary with a room for reflection. New facilities within the complex include a fully integrated rehabilitation facility including a hydrotherapy pool, an orthopaedic and trauma ward, an XRay Department which includes a CT Scan, as well as a mammography facility. There will also be a 15 bedded rehabilitation ward. The lower floors of the complex have been planned for out patient services, with floors six and seven of blocks one and three being used for administration and also for the School of Health Studies.

The new hospital will boast an air-conditioned environment to all wards clinical, administrative and out patients areas, hence the

requirement for increased air handling capacity at rooftop level. Cabling works for communication and information systems are being undertaken by Gibtelecom, while the main electrical sub-contract is being undertaken by Gibelec. The main contractor Fitzpatrick/Rotary expect construction completion to be in early February 2004. A further 3 months approximately for commissioning/migration would tentatively see the opening of the new facility around May 2004.

Procurement of Group 1 equipment (this is equipment included within the contract sum), and Group 2 equipment (bought by client, fitted by contractor) is progressing satisfactorily, with most major items of equipment having been procured. To quote several examples:-

1. The X-Ray equipment including a mammography and CT Scan;
2. Sterilisation equipment, such as washer disinfectors, sterilizers and ultrasonic cleaners;
3. ITU medical columns.

All equipment schedules have been prepared following initial consultation by Ibis Medical with all the user groups. An in-house GHA team led by Mr Joe Catania, the Director of Operations who is our own client Project Manager assisted by Mr Derek Alman from the GHA Technical Services and Mrs Marisa Desoiza, are working with the consultant project managers and are now preparing room by room listings of items of equipment for transfer to the new hospital. This exercise will reduce the time requirement for the migration process that I explained before.

#### ◆ **Clinical Governance Audit**

The Clinical Governance support team is made up of four members from the National Clinical Governance Support Team of

the NHS Modernisation Agency and four locally appointed practitioners who have been released for this purpose. They are assigned to carry out an audit of the health services together with a health development programme. The Programme was launched on 3<sup>d</sup> March 2003. The aim of the programme is to introduce changes that will enable and support the delivery of safe, high quality patient centred care across the whole of the Gibraltar health care system. The programme is made up of three phases. Phase I is the diagnostic phase and has been designed to determine the current state of health care services in Gibraltar and make recommendations for future improvements and development. Phase I includes the following aspects:

#### **1. Population Needs**

A survey carried out by the Picker Institute (Europe) has ascertained methodically and scientifically the views of the people of Gibraltar. The survey took the form of a telephone survey of 1000 random calls and 8 face to face focus groups.

#### **2. Cultural Analysis**

A survey carried out by a specialist company to ascertain the views of everybody working within the Gibraltar Health Authority. The survey took the form of a very comprehensive questionnaire and a number of focus groups and individual face to face interviews.

#### **3. Clinical Services Review**

Three clinical services were chosen samples to undergo an external peer review involving direct observations. These were the Trauma and Orthopaedic department, the Accident and Emergency and Primary Care services. The peer review teams were all from the UK and spent up to three days reviewing the

services through direct observation and direct face to face interviews and documentation review.

#### **4. Service Review**

This has identified all of the services that currently form the health care system in Gibraltar.

#### **5. Demand and Capacity**

Extensive work has been carried out to identify the capacity, the demand, the demand management and utilisation of health care services in Gibraltar.

#### **6. Operational Analysis**

This piece of work has looked at the way in which the Gibraltar Health Authority manages the services that it provides. This includes medical protocols, management structures, policies, strategies and procedures and resource management.

#### **7. Stakeholder Assessment**

This piece of work complements the Cultural Analysis, and involved interviewing both internal and external key stakeholders. The findings and recommendations from Phase I will inform the work of Phase II. Phase II is due to commence in September 2003 and will focus upon the improvement and development of health care services. This work will be a range of both fast-track improvements and longer term developments. Phase III will focus upon the implementation of any agreed improvements and redesigned services.

#### **♦ The School of Health Studies**

Government believes in proper professional training at all levels. To overcome a certain anti-intellectualism which marked the previous administration's general approach to training (the consequences of which still visit us today) we have drawn on the expertise and wider bank of knowledge and experience from abroad. In the School of Health Studies and the School of Nursing we have found this support from the prestigious School of Nursing and Midwifery of Sheffield University. In September this year a cohort of 9 first level nurses will be completing their Diploma Course validated by Sheffield University. Another intake of 11 students began this course in September last year and will graduate in September 2005. A total of seven second level nurses, that is "*enrolled nurses*" successfully completed a 2 year course validated by Sheffield and a further intake of 8 students have started this very month.

During this past year we have sponsored a number of senior nurses for post-registration training in UK in specialisms such as acute and critical care, community nursing and orthopaedic nursing but to complement these UK nurses and to encompass a wider field of potential students a very ambitious rolling programme has been developed with the University of Sheffield following a needs analysis between the School of Health Studies and senior nurse management. This will allow for the local delivery of courses in all areas of acute and critical care. The initial programme will be spread over the next two years. It will address the current needs – generic and specific – including Courses in Assessment of The Seriously ill Patient and Operating Theatre Practice and the future needs of the new hospital, for example, Day Care Practice. Parallel to these more in-depth courses the School of Health Studies also arranges a series of short in-service training seminars and study days on areas of medical care such as Basic Life Support, Patient Controlled Analgesia, Ethics in Health Care, Developments In Dementia Care and Childhood Dysphagia and Advanced Life Support for Obstetrics.

### ◆ International Nursing Conference

In recognition of the standards of excellence recognised by the Sheffield University in the School of Health Studies, Sheffield University have decided to hold in Gibraltar an International Nursing and Midwifery Conference in September 2004. The Conference is timed to coincide with the opening of the New General Hospital in 2004. It was agreed by Sheffield University that there should be an event to celebrate this special occasion. As a result it was decided that the hosting of the International Nursing and Midwifery Conference would be a very appropriate event. The conference is being sponsored by the Government of Gibraltar and is entitled *"Changing Practice: Changing Care"* and the conference themes are: *Evidence Based Care; Managing Health Care; Clinical Governance; Partnership in Education and Practice and Scholarship and Nursing.*

A call for abstracts is being distributed world-wide and in addition to the key speakers, it is hoped to attract to the conference a variety of contributors from different parts of the world including, as well, local speakers.

### ◆ Primary Care Services

The year 2002 was a period of relatively rapid development in some areas in Primary Care, though much more radical changes undoubtedly lie ahead of us in the immediate future. These developments have been greatly facilitated by the acquisition by Government of additional floor space in the ICC complex (2,249 sq ft).

Re-registration of resident patients and associated full computerisation of the Primary Care Services were under active consideration in 2002. We aim to obtain a proprietary system which will integrate both Primary and Secondary systems. A high level GHA IT Strategy was set up to deal with this in an organised way. Individual general practitioners actually already and nurse practitioners continue to use their own clinical IT

systems to good effect. We now have the services of an IT Manager appointed in 2002. Re-registration is now scheduled to begin in September of this year. We have a four man team in charge of this who have already prepared the ground.

A constant complaint from most user groups has been the difficulty in getting through by 'phone to the Primary Care Centre'. This has been addressed so that at any time there is now one member of the clerical team on telephone duty, sometimes two and occasionally three. However, when a computerised appointment system is in place, appointments will be greatly facilitated.

Access to a full radiology service as well as access for general practitioners to refer patients for echocardiography has increased patient satisfaction and indeed reduced patient waiting times.

The Authority appointed a locum visiting consultant dermatologist who comes in monthly and is currently working at the Primary Care Centre. This appointment too has almost eliminated waiting time for this service and referrals by doctors get processed much faster.

The backbone of the Primary Care Service continues to be the general practitioner the GP. Despite the increasing team element in primary care which includes dentistry, nursing, physiotherapy, occupational therapy, psychology, counselling, optometry, orthoptics, prescriptions advice, mental welfare, well woman services, child welfare, immunisation, et cetera the majority of people coming to the Primary Care Centre are still coming to see a general practitioner. Following the increase of general practitioners in 2002 to 15, the Authority has further increased the number in 2003 to 16. This places our ratio of patients per GP much lower than the average in UK and it should reduce considerably waiting times for patients to see a doctor and allow more time for consultations. The general practitioners continue in their generalist role providing a holistic personal service both in the Primary Care Centre and at patients' homes. The trend towards special interest clinics nevertheless continues with the new and very well received Diabetic Review clinics involving 2 or

3 general practitioners and will probably become more important in the future. The increased resource has allowed the setting up of a second "emergency" clinic to deal with casual attenders with illness of recent onset.

From October 2001 to January 2002 the Average Emergency Clinic size was 27 patients. In the same period the following winter the average number fell to 24 for the First on Call "Emergency" General Practitioner and 22 for the second on call.

The Primary Care Centre now also has an electronic link with the School of Health Studies through which Internet access including full text access to a range of medical journals is available to all the GPs and other staff at the Centre.

As a new initiative by the GHA, two Nurse Practitioners specialising in General Practice have been appointed. Their role encompasses providing nursing services to the practice population, including health promotion, chronic disease management, screening, treatment, establishing audit/quality assurance programmes, possible future research and participation in the development of educational strategies and the implementation of programmes. The Authority is now planning to train local nurses as Nurse Practitioners to ensure continuity and consolidate the current service.

In October 2002 the first formal weekly diabetes annual review clinic was introduced, a multidisciplinary, one-stop, detailed review and advice session for persons with diabetes, staffed by one of three general practitioners, the Nurse Practitioner, a Clinic Nurse, Dietician and the Optometrist. A diabetes register has been initiated and there are ongoing audits both from a clinical perspective and the patient's perspective. The venture has been successful and eventually it is anticipated that most, if not all, diabetic patients in Gibraltar will pass through the clinic at least once a year. A similar clinic for Asthmatic Children has been set up, to be staffed by the Consultant Paediatrician, a General Practitioner with a special interest in Asthma and a Nurse Practitioner. Another innovation to Gibraltar associated with the

arrival of the Nurse Practitioners is a systematic cervical smear screening for women and recall system. All ladies are notified of their results and informed when their smear is next due. This ascertains proper follow-up for those who are seen more frequently due to any abnormalities.

#### ◆ Health Visiting Service

A new initiative last year was the start of health visitor-run developmental clinics for children of eight and fifteen months as well as the existing clinics for children of 3+ years. The service is run by a qualified health visitor, one registered nurse and one enrolled nurse. It provides advice and support to the parents of all children between the ages of 0-5 years and offers facilities to weigh and measure the children to help assess developmental milestones. A local member of staff is currently in training as a Health Visitor and is expected to commence work in September this year.

#### ◆ Optometry

The Optometric Service is a recent addition to the GHA Ophthalmic Service, commencing in October 2002, with the appointment of a part-time Optometrist. The Optometrist's role consists of providing general eye examinations for children and adults. Another important role is to provide screening of common eye diseases and referral to the Ophthalmologist for treatment may prevent future blindness in these groups. The new service is already under considerable pressure and it is planned this year to extend the part-time services of the current Optometrist on full-time basis.

## ♦ Appointments

We also receive complaints about the appointments system. In response to that, we plan to introduce a reformed appointments system. This will involve the following –

- (1) Increased numbers of GP clinic spaces for pre-booking – from 10 to 15 per session.
- (2) Improved opportunities to make appointments by telephone.
- (3) We plan to have an emergency team of GPs and NPs working together and following clinical guidelines to deal with the acute minor illnesses and with real emergencies.

## ♦ Secondary Care Services

### (a) Obstetrics and Gynaecology

During the year the obstetrics department has consolidated the improvements introduced during the year up to June 2002. The service has now been extended to accommodate more home visits to women who are in the latter part of pregnancy, when it is more difficult to make the trip up to the antenatal clinic. A new pregnancy data is now being computerised. This will promote access to records and facilitate statistical analysis. This 'one stop' approach to treatment in the gynaecology clinic has proved very popular indeed. Consequently, the service has been extended to include also, minor surgery under local anaesthetic. At present, on average, about 50 minor procedures are being performed each month in the gynaecology outpatients department.

### (b) Child Health

Dr Steven Higgs, a paediatrician from Cape Town and latterly of the Royal Naval Hospital, has been appointed consultant paediatrician from February 2003 following the retirement of Dr Sam Benady in September 2002.

In 2003 the Health for all Children 4 programme (which has been adopted in the UK for Primary Health) will be implemented.

### (c) Pain Relief

New offices were finally made available in the summer of 2002 and around 728 patients were seen during this year, shared between the two anaesthetists. The vast majority of these patients were referred by general practitioners, being predominantly cases of spinal disc herniation and a few acute sympathetic dystrophies. Waiting times to see either consultant has been on average about 1 week and urgent cases requiring epidural injections or X-rays have been accommodated in 2 to 5 days.

### (d) Operating Theatres

During 2002, a total of 2,336 operations were performed and with the appointment of Mr Edgar as visiting spinal surgeon, a number of major complex spinal operations are now being carried out locally.

The Patient transfer Trolley System which was introduced last year, will have a beneficial impact on the control of infection within the Operating Theatre.

### **(e) Orthopaedic and Trauma Surgery**

During the year 2002, over 3,350 patients were dealt with in the out-patient clinic. The re-location of the Orthopaedic and Trauma clinic and provision of an extra examination room helped a great deal in coping with the demand on the service.

Another visiting specialist, a paediatric orthopaedic surgeon from Great Ormond Street has provided a combined clinic allowing for some rare paediatric conditions to be operated upon here.

### **(f) Ophthalmology**

There was significant progress in the development of the ophthalmic service during this year with the appointment of an Orthoptist and a part-time Optometrist, considerably relieving the workload of the Consultant Ophthalmologist. The out-patient waiting time has come down from 6 months to nearly 6 weeks at present. There are three optometry clinics and a systematic diabetic retinopathy screening programme has been established for the first time.

A retinal camera was purchased recently. It is planned to use the camera for several applications such as invasive retinal vascular investigation, fundus photography, diabetic retinopathy screening and glaucoma evaluation.

## **◆ Support Services**

### **(a) Laboratory Services**

In July, the Biochemistry section received a Tosoh Autoimmune Analyser, which samples directly from primary tubes and allows full automation for hormone and tumour marker tests. A new Lithium Analyser was obtained to take over from the ageing Nova

11, which is capable now of checking abnormal results before reporting.

Following the appointment of the Nurse Practitioner in July 2002, the taking of samples for cervical cytology and follow up has been enhanced.

In October the department was strengthened by an additional MLSO, state registered in Histopathology. Also towards the latter part of the year, two supply clerks replaced a staff leaver and have been of great help in reducing the backlog of report filing.

### **(b) Physiotherapy**

Physiotherapy staff benefited from local multi-disciplinary team courses and their weekly in-service training. The department achieved Internet and email connectivity, which has facilitated communication with UK Specialist centres and enabled the access to information systems. The department aims to provide the following new outpatient services –

- Primary care physiotherapy.
- Back pain protocol: multi-disciplinary approach to the management and treatment of back pain.
- Pain management: updated techniques and training to deliver this service according to best multi-disciplinary practice.

### **(c) Nutrition and Dietetics**

The most significant development last year was the employment of a second dietician. This has allowed for an extra outpatient weekly clinic as well as involvement in a cardiac rehabilitation programme and a general increase in the amount of inpatients seen.

## ◆ Public Health Department

The Public Health Department oversees and records vital medical statistics in our population. The following data are worthy of note and of interest:

- life expectancy in Gibraltar is again in keeping with the normal range for western societies with the mean age of death being 72.3 years (males) and 79.1 (females).
- There were no still births again this year and only one infant died in the neonatal period giving a very low infant mortality rate of 3.
- During 2002 there was only one case of meningitis in an adult who recovered fully. This is in contrast to the 3 deaths resulting from meningococcal septicaemia the previous year, which goes to show that those unfortunate deaths did not thankfully signify a trend as was being questioned at the time.
- There were 18 cases of Multi-Resistant Staphylococcus Aureus (MRSA) infection. The sharp fall in the number of cases acquired from St Mary's Hospital, which was always a cause of concern, continues from 10 in 2000 to 2 in 2001 and only 1 in 2002.
- There was a marked drop in food poisoning notification. There were 74 Salmonella cases as opposed to 103 last year. We trust these reductions represent an improvement generally in public food hygiene.

The Department of Public Health is also responsible for immunisations. One of the most significant new measures in this field has been the programme to immunise the entire child population against Meningitis C infection. This was successfully completed in record time, several months ahead of what was intended as a tight schedule. Over 8,000 children were

vaccinated in just over a year. A large measure of the credit undoubtedly goes to the Immunisation nurses who not only had to administer the injections, but also keep detailed records, counsel concerned parents and at times, deal firmly with those who were not prepared to wait their turn, all the while continuing with their normal work schedule. The programme is now being extended to older children and will continue indefinitely to protect future generations through the immunisation of infants.

The annual winter influenza vaccine campaign also continued this year.

Controversies and adverse publicity in the UK media over the MMR (Measles, Mumps, and Rubella) vaccine continued to impede the programme, although the view of the staff here is that this is not quite on the same scale as in the UK.

The Cancer Registry continues to register scientifically new cases of cancer. Although the Registry was set up in late 1999, incident cancers for the year 1998 have also been added as it was possible to assure the quality of the existing data. A summary of the cancer notifications from 1998 to 2002 will be presented in the tables of the GHA Annual Report to be published soon.

The following campaigns have been organised by the Health Promotion Group which is part of the Public Health Department:

- ~ No Smoking Day
- ~ Asthma Awareness Day
- ~ Coronary Heart Disease Awareness Day
- ~ Sun Awareness Campaign
- ~ The Gibraltar Health Day – Gibraltar's first ever unified Health Day took place on Saturday 28 September 2002 at Casemates Square as a large scale open-air public event. Visitors were offered measurement of vital parameters like



height, weight, blood pressure, blood sugar levels et cetera. General Practitioners, nurses, dieticians, members of the health promotion team and school students worked in shifts to meet the public demand throughout the day. GBC radio covered the event through a Roadshow and certainly helped to build up the atmosphere tremendously.

- ~ The Good Health Award
- ~ Health Pack for Nurseries and Playgroups
- ~ Health Promotion Group Website which is an Internet website as a growing source of information for many people.

#### ◆ Staffing Resources

Mr Speaker, I have already indicated throughout my report a wide range of increased staffing resources in various departments, on which I have reported. But it may be useful here, in order to convey the considerable investment that the Government are making in reviewing and raising manning levels in all areas as we move closer to the commissioning of the New Hospital and its expanded facilities, to list here the additional posts created during the past year and those planned for the forthcoming financial year.

Three long serving staff retired in 2002. As already noted Dr Sam Benady, Consultant Paediatrician retired in September 2002 having joined the Authority in February 1980. Mrs Yvonne Marsh, Clinical Nurse Manager at the Primary Care Centre retired in October 2002, having joined the Authority in March 1973. Miss Lillian King, Clinical Nurse Manager retired in April 2002, having joined the Authority in February 1965 and Mr Adolfo Pereira, Director of Nursing having joined the Authority in September 1966

and retires at the end of this month. We wish them all a happy retirement.

Dr Stephen Higgs, who had previously worked in South Africa and the Royal Naval Hospital, filled the vacant post of Consultant Paediatrician and during the course of the year two other consultant posts were advertised with a view to recruiting in 2003, the post of a second consultant obstetrician is still pending and a third consultant anaesthetist, Mr Richard Roberts has been appointed recently.

It is significant to point out that the increase in the complement of Consultants has increased from 12 in 1996 to 18 today a 50 per cent increase. It is also significant, to point out that the complement of SHOs in St Bernard's Hospital has increased from 7 in 1996 to 15 today that is more than 100 per cent increase.

In primary care, two general practitioners joined the Authority in 2002 replacing those who left. Dr Ricardo Pinto-Ocaña commenced work in March 2002 and Dr Monique Risso commenced work in April 2002, and only recently four additional GPs have been appointed Doctors Andy Gupta, Maria Luisa Poyatos, Joseph Throppil and Jose Maria Ferrera. It is again significant to point out that the complement of GPs has increased from 11 in 1996 to 16 today. The introduction of the Nurse Practitioner service was a key new service in the Primary Care services. Mrs Irena Melvin, was initially recruited and a second Nurse Practitioner, Mrs Amanda Claire has also been appointed recently. Another new post was a further Dental Officer, Mrs Emma Caetano for the Dental Clinic at the Primary Care Centre.

The post of Senior II Dietician was a new creation to which Miss Cheryl Figueras was appointed. A newly part-time Optometrist post was advertised and Miss Isabella Perez was appointed. She will be working full time as from September this year. The Authority appointed its first IT Officer, Mr Heath Watson, who commenced work in July 2002. A further Nurse Tutor Mr Damian Moore was appointed and commenced work with the School of Health Studies.

In 2002 the Ward Clerks complement was increased to 8. The manning levels of Registered and Enrolled Nurses were increased by 5 for the year 2002/2003. Nursing has seen an increase in complement over 2002 with the GHA receiving many applications and interviews particularly for the RGN grade taking place on a regular basis. It is significant to point out, that the complement of Staff Nurses and Enrolled Nurses has increased from 172 in 1996 to 281 today that is a 63 per cent increase. During the year several other grades including Midwives, Physiotherapists, Occupational Therapists, Cooks, Seamstresses, Supply Cleaners, Engineering Craftsmen and many others were recruited. An increase in the Hospital attendant enrolment from 17 to 18 also took effect.

In February 2002, with the help of MacDonald Consulting, the Human Resources Section established a web presence with the setting up of the GHA Jobs Website. The website carries information about manning levels, vacancies at any given time as well as general information about the section. It has been used in many of our recent recruitments. At the end of 2002 the Gibraltar Health Authority had 662 staff members in post.

Mr Speaker, I am grateful for your indulgence and that of the House allowing me this lengthy report on the Health Services. I felt it was necessary to present an objective and detailed account of developments in this area of my ministerial responsibility free from value judgements and spin and based on facts and figures. Which is exactly what I have put before the House and if we see these latest manifestly positive developments over the last year against that broader context of other developments in the Health Services over the last seven years the relocation and improved conditions and facilities of Primary Care Centre, the professionalised and greatly expanded Ambulance Service, the School of Health Studies and the School of Nursing, a budgetary provision increased from £22 million in 1996 to over £38 million this year over 70 per cent increase well above inflationary growth the huge increases in the complements of doctors, nurses, other medical professionals, administrative and ancillary staff, the doubling capacity of residential facilities for the elderly and the

domiciliary care service, and, above all, the New General Hospital. In this context, only those who are politically blind or politically dishonest can speak of our Health Service as a service in crisis and in decline. The facts, not the spin speak for themselves.

Mr Speaker, I thank you and all Members of the House for all your attention and I commend to the House approval of the items of expenditure under Heads 1A, 1B, 1C, 102 subheads 1, 2 and 3, 103 subheads 5 and 6, Appendix B and Appendix C of the Estimates of Expenditure 2003/2004.

#### **HON S E LINARES:**

Mr Speaker, last year the Minister for Education gave us all, the usual lecture on the definition of culture and what is culture and so on. This was done in order to try to justify what his Ministry had done during the year. The way the Minister went on it seemed as if according to him culture had descended from the sky by the coming of the GSD into Government. The fact is that culture is not a thing that just appears. To emphasise the point I would like to quote from the Minister's Speech. *"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 activities that we have witnessed in recent years."* It seems as if culture had not existed before. Well, the reality is that the cultural fraternities have always existed and have traditionally prospered well, despite the coming of the GSD. In fact cultural fraternities have continued despite the Art Advisory Council not meeting for the first two years 1998/2000 and only a few times after that. He also went on to say that the Ince's Hall complex and the Ince's Hall itself had had theatrical productions almost every month, from jazz concerts, drama performances, zarzuela, pantomimes, and flamenco shows and both the theatres and the adjacent refurbished rehearsal rooms had been used on 93 occasions during that year for rehearsals, drama and music workshops. In this year's presentation he stated that there had

been bookings every week. He mentioned that The John Mackintosh Hall Theatre was now blessed with the installation of air-conditioning (I wish we had some in here) at a cost to Government of £40,661. Well, if these venues are in good conditions to have pantomimes, zarzuelas, Flamenco shows, et cetera one then questions the wisdom of this GSD Government, embarking on an eccentric and expensive project like the Theatre Royal. But, when Government embarks on a project of the magnitude such as the Theatre Royal great consideration should be given to the needs of our society in general.

I reckon that in any civilised society we have a great percentage that like Sports generally and that is why we in the GSLP/Liberal Alliance had an electoral commitment to build and enhance Sporting facilities, which is what this Government are currently doing at a reasonable cost since, we all know full well that these facilities will be constantly used. Some people in our population are culturally inclined and some might even like both but in general those who like operatic theatre performances are a small percentage of our population and out of those not many will be able to spend £20 or £30 on tickets to go to the Theatre Royal regularly. It must also be recalled that the Drama Festival has not seen the light of day for at least three to four years. At this point I would like to take this opportunity to wish Stage Musicals Group for having worked so hard to stage the Musical "ARROW": The legend of Robin Hood at the Alameda Open-air Theatre. And I mention this because this very professional local Group has been able to perform for the second time using an existing venue, as have done all other local Theatre Groups in the past. So, does the Government seriously think that there will be regular performances say weekly from International Companies and that these performances will fill up the Theatre Royal in order for it to be viable? What research or studies have been conducted, if any, by the Ministry of Culture to ascertain the viability of the Theatre Royal once it has been completed? Well it seems that none at all because in answer to Questions in this House Question No 508 of 2002 and Question No 509 of 2002 the Minister confirmed, when asked, that they did not know how the theatre would be run after completion. The question asked on the one hand was whether

Government envisaged any staff increases in the Ministry of Culture once the Theatre Royal was functioning to which the Minister answered "*The Government have not yet decided how, what structure, and who will operate the theatre. We have not reached that point in our structuring exercise.*" On the other hand I asked what fee arrangements would be put in place for the use of the Theatre Royal to (a) Professionals and (b) Amateurs? The answer from the Minister was that the matter will be considered by Government in due course.

When it comes to conferencing the Government have not found out how many conferences take place in hotels since the hotels themselves are very reluctant to give this information. Not many, if any, hotels have used the John Mackintosh Hall as a conference centre. This venue has a capacity for approximately 300 delegates currently at a very cheap rate. In fact hotels have spent a lot of money with Government grants to provide within the hotel itself conference facilities. So, one wonders again, whether the Theatre Royal will have great usage for conferences. In answer to Question No 328 of 2001 the Minister was not even aware that the Gibraltar Hotel Association had complained about the Theatre Royal being used as a Conference Centre. The Theatre Royal, as announced in the media will also have facilities for film projection equipment and screens. The Minister mentioned a cinema today. This despite the fact that we have in Gibraltar a privately run cinema that was closed for many years due to the fact that it was not commercially viable. The question then arises as to whether Government would be showing films and thereby competing with a private enterprise that already exists. If this is not the case with all the things that I have mentioned above then why have these facilities in the first place. This GSD Government have always wanted to give the impression that all they do, is in consultation with the people in the know. The people in the know who have seen the plans, for example, believe that even with the scale of this project the Theatre Royal will not be able to have a full orchestra, the Minister mentioned 35 musicians maximum. To have a full-orchestra as I understand it, since I am not in the know, there needs to be 55 to 56 musicians.

Mr Speaker, one would think that all these things would have been thought out before entering into a commitment for a project like this one or at least during the planning stage. What will happen to all the other venues? Will they all be made obsolete in order to make everyone use the Theatre Royal?

It seems to me and increasingly to many people in Gibraltar that the Theatre Royal, which is one of the GSD's major cultural projects is becoming a very eccentric and expensive nightmare. It is eccentric because here we have a Government that are still thinking on whether money should be spent on a dialysis machine for the new hospital, whether money should be spent on employing an Educational Psychologist, whether money should be spent on building new schools to alleviate the over crowding in schools such as Bishop Fitzgerald. A Government that has the audacity to charge £70 for bands and other performers and performances for the use of electricity at Casemates Square even to charitable organisations and a Government that continues to have parental contribution for students studying abroad, a Government that still has the discretionary awards for students who want to obtain a higher education. A Government that is still not providing free nursery for all children all day. A Government that give premises such as the old BFBS building for them to have to fundraising events in order to be able to refurbish it. The place to provide facilities for our future musicians.

When the project was launched back in April 2002 as the Minister mentioned before, it was envisaged that the original walls and the auditorium would be converted into a foyer, box office, bar and meeting rooms. It was also envisaged that the new stair and lift would be contained within the full height limestone wall and the structural glass walls would be connecting to the building via bridges to each level through the existing wall. Now that all the walls are not there the whole original design has had to be re-designed.

One wonders whether the final construction of the Theatre Royal will have the heritage value that people were given the impression that it would have. The eastern wall has been totally demolished,

the western wall partially knocked down and the auditorium gutted out. As Alice Mascarenhas put it in an article in the Gibraltar Chronicle recently entitled *"Theatre Royal To Be Rebuilt Virtually From Scratch,"* she said and I quote " *the building has been entirely gutted out, with very little of the original Theatre Royal left intact.*" This eccentric venture was announced as a project that would obtain EU funding under Objective II programme and this was due to the fact that it was a building that had heritage value, but now one feels that it is a building that has lost its heritage value altogether. Not only that but it seems that EU money has been lost due to the fact that the money allocated was not spent on time. If this is the case it proves that the Government did not know what they wanted from the very beginning. It has also come to our notice that the main contractors, I wish this to be confirmed, Haymills, are now to be replaced by GJBS. Therefore there are many questions that need answering one that comes to mind, for example, is what has happened to the tender process in this case? From the outset the Government have mismanaged the whole of the Theatre Royal project at a political level. I would like to start with the contract that the Minister signed with the owners of the Theatre Royal. This contract is a lucrative one for the owners who are laughing all the way to the bank. To date Government have paid approximately £170,500 to them. Not only that but the value of the freehold since because that is all that is left is fixed at £1.3 million, which is another guarantee for the owners. This agreement means that the Theatre Royal will have an initial running cost of £60,000 a year on rent alone plus all the other costs such as maintenance and management after construction is completed. Government announced this project without really knowing the full cost since initially it seemed as if the total cost of the project was going to be in the region of £2.5 million. Well, in answer to Question No 303 of 2003 the Minister stated that £2.3 million had already been spent. In this budget we see that £4.5 million has been allocated to the Theatre Royal Refurbishment plus £3 million extra as balance to complete. This means that the cost has already rocketed to £9.8 million. Despite this it is totally unknown how much Government have spent on acquiring land adjacent to the theatre to which apparently the Church have made a partial donation and whether this is an extra

cost or is included in the latest appropriation of funds. When one adds in the £170,500 that has been spent from the Consolidated Fund on rent to the owners while it is still not complete the total cost will easily reach the £10 million mark. It is also unknown exactly how much the EU Objective II Programme project will actually be. If we consider that some money has been lost and that the project might not be considered to have the original heritage value, it seems that the EU funding will not be the amount that was first thought of.

Mr Speaker £10 million of taxpayers money spent on a project that is not going to yield any monetary return to Government but a great deal of running costs. In conclusion on this topic I declare myself to like cultural activities, and I was not against the Theatre Royal as it was in the past but I would not think it right to spend £10 million of taxpayers money in the location that it is presently to prove to people that my party or my alliance is the right one to vote for in the next election. Cynics would say that the delays are done on purpose in order to coincide with the general election but I think that the way things are going they will even fail on this, since it is very unlikely that it will be completed by the third date that this GSD Government have given. It will be recalled that in the year 2002 New Year Message the Chief Minister announced and I quote: *"Building works have already started on our major cultural project, a beautiful theatre at the Theatre Royal, and the design and planning works are ready for the start of building works early this year at the new hospital. Both these major projects are scheduled to be ready in late 2003,"* the end of this year. I wish them good luck.

Mr Speaker, another of my responsibilities in Opposition is that of Youth. As I have mentioned on other occasions we believe that to have moved the Youth Services from the auspices of the Department of Education has been a great blunder on the part of the GSD Government. The GSLP/Liberal Alliance is committed to correct this anomaly and return the youth services back to its rightful place under Head 1 of the Education and Training budget. Without having to go through the arguments again it was incredible to hear the Minister for Sports and Leisure coming out

with statements such as and I quote from Question 803 to 2002. *".....it comes down to the definition of what is and what is not youth work and I have to admit that when I first took over ministerial responsibility for youth my idea of youth work was very more restricted than what it is now in the way that I have been advised. One tends to think that the provision of discotheque facilities was youth work. The views being taken by the people who are leading the youth service is much more academic, much more in line with the narrower definitions of youth work and therefore they see things like weight training and body-building as not providing youth work. It is a sporting facility and not the providing of youth work."* By the Minister's own admission it can be seen why we were right in criticising this GSD Government at the time for having done this ministerial change. He should be asking (by this I mean the Minister of Youth) the Chief Minister why has the youth services been moved from the Education Department to Sports And Leisure then. This does not mean that I agree with him that weight lifting or bodybuilding does not constitute youth work. If these groups or clubs are encouraged to take in young people to do these activities then it is youth work and of great value.

What worries me and I am sure many parents of youngsters, is that we see an increasing amount of juvenile delinquency and vandalism in our streets. This unsocial behaviour needs to be tackled by providing our youth with provisions that keep them off the streets. Not a lot is provided for teenagers who are not allowed in many of the places where 18 to 30 year olds can socialise. I can assure this House that I am not saying this to gain votes since most of the youth I am targeting are not of voting age. The closing down of Youth Clubs at weekends although not the soul contributor has not helped to say the least. Teenagers are finding it easier by the day to obtain alcoholic drinks from some local retailers. We constantly see young people hanging around the ICC and entertainment centres. This type of loitering is conducive to delinquency and vandalism. When one reads the local papers and week after week we find that juveniles are committing a great amount of crime, then one questions the wisdom of cutting down the provision from that, which used to be

available in the past. These places if well promoted can provide useful meeting venues for activities for young people to make use of in their own spare time especially during the weekends. Not every teenager can go to Spain with their parents to have a good time during the weekend. In the last two years we have seen reports increasing on the media such as, Juveniles in Court on arson charges, eight local youths arrested for burglaries, four more youths arrested for burglaries, alleged teen burglars arrested and many more that I have here for anybody to see. The Police Community Consultative Group (PCCG) have been highlighting issues such as vandalism, damage to private property, car tyres being slashed, youth concerns for a long time. Even the Magistrates Court was burgled, and a juvenile was arrested. At the same time I have criticised the Minister for Education on other occasions at the fact that a pupil referral unit be set up with the proper resources to help these young people to modify their behaviour. Again another statistic that is worrying is that we seem to have more children suspended from schools. This is why I believe that the Youth Service within the Department of Education can work in a proper co-ordinated manner to help these young people become responsible citizens in our society. At this stage I would like to make it clear that I do not think that the Youth and Community Services are also there for these sole purposes they are also there for the youth in general and they should not only be involved in trying to get young people off the streets. One thing that would have helped, is to have started the building of the long awaited Youth Leisure Centre that has been promised by the GSD Government. The last seven years they have been in office. This Leisure Centre should provide organised activities that can empower our youth on making their own decisions and more importantly the proper use of their leisure time.

I would like to remind the House at this stage that the GSLP/Liberal Alliance have published a comprehensive document on how the extra time that is provided to our youth during the day, due to the change of school hours can be used and what sort of activities should be provided.

The issue of drugs in relation to our youth is also a worrying aspect and the Opposition will reserve the right to wait to see whether the strategies laid down in the document that was published by the Minister of Social Services work. What is important if it is to work is that the agencies that are required to do the different tasks get on with it as soon as possible without having political interference and having decisions taken by the Chief Minister and the Minister for Social Services. This already seems to be the case with the appointment of the Drugs Co-ordinator that the document announced the Government would be appointing. Only one initial important question arises from the reading of this document that is that it does not have strategies to tackle the ease in which our youth and everyone for that matter can obtain drugs across the border.

Since I have mentioned the words 'change of school hours', I would like to move to another of my portfolios in the Opposition, that of Education and Training. The change of school hours is now into the second year and there are still many problems. The one that is most worrying is that of discipline. These are related to three factors. (1) The supervision during the lunch-break which Government are currently spending £390,000. (2) The time children and young people have after school finishes, and (3) the lack of proper facilities in certain schools. The first is slightly more complex since it involves closely monitoring what happens during this time and taking in, what teachers are saying about the issue. The fact is that at present barring the heads and deputies who have had imposed the responsibility, no one from the department is systematically monitoring the situation. It is no good to say that we are keeping a "watchful eye."

The second, we believe, can be alleviated by, as mentioned above, the provision of activities after school hours and Government have created the third one themselves for not having built in some schools the sort of facilities that is required for children to eat properly. Some of the facilities in certain schools are not adequate and are creating discipline problems. I would like to say that I am amazed though, at the fact that Government are now looking into providing hot meals to children in schools.

This was labelled as a madness, as a gimmick for the elections, this is what the Minister said to me during a programme.

I believe that this is a GSD gimmick for the election because during the last election the GSD rubbished this idea which formed part of our electoral manifesto which we are currently reviewing. Maybe it would be a good idea for them to wait to see our manifesto like they say in the USA *"Watch this space!"* one might see some good ideas which one may want to add to one's manifesto next time round.

On the issue of Nursery Education the Government have failed to provide children with the right amount of pre-school Nursery. At present provision is either for the mornings or afternoon sessions. That means that Government are not providing equal Nursery Education for all. Not only are the times different, but the provision of staff is not the same for each session. The Government are being discriminatory towards parents and children. Pre-school Nursery Education should be provided all day for those who require it. Since Nursery Education is recognised by both sides of this House as being a crucial factor in influencing a child's whole school career, we believe that Nursery Education, that is, in pre-school, playgroups and crèche should be free for all children from the day they are born if parents so require it.

It is of no use for the Government as they have done so before to say that they have increased the number of places from that of the previous administration. In his rounding up in the 2002 budget the Chief Minister said, in relation to nursery places *"One cannot go from a position of 120 to 450 within one year."* This was after 4 Years in Government, then he continued to say, *"he must understand that the deployment of public resources have to be paced."* Not the same argument used for the Theatre Royal though. The reality is that they have been in Government for 7 years and by now all children should have been given full-time pre-school nursery education at least. Not only that but parents will benefit from the fact that they will not have to pay the amount of money that they pay for Private Nursery Education despite their tax allowances. The amount of £385 which means what the

parents have in their pockets is not what a nursery costs a year. The average cost of a nursery is £1,200 a year, that is, £100 per month. It means that it costs them at least £815. We will soon be publishing our policy, which has already been distributed as the Minister knows to owners of the Private Nurseries.

In relation to grants the Government have slightly increased the money given for Mandatory Grants, but some parents still have to provide money to their children to help them make ends meet. We believe that sending our children to study abroad is of great benefit not only because of the academic qualifications they obtain and bring us hopefully back to our society their wisdom and experience. We therefore believe that more money should have been allocated in this year's budget towards grants in general. On the discretionary grants we believe that if students are capable of furthering their studies which the Minister mentioned we have a great deal of and he says that in education it is a prime investment which I totally agree with, on discretionary grants we believe that if students are capable of furthering their studies by doing a Masters or Doctorate, the only criteria should be whether the University or Institution they want to go or study in, accepts them as a student. We would therefore have one item in the estimate of expenditure, that is Grants, albeit with the increased amount. It would be the amount of students that will determine the amount of money allocated.

Mr Speaker, this government introduced what I would consider to be right, this is an inclusion policy. This means that children with Special Educational Needs are included into mainstream schooling as far as it is possible. There are still children who will have to be institutionalised like going to St Martin's though. The fact that I have said it is right, does not mean that it has been done in the right way, since Government have failed to resource this policy. Though some Learning Support Assistants have been employed and others re-allocated the fact of the matter is that it is still under-staffed. This is taking a toll on the teachers and the Learning Support Assistants themselves, but more importantly it could well be affecting all the other children. I therefore urge the Minister to get his department to make an in-depth assessment

not the normal annual staffing exercise where schools are allocated staff by statistical number and considerations where we have 1.3 teachers here and 2.4 children there. To ascertain the proper staffing levels taking into account specifically, the Inclusion Policy and listen to Headteachers and Deputies to the needs of their individual schools.

In relation to Secretaries I am happy that Government have realised the error of their ways. I think that what might have tipped the balance was when I raised this question in my last budget speech to the House. I said, *"I wonder what Convent Place would do if the Chief Minister had to share a secretary with other ministries and only mornings."* I still believe that schools should have full-time secretaries as minimum depending on the school grouping.

In relation to Post 16 Education which is now categorised as 14-16 Education this Government are dragging their feet and to date we have only heard lots of rhetoric but yet no concrete strategy or policy. The reality is that when asked in this House about the Post 16 Working Committee the Minister answered that it is still in the consultative stage. In answer to Question No 1040 of 2001 the Minister stated *"The work of the Committee is very exploratory, in the sense of research, finding out all the different models and developments, which are taking place in the UK and indeed in the continent."* This year in his speech he has again said that a consultative process will begin. Three years on since this committee or Advisory Board was formed and we have still not seen any progress whatsoever. Youngsters today will be my age or his age by the time models will be implemented and by then modern trends might have taken over. This committee that was formed in the year 2000, had only met on a number of occasions up to the year 2002. This Advisory Board according to the Minister has not yet come up with any specific proposals. I am glad to hear that now they are going to a consultative process I think that it is the Minister who should be leading the policy making and decision taking and therefore it sounds to me that this committee is just as, all the other committees that the Minister

presides. All of them becoming talking shops and not even meeting regularly.

Teachers and many administrative grades, but in this case I speak for the teachers since they are to do with my portfolio of Education, are expected to participate in professional development. Training courses have been provided for at least the past 10 years. Recently the courses available are related to management at all levels, which should give the teaching profession a good head start for promotion prospects. The last time the issue of promotion was debated in this House was when I asked Question No 182 of 2000 and subsequently Question No 230 of 2001. In answer to the latter question the Chief Minister said *"Generally across the board, in the civil service, there ought to be a system whereby people have access to the assessment of themselves being made at various stages of their careers, not just on application for promotion."* The reality is that since then Government have done nothing to improve the present situation. We have had a number of promotions awarded within the teaching profession recently. Candidates should have been given firstly some criteria as to what is expected of them and secondly feedback as to why they were not successful. It is of no use to expect civil servants generally to take part in professional development such as the management course mentioned above, when once they do so and apply for promotion they realise that a candidate who is not participating in professional development is successful in obtaining the post available. Not only this, but the unsuccessful candidates have not had any feedback as to why they have not been successful.

Mr Speaker, it must be said that some of these posts are at Managerial Level within the teaching profession. There seems to be different criteria between Heads and Deputies posts, that is, at management level, and that of responsibility posts. It seems that what the Chief Minister said in his intervention to Question No 230 of 2001, *"One of the great grievances of the teaching profession, and I can understand it, is that decisions about promotions within a professional body like the teaching profession are made by people who perhaps have no real*



*knowledge or understanding at Managerial level.*" Well it has happened again. I agree with what the Chief Minister said, but it has happened again because there has not been any leadership on his part or from the Minister for Education in trying to put this anomaly right. It must be made clear at this point that I am not suggesting in any way that decisions from the board or commission should have any political interference but that the board or commission should have some knowledge of the sort of qualities that is required from candidates applying for a Managerial Post and that feedback is given to unsuccessful candidates at the end. These Managerial Posts are extremely important not only to the Education System but to the whole system of civil service and decisions taken by this commission can well affect children and teachers in general for a number of years. Therefore a thorough review of the promotion procedure should be conducted to see what system, can address the issues raised.

In conclusion Mr Speaker, here we have a Government that are willing to spend £10 million on a Theatre Royal yet is very reluctant to spend money on free Nursery Education for all, for our Youth, and our students. A Government that drags its feet on issues that affect our young people such as the Post 16 Education, Pupil Referral Unit and many others but unfortunately it is seen by them as not vote catching. In closing as far as Education, Training, Youth and Culture is concerned this Government have allocated our monies in more than an eccentric way, for me it is ludicrous.

The House recessed at 5.05 pm

The House resumed at 5.20 pm

Debate continued.

## **HON J J HOLLIDAY:**

Mr Speaker, my ministerial responsibilities cover Tourism and Transport. I will analyse the major items of Income and the principal items of Expenditure under Head 6. I also wish to highlight various projects under my responsibility in the Improvement and Development Fund.

I wish to commence with Tourism. Tourism in 2002 performed well, with growth experienced by many sectors, when compared to the previous year. I am satisfied with the general results achieved in Gibraltar, when one compares this to the significant drops in business reported by many other competing destinations. The results so far this year have been very encouraging, with further growth enjoyed in many sectors in the industry. I will not allow this opportunity to pass without commenting on the usually ill-informed press statements issued by the Opposition Spokesman for Tourism. One would be forgiven for thinking that tourism in Gibraltar is in crisis. It would seem that nothing that the Government does is right, and that I personally have a lot to answer for.

During the last two months Dr Garcia has raised his usual accusations against the Yachting, Cruise and Air Transport sectors. My only conclusion from these are that he is either ill-informed and totally out of touch with reality, or that he wishes to misrepresent the truth and purposely misinform the public. Fortunately, the public is simply not going to be convinced by the content of his statements, as the Government's results and achievements are evident for all to see. Who in Gibraltar cannot see our Marinas full of yachts, cruise ships arriving like never seen before 1996 and air arrivals at their highest level since 1990? The answer is ...probably just Dr Garcia.

I now wish to refer in greater detail to the yacht sector. The hon Member from figures which I supply him on a monthly basis finds that the number of yachts visiting Gibraltar has decreased in 2002 to 4,172 yachts compared with 4,528 the previous year. This leads him to claim that the sector is in decline. However, what Dr

Garcia fails to do is to analyse whether the length of stay of yachts has increased. If he had done so, he would find that this was indeed the case, and a primary reason for fewer yacht arrivals was the fact that marinas were often full with yachts that stay for longer periods of time. The net result is that there has been growth in the yacht sector since 1996. The figures for yacht arrivals on their own are not a good gauge of performance. I wish to inform the hon Member that I have regular meetings with the Marinas Association and I can assure him they are doing well and the prognosis for the future is good.

It is the view of the Government that there is new scope for growing the number of yacht berths in Gibraltar and we will shortly see existing marinas increasing the number of berths they offer and the possible development of a new marina. I shall revert to this last issue in due course. If this sector were in decline, the growth, which is evident, would not be taking place.

While on the subject of yachts and boats, I am pleased to report that the Government and the MOD have now reached agreement, which will allow for the development of facilities for small boat owners at Coaling Island. The Government are now working out the final details of the new marina with the Committee of the Cormorant Chambers Boat Owners Association, and funding for the works, which will need to be carried out is being provided in the Improvement and Development Fund.

I wish to refer in greater detail to cruising. In as far as the cruise industry is concerned, there are a number of facts that need to be borne in mind when measuring the degree of success that Gibraltar is achieving. In the first instance, Gibraltar's geographical position means that it is a popular cruise port for all vessels that sail itineraries, which enter or leave the Mediterranean. We therefore have a large number of cruise calls when ships are positioned in the Mediterranean at the end of the cruise season in April and May and again in September and October when the ships leave the Mediterranean. Gibraltar is also successful in attracting calls from ships that sail an itinerary from the UK to the central Mediterranean and back. The itineraries will

themselves dictate the length of stay of a ship in port, as it needs to make its next port of call at a time that is convenient for the cruise operators.

It is important to highlight one of the problems which Gibraltar suffers compared with other ports of call in the region. The Gibraltar tours that are sold on board do not allow for full-day tours, for which a cruise operator can charge a high, premium price and make a substantial profit. What this means is that cruise operators are unable to make as much money from shore excursions at Gibraltar compared with other ports. It therefore requires that extra effort on my part and that of the Gibraltar Tourist Board to attract a significant number of cruise ships to Gibraltar. The view held by everyone is that Gibraltar is an excellent port of call. The challenge is for me to convince cruise companies to call at Gibraltar in preference to a port where the company can make more money than it can make from a call at Gibraltar.

I am pleased with the performance of the cruise sector in 2002. In 2002 against a background of the aftermath of the 11th September 2001, when American cruise companies pulled out of the Mediterranean, Gibraltar nevertheless achieved 149 calls with a total of almost 117,000 passengers. Dr Garcia does not consider this good or even acceptable, he has blamed me for this situation and has said that I have a lot to answer for. Who can really believe these statements? Is Dr Garcia not aware that there are impacts caused by the events of 11th September 2001, the general threat of international terrorism and the recent war in Iraq?

I am satisfied that the cruise product which Gibraltar offers is good, and that, despite the potential for a serious decline in the market as a result of international events, the market has stabilised and now started to grow again. I estimate that the number of calls in 2003 will exceed 165 calls with a consequent significant increase in passengers, estimated in excess of 135,000. This represents a 15 per cent increase in cruise passengers over last year. I am also pleased to report that the

prognosis for next year is good, as we already have over 139 cruise calls booked for next year, and the capacity of these ships exceeds 150,000 passengers. This shows that the cruise industry in Gibraltar is buoyant.

With regard to air arrivals at Gibraltar, growth has been sustained. There was a period of decline in air arrivals, year on year, up to 1996 when this Government came into office and arrested the decline. Since then, there has been steady growth. In 1996, there were 78,100 air arrivals. Last year, this figure was 115,600, a rise of 48 per cent. Airlines continue to add capacity to the UK/Gibraltar routes and flights are operated with high load factors. The results during the period January to May this year show further growth over last year.

It continues to be Government policy to attract new airlines to Gibraltar, to encourage existing airlines to open new routes and increase capacity on existing routes. At the end of the day, the Government are dependent on these Airlines that have to take their own commercial decisions, based on a wide range of factors. There are airlines that have had negotiations with me and proposed that the Government should exempt them from landing charges, passenger tax, handling charges and all the fees payable at Gibraltar for anything up to 10 or 15 years in exchange for them agreeing to operate new services to Gibraltar. Government are not prepared to accept this, as this would destabilise the market by offering unfair subsidies to new carriers. I know that airlines could successfully operate new services to Gibraltar. The Manchester/Gibraltar link is an obvious example of a potentially profitable route. I continue to have negotiations with various airlines, and I hope that success will be achieved. However, I am keenly aware that it takes time to negotiate with airlines to operate new services and routes. In the meantime, the existing carriers continue to do very well with the existing routes, and there is a steady growth in air arrivals at Gibraltar year on year.

With regard to visitor arrivals through the land frontier, the figures for 2002 showed an increase of almost 5 per cent rising to 7.37

million visitors. This is another record, and exceeds visitor arrivals in 1995 by over 2 million persons. It is most encouraging that growth in this sector has been maintained, under very difficult circumstances. A proportion of arrivals through the land frontier enter Gibraltar on coaches. A total of 12,407 coaches entered Gibraltar in 2002 and there is growth in this sector so far this year.

The increased number of visitors was reflected in an increased visitor spend. The Tourist Survey of 2002 shows that tourist expenditure for this year was estimated at over £177 million. On average, visitors spent £485,000 a day in Gibraltar last year. It is therefore not surprising that the Input/Output Study published this year clearly identified the importance of Tourism to the economy with its significant multiplier effects.

To successfully attract large numbers of visitors to Gibraltar requires adequate marketing and imaginative strategies that can compete with the multi-million pound budgets available to competitor destinations. There is a range of different elements that make up the marketing budget of the GTB, as follows:

- Design, printing and distribution of brochures and literature.
- Point of sale material, including posters, videos and a picture library.
- Familiarisation trips for travel agents and tour operators' and travel agency staff.
- Above the line advertising, for both trade press and for newspapers, magazines, the Internet and teletext, including brochure panels and generic advertising.
- Attendance at travel shows and exhibitions.
- Support for special events held in Gibraltar.
- The cost of public relations and advertising agency support.

This brings me on to the subject of "*globetrotting*". I find it unbelievable when Dr Garcia states in his press releases that I travel the world and questions whether my trips abroad represent value for money. The truth of the matter is that it is essential for Gibraltar to be present at a number of major shows which are staged in the UK and elsewhere if we wish to succeed as a tourist destination, as a conference centre, as a cruise port of call, as a yachting destination and as a centre of excellence. If Gibraltar is to attend an event, then it is essential that our stand at an exhibition or our presence at a show should reflect well on Gibraltar. Indeed, my presence at an exhibition attracts media interest and it is for this very reason that I attend shows and exhibitions so that Gibraltar can obtain valuable media coverage. The impact of my strategy in terms of the promotion of Gibraltar is plain to see, from the healthy state of our tourism industry. I sometimes wonder how Dr Garcia would market Gibraltar's tourism sitting in Duke of Kent House?

Image is everything in tourism. There is a need to develop imaginative strategies to keep the Gibraltar product in the eyes of our principal target markets. Our highly successful "*Home from Home*" campaign was followed by the "*Take another Look*" campaign. There is now a need to refresh the image of Gibraltar tourism and to this end I will be unveiling a new corporate image and new logo for the GTB at the World Travel Market in November this year.

Hotel occupancy in Gibraltar in 2002 stood at just under 65 per cent, on a year-round basis. On certain periods in the peak months, our principal hotels were all full and were turning away clients. This is a far cry from the situation which I inherited when I came into office in 1996. Hotel bed nights sold increased from 82,600 in 1996 to 117,600 in 2002, an increase of 42 per cent. Performance indicators and bookings for the rest of the year show a healthy situation. There is now a need to develop new hotels to cope with future demand and expected growth. I am delighted that all the short-listed proposals for developments on the East Side include at least one hotel. The Rosia development also includes the development of a hotel. I welcome an increase in our

hotel bed stock. At a time when bookings have generally been down for other destinations, our tour operators have reported that Gibraltar has not followed the trend set by other resorts and that demand for Gibraltar exceeds that of last year. This is good news for the industry.

I expect demand for next year to be even higher, as the special events being organised to mark the 300th Anniversary will attract interest from many quarters. Already the initial programme of official events has been drafted. It is an ambitious and comprehensive programme, which includes cultural, sporting and military highlights. An announcement will be made shortly on the programme for 2004.

Mr Speaker, I now wish to turn to the subject of economic development. There are various aspects to this subject on which I wish to dwell, these include:

- Beautification projects
- Development of sites for visitor interest
- Improvement of current tourist facilities
- New investment projects

I will start with beautification projects. There are two major projects presently in hand, both of which will greatly improve the appearance of Gibraltar for the benefit of residents and visitors alike. They are the John Mackintosh Square project and the Catalan Bay project.

The recovery of John Mackintosh Square as a central open area in the heart of the old city will have a significant impact, which can be compared with the success achieved by the Casemates Square project. Work is already in progress, and it has been carefully planned to minimise negative impacts on the community

while the beautification works are carried out. It is a major project, because of its size and I greatly look forward to the final product.

The work to be carried out at Catalan Bay is a continuation of the first phase of the beautification of this picturesque fishing village. Tender documents are almost ready for issue and work will commence immediately after the bathing season. The areas to be tackled are the hill which gives access to the village; the steps leading from the area of William's Way tunnel to the Church; and the area to the south of the beach front bars.

I will now turn to the development of sites of visitor interest. The main project that will be carried out is the enhancement of Europa Point. The Government wishes to demolish the old Du Farol restaurant building (which is an eyesore), develop a picnic and leisure area, improve The Mound and create a new car parking area to accommodate visitors to the area. This will be the first stage of a larger project which will take in the whole area of Europa Point, and make it a "must see" stop for every visitor to Gibraltar. The Point is highly emblematic. In ancient times, this was considered to be the southernmost tip of Europe. The development of the site will aim to enhance different aspects of Europa Point. Full details will be made public in early autumn.

Other projects include the creation of ape ponds, to reduce interaction between the apes and visitors, and improved signage within the Upper Rock. I am pleased to note that visitor numbers to the Upper Rock have been maintained in 2002, and shown a slight increase over the previous year. At the same time, income from the Upper Rock increased to almost £2.3 million in 2002.

In respect of tourist facilities, the Government are currently considering significant improvement to the Air Terminal. This work will need to be phased and will impact on the facilities of air cargo, the air arrivals area, the departure lounge and the main concourse. Car parking facilities will be greatly enhanced through the development of a multi-storey car park. The final details of this project will be announced as soon as the necessary preliminary work in terms of the design have been completed and final

decisions taken.

Finally, there are new development projects. The Government are keen to encourage investment in Gibraltar. There are a number of important leisure related projects that the private sector wishes to develop. Some of these are marina related - so much for the supposed decline in the yachting sector. There is the Island Project at Queensway Quay, which would complement the high quality development that has already been carried out there, and which would greatly improve facilities at Queensway Quay and expand marina facilities. There is the Ocean Village development at Marina Bay, which will provide a link between Casemates and the area of the Coach Park and Ferry Terminal with Marina Bay, creating additional leisure facilities on our waterfront and yet again expand and improve yachting facilities. There is the redevelopment of Rosia Bay, the Victualling Yard and the surrounding area. This will enhance the historic Bay with swimming facilities, develop a new hotel in the old Victualling Yard and provide additional housing opportunities for homeowners.

The most significant project of all will be the East Side development. Tenders were invited for this key area of land, and the Government would shortly be announcing the name of the successful tenderer. In parallel with this major development, which will see at least one or maybe even two hotels, leisure facilities, a new marina and housing, the beaches at Catalan Bay and Eastern Beach are to be protected and in doing so enlarged. Our future beach facilities will be a source of pride. Facilities such as changing rooms will now be situated on the beaches themselves. The sand area will be significantly enlarged, and the beaches will be usable throughout the whole of the summer season even when there are strong easterlies as the off-shore breakwaters will remove the energy of the incoming waves. There will be a wide promenade extending the length of both these beaches, which will link up with the new development on what is today a rubble tip area. Restaurants and leisure facilities for beach goers will be encouraged.

The face of Gibraltar changed significantly with the West Side reclamation. It changed significantly for a second time with the pedestrianisation and beautification of the city centre, and the main tourist arteries. We are now poised on the doorstep of further significant changes to the appearance of Gibraltar. There are exciting days ahead. There is confidence in Gibraltar on the part of investors, and Government are pleased to be managing significant changes, which will be for the good of Gibraltar.

Mr Speaker, I will now turn to the area of shipping. The Government are very satisfied with the way in which this important area of the economy has progressed during the course of last year, and the prognosis for this year is very healthy. There were 6,883 ship calls in 2002, compared with 4,834 in 1996. The tonnage of ships calling at Gibraltar has increased significantly from 92 million tonnes in 1996 to 153 million tonnes in 2002.

The major activity for the port continues to be bunkering. Over 3.3 million tonnes of bunkers were delivered in 2002, which is almost double the 1.7 million tonnes supplied in 1996. Trading so far in 2003 has been good and further growth is expected this year.

Perhaps the most significant occurrence of 2002 were the oil spills which affected Gibraltar. There were two such spills. The smaller one impacted on part of the area outside the South Mole and was caused during a bunkering operation in Gibraltar. The Government views pollution and environmental damage very seriously. The necessary supervisory structure is in place to control the bunker industry, there is a robust Bunkering Code of Practice and there are appropriate plans to combat pollution, which include our membership of Oil Spill Response Limited.

The second incident involved the sinking of a bunker barge in the entrance of Algeciras harbour. Oil from this barge affected Camp Bay and Little Bay. I am proud of the way in which the Port Authority responded to these pollution incidents, and the manner in which the cleaning up operations were conducted. What both these incidents highlighted was the state of readiness of our Port personnel in responding to such accidents, and the value of the

exercises to test Gibraltar's readiness to combat maritime pollution.

Of particular significance is the fact that, in the case of both of these pollution incidents, the Government were reimbursed in full for the cost of the clean up by the entities, which caused pollution in our waters.

The serious approach of the Gibraltar Port Authority and the Gibraltar Maritime Authority in dealing with marine incidents contrasts sharply with the historic accusations from our neighbours, who choose to blame Gibraltar for any oil pollution which affects nearby beaches in Spain even though, without exception, Gibraltar is not to blame for them. They also contrast sharply with the response of the sinking of the Prestige, for which Spain tried unjustly and unjustifiably to attach blame to Gibraltar.

Through Gibraltar's membership of the Alliance of Maritime Regions in Europe, my ministry was instrumental in influencing the measures adopted or to be adopted by the EU after the Prestige. Our Alliance of Maritime Regions In Europe membership is valuable because it allows us to be aware of intended EU directives which impact on maritime matters and therefore to ensure that Gibraltar's interests in this sector are protected.

Gibraltar is fully briefed on the EU strategy to reduce emissions from ships which cause air pollution, and has ensured that operators here are aware of what is going to happen so that they can ensure that there are sources of supply of low-sulphur bunkers for sale in Gibraltar. There are various specialist working groups at AMRIE in which Gibraltar participates on shipping quality, short sea shipping, marine environmental care and maritime centres of excellence, the last of which is chaired by Gibraltar.

I look now to the immediate future. An important consultation exercise has been conducted with the shipping industry on the proposed new licensing regime for port operators. The Government wishes the Port Authority to exercise control over the

companies, which wish to operate within the port or within Gibraltar waters. This will be done through the issue of licenses, which will be conditional on certain standards being met. A draft Bill and detailed regulations have been drawn up, and the views of port operators on the proposed legislation are being closely studied.

The primary legislation will be brought before this House shortly, as will a Bill to formally set up the Gibraltar Port Authority. These will be valuable tools in controlling port activity and helping to grow the business of the Port.

The legislation published earlier this year to provide for the control of ship waste will be brought into effect shortly. This is an important environmental measure, which is aimed at reducing the possibility of oily waters and other pollution being dumped into the sea by ships.

The Government are on target to introduce new security requirements for shipping and for the port through the implementation of the International Ship and Port Facility Security Code, known as the ISPS Code. The way in which the new legislation is to be introduced is being studied. It is a sad reflection of the times that it should be necessary to enhance security regimes because of international terrorism. However, the cruise industry awaits to see how various ports in the Mediterranean comply with these requirements, before confirming their itineraries for next year.

As a result of all these changes in focus of port activity, the job descriptions of port personnel have to change. The work of the Port Department is changing, and so the employees need to change as well. Negotiations with the staff association representing port departmental professional staff have continued. I am now confident that the Port Authority will shortly be set up. The restructure involves an increase in pay in exchange for the introduction of new working practices and changes to the terms and conditions of the staff. Some of the changes include the use of new technology, a new approach to clearing arriving ships and

a refocus on the way in which yacht reporting is carried out.

The new arrangements will not be set in stone. These changes, which are to be introduced, will be monitored closely, and any fine-tuning which is required will be carried out. The keywords are efficiency and effectiveness, which at the same time enhances safety and security.

The income generated by the port continues to increase. Tonnage Dues, Berthing Charges and the Bunkering levy will generate about £1 million. Port arrival and departure tax, port operator and harbour craft licences and miscellaneous charges will generate about a further £326,000. I anticipate that, within a short period of time, the income generated by the port will exceed recurrent expenditure. It is the Government's strategy that this should be the case.

I will now turn to the Ship Registry. The team headed by the Maritime Administrator continues to work solidly. A third surveyor has been recruited recently, bringing the total number of professional staff in the registry to four, as the registry continues to grow in popularity. It is anticipated that the complement of surveyors will soon have to be further increased.

Surveyors carry out ship registry work, and in addition, carry out Port State control inspections on vessels in Gibraltar waters. I am pleased that during 2000, Gibraltar complied fully with its international obligations in respect of Port State control inspections and that the number of ships examined corresponds to the full 25 per cent of all reckonable ships. Unfortunately, some of our neighbours in the Western Mediterranean do not meet their international obligations in this field, in the way that Gibraltar does.

The Gibraltar Flag continues to be attractive to prudent ship owners. The Ship Registry, in turn, assists owners and ship managers by organising seminars on matters of interest to them. These seminars have included, for example, ship finance and, most recently on the subject of Port State control inspections. On this occasion, a leading UK figure addressed the seminar and

gave the shipping industry an important assessment on issues associated with Port State control. Further seminars are planned.

The Maritime Administrator has been instrumental in obtaining a placement as an officer cadet on a Gibraltar-registered ship for a young Gibraltarian who wishes to pursue a maritime career. One of the members of the Ship Registry team, a young Gibraltarian, is now completing his studies, which will qualify him as a ship surveyor. These post-graduate studies follow on from his maritime degree, which he took on leaving school, under the Government scholarship scheme. There are interesting possibilities open to our youth in the maritime field, and the Government would be encouraging young men and women to follow maritime careers.

There is a need generally for training, and an assessment of how to deliver our training needs to be carried out by the specialist maritime training school at Warsash in the UK. The standards, which need to be met are prescribed by the Maritime Administrator. What Warsash is now doing is to consider what courses can be delivered in Gibraltar which will meet the training needs of Port Authority personnel and the employees of port operators. I will be making announcements in this matter shortly.

Finally, Mr Speaker, I wish to turn to the Department of Transport. This Department has been undergoing many changes in the last few months. The staff of the Licensing Division and the Testing Division are now under the one roof at the Department of Transport headquarters at Eastern Beach Road. The services offered to the public have been enhanced.

However, the Government are aware that there is a need to address a number of issues, including certain aspects of the roadworthiness testing of vehicles. The Government have been particularly concerned with safety, and it is for this reason that it has insisted up to now on the annual testing of all vehicles that are four or more years old. Now that all such vehicles have been subject to such testing on this basis, and as a result, the standard of vehicles on our roads has greatly improved, the Government would shortly be making a policy announcement, introducing a

change to the current system of roadworthiness testing. Vehicles will be examined every two years instead of annually, as at present. This will please the Opposition, since they have been urging the Government to do this for several years. However, safety has been the prime consideration. Given the impact that has been made in the area of safety, it is now safe to relax the system by moving the testing every two years.

In respect of transport, the most significant project during this financial year will be the introduction of the new public bus service. A new company has been set up, which will acquire the existing bus licences of both Rock City Services and Calypso, the two existing public bus operators. This company will be a private/public partnership. By being a shareholder, the Government would ensure the company operates at the high standard of service expected.

Many people have seen some of the buses, which were brought to Gibraltar by different tenderers for us to see, and to ensure that they can cope with Gibraltar's geography. They are modern, comfortable buses. Our new buses will have air conditioning, adequate seating, a low floor, a ramp to allow persons on wheelchairs to board or disembark, mechanical ticketing, dot-matrix destination boards and a whole series of features which are taken for granted elsewhere and which have never been seen before on our public buses. The new buses are now on order, and delivery of the full order is expected by the end of December this year. I am sure that the introduction of a frequent, reliable bus service will reduce the number of locally registered vehicles on our roads. Many people will prefer to catch a bus rather than drive in their own car, and be faced with issues of car parking and the heavy volume of traffic at certain times. I greatly look forward to seeing the new buses on our roads. An announcement with full details of this project will be made shortly.

The creation of new car parks is high on my agenda, as part of Government's transport policy. The Government would be building a multi-storey car park at the top of Willis' Road and in part of the area of the old Police Barracks on Castle Road.



However, the first new car park to come on stream will be at Landport Ditch. This will be a free car park. In preparation for the inauguration of the new car park, the Government have decided to remove all the parking meters from Corral Road. Therefore there will be free parking in the area of Casemates Square and the public market, which is badly needed.

I will now turn to the appearance of our roads and pavements. The appointment of a Term Contractor, following a tender process, has greatly speeded up the way in which minor road works are addressed. This programme includes maintenance work, such as the repair of the balustrades along Europa Road, South Barracks Road and Scud Hill. The major road-resurfacing programme for this year continues the Government's strategy of improving our road network. The total programme has been allocated a budget of £1.25 million.

A new strategy adopted by the Government earlier this year is to provide more comprehensive information for the general public on road works and road closures. It is unfortunate that there have to be disruptions to traffic from time to time. The Government aims to minimise the inconvenience to road users, as far as possible. However, there is sometimes criticism from the general public about the duration of works, something with which I fully sympathise. I can accept criticism from the general public, who previously were not able to appreciate the reasons for the delay. However, it is rather disingenuous when criticism comes from the Opposition, as there was no proper structured programme in place to provide road infrastructure improvements, during the eight years they were in Office. Unfortunately, some of the problems experienced today would not exist had there been proper investment in our roads between 1988 and 1996.

In formulating my policies and strategies, I listen to the industry. There are a number of committees that provide me with advice. There is the UKGTA, where UK tour operators, airlines, Gibraltar hoteliers and the Gibraltar Tourist Board sit round the table; there is the Port Advisory Council and the Tourism Advisory Council; and there are also groups such as the Hotel Association and the

Marinas Association that I meet regularly. I have my finger on the pulse, and this allows me to gauge Gibraltar's performance in the field of tourism and shipping

Mr Speaker, in conclusion I have covered in depth the various aspects of my ministerial responsibility, which include two main pillars of our economy, tourism and shipping. I am pleased to report that both these important elements are in a healthy state, that Government revenue from these sources is rising, that Gibraltar PLC is benefiting from tourism and shipping, and that employment in these sectors continues to grow.

In addition, I have outlined important areas of Government investment, in our public buses, in our road transport infrastructure, in our sites of visitor interest, in visitor entry points, in beautifying our city centre, and our beaches. I have also indicated where the Government have been successful in attracting interest from outside investors in major schemes.

I am repeatedly told by Dr Garcia that I have a lot to answer for. I believe that I do indeed, but in a totally different sense. I have to answer for the success story which I have outlined before this House, and I believe that I am entitled to take credit for the work of the many dedicated persons who make up the Ministry I head and who support me in ensuring that I can deliver the Government's programme for tourism and transport, which includes our manifesto commitments. Thank you.

## **ADJOURNMENT**

The Hon the Chief Minister moved the adjournment of the House to Thursday 26<sup>th</sup> June 2003 at 9.30 am.

Question put.                      Agreed to.

The adjournment of the House was taken at 5.55 pm on Wednesday 25<sup>th</sup> June 2003.

**THURSDAY 26<sup>TH</sup> JUNE 2003**

The House resumed at 9.30 am.

**PRESENT:**

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

**GOVERNMENT:**

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

**IN ATTENDANCE:**

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

Debate continued on the Appropriation (2003-2004) Ordinance,  
2003.

**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 Post Office.
2. The Sports Department.
3. The Electricity Department
4. The City Fire Brigade.
5. The Youth Service.
6. The Environment.
7. Technical Services Department.
8. Information Technology Services Unit.
9. Public Service Broadcasting.
10. The Lottery.
11. Gibtelecom.
12. Lyonnaise des Eaux.
13. The Philatelic Bureau.

## ◆ Post Office

The Post Office Department has undergone a vast reform both in infrastructure and working practices. The Main Street Post Office opened its doors to the public on 2<sup>nd</sup> June 2003 and the Next Day Service Model is now fully operational as from Monday of this week. The new image to reflect the new services has also been unveiled with the opening of the new Main Street Post Office, the new vehicle livery and new uniforms. The new counters at the Main Street Post Office are at the forefront of counter ergonomics and include a Customer Services and Special Needs counter. It is planned to incorporate novel Electronic Points of Sale. The public lobby is air-conditioned, there is a proper queuing area and flashing signs giving a 'Free' or 'Occupied' counter prompts speed up customer processing times. A new special letter mailing suite that enhances the mail sorting speed is located at the entrance of the lobby. The Coins and P O Box Counter, The Customer Services Counter, the Savings Bank Counters and the General Counters are all clearly signed and numbered and incorporate deep trays to be able to handle small parcels as well as letters. A special parcel post counter is also incorporated into the counter design to accept large parcels via a security hatch.

Later in the year, nine new Business Pillar Boxes will be strategically located in business high density areas around Gibraltar. These may also be used by members of the general public and it will increase to 40 the total number of Pillar Boxes available throughout Gibraltar.

All mail collected at 7.00 a.m. Mondays to Fridays from all pillar boxes including the new Business Pillar Boxes, will be delivered the same day or exported by lunchtime that day. The main Post Office, Sub Post Offices and the new Business Pillar Boxes will offer a second outbound airmail service utilising the evening flight for all mail posted by 2.30 p.m. Monday to Thursday and 3.00 pm on Friday.

The New Next Day Service Model and agreed Working Practices envisages that:

1. All mail posted locally from Sunday to Thursday inclusive will have next day delivery.
2. All local mail posted on Fridays before 3.00 p.m. at the Post Office, Sub Post Offices and the new Business Pillar Boxes will be delivered on Saturday. All other mail posted on Fridays and Saturdays will be delivered on Monday.
3. All incoming surface mail will have next day delivery.
4. All mail addressed to local P O Boxes collected at 7.00 a.m. on weekdays from any pillar box, the Main Post Office or the Sub Post Offices will be delivered into the P O Box on the same day.
5. All express mail arriving in Gibraltar by lunchtime Monday to Friday will be delivered the same day.
6. All non-Government Registered Mail will have next day local delivery.
7. All C4 (magazine size) mail will be delivered to letter boxes that are of adequate size.

The Post Office is also working on projects to help boost the growth of e-commerce operations established in Gibraltar and to prompt international e-commerce operators to relocate to Gibraltar. These projects include improvements to the outgoing parcel post service which is currently halving delivery times as well as the future introduction of track and trace facilities.

## ◆ Sport

In respect of sport, I would like to highlight the nearly £8 million of capital expenditure being invested in providing much needed state of the art sports facilities at Bayside. This was an electoral commitment which I am pleased to say will soon see completion of the project. Furthermore, an average of approximately £180,000 of recurrent funds have been provided every year, over the past four years, to assist sports governing bodies in their participation in official competitions, locally and abroad, and in pursuance of sports development projects. This compares extremely well with the £50,000 made available to sports people in Gibraltar at the time that I first took up the office of Minister. Another great achievement has been the establishment of the Sports Development Unit, through which sport is deriving great benefits, and which has been expanding and improving its programme over the past few years.

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 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, in co-operation with the Gibraltar Sports Advisory Council.

The new hockey pitches at Bayside are now in regular use and International Official competitions, have already been played

there. A number of teams from abroad, including the full England women's and men's squads, top club teams and schools have also visited Gibraltar to play on these splendid facilities.

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, Speed, Agility and Quickness International and the Youth Sports Trust, were again run for local coaches. Assistance and support has also been provided to sports associations in the organisation of accredited sports and specifically for coaching qualifications in athletics, basketball, football, shooting, skating, rugby union, squash, badminton, hockey, volleyball, swimming, rowing, sailing, table-tennis, tennis, artistic gymnastics and rhythmic gymnastics. The tutors delivering these courses have included, in appropriate cases, 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 the sport in Gibraltar. The objectives remain to achieve, eventually, as much self-sufficiency as possible in the delivery of coaching and training. The Unit has expanded its programmes to include outdoor and adventurous activities for teenagers. It has worked in partnership with Social Services to introduce physical activities into some of their senior citizens luncheon clubs and is also supporting the 'Healthy Heart Club' with advice on the development of their exercise programmes. These physical activities have included mainly Boccia in the elderly persons clubs and The Sports Development Officer is now also a member of the Health Authority's Health Promotions Committee.

The Gibraltar Sports Advisory Council, and in particular, its sub-committees, have continued to meet regularly. On the advice of the Council last year, the Government prioritised and allocated financial assistance to sports associations as follows:

- ~ £95,000 to enable participation by a large number of teams from over twenty different sports to compete internationally and locally at different levels of officially recognised competitions.
- ~ A further £35,000 to finance Gibraltar's successful participation in the Commonwealth Games and in the Island Games 2003.
- ~ £55,000 through the involvement of the Sports Development Unit and the efforts of the sports associations, has enabled a large number of sports specific coaching courses to be held in Gibraltar.
- ~ £100,000 through the I&D Improvements to Sports Facilities fund 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 and improvement of existing facilities.

Funding for sport this year will again be increased and a grand total of £4,820,000 is being provided; the main aim will be to progress with the next phases of the extension to the new sports facilities at Bayside. In this respect, the works on the new spectator stands and the changing rooms have already commenced and work on the new Sports Hall is progressing well. A large amount of infrastructural works in preparation for the subsequent phases of the project are also scheduled. For these purposes £3,400,000 is being provided in the I & D Fund.

Government, on the advice of the Gibraltar Sports Advisory Council, will be providing a total of £140,000 to enable our sports men and women to represent Gibraltar internationally. Our sportswomen and sportsmen will again participate in many official international competitions, including the 2003 Island Games in Guernsey next week where we will see a large Gibraltar contingent almost 200 in strength. Gibraltar's young sports

persons have earlier this month participated in the Straits Games held in Los Barrios. A number of events are also in the early planning stages being organised to celebrate the tercentenary celebrations.

As I speak the Special Olympics World Summer Games are being held in Dublin. The Gibraltar team consists of some 18 Athletes and 10 Coaches and I would like to record on behalf of the Government our condolences to the widow and the family of the late Douglas Heindrich who very sadly and very tragically passed away during the course of these World Games. The Chief Minister had met him that day, the day he died, very shortly hours before the death and I indeed had been with him as well watching a football match and I subsequently saw the family in the hospital after the death. I think it is a measure of the esteem in which Douglas was held by the Special Olympics movement that at a small service that was held in Dublin yesterday at which I was present, amongst those who attended was the Chief Executive of Special Olympics International Mr Tim Shryver Kennedy and also Mary Davies the CEO of Special Olympics in Dublin and responsible for the organisation of the games as such.

Returning to the budget, in the Sports Development Fund £55,000 is being made available to assist sports associations to cater for the provision of accredited sports specific coaching courses and participation in internationally recognised training opportunities in support of the development of sport in Gibraltar. The number of sports associations organising such courses and events continues to increase and the level of coaching courses will be progressive 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 and Sports Link, a scheme to encourage formal links between schools and sports clubs.

Sports facilities available for use will be greatly enhanced with the full opening of the new sports hall at St. Joseph's which will be fully integrated into the Community Use of Schools Scheme when

the installation of equipment is completed. These additional facilities will allow the introduction of new indoor sports into the programme, such as indoor cricket. The excellent co-operation that has been built up between the Sports Department, the Education and Training Department and the schools themselves continues to grow and augurs well for the future of local sport.

A further sum of £700,000 will be provided to further improve existing facilities, including the replacement of the playing surfaces of the Stadium's Main Pitch and Athletics Track. The works are expected to last 8 to 10 weeks and will include the replacement of the existing Omniturf with a new third generation synthetic turf which will be to FIFA certification standards. It is programmed, to carry out the works during this summer. This is for technical requirements.

The sum of £75,000 is being provided to refurbish vacant premises for use by Associations and Clubs, although this is not restricted to sports and youth societies. In this connection, a study is to be carried out, in partnership with the Heritage Division, into the feasibility of refurbishing South Jumpers Bastion, on similar lines to North Jumpers. The provision of adequate facilities at the Giralda Gardens for petanque has also commenced and is due for completion during 2003/2004 financial year.

The sum of £450,000 is being provided for a project, in partnership with the Social Services Department, to provide within the existing GASA site, a new swimming pool suitable for the elderly and disabled and for teaching of non-swimmers. It is intended that exclusive use of this facility for the elderly and disabled will be available over the summer period and it will have shared use with GASA during winter.

The demands on the Sports Department and the Gibraltar Sports Authority are expected to continue to increase and Government would continue to review resources in order to ensure that a quality service is provided.

Sport makes a very valuable contribution to Gibraltar's quality of life and therefore it is Government's 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 and clubs who ensure that sport thrives and develops in Gibraltar, for the enjoyment and benefit of all.

#### ◆ Electricity Department

During the cold spell in last January, the electricity peak demand reached an all time high of 28.6 MW representing a substantial 14 per cent increase over the previous record that had stood since December 2001. The total units generated during 2002/2003 was 130.75 million units, this represents an increase of 3.8 per cent over the previous year. Waterport Power Station produced 48.5 per cent of the total generation and OESCO the balance of 51.5 per cent. The total number of units billed during the same period was units 121.87 million units representing an increase of 10.2 per cent over last year. The total amount billed was £11.34 million, of which £10.7 million was collected. The total accumulated outstanding debt as at 31<sup>st</sup> March was £7.2 million. The total number of active consumers reached 15,693, an increase of 247 over last year, representing an increase 1.6 per cent.

As can be noted from these figures, the growth of the electricity industry continues. Government are in the process of considering the options for the provision of additional electricity generating plant. Fuel has experienced three price fluctuations throughout the year. The current position is that the price is marginally above last year's at this same time. I am pleased to confirm that the move of the Distribution Section from its old premises at Orange Bastion in Irish Town to the new Electricity Centre at Rosia Road was completed in September last year.

After successful negotiations with the Technical Day Staff, the Transport and General Workers Union and ACTS, the Electricity

Authority Ordinance was passed in this House on the 28<sup>th</sup> March 2003. The new Electricity Authority encompasses the Electrical Section formerly part of Technical Services Department and currently still located at Wellington Front. The Authority is in the process of recruiting additional professional, technical, financial and administrative staff to enable it to deliver an efficient and effective service to the consumer. The modernisation and computerisation of the technical, administrative and financial functions of the Authority will have to be undertaken once the human resources reorganisation is achieved. The Authority will give priority to approved training courses for its staff and establish a programme of succession planning to ensure it obtains qualified human resources to meet its requirements in the short to medium term.

Attending to faults will remain the number one priority, a major upgrading programme for the distribution network and substations will be initiated and teams will be devoted to these works.

The estimates of accounts presented in this session mirror those of the Electricity Department and do not encompass the resources required by the Authority. It is proposed that the Authority will be a self-accounting entity and income will be derived from the sales of electricity and from the other services it provides.

#### ◆ City Fire Brigade

During this past Financial Year, specialised training and recruiting have been the Brigade's top priorities. Three officers have attended Command and Control Courses at the Fire Service College relating to their Continuous Professional Development. Seven officers have attended specialised courses in Fire Investigation, Fire Safety, Nuclear Accident Response and Emergency Planning at senior grade level. Recruit training has also carried out in conjunction with four other Brigades at the Fire Services College where our recruits have yet again excelled in their level of achievement.

The Brigade has acquired important items of sophisticated equipment during these past few months. These include a thermal imaging camera with the ability to detect not only casualties but also the seat of fires and other sources of heat emission. It also assists firefighters in both navigation and evacuation through smoke filled premises. Twenty new modern lightweight breathing apparatus sets were obtained to replace the existing breathing equipment and nine BA maintenance men successfully achieved the re-certification qualification which they require to renew every 3 years.

In response to the increased terrorist threat identified during the Iraq crisis, the Brigade has acquired a considerable amount of decontamination equipment and continues to undergo extensive training locally and in UK in respect of hazardous materials.

The major asset which was acquired this last year was the Mercedes Benz Road Traffic Accident and Rescue Unit which was introduced to replace the existing rescue unit which had been operating for 15 years. This new appliance will greatly enhance operational response to incidents because of the greater amount of equipment and lighting at its disposal. This vehicle is the front line appliance which responds to almost two thirds of the Brigade's call outs.

The Brigade's staff has also carried out extensive refurbishment works on a self help basis to the Brigade's gym facilities, as well as the corridors and the roofing of the MT Section.

On the operational side, the Brigade responded to 1,655 calls between January 2002 and December 2002. These were classified as follows:

- ~ 439 fire calls,
- ~ 900 Special Services,
- ~ 316 Ambulance attendances.
- ~ It mobilised the Ambulance Service on over 4,000 calls.

## ◆ Youth Service

I am reporting separately on the Youth Service to underline the importance that Government gives to this form of *“informal or social education”*.

The Gibraltar Youth Service has also seen changes and improvements. Improvement and Development Funds were made available to completely refurbish and repair the Plater Youth Club, which can now provide the required facilities for the young people in the Upper Town Area. The Youth Service, through Consolidated Funds, has also introduced a training programme, including the employment of a trainee currently studying in UK and who will assist in resourcing the Youth Service to meet the needs of our young people.

Youth and community work, to give it its full terminology, is recognised as forming part of a growing network of “social provision” that has young people as its main focus but not in isolation. Youth and community work pays heed to the community in which a young person develops and recognises the influence of others in that young person's development.

Youth workers seek to “empower” young people through opportunities that not only encourage their physical, mental and spiritual development but also build on their self-esteem and acknowledge their contribution as equal participants. It is seen across the world as part of “active citizenship” which is what most of us want and certainly expect from our up and coming citizens if our “community” is going to improve and develop in years to come.

For this reason, Government would continue to finance not just Government youth clubs but also those associations that ensure the welfare of young people and can guarantee the competence of their adult leaders and the relevance of their programmes or activities. Associations such as the local Guides and Scouts, The Duke of Edinburgh's Award, and the Luce Foundation programme all receive assistance and will continue to do so. This makes the

Youth Service much more than a simple “consumer” facility or a simple “programme of events”. Youth work is about encouraging young people to take up active participation. The Youth Service meets this requirement by providing resources and competent youth workers, paid and voluntary, that can meet this obligation and, with the proper training, support, supervise and guarantee its delivery.

During 2002/2003, Government employed a new Youth and Community Worker, who is the first female member of staff in over 25 years. She is currently based at Dolphins Youth Club and is also developing a youth exchange programme for 2003/2004 in partnership with groups from Holland, Uruguay and Colombia that is exploring “women issues Trans-culturally” and identifies itself as “Amigas del Mundo”. This exchange is being organised through the European Union.

This last Financial Year after several enquiries regarding Exchange Trips through the EU, the Youth Service decided that its social and personal development programme for young people this last year was best met by organising an educational trip to Paris in July 2002.

For the avoidance of doubt, I wish to make it very clear to Members of the Opposition that the Youth Service will continue to organise Exchange Trips, whether through the EU or otherwise, as well as Educational Trips as long as these are identified and considered to provide the required learning opportunities and relate to issues relevant to the young people and to those working in partnership with them.

A trainee Youth and Community Worker is currently studying in UK and will eventually join our complement of four full time workers. This will make it possible to have one full time worker based at each of the existing youth clubs by 2005. This last year our youth workers have been undertaking training courses in health and safety at work, listening skills, first aid training, fire prevention and new in-service procedures. Courses on these and other areas will continue.



The refurbishment of the Plater Youth Club was completed towards the end of last year and the Upper Town Area now has a much needed and well equipped youth club which is a “calling place” for initiatives taking place in that neighbourhood. The works were not limited to replastering and repainting the premises. The Club was made disability friendly and incorporated all the required health and safety measures. The Youth Service has now also contacted and established a working partnership with the community constable, the schools, the nearest church, the local neighbourhood groups and relevant Government departments working in that area, as an ongoing practice. Similar co-operation and liaison with the Government are being undertaken by the Youth Service in the South District from Dolphin Youth Club and in the North District from the Laguna Youth Club.

The demands of young people in their strife for active participation and having a say in local events is an important element of youth work delivery and the Youth Service is there to respond. Therefore, there have also been projects on Halloween, visiting local heritage sites, Christmas discos, a cavalcade float, visiting a wild animals reserve, helping to produce a variety show, playing live at a rock concert for charity, skiing in Sierra Nevada, planning and organising a break beat disco. These events involved young people at every level, encouraging them to take on responsibility, develop personal skills and work in partnership with their peers and adult workers.

As part of its commitment to provide opportunities via schools, the Youth Service again took part in the Personal, Social and Health Education programmes for year nines, from both comprehensive schools. As a result, some young people took up the opportunity to share in the Youth Service programmes.

Increasingly youth workers work in tandem with parents, teachers, social workers, police, health workers, physical trainers, counsellors and other professionals. They involve and confer with local neighbourhood groups, schools and other representative groups. They support other initiatives such as the Cheshire

Home project that create awareness about disability and provide opportunities for young people to experience new cultures and learn from their perception of the world.

Government funding ensures that these initiatives continue. So there will be discos, there will be trips abroad, there will be organised events in one way or another but only when they offer identifiable learning opportunities and address issues of relevance identified by the young people themselves or by those working in partnership with them. Furthermore, these events will have to be delivered by competent and accredited adults.

Since May this year, the Youth Service is providing a placement opportunity for a local student doing his degree course in youth work in Derby. This placement underlines the confidence and credibility placed by Derby University on the local service and its staff. During summer, students currently undertaking youth work training in England will be taking part in the new Youth Service's summer programme. This programme will involve young people in its planning and delivery and will explore issues such as substance and alcohol abuse, local natural history, environmental arts projects, healthy eating and exercise, working with elderly citizens, providing interests in music and performing arts. Youth Service facilities will be made available for these programmes opening at times that will best serve these requirements and make it easier for more young people to take part.

The second training course for part-time Youth Workers is very near completion. This has made it possible for another group of people to pursue Youth Work as volunteers in their respective groups or to enhance their chances of obtaining one of a number of part-time vacancies that will be created after summer to work in a youth club.

Government are committed to a programme of constant review and regeneration of youth and community provision. It is crucial that this element of local provision pre-empt local needs and keeps abreast of developments elsewhere that serve to improve the service offered. The Youth Service is well placed to

consolidate its present role and Government would continue to support it to evolve and develop in ways that will best serve the needs of its service users and the community as a whole.

#### ◆ Environment

The pressure from the EU in the field of environmental legislation continues. During the last year, we have legislated to set national emission ceilings for sulphur, dioxide, nitrous oxides, volatile organic compounds and ammonia. This will require us to prepare annual inventories and projections of emissions of these pollutants. We have also legislated to transpose the Directives on the landfill of waste and on the use of organic solvents.

In my contribution last year, I announced we would be bringing in legislation on ambient air quality which would provide a framework for the management and assessment of air quality in our community. I am pleased to say that the Public Health Air Quality Limit Values Rules were published in July last year and they set limit and alert values in respect of a number of pollutants such as sulphur dioxide, nitrous oxides, particulate matter and lead. This piece of legislation transposed two EC Directives and further legislation is now planned which will set limit values for benzene and carbon monoxide.

The year ahead also promises to be a busy one and we will be considering legislation on such diverse environmental matters as waste from electronic and electrical equipment; end of life vehicles; substances that deplete the ozone layer and water management.

These measures and others in the EU pipeline carry a significant financial burden relative to our limited resources, but we are committed to the EU policy on the preservation, protection and improvement of the environment, the protection of human health, and the prudent and rational utilisation of our resources. There is still more ground to be covered, and Government would continue

responsibly and sensibly in its efforts towards the further improvement in this area in line with EU requirements.

The Environmental Ministry continues to monitor and adjust the very comprehensive cleaning programmes to ensure the provisioning of as good and as thorough a service to the public as possible. The programme for the maintenance and upkeep of planted areas, including the Botanical Gardens, continues to expand to cover more and more places. This embellishment of further areas will continue in a reasonable manner within our resources, as will the programmes for the refurbishment, cleaning and maintenance of parks and playgrounds.

As regards the Cemetery, the pilot schemes for its embellishment are under way and some initial results can already be seen. Once the experimental stage is completed, we shall decide, in consultation with the different stakeholders, on the best ways of ensuring workable and viable solutions for embellishing this most sensitive area.

In ending my contribution on the Environment, Mr. Speaker, may I thank the groups and individuals that continue to give invaluable service and support to the many and varied issues which come under my Ministry.

#### ◆ Technical Services Department

The Technical Services Department has undertaken a total of 25 major Civil Engineering or Building projects during last year with some such projects scheduled for completion during the current Financial Year.

Work was undertaken on the stabilisation of the following cliff faces:

- a) The southern section of the cliff face at Little Bay including the portal above Keightly Way Tunnel following a minor rockfall in that area.

- b) A section of cliff bounding the southern extremity of the Brympton housing estate.
- c) A potentially unstable section of a cliff face at a location above Windmill Hill.

As a consequence of the major cliff face collapse at Camp Bay some years back, the sewer serving the Old Naval Hospital complex, which was originally affixed to the cliff face, was destroyed. Works were completed last year to reconnect this sewer along an alternative route.

An in-depth geotechnical investigation of the area leading up to the north portal entrance of Dudley Ward Tunnel was initiated last year. The results will provide the necessary data for the design of the permanent works to finalise this project.

There has been further planting of the East Side sand slopes. Now that the low-lying vegetation has become fully established, the second phase of the planting of trees at certain locations throughout the slopes has been initiated. Trees have stronger and more widespread roots, which further enhances the stability of these sand slopes. Trees also form a natural physical and robust barrier against rockfalls and, are the favoured option especially in an ecologically sensitive area such as this.

Works continued on the City Centre Beautification scheme with paving works along the south end of Main Street, including the whole of Cathedral Square. This project is now complete. At Sir William Jackson Grove the resurfacing of sections of the car park was undertaken and the waterproofing of the podium is planned to be done this year. At Brympton Estate works were completed last year on the enclosures to the previously open stairwells providing access to the flats within these towers. This has resulted in the resolution of the major cause of dampness in a very large number of flats. Works on the monitoring of the footbridges providing access to the towers has also been

undertaken. Works were also completed last year on the new Retreat Centre at Lathbury Barracks and this multi-functional centre was successfully used as emergency accommodation for the residents at Mount Alvernia although it had not been designed for such an eventuality. Work started late in the year on the creation of a new public car park at Landport Ditch and this is due for completion during this year. The John Mackintosh Square Beautification project is progressing at a steady pace. This is an ambitious project that will extend over three financial years and will considerably enhance this central focal point within our City and will restore the dignity of this very important Square.

Last year major repairs were carried out to a collapsed section of Gibraltar's main sewer. To allow such works to proceed, there was a need to undertake an elaborate over-pumping operation to divert the continuing flow of the main sewer and by-pass the works site. These were very significant excavations, in respect of depth and complexity, in what is a very confined location and required specialist techniques to be employed as well as a very specialist workforce experienced not only in sewer work but also in tunnelling. The project was completed both within programme and budget and has resulted in the establishment of flows within a shorter period than had initially been anticipated. Other repair works to the Main Sewer included desilting the section between Rosia Road up to Rosia Plaza. This work, coupled with the removal of the obstruction resulting from the collapse, has very significantly improved flows within the main sewer and has re-established normal flow conditions.

A related project was the refurbishment and bringing back into operation of the flushing tanks originally designed to cleanse the contributory and main sewers. Three such tanks were completely refurbished and commissioned and brought back into service. Work is currently being undertaken on two more tanks, the aim being to systematically refurbish and recommission all such tanks.

Studies related to the proposed sewage treatment works are currently being undertaken and are due for completion during this Financial Year.

This Department acted as Designer and Project Manager on a number of other projects too numerous to mention individually. The following are the main projects which were completed during the last Financial Year:

- 1) Refurbishment and replacement of balconies at Coelho House.
- 2) The construction of a new industrial park at Lathbury Barracks.
- 3) The laying of new infrastructure and resurfacing of a section of Rosia Road.
- 4) Frontier refurbishment

The following projects are still ongoing and are again being managed by this department:

- 1) Lift Installation at Victoria House and Picton House
- 2) Refurbishment of the recently acquired building in Town Range, intended for use as the new Attorney General's Chambers.
- 3) New roofs, lift installation and refurbishment of four large blocks at Varyl Begg Estate.
- 4) New sports complex at Bayside.

Following the review undertaken by Pricewaterhouse Coopers, the Government have restructured the IT Services Unit. It has now become a department reporting directly to the Chief Secretary. This department will also be responsible for all the logistics requirements of the Gibraltar Government. It is now

known as the IT and Logistics Department and its role will be to consider, recommend and prioritise IT and logistics projects in accordance with Government Policy.

The IT Services Unit, as it was then, took a leading role in the Referendum held last year. All IT and communications related matters, including the networking of the Registration Office and organising of the International Press Office, were overseen by the Unit. The efficient manner in which the Register of Voters was compiled no doubt contributed to the great success of the Referendum.

The new Payroll System is almost ready and will be going live in July this year. Enhancements to the DSS contributions system and the Income Tax systems are ongoing. The DSS Benefits scheme has been redesigned and programming is due to commence soon. A new system for Births, Deaths and Marriages is being initiated.

Departments continue to be networked, the main ones last year being the Motor Vehicle Test Centre, the refurbished Post Office, the refurbished Treasury Payroll section and the Central Arrears Unit at the Treasury Building, the DSS Spanish Pensions section at the ground floor of the Treasury Building and also the middle floor of the Income Tax Office.

The Motor Vehicle Licensing unit at Eastern Beach is ready and accommodates the Licensing staff who were located in John Mackintosh Square together with the new Motor Vehicle Licensing System.

Projects earmarked for this year include continuing the enlargement of Government's Wide Area Network, the design of an Integrated Population Database, the implementing of a Corporate Internet Facility and Internal Mail, the review of the Geographical Information System so as to make this available to more departments and Government Agencies and the possible replacement of the existing Treasury Accounting System by a

new Financial Package that may be used interactively by all departments.

Mr. Speaker, I now turn to my responsibilities for Public Services Broadcasting in Gibraltar. As is commonly known, this service is provided by the Gibraltar Broadcasting Corporation. The Financial Year ending last March 2003 can be described as a good one for the Corporation, both in programming and in financial terms. Throughout the year, GBC continued to actively pursue the financial policies adopted two years ago. These have proved successful, and I am pleased to inform this House that the unaudited accounts indicate that the Corporation achieved its objective of providing the Service within the approved budget. Moreover, it exceptionally managed to generate a small surplus which, subject to audit, will significantly reduce the historic accumulated deficit to under £10,000. I am confident the House welcomes the improvements achieved by the Corporation to its financial stability and both the Board and the employees deserve to be congratulated on the efforts made to achieve this turn around of GBC's financial position.

Members may recall that when addressing the House at last year's budget, I said that the Radio service continued to be developed and that there were plans for further improvements. I am pleased to inform the House that this objective was successfully achieved. Since October last year, Radio Gibraltar has been providing a dual programme service throughout the night. The significant increase of over 2,500 programme hours per year has been achieved without any increase in the establishment and as a direct result of the investment made in digital equipment. The advantages offered by the availability of a digital play-out facility in the radio studios have made it possible for the Corporation to computerise the management of its commercial airtime traffic. This new system was adopted with effect from 1<sup>st</sup> April 2003, the start of the new Financial Year. Digital technology is proving to be the way forward in the broadcast industry. This year, there are plans to take advantage of the opportunities offered by the adoption of this technology to

commence work on improving the limited, daytime broadcast provided by GBC Television.

On the programming front, the past year was a busy one for the Corporation. Of note is the high quality, extended coverage it provided during the Referendum. Few will disagree that the coverage, especially on the night of The Count, was of an exceptionally high standard. Its coverage of the Count was up-linked and offered as a free-to-air programme feed to International Broadcasters. The coverage was also broadcast as a live video stream on the worldwide web. Over 60,000 hits were recorded on the Internet broadcast on that night.

The manner in which the Corporation went about its work during the run-up to the Referendum and during the event itself, attracted favourable comments from both the Observers of the Electoral Reform Society and from the Team of Independent Observers.

As in previous years, the Corporation continued to send its news team abroad to provide coverage of key Gibraltar related events. This is considered an important aspect of GBC's role of keeping the Community informed of matters relating to Gibraltar.

Throughout the year, the Corporation continued to provide both "on-the ground" and technical support to a good number of International Broadcasters, which deployed their news and programme production teams to Gibraltar.

Another success story is the 2002 GBC Open Day. The record sum of £60,000 was raised in aid of a number of Gibraltar Registered Charities.

At Commonwealth level, the Corporation saw the award of a Commonwealth Travel Bursary to one of its employees. The Travel Bursary was used to visit Canada to study and observe news and community affairs broadcasting, in a bilingual Community. It also saw the election of one of its senior employees, as President of the Commonwealth Broadcasting

Association. An Association of over 100 Public Service Broadcasting Organisations throughout the Commonwealth.

In recent times, the Corporation has expressed concern about the arrangements for pursuing collection of the Wireless (Television) Licence fees in respect of unlicensed premises. The Government considered the concerns expressed by the Corporation and in January 2003 an amendment was made to Part 4 of the Regulations of the Telecommunications Ordinance 2000. The amendment provides for the unpaid fees to be recoverable as a civil debt. Also, as from January this year, the Corporation has been appointed as the Authority for all matters related to the issuing of television licences and the collection of licence fees.

The Government are committed to continue its financial support during this Financial Year. The support includes a Subvention of £990,000 and £200,000 as part of the Improvement & Development Fund, and to fund capital expenditure projects.

The forecast out-turn for the Government Lottery for the Financial Year ended 31<sup>st</sup> March 2003 is shown in the draft Estimates of Revenue and Expenditure as a projected surplus of £247,000. The projected surplus for the Financial Year ending 31<sup>st</sup> March 2004 is estimated to be £556,000. The level of returned tickets during the year ending 31<sup>st</sup> March 2003 was marginally lower at 32 per cent of gross sales compared with around 34 per cent during the past four years. However, prizes on returned tickets were also lower at 23 per cent of gross prizes payable compared with the approved estimate of 33 per cent. The public and other interested parties were recently invited to submit ideas and proposals in order to assist the Government with its review of the Gibraltar Government Lottery in order to enhance the sales of lottery tickets. Eight submissions were received. The current contract for the administration of the Lottery is due to expire at the end of November 2003. Tenders have been invited and any proposed changes to the structure of the Lottery will be considered in conjunction with the award of the tender.

Mr. Speaker, last year the Government informed the House of the deal which brought Gibraltar Nynex and Gibtel together into common ownership. Under this transaction Honourable Members will recall how the Government and Verizon Communications, through GNC, became the owners of Gibtel and Gibconnect - the recently renamed internet subsidiary. In the Estimates you will see that the Government received the second and final payment of £2.25 million in the last financial year for its shares in Gibtel, bringing up the monies received to £3.75 million.

Mergers are never easy animals to master but I believe that a relatively seamless transition is being made from GNC and Gibtel to the new Gibtelecom. The change in the trading name to Gibtelecom reflects the focus placed in the first full year of the merged operation in repositioning the business, together with the creation of a one-stop shop for customers and a new unified bill combining fixed, mobile and internet services.

Behind the scenes much work is being carried out on the complete integration of the businesses, with common pay and conditions, policies and systems. Rationalising the Groups' use of leased premises is high on Gibtelecom's agenda. The Government welcomes this initiative. The first stage was the acquisition of 13/21 John Mackintosh Square premises earlier this year. The new building will house customer services and general offices, and being in close proximity to the Haven Building and City Hall will assist with the continuing technical development of fixed line services. Hon Members may have noticed the large hole which recently appeared in the Piazza. This is a new chamber for taking fibre and copper cables to the new site and thereby relieving the underground congestion at the Haven Cable Chamber.

I would like at this point to pay tribute to Lucio Randall, the General Manager of Gibtel, who will shortly be taking up early retirement after forty years of local service to the Company and Gibraltar. Lucio has been a tireless champion on the roaming and numbering complaints. Regrettably, despite his and others' efforts with officials of the EU last year, there have been no

tangible results to date. Verizon continues to encourage and support Gibtelecom in these matters.

Whilst these restraints have serious consequences for the development of the business, the Company's results for 2002 were creditable in a market in which we are seeing the beginnings of steadfast regulation and the beginnings of competition. The turnover of the Group rose to £21.5 million in 2002 and employment remained steady, honouring the Shareholders commitments that there would be no compulsory redundancies consequent to the merger. A particularly welcome innovation in 2002 was the introduction of a Graduate Sponsorship Scheme whereby Gibtelecom supports two undergraduates during their studies, providing employment during the vacations and on completion of their degree.

In my budget speech last year I welcomed the Companies' investment in having readily available internet bandwidth. Earlier this year Gibtelecom put in place additional fibre bandwidth via an alternative route. This resilience proved crucial in enabling Gibtelecom to maintain an internet service when a number of submarine cables were affected by the fallout from the recent Algerian earthquake. The Government also welcome Gibtelecom's introduction of broadband high speed internet access. These developments contribute to the Government's policy of making Gibraltar an attractive home for e-commerce.

The main technical project which is expected to get underway this year is the upgrading of the mobile switch and network to 2.5G, which will enable data to be transferred at higher speeds and digital images to be sent. The Government welcome Gibtelecom's continuing commitment to invest in this technology.

I would like to conclude Mr. Speaker by paying tribute to the management and staff of the Company, who made Gibtelecom one of the first companies in Gibraltar to achieve the upgraded ISO 9001/2000 quality certificate last year. Over the next 12 months Gibtelecom will be seeking to extend its membership of the European Foundation for Quality Management by seeking an

upgrade from the Certificate For Excellence which it currently holds to the prestigious Recognised for Excellence Award which would be the first ever for a Gibraltar company.

Mr Speaker, turning to the water company, during the last financial year, a total of 1.14 million cubic metres of potable water were supplied. Lyonnaise pumped a total of 3.35 million cubic metres of seawater to various seawater reservoirs. The sewage pumping stations were operated at 100 per cent availability. Throughout the year the quality of potable water supplied by Lyonnaise complied with the requirements of Directive 98/83/EC.

The two Reverse Osmosis plants have now produced over 1 million cubic metres of potable water of excellent quality. 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 to the value of the pound against the dollar. Arising from the latest requirement by the EU, regarding the quality of fuel to be used in land based installations; the boiler fuel being used by these plants, as from the start of this year, is the new EU Directive grade with less than 1 per cent sulphur content by mass. This move is intended to clean up emissions into the air. The cost of this fuel is some 18 per cent higher than that of the M180 fuel previously used. The effect of this and the increases in the cost of the Barrel of Oil at source and the value of the pound against the dollar is to render the price of the water produced by the MSF plants 27 per cent more expensive than last year.

The Company awarded a tender in the sum of £118,282, for the construction of a new Depot to house its mechanical section hitherto established at Hesse's Bastion. This project was completed in May and the area outside the Bastion will be cleared and returned to Government. The Tunnels within the Bastion will still continue to be used by the Company as this houses an important Potable Water Pumping Station and Reservoir.

The Company has developed its billing software to enable those customers that so wish to receive bills via Electronic Mail and to make payments of bills on-line. Customers are now offered a range of payment methods as follows:

1. Payments by cheque via the Freepost envelope provided with the bill.
2. Payments by Direct Debit or Standing Order.
3. Receipt of bills via E-mail with on-line payment facilities.
4. Payment at the cashier's tills in person at the Company's premises.

Lyonnaise des Eaux (Gibraltar) Ltd currently employs 104 persons. Of these 14 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 the employees continues to be a priority for the Company. This last year all Managers underwent Management Training provided by UK consultants. Employees received training as identified and programmed in the current three yearly Development and Training Review.

Mr Speaker, the Gibraltar Philatelic Bureau Ltd continues to enjoy both international and local success. The sales maintain a steady growth and in this last Financial Year the profits generated by the Bureau almost doubled from previous years. A similar performance is expected at the end of this current financial year.

The four major achievements in the philatelic calendar this year have been:

- ~ Firstly, the Sir Bobby Moore World Cup Stamps. The Times gave great coverage questioning why Royal Mail did not think of this idea and simply issued the England

Flag on stamps. The issue of the Stamps also helped raise monies for the Imperial Cancer Research Fund.

- ~ Secondly, the St. George Stamps, which were launched by His Royal Highness Prince Carlo de Bourbon Two Sicilies and His Eminence Cardinal Pompedda at the Garrison Library. Media from both the UK and Spain covered the event with special coverage in The London Times.
- ~ The third was "A Second World Record" for the Bureau in September 2002 when it launched the world's first ever Rock Stamps made with actual Gibraltar limestone bored out from the centre of the Rock. A concept now copied by Russia using the same scientific techniques pioneered by the Bureau.
- ~ Fourthly, in June this year the Bureau launched the second engraved stamp by the world's most famous and oldest engraver Mr Slania. This stamp will be used operationally to cover a new Express Service to the UK.

In conclusion, Mr. Speaker, 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 the 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 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, Mrs Denise Chipolina and my Personal Secretary, Mrs 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 I have just spoken about.

### **HON MISS M I MONTEGRIFFO:**

Mr Speaker, this will be the last budget before the general elections and therefore I wish to take this opportunity to thank you and your staff, for the assistance which you have all provided to me during the past three and a half years. I am very grateful for that.

As Opposition spokesperson for Health and Sport I will naturally be concentrating on matters relating to these two departments. However, having heard the Chief Minister's kind words about me yesterday I wonder, whether now I require to wear some form of protective armour whilst I deliver my speech. Yesterday he attacked me even before I spoke and therefore I wonder what he is going to do during and after I speak. Mr Speaker I am absolutely trembling with fright. I then also started to wonder after the Chief Minister spoke at length on health, whether the post of Minister for Health had now become obsolete. The reality is that the Chief Minister looks to any opportunity in this House to have a go at me and I take that as a real, real compliment but I am so glad he has made statements to the effect that our health services are in such a good state because I know for a fact that the people of Gibraltar will not believe him and again they have more proof of the arrogant sort of person that he is.

The Chief Minister also stated in his contribution as regards health that the GSD Government had increased the spending of the Health Authority by 85 per cent. Well, I am afraid that I have to inform him that during our time the GSLP increased its spending by 150 per cent. In our first year we increased the spending by an extra £2 million (from £8 million to £10 million) and by the end of our term the figure had gone up to £20.6 million. He boasts of his 85 per cent and I can boast further, 150 per cent.

But I recall that the Chief Minister said at the time when he was in Opposition and I have not forgotten, that because we spent so much money it did not mean that the services were improving. Today he uses the very opposite argument, because it suits him. This is the sort of person that he is and I have never come across anybody in my life like him. He just does not care about the accuracy of anything that he says or how often he changes his position.

The Chief Minister also gave publicity to the recruitment of extra nurses and doctors and so did the Hon Dr Bernard Linares, we do not expect anything less since the Government have now been in office for 7 years. However, they have not kept to their promise to employ the number of nurses recommended in the nursing review which is 382. They are well below that figure and they said that they would do it within a period of five years, so very conveniently they do not make any reference anymore to the Nursing Review. I am afraid it is too late for the Chief Minister to continue trying to fool the people of Gibraltar as regards our health services everybody knows that they are today riddled with complaints. They most certainly exist and we are not simply talking about isolated cases as the Chief Minister has alleged. No, there are complaints in almost all areas of our health services and I am about to prove him wrong. I have compiled a list of the many problems and complaints afflicting our Health Services to prove that what we are saying is indeed correct. I will also be dealing with the many problems that we have brought to this House. I would also refer to the public statements made by the Government, by us the Opposition and by other entities and individuals of our community, more proof that we do not exaggerate or invent problems and they are not simply isolated ones. As always I listen very, very carefully to the contribution made by the Hon Dr Linares the Minister for Health. I take on board what he has to say and he never, never ceases to amaze me, never. As we expected he has tried as best as he can to try and defend the indefensible. His Government's complete and utter failure in its handling of what is an extremely important and sensitive department. He has not mentioned in his contribution of

yesterday one single area of concern so of course I intend to highlight them all. He will not get away with it.

To give the House an idea he has not even had anything to say about the dialysis machine. The long saga continues and the Minister in his contribution fails to make any reference at all to that important issue, no reference in his contribution of yesterday. Shame on him. Most of his contribution in fact has been a repeat of what he said last year and he continues with his usual jargon, milestones and centres of excellence, two words he is completely in love with. He even continued yesterday to give publicity to facilities in the Primary Care Centre which he spoke of in his budget speech of 2001 and 2002 and we hear about them again in this year's budget of 2003. Again this year he mentions Sheffield University as if he discovered it. I reminded him in last year's budget that we brought Sheffield University to Gibraltar, not him, and that we the GSLP when in Government introduced the post registration courses for nurses he again mentions this year. Sometimes I feel sorry for the Minister. On other occasions I feel like giving him a good shake because I honestly believe he could be living in a dream world *[INTERRUPTION]* where he cannot see what is going on around him. If he is not then I am afraid he has failed in his attempts to paint a totally different picture from the real one and the Chief Minister as usual cannot contain himself and if he cannot contain himself *[INTERRUPTION]* and if he cannot contain himself it must mean that he does not like what I am saying. *[INTERRUPTION]* Perhaps I will not give the Minister a good shake I will just give him a little hug that might wake him up and I definitely will not give him a shake with my squash racquet. The situation therefore is a very sad one because we are after all talking about people who are sick that is people who need a lot of reassurance and confidence something that this Government have certainly not given them. I can assure that today the vast majority of the people of Gibraltar are convinced as we have been saying all along that no matter what the GSD Government say, they are doing, or that they are going to do they will not be able to redress the decline of our health services which has suffered a decline as a consequence of their coming into office in 1996. In fact, what they do is always a patching up

exercise which instead of alleviating the situation creates even more problems. The problems we have today, as I will prove now, started as far back as 1996. The best way to analyse the situation is to go through them all in order of sequence during the two terms of a GSD Government and as always whatever I say I say with a lot of conviction. I do a lot of research and my arguments are based on documented fact either from Hansard or from official Government reports and statistics. This could well be the reason why as Mr Speaker is fully aware I spend from five to six hours questioning the Minister in this House.

As I have just said problems started in 1996 because of certain policy measures that the then Minister for Health the Hon Keith Azopardi introduced. The Opposition warned him about the dangers of implementing these measures, we even predicted the implementation of those policies and that they would not improve matters as he said they would but rather they would have the opposite effect, for example, we expressed our doubts about the efficacy of the Complaints Procedure, we expressed our doubts about the conversion of the old kitchen into a rehabilitation centre because the new kitchen would be housed in a ward depriving St Bernard's Hospital of beds. We expressed our doubts on the commissioning of the two reviews the Government announced soon after coming into office, the Medical Review undertaken in 1996 by Dr Stokoe from the UK, Dr Patrick Nerney from the Health Centre and Dr Sam Benady St Bernard's Paediatrician and the Nursing Review which was carried out by members of the nursing staff in 1997. These two reviews were hailed then by the GSD as milestones in the history of our health services. They said they would vastly improve their standards. Time has however most certainly proved them wrong. As far as the nurse review is concerned it took the Hon Mr Azzopardi over one and a half years just to decide whether it should be made public and then when he did he flatly refused in this House to inform us which recommendations they had accepted from both reviews and those which they had not, he only smiled and said that he was prepared to answer in percentage terms. This attitude I suppose is transparency and accountability 'à la GSD' moreover the Government ignored many of the recommendations of these

reviews. The Nursing Review spelled out very clearly the ratio of how many trained to untrained staff there should be in every ward of St Bernard's Hospital. The Hon Mr Azopardi told this House that the Government expected to implement all the recommendations within a period of five years and he is quoted in Hansard as having said this. But the Government did not do as he said on the contrary they did worse, they went and did the very opposite they scrapped the established compliment of nurses, they only spoke of nurses in post, they ignored many recommendations of the review as well and therefore it is no wonder that neither of the two reviews did anything to improve the situation, nothing at all. What seems to be the trademark of this Government in every argument that is put forward to them is that they and only they seem to know best. This is one of the reasons why we are convinced there is absolutely no light at the end of the tunnel. If after seven years they have not proved their worth they never will. It is as simple as that. The GSD however, are good at one thing propaganda and spin more propaganda and more spin. However, if their tactics start to fail they resort to insulting language and real gutter politics like we have never experienced before in this House. The Chief Minister has gone to the extent of calling me a dishonest political coward just for saying that our health services have declined. That I invent things and even when I have brought material to this House to prove that what I have said is the truth he still continues with the same attitude, insults and more insults he is just not interested in the truth. Perhaps he must have been bullied when he was at school and now he wants to bully everybody around him. I know that one cannot change the man. If there is one thing that I regret as a politician is the fact that I have had to put up with the Chief Minister in this House and today he has even become more arrogant so much so that I keep wondering everytime I see the old 'Fuente del Capullo' now being refurbished whether he has given instructions to install a statue there of himself. It would not be a bad idea because if we look at what happened at Saddam Hussein like all dictators in today's political world their days are counted therefore the Hon Peter Caruana's fall will eventually materialise and then we can all pull down the statue with ropes just as the Americans did. Perhaps he will also do us the favour

of disappearing as Saddam did. So, regrettably I know that this is an absolute waste of time as far as bringing evidence to this House. The Chief Minister has somehow shred all evidence to bits he is not interested at all with the truth he is only interested in getting his own way but at least the evidence that I bring is indeed recorded in Hansard. I can only say to the Chief Minister that he is his own worst enemy and that eventually his character will be his downfall.

So, with so many denials, insults and such arrogance it was inevitable that the situation in our health services was bound to worsen rapidly. The Government again have dismissed all our warnings and they even went to the extent of saying that we were exaggerating, "*There were not so many complaints,*" they said, in any case they told us in this House they did not want to know about the complaints that we should channel them through the Complaints Procedure the infamous Complaints Procedure which has not worked. Then they said that the patients were fussy and that the elderly and the chronically ill also got their fair share of the blame. In essence the GSD turned a blind eye and blamed everybody else except themselves in the problems but we continued to do our job. We repeatedly voiced our doubts about the efficacy of the Complaints Procedure it was enough to read the Complaints Procedure to realise that it was enough to put people off from proceeding with it and no wonder more and more people started coming to see us to assist them with all sorts of medical complaints. They told us that they had lost all faith in the procedure and that it most certainly did not work yet during the first term in office the Government also decided to penalise the users and the patients of our health services they introduced revenue raising measures by increasing prescription charges and doctor's house calls from £1.20 to £2.50 and from £5 to £10 respectively. It was shameful for this Government to be seen spending huge sums of money in propaganda, advertising campaigns, the creation of more and more posts, on reviews, experts and so on. But when it comes to those who suffer the most, the sick and the chronically ill, the Government made them pay more as if the Government needed more money. Only last year in the budget they announced they had spent £3.6 million in

advertising. The reasons they gave for the increases were incomprehensible they said there was a lot of abuse that the pharmacists were handing over to the patients goods other than medicinal products without a shred of real factual evidence. They decided to penalise everybody as they stated in this House in answer to our questions that the increases in prescriptions charges would go a long way to stop the abuses. Then in contrast the Hon Dr Linares stated that he had no evidence to prove otherwise In answer to Question No 493 of 2000, for example, he said, *"I think certainly the increases in charges have gone a long way to avoid abuses."* In the same answer he then goes and contradicts himself by saying, *"...frankly there are other ways in which patients find a way around the situation to still obtain products which are not necessarily required in the prescription and we are looking at the intricacies of that."* However, I am convinced that because of the pressure that we exerted on the Government's policy to increase prescription charges and the reaction from the public this must have had an effect on them. So what next? How stupid can they be. The Government then decide to place a maximum charge of £7.50 on prescriptions that is three items after which all other extra items are free, what a farce. The Government increased these charges because they alleged that there were abuses and they then changed the system which can encourage even more the so called abuses, after three items all other items are free. Subsequently, I then, of course, asked the Minister for Health in every meeting of the House after the change in system if he could confirm whether items in prescriptions over and above the three they had introduced attracting the maximum fee of £7.50 had indeed increased. He replied, *"the answer to that would be included in the tables that I have provided, I would have to study these tables carefully. I have done so but I cannot fix my mind now and focus precisely on the matter to that particular question."* How convenient. The Minister pleads ignorance or he simply does not bother to analyse what is the actual result of his Government's new policy but the situation was even worse as I was soon to find out because the tables he gave me did not provide the information that I had asked for. I do not know what the Minister saw but no wonder he said he could not focus properly, the tables did not provide the

information he said that that they were providing. In further meetings of the House therefore, I continue asking the same questions and the Minister surprises me even further. He suddenly tells me that the information as to whether items over £7.50 had increased could not be provided. The information is not collated he said. When I pressed him further and told him that indeed the GHA must have that information just for accounting purposes to settle their bills with the pharmacists, in answer to Question No 947 of 2002 the Hon Dr Linares then had this to say, *"Yes I think we have been perhaps in the past talking at cross purposes, the civil servants are very literal in their interpretation of questions but as the hon Lady can see from the paper I have just passed on to her they do keep tabs,"* a contradiction, *"they do keep a record of the number of items and I hope that that settles the question."* I settled the question not the Minister, had I not pressed him I doubt whether he would have even bothered to find out what where the effects of his Government's new policy on prescription charges but I must admit that it is truly frustrating for the Opposition because it took me about two years to get the information I was seeking from the Minister, two years, and when I studied the tables I saw that our suspicions were completely founded. The Minister confirmed that indeed there was an increase over and above the three items costing £7.50 the cost of extra items had increased by £28,000. He has the audacity to continue to say, *"Actually the number of items that have increased are those which people feel freer now to access because they do not have to pay the full whack."* His words Mr Speaker. Again we were right. I honestly believe that as a teacher and as a headmaster dealing with schoolchildren he must have had the experiences of coming across children who are stubborn and one cannot get through anything one says to them because that is precisely how the Minister acts in this House, so every time this Government takes action they seem to be opening up a 'Pandora's Box' it is truly a nightmare, they just do not seem to get anything right. One may also recall that the Government also in a bid to save money introduced the prescribing of generic medicine. They produced a formulary, a black and a white list, items in the black list cannot be prescribed and those in the white list can be but in their generic form. Again they told us in this

House that they had put a new system in place which they said would adequately deal with any problems patients may encounter as a result. They announced another novelty, the setting up of a Formulary Committee another reason to make us all shudder. What answer do I get when I ask how often the Formulary Committee would meet to discuss the problems that the patients may encounter? Once every three months I was told small wonder that after so many years problems in this area still exist today. In answer to Question No 483 of 2000 the Hon Dr Linares stated the following, *"the Formulary Committee I can confirm meets at least once every three months,"* and I told him, *"does the Minister not agree that three months is quite a long time for an appeal from a patient and that the system seems to be acting more as a deterrent than one that helps the patients speedily?"* Dr Linares' reply, *"I do not agree with the valued judgement that the hon Member has just issued in between these formal meetings there is also a mechanism whereby individual patients and doctors can refer appeals, if we like to put it that way, to the Pharmacy Advisor who will then consult with the Formulary Committee perhaps on a round robin way when there is an immediate response requirement."* How on earth can there be an immediate response when the doctor refers appeals to the Pharmacy Advisor who then has to consult with the Formulary Committee and then he has to go on a round robin way?.....Mr Speaker that is absolute nonsense, in any case we have a contradictory lie because I remember that soon after the Government introduced generics on the 23<sup>rd</sup> August 1998 they gave the following commitment in answer to a Question in this House, *"Only the doctor is the judge of what medicines should be prescribed and should be dispensed."* They even said that the controller of medicines did not have the authority to override the prescription of medicines. Apart from the round robin system we are still going round and round in circles and I honestly believe that not even the employees of the Health Authority have been given the proper instructions. They seem to be as perplexed as the patients themselves. There are of course patients who still develop allergies to certain generic medicines but no wonder that they still continue going round and round in circles, quite a number of them have come to us and still continue

to come to us and they tell us that the system is too bureaucratic and it does not work. What really happens is that either the patient is left without medication or he or she has to pay for the branded medicinal product privately otherwise their health is put at risk. To prove what I am saying I will give details of a case of mine which I referred to the Minister, it involves an elderly lady who came to see me on the 17<sup>th</sup> March because she said no one was paying any attention to her problem. She had developed side effects to one of the generic medicines that she was taking. On the same day I wrote to the Minister, his reply was dated 19<sup>th</sup> March and he wrote, *"I have referred this complaint to Mr Guillem the Head of Prescriptions, Pricing and Advisory Unit and required him to take urgent action upon it."* 'Urgent action' the Minister said, today as I speak the problem has not yet been resolved. After the last sitting of the House I remember asking the Minister downstairs if he could chase the matter up that the lady was distressed and her medication was required to regulate her blood pressure. The Hon Dr Linares' reply was to say that he was too busy but all that he could do was to ask Mr Guillem to take urgent action once again. What a shameful reply, how could he have said in this House as he has done on many occasions that he is a caring Minister? After this episode I had to write to him two reminders and at last on the 11<sup>th</sup> June he replies to me, *"I wrote to you on the 19<sup>th</sup> March telling you that I had asked the Head of Prescriptions , Pricing and Advisory Unit to consider Mrs Bautista's complaint. I understand that Mr Lima Chief Executive spoke to you about this, as Mr Lima informed you a meeting was held between Mr Guillem and Mrs Bautista. I understand as a result the matter has been resolved to her satisfaction. "* It has not been resolved to her satisfaction and Mr Guillem has not met Mrs Bautista yet and more so the Minister is wrong, Mr Lima from the GHA spoke because I rang him in desperation and asked him to please intervene, three months and still there is no solution. I think that the Minister is absolutely and completely out of touch with what is happening in his department and I am right in saying this repeatedly.

Mr Speaker, let me return to the sequence. In 1999 the Government introduced another measure, again unpopular with

the vast majority of our people and which has again produced more adverse effects on most of our patients. This was the resurgence of private practice for all consultants. Again we expressed our reservations and warned the Government that we were convinced that the measures that they intended to implement would only serve to give priority to patients over those public patients whose condition merited quicker appointments or treatment over those patients who would be seen far quicker only because they could afford to pay extra. We also predicted that public waiting lists would be affected and as I will prove later on they have most certainly shot up to unprecedented levels. In answer to our questions the Government defended its policy and gave categorical assurances that public patients would most certainly not be affected by private practice, it was all very well regulated they said, another error of judgement on their part. Another policy which we were against was the introduction of a number of GCSE's that applicants to the nursing profession were required to have before they could apply to enter the nursing profession. We in Opposition believe that everyone should be given the opportunity since the years of training that they are required to do in the School of Nursing proves whether they are capable or not. In fact, our nursing staff had always received many praises from the visiting UKCC Officials and when we were in office never did the UKCC put any sort of pressure that before applicants could be accepted by the Gibraltar Health Authority into our nursing profession they should possess a number of GCSE's. The Government did not accept our argument that applicants not in possession of GCSE's should be allowed to apply. I am sorry to see that the Minister for Health has left the Chamber perhaps he is not liking what he hears.

During the Hon Mr Azopardi's term as the Minister for Health we were only able to convince him twice of an argument, for example, he accepted that enrolled training should continue. When we were in office we presented a strong case to the UKCC and they accepted our view. Even though this grade was not done away with in UK it continues to exist in Gibraltar and enrolled nurses indeed have proved that they play a very valuable role. We did this via the auspices of what is now called Sheffield

University. They also coincided with our view that the UK had erred in eliminating this grade. The UK now only has two grades, nursing assistant and then they jump straight up to staff nurse. We also convinced the Hon Mr Azopardi that since we had designated Lewis Stagnetto Ward into what used to be Private Corridor this ward should stay there. We had used Private Corridor for decanting purposes whilst we fully refurbished all the wards in St Bernard's Hospital, pity we could not convince him to reopen the original Lewis Stagnetto Ward as it had always been a ward. He ignored our request and he decided to house the kitchen there, obviously he lost valuable beds in the process and I wonder whether subsequently when the acute shortages of beds began he regretted taking that decision, it was definitely in our judgement the wrong one but convincing him on two counts is better than not convincing him on any.

We now move to the year 2000, after the elections we then see the Hon Dr Linares take over as Minister for Health from the Hon Keith Azopardi. By that time the complaints against the state of our health services had increased substantially but the Government's attitude and tactics continued. They blamed everyone under the sun. They said the complaints were the normal everyday ones again they tried to camouflage the situation by saying that we were using the patients for political gain. I remember being interviewed by Mr Stephen Neish of GBC some months ago who echoed the same Government's accusation. I continue to challenge anyone who says this about me. I am able to provide them with the names of the patients and the patients are willing to be contacted. I can say that my main concern is to help the patients as much as I can and there are many instances where I have not even referred the matter to the Minister in the knowledge that directing them elsewhere will mean that their medical problems are resolved much faster. However, there are those who insist that I write to the Minister on their behalf and this is what happens in all democratic systems and also there are quite a number of patients who ask us to raise their problems in this House of Assembly but the Minister for Health and the Chief Minister simply do not want to know. Have they forgotten the matters they chose to raise in this House when they were in

Opposition or is it convenient for them to forget? I have repeatedly said in this House that it is indeed the patients who request us to either write to the Minister, to go public or to raise their problems in the House and this is democracy at its best, I am afraid the Government would have to hear in this House of things that they would rather not and I will continue to do so for as long as constituents ask me to do exactly what they want me to do even if I continue receiving insults from the Government. They need medical attention after all, they are sick. They are not fussy, they are not exaggerating and they are not seeking to go into a holiday camp and believe me when I say that the electorate is completely convinced today that the Government have failed miserably in the manner they have dealt with our health services and for this one reason alone they deserve to be ousted from Office and they should be ashamed at the malicious accusations they resort to and the poor excuses and arguments in trying to exonerate themselves from any form of political responsibility. Governments are responsible for all Government departments but what do they go and say, they say that our health services have not declined, that it is only a matter that things could be better. They can say that to the marines because the people of Gibraltar no longer believe him and it is hard to believe that things could be worse.

From the year 2000 when Dr Linares took over from Mr Azzopardi what situation have we seen developing? I once described in this House the situation as a ship sailing in troubled seas, well, since then the ship has completely lost its course and the Hon Dr Linares has been unable to keep it from hitting the rocks. Our Health Services today can be compared to a ship that has not only hit the rocks but now it cannot be salvaged. It is sinking and realistically how can he say the contrary especially with the list that I am just about to give details of, of the problems existing in our health services.

1. The Complaints Procedure. It is already proved to be a complete fiasco.
2. The Ombudsman's criticisms of the procedure.

3. The GHA Complaints Board also critical of the procedure.
4. Complaints about the public which have not been answered after which they have been lodged for quite a number of years.
5. Statements made to this effect by the representative of the Users Forum.
6. Acute shortages of beds.
7. The mixing up of patients in male and female wards.
8. Cancellations of routing operations due to the non unavailability of beds.
9. The appalling treatment by the Government to our elderly patients.
10. Nursing staff publicly denouncing the conditions they are having to work in.
11. Reviews, reports, audits proving fruitless.
12. The long saga of the dialysis machine.
13. Waiting lists have shot up to unprecedented level.
14. Complaints about private practice.
15. Problems in the recruitment of Consultants.
16. The increase to waiting lists for patients to see resident and visiting consultants.
17. The two-year waiting list for school children with dental appointments.

18. The one-year waiting list to see the Dietician.
19. Patients still waiting for replies to complaints they have made about the A&E Department. (Accident and Emergency Department).
20. The problems the Government have created with the nursing staff over the question of their having now to re-register every three years.
21. The on going problems with enrolled nurses being able to train up to the grade of Staff Nurse.
22. The lack of forward planning in sending our nurses to the UK for specialist training.
23. The question of the many nurses which have had to be recruited on a contract basis.
24. Lastly but not least, the services or should I say the lack of services which the hospital at Europort will provide,

and the Minister yesterday Mr Speaker has been silent on all of these issues. All is well Mr Speaker, all is well according to the Minister, not one reference to any of the areas of complaints and concern even though they have been debated in the House, it is absolutely incredible.

Let me now analyse the impressive list I have just mentioned in numerical order:

1. The Complaints Procedure.
2. The Ombudsman's criticism of the procedure.
3. The GHA Complaints Board also critical of the procedure.

4. Complaints by the public which have not been answered for quite a number of years; as statements made to this effect by a representative of the Users Forum.

I want to make reference to all of these issues for the reason that I am then told by Government that I invent them and I want to prove to them that I do not. There are many other sectors of our community who have actually made public statements to this effect.

The Hon Dr Linares said in his first budget speech as Minister for Health, *"the seeds of consultation have already been sown during the past four years with procedures instituted by the previous Minister such as a Complaints Procedure, the Private Practice Agreement, the Health Charter which is due for publication in the near future, only a few weeks ago we have formed a Users Forum to assist management."* These were his words. What can I say about the Minister's optimism? One fiasco after another and therefore I can only come to one conclusion it is Bernard and not Alice who is living in Wonderland.

As to the Complaints Procedure in the first annual report of the Ombudsman published in the same year as the Minister was delivering his first budget speech, giving it total publicity, the Ombudsman was saying, *"Regrettably to date the Ombudsman has only been able to conduct three formal investigations involving administrative complaints made against the GHA. He has not been able to formally investigate any of the clinical complaints brought to his attention. The reason being that the investigations into these complaints have been held up in the GHA Complaints Procedure and none have been concluded,"* none have been concluded. It seems the Ombudsman continues *"that instead of the complainant exhausting his or her avenue of redress the GHA Complaints Procedure exhausts them. Needless to say these excessive delays give rise to anger and frustration amongst complainants."* These were the words of the Ombudsman Mr Speaker not mine, the Ombudsman.



The Minister however continued with the same line of defence. In the year 2001 he said he had spoken to the Ombudsman and given him certain assurances that it was a question that the procedure required fine-tuning. That is all it required, fine-tuning he said.

Then comes the second report of the Ombudsman which is published in the year 2001. The Ombudsman again complains that its performance has not improved and that he is seriously concerned, seriously concerned. The Ombudsman and I quote, "*is of the view that this situation is inadmissible and that Government must either equip the GHA Complaints Procedure with the necessary resources or refer complaints against the GHA to an independent authority.*" He also states that the Complaints Board of the GHA is also dissatisfied with the efficacy of the procedure. The Ombudsman this time went further and said that the reason for the decline in complaints, was due to the public's disenchantment with the procedure. Our analysis Mr Speaker to the 'T'.

The GSLP office and Marie Montegriffo had by now become the focus of attention from all those disenchanted complainants. It is incredible, the Minister continues not to agree, he continues by not agreeing with the Ombudsman or he does not even agree with the Complaints Board and thereafter he does not agree with the Users Forum which they set up. He said in this House that there is a Complaints Board and that it is totally independent at arm's length from the Authority which watches over, looks at the statistics and keeps an eye on the way it is working but then in answer to Question No 1051 of 2001 the Minister has to admit that he does have a report from the GHA Complaints Board in which they focus on the need to resource and facilitate the operation of the Complaints Procedure. The Minister then says, "*..... but given the new resources that we have injected, the new opportunities that we have given perhaps we can achieve what we all obviously want.*" We are still eagerly awaiting the new resources and the new opportunities and of course the third report for the year 2002 from the Ombudsman but in the meantime more and more complaints continue to pour into our offices.

So, what does the Ombudsman have to say in his by now third report Mr Speaker? He welcomed the fact that certain measures had been taken to improve the structure of the GHA Complaints Procedure but he goes on to say that the situation is still inadmissible and again advises the Government to refer complaints to an Independent Authority. I quote, "*...regrettably and in spite of the assurances given by the Government the Complaints Procedure has continued to operate in a less than satisfactory manner throughout 2002.*" His general view was, "*... that notwithstanding the fact that there is a number of professionals whose work ethos is of the highest calibre the GHA continues to attract a significant, a significant number of complaints and not all of them are unjustified,*" the words of the Ombudsman not the words of the Opposition. He then quotes the Minister for Health as having informed him that a comprehensive audit by an independent expert of UK was going to be carried out. The Ombudsman was told that the general audit would be carried out during the first half of 2002 and it did not happen then.

The Minister also told the Ombudsman that with the move to the new hospital the Government's aim was to revise the cultural and organisational changes to ensure that working practices reflect the most modern and up to date practices in high quality patient centred health care. The same, same words the Minister uses in all of his public statements, his budget speeches, and in his forwards of the GHA annual general reports. Words that I must say sound very good but as is usual with this Government they use a lot of spin but they produce no results. Nice sounding words but very little action and of course as I have said on many occasions in this House we start to see the Minister trying to salvage the situation, by trying to make us all believe that the new audit and the move of St Bernard's Hospital to Europort are going to solve all the problems. After being in office since 1996 we are told the solutions are just round the corner. Well, I am afraid that patience with this Government is more than a virtue. On top of all the criticisms already being levied at the Complaints Procedure we have the public statements made by Mr Lionel Perez a representative of the Users Forum. What did he have to say? He

said that he had seen stacks of complaints and that they had not even been looked at. When I mentioned this in the last meeting of the House, the Minister was dumfounded speechless, as dumfounded, as he was in GBC's Viewpoint debate on health recently. When Mr Perez again had this to say and I quote him, *"I have seen over 140 complaints stacked up one on top of the other relating to different people, they are standing in a very big stack and they cannot be answered because the Complaints Committee does no longer exists and it has not existed for two years and therefore nobody attends to the complaints. They just look at it, if nobody is dying with a complaint it is just stacked up. This is a fact that I have seen and the person who has seen them unfortunately is so overloaded with work therefore nobody takes action"* So I ask myself, can it really be that the Opposition is exaggerating, that the Ombudsman is incorrect, that the Complaints Board is also wrong, that patients are lying when they say that they have given up with the Complaints Procedure and is it also that Mr Perez the representative of the views of the Users Forum which the Government set up is not saying the truth either? The arrogance of this Government comes to the fore when they are criticised. They cannot admit they have erred. So therefore I can only come to one conclusion, they want to make believe that they are absolutely infallible and the latest position on this issue from the Government is reflected in Question No 263 of 2003. Three years down the road the Minister incredibly has this to say, *"the Ombudsman has not made any formal recommendations as such in relation to the GHA Complaints Procedure. The Ombudsman has suggested in his report various options for the GHA to consider in its effort to improve the Complaints Procedure."* The Minister prefers to speak of a suggestion rather than a recommendation. He continues, *"the Ombudsman acknowledges the fact that last November I informed him that steps would be taken in early 2003 along the lines suggested and this is what we are about to do. We will shortly be advertising to contract a dedicated officer with full-time responsibility or quality assurance generally and specifically on the Complaints Procedure."* It is all again nonsense the Ombudsman never, never acknowledged in his report the advertising of a Contract Officer. He acknowledged the review, in

fact, when we posed supplementaries about the new post in this House last April, the Minister was saying one thing and the Chief Minister was saying another. It was as if the Chief Minister did not know what the Minister for Health had done. I do not think anyone of us is still clear on what the Hon Dr Linares has done but we will see after so many fiascos I cannot but predict another fiasco.

Mr Speaker, I now move to points -

6. The shortages of beds.
7. The mixing up of patients in the male and female wards.
8. Cancellations of routine operations due to the non-availability of beds.
9. The appalling treatment by the Government to our elderly patients.
10. Nursing staff publicly denouncing the conditions they are having to work in.

Again, in keeping with the style of this Government attempts were made by them to deny that there are problems in relation to the shortages of beds. Never seen before in the history of our Health Services. Let me repeat that. Never, never seen before in the history of our Health Services. But when that did not work they went on to blame it on the elderly. They then conveniently switched from using the phrase "shortages of beds" to bed blocking by the elderly. How nice Mr Speaker. The first time we asked the Government what the reason was for this new phenomena, the shortages of beds, they said it was due to clinical procedures. At the time when the problems were at their worst the Chief Minister during his budget speech of 2001 had the incredible cheek to say the following and I will quote him, I

remember what he said, "*there is no acute shortage of beds*" and then he continued to say "*no surgical operation has been cancelled to date because of a shortage of beds,*" how could the Chief Minister say that when there had already been acknowledgement from both his Ministers for Health, past and present, and the annual report of the Gibraltar Health Authority a year before showed a table that says "*reasons for cancellation of operations - no beds available*" The Chief Minister continues not to care about the accuracy of his statements.

Certainly Mr Speaker when we were in office, we did not have any, any of the problems the GSD have. We never had to mix the male and the female patients in all the wards. We never had to cancel routine operations like seen with this Government. We have had numerous patients reporting to us that they have been made to wait for hours in the waiting area of a ward. Then they have been told to go home because there are no beds and this has happened to them on more than one occasion and the problem still continues today. They are still coming and they are still telling us exactly what I have just said.

Lets us now Mr Speaker analyse the allegation by the Government that elderly long stay patients are the cause of all the problems. Again they change their minds because at the beginning when we asked them they used to say that the problems were caused by clinical procedures. Then they switched to blaming the elderly. Let us look at the average number of elderly patients at St Bernard's.

The Government have provided these figures to us in this House.

In the first six months of the year 2000 the average was 44.

August to December 2000	-	44
January, February, March 2001	-	49
April to October 2001	-	45
April to September 2002	-	40
October 2002 to February 2003	-	44

Mr Speaker is it not an extraordinary situation that when we were in office we had an average during the six years of the GSLP administration of 55 to 60 elderly patients in St Bernard's and that we had no problems with shortages of beds, and that we did not have to mix the wards, and that we did not have to cancel all the operations that they have had to cancel? Unquestionably, the Government have therefore behaved most unfairly with our elderly. The GHA issued a press release saying that they would be seeking a commitment from those elderly patients entering hospital that when discharged they would have to leave. When I took the matter up in this House the Hon Dr Linares said it was not a written commitment but rather a verbal one. Elderly patients had been categorised as:

- (a) Living alone;
- (b) Needing support;
- (c) Others able to be looked after.

I then put a question in the House for the Minister asking him how many patients fell in this category? In two meetings of the House he gave me the relevant figures however, the next time I put the same question which is Question No 963 of 2002 he tells me the system has changed and that, I quote, "*we have now concentrated in a much more positive multi-disciplinary more enlightened approach involving counselling, involving the professions allied to medicine, to see about the conditions and analysing the motivation and the difficulties in a much more meaningful way.*" Well, I am afraid this is the usual jargon we get all the time from the Minister, but more to the point I asked him "*what about the figures, did he not think they were useful after he prided himself in having introduced the original system?*" In supplementaries he said, "*They are no longer relevant, they are no longer in use,*" in any case we took issue with the Minister through a press release when we were approached by relatives of elderly patients who were not even their next of kin and who had

received threatening letters on behalf of the GHA that legal action would be taken if they did not collect their uncles from St Bernard's Hospital. That was indeed the last straw. We rightfully accused the Government of treating the elderly patients inhumanely and we also questioned the legality of those letters. One of the relatives, a 60-year-old gentleman at that time was a sponsored patient himself.

Mr Speaker the Hon Dr Linares has the cheek to assure us in this House that he is a caring Minister; I can assure the Minister that he will not be remembered for that reason. He will be remembered for other reasons that he will be hoping to forget.

The experiences patients are having to put up are enough to stress them. Patients go to St Bernard's hoping to get cured, already anxious about the medical intervention that awaits them and they are either told, *"if you happen to be of a certain age"* and the Minister in this House never confirmed what the age was, *"you have to agree to leave when discharged"* or one is told sometimes on more than one occasion that, *"the operation has been cancelled there is no bed for you, go home and come back another day."* A wonderful experience. A Health Service that according to Government have no problems. As I have already stated these are situations that never, never, ever occurred when we were in Government. I do my homework, I do a lot of research, I look back at Hansard and what do I find? More proof of the double standards of this Government.

Mr Speaker, in 1993 when we were in Government and GSD in Opposition, in Question No 20 of 1993 I am asked by them, does the Minister for Health Services consider there are sufficient geriatric beds available at St Bernard's Hospital? That is the question they asked me. How hypocritical can they be? During the debate that ensued I was told by the Hon Mr Cummings that there should be more beds for long stay elderly patients in the geriatric wards. The then Speaker intervened, when the Hon Mr Cummings started to bring a particular case of a particular patient who had been told to leave and I refuted the allegation. What does the Hon Mr Caruana say? Mr Speaker we are grateful for

your advice because I have forgotten to mention that the Speaker actually advised the hon Member that if they had the details that they should pass them over to me, in this House or in writing.

*"Mr Speaker, we are grateful for your advice"* says the Chief Minister when he was in Opposition, *"as to what you think is more effective or not more effective standing orders distinguished between written questions and questions for all answers and subject to standing orders as to what questions are disallowed by Mr Speaker pursuant to his authority we reserve the right to choose on what subject we ask questions. I do not accept questions are not asked in the House of Commons until there has been a full exchange of correspondence between the member asking the question and the Minister in question, and that certainly is not the practice that the Opposition"* and then the Speaker intervenes and stops him and the Speaker says *"I think the hon Leader of the Opposition gets it wrong, I am not saying they cannot ask questions."* The irony of what the Chief Minister said then is that today he has said in this House the complete opposite. He has told us that we should not bring up individual cases in this House. That we should write to the Minister. I always write to the Minister Mr Speaker because he always forgets to send the information that I seek in this House.

But, Mr Cummings however, at the time, never gave me any details in the House and never wrote to me about the supposed case. So another example of double standards. How hypocritical can the GSD be? They now put enormous pressure on the elderly like we never did.

The elderly had been asked by them to give a commitment to leave Hospital when discharged. They go to the extent of issuing legally legal threatening letters to their relatives, not even their next of kin and then to top it all they have announced there will be no wards at the Europort Building designated for the elderly. Shame on them Mr Speaker, shame and shame and shame on them.

The House recessed at 12.05 pm

The House resumed at 12.10 pm.

Debate continued on the Appropriation (2003-2004) Ordinance , 2003.

**HON MISS M I MONTEGRIFFO:**

Mr Speaker, I now turn to yet more proof that it is not just the Opposition talking about the deficiencies of our Health Services since the GSD took office. Therefore, for the record I also wish to quote what Mr Michael Netto said when interviewed by GBC during their programme recently on our Health Services. This covers point 10 of my list, nurses publicly denouncing the conditions they are having to work in.

Mr Netto is the representative of the ACTS Nursing Section. He said he was not happy with the treatment nurses were now able to provide and I quote him, *"The main problem is that citizens are being denied equal access to a degree that patients are being nursed in a different care environment to what they are supposed to be nursed."*

Referring to the shortages of beds, Mr Netto also had this to say *"Medical patients are being nursed in surgical wards. Surgical patients are being nursed in medical wards. We are having patients being nursed in television rooms. Patients are having to wait for hours on end in Casualty prior to admission and the reality is that many people who should be in hospital are at home. And they are being denied the right access to Health Care facilities."* He went further he said, *"A new Hospital will not bring any improvements, why a new Hospital? For us there are many things which need to improve in the GHA. We have been waiting for four weeks for a blood pressure machine in John Ward."*

*Having to take patients' observations and feeding them with the intravenous regimes is an important thing and the machinery we need to deliver basic care at the bedside is not there. Why should we have a new Hospital? They should be there now."* Referring to the equipment, the basic equipment.

I continue to quote him, *"We are taking care of patients and we are having problems, there is more abuse of nursing staff than ever. Nursing staff are at the forefront. There is a situation where patients are admitted and discharged at a higher rate than ever before. Patients are being nursed in the wrong care environment. Mistakes can be committed at a more regular basis than before and the solutions are not there."* An even more alarming situation than the one I have described but again knowing the tactics of this Government are they going to say that Mr Netto is also lying?

Now we come to the next item on the list number 11 - reviews, reports, audits and experts, something the Government are totally obsessed with. Mr Speaker will recall what I have already said about the two reviews commissioned by the Government. The medical review in 1996 and the second one the nursing review in 1997.

Then they carried out an audit in the kitchen of St Bernard's Hospital and the Minister Dr Linares in reply to Question No 983 of 2002 said the following, *"The Gibraltar Health Authority has taken seriously the Principal Auditor's value for money report but that does not necessarily mean that we have accepted all the recommendations."* So much for the seriousness. His words completely coincide with our analysis. Reports, audits and reviews are considered by Governments but they do not have to abide by the recommendations. Furthermore when we have seen the results of reports by experts from outside Gibraltar, we see very clearly that most of the time their solutions are based on a completely different scenario and culture.

So all in all time and time after time reviews commissioned by this Government have not produced tangible results, otherwise why commission more reviews?

Then another audit by Government materialised, this time carried out by Dr Hugh Griffiths. The Government did not announce it but we were able to extract the information through Question No 562 of 2002.

The Hon Dr Linares confirmed the audit had been carried out by well known auditors in that department, referring to KGV. He also confirmed that it is not for the public domain I quote, "*It is not a state secret but it was an internal matter that we have opted to keep within the internal forum of the GHA.*" So, the Minister says it is not a state secret but on the other hand the GHA and the Government have kept the report to their eyes only.

When we press them we find out that the well known auditors are two individuals from the UK, Dr Hugh Griffiths with a Consultant Psychiatrist and as a result of the audit the Hon Dr Linares confirmed to a supplementary that no changes have been introduced as yet, and I will quote him again, "*Obviously the report leads to recommendations and the recommendations are being considered by the Government but as yet no practical implementations of those recommendations have come into place.*" That is what the Minister said.

The Minister could not either confirm the costs of the audit and again proof of the treatment this Government give to their audits their reviews and their reports. They spent huge sums of money in return for nothing. They treat them with the same disdain and arrogance as they treat everyone else's arguments and ideas. What a complete waste of time and money. Mr Speaker what do they do? They go and they commission another report. This time by Professor Terry Feast in relation to the saga of the Dialysis Unit at Europort.

Mr Speaker, we now come to No 12 of my list. The long saga of the dialysis machine. Let us start from the beginning. After the Government kept on dilly dallying in this House for years unable to give a commitment as to what facilities would be provided, they

then have as I have said the incredible brain wave of commissioning another report on the matter. Are they so irresponsible that for the sake of buying time they are prepared to spend more money in order to study the issue? How long do they need to study the issue?

Time which is precious to the patients and more money that the tax payers will eventually need to pay. Surely do they not ever, ever, give priorities to the patients first, could they really be so uncaring? I am convinced that they are. Six years promising a dialysis unit in Gibraltar during which time they have denied to give any commitments about which facilities they intend to provide, and just yesterday the Minister for Health was still silent on the issue. He did not mention anything about the dialysis unit as if it did not exist. Again it is not only the Opposition making the noises, in fact, the Gibraltar Dialysis Patients and Friends Association had just about enough from the Government, and they went public. They had this to say, "*It is sad to note that six years after the proposal was made by this Association to the Minister for Health a dialysis unit has not yet been established. We would like to know whether the Health Authority has a hidden agenda as it would be wrong for the Minister to continue raising false hopes on a simple and vulnerable group of patients.*"

They said more. On the question of the disappearance of the promised floor at Europort for the units on the drawings the Association were shown they said that they were flabbergasted that they could not see it any more in any of the drawings but then again proof that it is not just the Opposition. Here we have another sector of our community complaining. Complaining about another matter. Six years down the road and the Minister could only announce a review, another review on the matter. He also said recently on GBC's debate on Health that it was not only a question of money that people needed to be trained. My question was logical. Why during six years, I told the Minister why have you not bothered to train anyone? You have had six years in which to do so. And what was his reply, and I quote him, "*I was not there six years ago*" he said, again he puts his foot in. Does

he not even remember that his Party was in power and that his Party gave the commitment six years ago?

Mr Speaker I am afraid that this Minister breaks all records for political jokes of the year. It is clear that every time the Government feel pressurised on any complaint they are faced with they resort to commission reviews, audits or engage experts to produce a report. Whether it is to do with problems at the Accidents and Emergency Department, problems with the private practice et cetera, they cannot deal with the problems themselves.

Then they have the enormous cheek to say today that the audit of all audits, the Clinical Governance, has been commissioned because things could be better. Things could not be worse, and I will continue painting an even worse picture.

Also in last year's budget contribution the Minister for Health Dr Linares had this to say, *"Over the last six years there has been an impressive development in our Health Services."* If there has been such an impressive development, it only takes a young child to ask this question. If improvements have been so impressive, why then such a comprehensive review into all areas of our Health Services? It does not tally at all. The truth is that the Government have commissioned this audit for only one reason and one reason alone. To try and counteract all the criticisms that have been levied at them from so many different quarters and nobody in Gibraltar believes what the Government says and neither does anybody believe after all that has happened during the two terms of a GSD Government that they have a solution for our Health Services.

Mr Speaker, the Government continue to use especially the Minister for Health, they continue to use impressive words to give the impression that this review is indeed a grandiose and a different one. *"A new era for our Health Care"* Dr Linares announces. Nearly seven years down the road since this Government were elected into Government. *"A new era"* he says seven years after. He says, *"The Gibraltar Health Authority will*

*be initiating a comprehensive review of it is Clinical Governance practices under the supervision of UK Health Service specialists. The Health Authority is to be subjected to a full audit of its Clinical Governance practices. Protocols and management to ensure that they are the most effective and up to date possible."* He repeats these words over and over again. The Minister for Health also again confirmed that the team is made up of experts from the NHS Clinical Governance Support Team the NCGST. That they will carry out the review during the course of the next eight months. This was announced on the 3<sup>rd</sup> March 2003. The Chief Minister on the 15<sup>th</sup> February 2003 said that he was placing the last missing pieces in the upgrading and modernising of our Health Services which had taken place under two GSD Health Ministers. The Hon Keith Azopardi and the Hon Dr Bernard Linares. What a load of nonsense. If we compare the Health Services to a jigsaw, the real important pieces have all gone missing. They soon went missing after the GSD came into power. How can he honestly expect St Bernard's in its present state to require just a few missing pieces, for it to function as a centre of excellence when it is moved to Europort? The Chief Minister and the Minister for Health are both losing credibility by the day when they make such statements.

In answers to questions I have put to the Government in this House we have realised that since the famous audits was first announced four years will have elapsed before it is completed. Then of course, we know, the Government are not obliged to accept all of the recommendations, in fact they never have accepted all of the recommendations in all the previous ones. We also know that the UK itself is not without its problems in the Health Service. They have already begun to have to sponsor their patients privately. They are even sponsoring their patients to other European Hospitals.

In the last meeting of the House I was told by the Hon Dr Linares that the audit would be carried out in a number of phases. Three phases will take us to July he said. After all his confusions, contradictions and statements he accuses me of being nebulous for wanting to know when the series of audits are expected to

terminate. He said so in this House. He was only prepared then to say that the first three phases will be completed by the end of July 2003. He never however, gave us the expected termination date. However, since he has said publicly through the media that he expects the audit to take about 18 months to be completed, we can say that we have another two years to await the full results of the famous new audit. The magical audit Mr Speaker.

So, in consonance with this Government's spin and propaganda we have already been subjected to the review being given publicity on so many occasions that indeed together with Europort as I said last year, we are also having it for breakfast, we are having it for lunch, for tea and for dinner, enough for indigestion and enough for nightmarish dreams. It has been announced in reports, budgets speeches and the media on more than 11 occasions. The audit, the review, or the Clinical Governance, I am not sure any more what it is, was first announced to the Ombudsman by the Minister for Health who made reference to it in his report of January 2001. One and a half years ago and the Minister mentioned it in his budget speech of last year. Propaganda was given in the media in October 2002. Again media propaganda on the 15<sup>th</sup> February 2003. More media propaganda on 3<sup>rd</sup> March and on 4<sup>th</sup> March a day later and I am sure we are bound to hear more about it. The Minister for Health has mentioned it again yesterday ad nauseum in this year's budget speech. Let us all stock up with tablets to combat indigestion even the generic form on this occasion will do and who knows the Government might even erect a banner over the bridge at Sir Winston Churchill Avenue as they often do when they want to give prominence and more publicity to what they are about to do.

I was not in the least surprised however when I heard the comments made by a Member of the UK team who visited Gibraltar recently when interviewed on GBC. She acknowledged that the audit would certainly not solve all of the problems. That indeed there needed to be a change of attitude. Alas we have an important acknowledgement from a member of the audit team referring to all of the problems, something Government do not

want to acknowledge, but she does. She is only here for a few days and she acknowledges all the problems.

Well, I can tell the House that the change of attitude she is referring to must necessarily come on the part of this Government. After all of the problems they are facing they continue with their could not care less attitude and they simply do not acknowledge that there are any problems that exist so I am afraid that there is going to be no change on their part and no solutions forthcoming.

Let me warn the people of Gibraltar at this point in time and let the media take note. That another term of a GSD Government would see us going through another four agonising years of seeing our Health Services crumbling to bits and more and more of our patients suffering the consequences, let them take note.

I now move Mr Speaker to No 13 in my list of problems. The question of waiting lists for elective surgery, routine operations and outpatient appointments to see Consultants. Mr Speaker in previous budget speeches I have listed the waiting list of this Government for elective surgery based on the information I have been given in this House by them. Firstly in answer to Question No 700 of 2001 and then in answer to Question No 236 of 2003, which I have here in my possession. I can therefore demonstrate that waiting lists have gone up when just comparing their lists, their first one to their latest one. Moreover I can go through every single specialty and compare the Government's waiting list to the ones I gave to this House in answer to questions from them when we were in Government. I have also issued various press releases since the year 2001 listing the differences which show that with a GSD Government waiting lists have increased from 200 per cent to 600 per cent compared to our lists prior to 1996. I am by now quite fed up over the replies I get from the Government. The Chief Minister two years ago accused me of having invented the waiting lists when I was in Government. He said I had invented them. Then the Government stated that with the GSLP no records were kept. Lies and more lies because they cannot counteract facts, the House will recall that last year I even brought evidence to prove that the Government were not saying



the truth. I showed the House a letter written by the Administrator of the Health Authority during our term in office listing the waiting lists periodically and even a letter from Consultants confirming the waiting lists. I made reference to them here as proof of what I say. I never lie, I base what I say on facts.

How can the Hon Dr Linares a man whom I considered to being quite honest, state in his press release of the 2<sup>nd</sup> June 2003, that I have been unable to produce any clear evidence of my claims. More lies Mr Speaker. What more evidence than the official statistics I have just mentioned which I presented in the House in last year's budget. The Minister seems to have learned very quickly from his master, bad habits catch on rather quickly.

But I could never imagine that the Hon Dr Linares could stoop to such gutter politics. The truth is that because the Government are unable to deny the increases and counteract them, they then go and resort once again to discredit us but the patients, the patients know full well how long they are having to wait.

I have also been given details of patients who have had to or are still having to wait from two to four years for elective surgery. These are routine operations. In any case in answer to Question No 958 of 2002 of October 2002 the Hon Dr Linares ventured to provide me with a list which incidentally on this occasion I did not ask for. So we have situations in the House, when I ask for information I do not get it and when I do not I get it but I am glad I did because when I saw the information I was completely flabbergasted the Hon Dr Linares said, "*the following is a list of the numbers of patients awaiting operations by specialty* -

General Surgery	-	106
Orthopaedics	-	740
Gynaecology	-	98
Ophthalmology	-	335
Ear/Nose/Throat	-	110

Mr Speaker, there is a grand total of 1,389 patients waiting for routine operations, so much for all of the propaganda he gave yesterday for the medical practitioners he had engaged. Instead of Europort with three theatres as he has announced, they will require three Euroports with nine theatres and surgeons having to work round the clock before they can begin to tackle this enormous list. Another fiasco, another problem that Government are silent on.

Now Mr Speaker to my 14<sup>th</sup> point - Complaints about Private Practice. I will start quoting a statement made by the Chief Minister in the House, "*Private patient waiting lists, private patient surgical interventions, no longer have the effect of extending the waiting time of the public list.*" Another statement from the Government that does not tally with the figures they have provided us.

Is it not the case that private patients are seen to almost immediately and that therefore as a consequence the public patient has to wait until the private ones in the list are all attended to? Is it not the case that in answer to questions in this House the Minister for Health has said that for private routine operations the waiting time for private patients is from 2 to 3 weeks? Is it not the case that public patients have to wait eight and a half times longer than what they did prior to their so called regulating Private Practice? The public waiting time for elective surgery, for example, in general surgery presently stands at eight months. In Ophthalmology from 12 to 18 months, the Minister then confirms that private patients need only wait from two to three weeks. In all of the specialties.

Is it also the case that regardless of a patient's medical condition, the private patient is seen far, far quicker, how can this Government sustain the morality of this situation? During the last meeting of the House I raised an issue in supplementaries that the Minister was not even aware of what was happening. I told him that I had experienced with my very own eyes. A friend of mine whom I accompanied to Napier Ward for a surgical intervention just a few months ago being told at 7.30 am that first

he had to wait to see whether there was a bed available. There were three people waiting for a routine operation, three public patients. A senior house officer comes into the ward about three hours later and conveniently discharges three patients. One of them expressed surprise to me because he had told me that he had been told, that he would not be discharged until the following week. My friend was then informed that the operation would take place around 2.00 pm. He was all dressed to go into theatre and at 3.15 pm after waiting all this time, eight hours later, he was told that he should get dressed and that he had to go home. What was the reason, we asked? We were informed by the Charge Nurse at Napier that the theatre staff were now working strictly to 4.00 pm. When they realise that an operation will take longer they do not stay behind. When I asked a member of the GHA Management that same day to confirm whether this was indeed true, I was told that it was. Why I asked, what has happened now? I was told that the staff were unhappy because consultants were operating their private patients first and that this meant that the public patients were left for last. Yes, and the Minister was not aware of this. I knew before he did indeed had I not raised the matter here in this House, he might have not got to know about these incidents and I wonder whether ever since I have informed him of what is happening he has done anything about it.

I can understand the position of theatre staff but on the other hand those penalised are indeed the public patients who are being discriminated and who are being made to go through the whole trauma of returning for an operation because the present system for private practice penalises them, absolutely penalises them. Then the Government are saying that private practise exists everywhere but incidents of this nature do not occur elsewhere. Everywhere else there is more than one hospital and more than one consultant of the same specialty. They are engaged on either full-time or part-time contracts and most of them do their private practise in private hospitals. That creates a totally different scenario.

Regardless Mr Speaker of all the problems that we have highlighted in this House regarding private practice, the

Government have continued to say that they are happy. That they were happy with the way private practice was working. Dr Linares had this to say in the House and I quote him *"I am satisfied that we have a control mechanism precisely to monitor and to control the adherence of consultants to the agreed private practice procedures."*

Mr Speaker I am again convinced the Minister has not been monitoring the situation he does not know what is going on. It seems to me that he has distanced himself so much from the Health Authority that he only says what sounds good to him but of course the Chief Minister had to intervene at some stage and what does he say in this House, the complete opposite of what his Minister had been saying. He agreed with us that indeed consultants use the public waiting list as a marketing tool to further their private practice. So much spin and then so many contradictions is enough to make us dizzy. So now on top of tablets to combat indigestion we now need Stemetil to combat dizziness.

We continue, with more contradictions from the Minister for Health. In answer to Question No 964 of 2002, I asked for the number of private outpatients being seen. The Hon Dr Linares said that according to private practise regulations there is no obligation for consultants to hand in this data. Then I told the Minister that if he goes back to the last meeting of the House, he then confirmed that the question of private out-patients of looking at the numbers is actually underway at the moment, he said then and he said he would pass the information over to me when it was ready. Surely, I told the Minister that the Government must be interested in this data, as part of their so called well organised Department. The Minister then says and I have to quote him again, I always quote so that I am not told that I am inventing things and he said, *"We have the ability to seek the information and I apologise if I have not got round to it although there is no obligation to deliver that information and that data by consultants we can investigate and I am sorry if I said that I would do so and I have not got the figures with me but I will deliver those figures to the hon Lady as soon as I obtain them,"* even though I had asked

in the question that I wanted them. My reply was to tell him that I was grateful that after so many questions that I had asked on the matter that the Minister had said that he would deliver the figures. I also told him that I would hold him to his word. I did, I never forget such things. In the last meeting of the House in answer to Question No 235 of 2003 the Minister whom I thought had had a change of heart gave me the in-patient figures but then he put a note at the bottom of the list saying and I quote, “...out-patient figures are not available,” once again back to square one. In answer to the following question in the same meeting of the House Question No 236 of 2003 he boasts about the agreement and says the Gibraltar Health Authority has been able to obtain private patient waiting time under the private patients practice agreement whereby consultants are committed to provide information on private patients when requested, what is the Minister playing at, what is wrong with him, does he suffer from amnesia or is it that he has lost complete interest in his job? Because he most certainly does not do his homework at all. He forgets not only what he says from one House to the other but what he says from one question to the other quite an extraordinary situation. I have never experienced that situation in this House but then of course the Government start to change their tune, why? Because they have no option, the Minister with the help of the then Mr Azopardi confirm in this House things are not really working as well as they would have hoped, they started changing, they started having some misgivings. Mr Gerard Teuma presenting GBC's recent debate on health reminded the Minister of statements the Chief Minister had made to this effect. The Minister clasped his helping hand and said that of course certain things needed improving, more fine tuning Mr Speaker, but how obstinate can the Minister be? After that in his press release again at the beginning of the month in June he reverts again to his original position and he is saying that his Government have made consultants fully accountable, however, in the next line of the same press release he quickly switches to his Government's new position and he states the following that Government however do believe that the current agreement with the consultants should now be reviewed and this is one of the many issues and note the words ‘many issues’ to be examined as

part of the current Clinical Governance Audit of all hospital services so now three years down the road the government completely change their mind about private practice and they continue with the magical new audit.

They refer to issues very conveniently instead of acknowledging that there are problems with private practice as well, no, they do not say there are problems the issues will be dealt by the Clinical Audit, of course there are problems otherwise why do they need to be examined by the Clinical Audit? If there were no problems they would not need to be examined but no, they continue with the same attitude. There are no problems, things could be better these are just issues. Contradictions and more contradictions so what has really gone wrong about the private practice arrangements the Minister has introduced? Is it that the Government's policy has not worked, if not what are they saying? That the consultants are to blame or could it be that they have had a change of heart at last as far as their morals are concerned because they realize but they do not want to admit it that public patients are definitely being treated as second class patients? Unfortunately I doubt that they are much concerned about the public patients I wish they were but I am convinced that they are not. But irrespective of this again and again the Government now only tries to resolve whatever problem exists by saying that the new audit review will deal with it. It is simply not good enough and on top of it all the patients are being expected to wait another two years for the results. It is not difficult to detect that by now the Hon Dr Linares is quite angry and frustrated in his ability to counteract all of the criticisms being levied at him. He questions my performance when I was Minister for Health, he ends his press release at the beginning of this month by saying that the situation today is better than the chaos over which I presided, what chaos, what chaos? Did I ever have a list of the complaints that he has? No I did not, more and more lies. I have told the Minister before that I dread to think what he would have done with the health services that I inherited in 1988 full of rats, cockroaches, the wards in a terrible state et cetera, et cetera. So, today with his record I am convinced and I have said this before that he would still be ridding the hospital of the rats and the

cockroaches, they would still be there but I am so glad that the picture Mr Michael Netto has painted today of our health services is a far uglier one than the one when we were in office. I am also glad that he has used the phrase on more than one occasion and I quote, “.. *more than ever before*,” and one will recall everything that he had to say which I have quoted earlier on and the people of Gibraltar are fully aware of my record as Minister for Health and I am proud of it, my office was there at St Bernard’s to attend to all the problems that occurred on the spot, I never allowed them to continue and I have a record even though I know that the Government might even rubbish it because they always rubbish what I say of all the people, I still hold all of the diaries within my eight years in office of all the people that I attended to. But as I have already said today I am seeing far more patients than I ever did when I was in Government and what does the Chief Minister say? I did not see anybody, I can show him the diaries and then what will he say? I have just invented them, I have just written into them but the people know that that is not true.

So, do the patients all lie, the nurses lie, does the Ombudsman lie, the patients and Friends of the Dialysis Association lie, the Representative of the Users Forum lie and the Complaints Board of the GHA lie? Can it really be that everyone lies except the Government? I put it to the Minister that he must say penance for his lies and he must kneel down when he asks for forgiveness he might then have the minimum entry qualifications.

**HON CHIEF MINISTER:**

On a point of order Mr Speaker.

**MR SPEAKER:**

Let me hear what the point of order is.

**HON CHIEF MINISTER:**

On a point of order, unless there are no longer any rules applicable in this House, when I last looked at Standing Orders to accuse a Member of the House across the floor of lying was the most flagrant breach of parliamentary rules which a Member could incur. This particular Member has now said it three times today and no one has flinched. This is the third occasion on which she says it and I now wish to register my formal complaint by way of this point of order.

**MR SPEAKER:**

I accept it. You cannot call him a liar you can tell him he is economic with the truth.

**HON MISS M I MONTEGRIFFO:**

Okay, I will rephrase it I will not say, saying the truth, but I must remind the Chief Minister that he has used that phrase himself on many, many occasions, he has said that I lie.....

**HON CHIEF MINISTER:**

No.

**HON MISS M I MONTEGRIFFO:**

Yes and I will actually cite but it does not matter I abide Mr Speaker by your demands and requests and by your ruling.

**MR SPEAKER:**

My ruling.

**HON MISS M I MONTEGRIFFO:**

Your ruling. I will say that the Minister has provided this House with false statements. Therefore, I rephrase my sentence and I say that I put it to the Minister that he must say penance for his false statements and he must kneel down when he asks for forgiveness, he might then have the minimum entry full qualifications to be eligible for forgiveness. Back to the list of problems, I did say it was a long one. I think it must be the longest ever brought to this House on our health services but it must be so especially after all the insults and all the arguments that the Government accuse me of.

Number 15, problems in recruitment of consultants. Yet another example of double standards when in Opposition the GSD were trying to convince the electorate that we were having recruitment problems because we had decided to enter into all new contracts a clause which prohibited them to do private practice. Let us now analyse the Government's performance with regards their recruitment record and with their clause that consultants can carry out private practice. A far worse record than the one we had when we were in Government. The following facts are based as always on answers from the Government in this House.

The occupant of the post of Pathologist terminated his employment at the end of August 2000. In Question No 511 of 2000 the Minister stated that interviews had been held at the end of August, why leave it until the very last minute? Surely a decision should have been taken well before the consultant was about to leave. When I asked the Minister whether arrangements had been made for a locum to cover the post he said he did not know. He was not interested at all to know then if the GHA was going to have a Pathologist in post until a full-time was recruited, strange but not so strange when we are dealing with the Minister. He also confirmed in answer to Question No 512 of 2000 that the

Government had problems with the Geriatrician they had selected and that the post would be advertised shortly, then the Minister on the question of the consultant Psychiatrist said that interviews were held on the 23<sup>rd</sup> June 2000 and that a successful candidate had accepted the offer and would commence duties as from mid-October. Again they had problems and they had to engage locums to cover the intervening period.

Then they recruited a Radiologist, and we know what happened to Dr Rassa. This consultant made very alarming allegations in relation to our health services. In answer to Question No 308 of 2001 the Hon Dr Linares said that he gave a commitment at the time that the vacant post would be advertised. *"It has been done,"* he said, *"and management is now processing the applications."* Let me tell the Minister that it was not done at all, he changed his mind, how could he do otherwise? The Minister never recruited a full-time Radiologist as he promised, the Minister said that he was happy to have two Radiologists covering the equivalent of a full-time post. He said this in answer to my Question No 695 of 2001. Then again more problems with recruitment. In answer to Question No 985 of 2002 the Minister confirms the problems encountered with one of the full-time posts in Gynaecology, and I quote, *"the consultant that had been selected suddenly decided to leave Gibraltar and another locum has to be brought in to cover until the recruitment process is again initiated."* I followed the matter in April of this year through Question No 241 of 2003 and I asked whether the Government had now successfully recruited the second post of Gynaecologist and the answer was no, from the Minister. Nearly a year down the road he has not done it, what a complete contrast from the situation prior to 1996 all over again. He made the commitment and when one gives the commitment as a politician one has to keep to it.

Mr Speaker No 16 on my list of complaints – the increase to waiting lists for outpatients to see resident or visiting consultants. The Minister's answer to Question no 242 and Question No 243 of 2003 was to say they had engaged a further Dermatologist from Spain to reduce the waiting list. The waiting list had risen to

nearly two years then all of this due to the UK specialist deciding not to come to Gibraltar anymore and the government again not acting expeditiously. As regards the visiting plastic surgeon, here the waiting lists appear to have gone from very bad to the unacceptable. The Minister is aware that I have written to him with regards to cases which refer to these two specialities relating to the visiting dermatologist, the mother of a seven year old child who suffers from a really bad form of dermatitis all over his body was told that she had to wait for one and a half years before the child could be seen by the visiting consultant and then of course as the present consultant is from Spain he prescribed a medication that could not be bought in Gibraltar. The mother was naturally told by a local pharmacist that she would have to purchase it over the border. Here is a classical case whereby the Minister confirms one thing and another thing happens. I first wrote to him about the child on the 24<sup>th</sup> February 2003. In his reply on the 25<sup>th</sup> February 2003 the following day, he tells me that he has asked the Director of Operations to consult with the relevant doctors to consider the parents request for the child to be referred to a specialist clinic outside Gibraltar. On the 17<sup>th</sup> March 2003 I had to write back to him because the parents were concerned that the child after seeing the Operations Manager of the GHA was not going to be sent to a specialist medical institution as the Minister had said. The parents, since the child is suffering from the chronic disease for seven years since birth, naturally want him to be admitted into a specialist unit of a hospital for tests and specialist treatment, be it near or far, by now they are at the end of their tether. I received the Minister's reply on the 11<sup>th</sup> June 2003, about three months after telling me that the Operations Manager had informed the parents that the child would be treated by the visiting Dermatologist. He also told me that he had given instructions for the prescribed medication to be provided under the GPMS and I quote him, "*I understand that this had now been resolved and the parents would be advised accordingly by Mr Guillem the Head of the Prescriptions, Pricing and Advisory Unit,*" ends the Minister.

Mr Speaker, the parents are not satisfied because they are back to square one and only this Monday I was also informed by them

that the medication had still not been dispensed, the pharmacy in question said that they had still not received the official authority to dispense it and then the parents were told to leave last Friday but what medication I ask myself if originally it was a product only available in Spain? But the matter I can assure the Minister has not been resolved. I think that the Minister's problem is that he does not follow up complaints and after he issues instructions he does not bother to check what has happened.

Now we come to the plastic surgeon, here we have a lady patient waiting for a period of four years for an important operation. The lady told me this last April that when she finally saw the visiting consultant to her horror she was told by him that the waiting list was so long that he could not cope and therefore it could take even more years for the operation to be performed. The patient said that the consultant advised her to write to the Minister for Health and also told her that he would be writing to him and this is not just an operation for cosmetic reasons, it is to cure severe pains the patient is suffering from.

My letter to the Minister was dated 14<sup>th</sup> April 2003. His reply after reminders from me arrived only last week dated 11<sup>th</sup> June 2003 and he says, "*I have asked the Director of Operations to look into this case and see how we can most effectively and expeditiously helped this unfortunate lady. He will be contacting her in due course.*" The Hon Dr Linares at his best. After the patient is battling and waiting for four years the Minister now says that he hopes the GHA can help this unfortunate lady as effectively and expeditiously as possible. Four years down the road and the Minister uses such words, is it that the Minister is again living in a dream world? It is truly laughable, not to the patient though the patient appears to have had the patience of Job and again these cases are not just isolated ones because patients continue to come to tell us they have been waiting for years for appointments and surgical interventions even after they have complained to the GHA management. There is no doubt therefore that the consultants engaged already inherit quite a waiting list and then it is difficult for them to catch up with those patients that have been

put down in the list from the time the visiting consultants leave to the time the new one is engaged.

Mr Speaker, another area of concern Orthopaedics. The list of our resident Orthopaedic Surgeon for patients waiting for elective surgery is now 740 patients. No wonder there are patients waiting for years and years. How can the consultant cope I ask myself? No wonder there are so many patients asking me to be sponsored to the UK and the Government I believe in this area too have not acted as quickly as they should have. But such cases that we attempt give us an enormous satisfaction, we are helping the people who really need to be helped the most, the sick and those who cannot afford to dish out thousands and thousands of pounds for an operation that should be available in our health service within a reasonable period of time. After all all patients pay through their social security contributions through to the Group Practice Medical Scheme and they are entitled to good service. The Government are also the guardians of the public patients but unfortunately they have also failed them miserably. They have given preferential treatment to those patients who pay more. A system that does not give preference to the medical condition of the patient it only gives preference to the money that they are prepared to pay.

My 17<sup>th</sup> point in the list, the two year waiting list of the Government's dental service for school children. We issued a press release on the 17<sup>th</sup> June 2003 on behalf of mother of an 11-year-old child who was told at the dental service department that her child would need to wait for two years before the treatment to one of her front teeth that was completely decayed. The mother was shown the book with the vast list of dental patients in it. The mother naturally was angry because as she told the dental nurse by that time my daughter will not need a filling she will need an extraction. The Minister replies and his press release says that no child has or will have to wait two years for routine dental treatment but he then says that he thinks the confusion could have arisen as the result of a dental screening programme of school children in the schools as the lists concerning the dental clinics is being updated. This could have

led to the misunderstanding but then as the Minister goes on and on and he likes talking a lot he said something quite interesting in that same press release. He said that facilities in the dental department are currently being expanded to address the demand that has been identified. These measures will result in normal waiting times for non-urgent treatments so after all there is by implication abnormal waiting lists and when the Minister in this House has shown how often he is confused he then goes on in the press release to attack me again. He says that I am the one that is confused and so by implication the mother that approached us must also be confused. So must the dental nurse and moreover so must the two members of the management at the Primary Care Centre be as confused as all of us. They also confirmed to us over the phone that there is such a waiting list but we will see what happens from now on, who knows perhaps our press release will produce results but I will tell the Minister that I honestly believe that the problem lies in the distribution of the waiting lists between the dental officers, that is where I believe the problem lies and I hope that he will look into that matter.

My next number. Patients who are still awaiting replies to complaints that they have made about the Accident and Emergency Department. Mr Speaker this area has come under very heavy criticism from many quarters. Patients that come to see us complain that they go to the Accident and Emergency Department and they are not attended to. They have lodged complaints through the GHA and others ask us to intervene on their behalf so that we write. I will also quote statements that have been made by a member of the nursing profession in relation to the problems of an A and E Department. There are two cases which I referred to the Minister on the 11<sup>th</sup> and 18<sup>th</sup> February 2003 which I wish to mention. He acknowledged my letters but as yet patients have not received a reply, one incident refers to the parent of a three year old child who suffers from acute allergic condition. The child was practically suffocating, unable to breathe when the father contacted Children's Ward where there daughter had been there as an in-patient when she was nine months old. He was told to take her immediately to the A and E what transpired there was quite an unbelievable

situation. There were two Senior House Officers present at the time but they both refused to attend to the child because they said the SHO on duty was about to arrive. Instead the nursing staff attended to her in the meantime, however after more than an hour had transpired the parents were informed by the Staff Nurse that the SHO's now worked strictly to the procedure that such patients would be seen by the general practitioner of the Primary Care Centre who was on duty. They were told they had to go back home and that they had to phone a GP, a three year old child with respiratory problems was told to leave the hospital and that the parents should ask for a GP. The parents of course refused but they had to go down to the Porter's Lodge who agreed that the father could ring for a GP from there. The GP in question then tells the father after he fully explained the situation that the SHO is wrong that some of the SHO's are new and that he must have misinterpreted the rules. The GP said that he would ring A and E to insist that the child be seen to immediately by a Senior House Officer. The GP in question informed the father however that he would most certainly not be attending the child at their home. Thankfully the child's condition improved during all of this time and the parents returned home but they were forced to make other arrangements. They did however return the following day to the GHA and they lodged an official complaint. Almost immediately they came to see us and I wrote a letter to the Minister informing him of the situation. Today four months down the road and the parents have not received an answer to that complaint. Just two more cases that I will make quick reference to in case the Minister says that these are just isolated ones. They are both very similar.

I wrote to the Minister in relation to one of them the other case was referred directly to the GHA by the complainant who provided me with a copy of the complaint he sent to the GHA. One of them occurred on the 18<sup>th</sup> February 2003 and still the patient has not received a reply, the other was lodged more recently at the beginning of this month but the incident occurred on the 16<sup>th</sup> May 2003. they are both similar in that the patients both went to the A and E Department and again the Senior Health Officers on duty refused to come down to see them. The following day they both

returned because they were feeling far, far worse than they were the previous day and on that occasion one of them was taken straight into theatre for an emergency operation and the other was admitted for urgent treatment.

Mr Speaker, in the last meeting of the House I put in a question relating to the Accident and Emergency Department. I also reminded the Minister that not only complaints by the patients had increased over a number of years but I also referred him to the statement made by a member of the nursing staff during a public inquest that was carried out approximately three months ago. The nurse said that most of the time Senior House Officers either take hours to come down from their quarters in the hospital to the A and E Department to see patients and when the nurses ask them to come down they either do not appear at all and they have to deal with the problems themselves and that this used to happen on a daily basis. She must be saying the truth because not only did she say it during the course of the inquiry but her statement coincides with the complaints that we have received. In answer to Question No 238 of 2003 in the last meeting of the House the Minister tries to patch up the situation by saying that sometimes the Senior House Officers are occupied elsewhere. To our knowledge there should always be one available to cover emergencies otherwise the risk to the patients condition can be life-threatening. The Government having in the past argued that the system was adequate in answer to my Question No 238 of 2003 the Minister was then forced to admit that they were wrong because he said that they were employing an additional Senior House Officer and the Minister had the cheek during his budget speech to boast of the increase in the number of Senior House Officers, I suppose that this is another problem or should I say as they say another issue which is going to be dealt by the new magical audit.

The House recessed at 1.25 pm

The House resumed at 3.00 pm



Debate continued on the Appropriation (2003-2004) Ordinance, 2003.

**HON MISS M I MONTEGRIFFO:**

I now turn to my list of problems and I am on number 20. *[INTERRUPTION]* I will remind the House with what number 20 deals with. The problems that the government have created with the nursing staff over the question of their having now to re-register every three years.

The Midwives and Nurses and Health Visitors registration board wrote a letter to all registered nurses dated 6<sup>th</sup> March 2003. In April we raised the issue in this House and the government were unable to provide satisfactory answers on the matter. The numbers involved are 89 Enrolled Nurses and 84 Staff Nurses. In the letter issued to them it states that this is the first time a portfolio of current updates which show evidence of learning is legally required and because insufficient notice of this legal requirement has been given to the nurses they will not on this occasion require to provide the portfolio of learning with their application for re-registration. It will however be provided in three years time with a need to re-register. The letter says that it will be illegal for nurses to practice without being re-registered. In our opinion after having looked at the relevant regulations we believe that this does not appear to be the correct legal position. We informed the Government of these apparent contradictions and they said that they would be looking further into the matter. We also reminded them that if nurses will not be allowed to re-register under the new conditions, as nursing staff are permanent and pensionable it appears to us that they do not enjoy security of employment, this situation must therefore be in breach of their terms of employment. Therefore, the policy that the Government want to introduce will only be possible if the person taking up nursing career when entering the service at the time of their engagement that they will only have their job guaranteed for three

years and that they would have to be renewed every three years for the rest of their career.

Mr Speaker, giving nurses the opportunity to take up further studies has always been our policy in the health services but not on the basis that they could be sacked for not doing so. Furthermore, if nursing staff are required to take courses every three years additional staff would need to be taken on given the large numbers that would be required to be on study leave so as to avoid staff shortages and most certainly the situation could add to a further deterioration to the service to patients. We hope therefore that having highlighted yet another important problem the Government would not proceed on the basis of the letters that have been sent to members of the nursing staff. Again I was disappointed yesterday when the Hon Dr Linares made no mention of this problem during his budget contribution even though it has been debated in this House for quite a while.

Mr Speaker, to number 21 on my list, on-going problems with enrolled nurses being able to train up to the grade of Staff Nurse. On this subject the Hon Dr Linares has us quite confused again because of the different statements that he has made. He first raised the issue on February 2001. The Minister in his usual language proudly said that this is not just an easy passage to higher earnings but also a real development of professional skills. The Minister said this was well over two years ago due and that it had not been an easy passage and the development had not materialised. This is typical of the Minister, in April of 2001 I asked him whether the eligibility includes the Government's condition of the requirement of a certain number of GCSE's. The Hon Dr Linares replied that it is all in the balance at the moment and that he is seeking advice from Sheffield University to see exactly how they operate these conversion courses. He also said the University will be able to provide a comprehensive development course. In the session of November 2001 the Minister says that enrolled nurses would be eligible to apply for training to staff nurse provided they met the entry requirements set by the University of Sheffield which is five GCSE's. A distance learning course has been designed for them, these are

the same conditions the Government decided to introduce themselves before applicants to the nursing profession can be accepted but when pressed by us in the next meeting of the House he says that equivalent experience should be taken also into account as we said as a factor in making these candidates eligible for a distance learning course and that he would be making his views clear to Sheffield University.

In the Meeting of the House in February 2002 a year later the Minister appears to have somewhat lost interest because in supplementaries he says that he has not enquired as to why no enrolled nurses have yet not applied and that the principle of the School of Health Studies has not developed the issue further. He promised to look into it and this is recorded in Hansard. As usual he shows signs of his usual disinterest but we continue to persist as we always do on problems that take long to be resolved. In May of last year in answer to Question No 572 of 2003 the Minister still confirms that there are no enrolled nurses who have applied to follow the distance learning conversion course being offered by the GHA through the School of Health Studies. Again the reason he says is the fact that they require to have at least five GCSE's to enter the course. I reminded the Minister that he had already said he would be making a strong case for those who did not have the qualifications but had the valuable experience of years of practice. He said again he was pursuing the matter actively. The Minister only confirms that he is still travelling in his own magical, mystery tour. We argued again that how come Sheffield make it a requirement when the enrolled nurse grade no longer exists in the UK? We ask for it here, the UK does not because it does not exist in the UK it is obsolete there but the Minister continues with the same jargon, he says he is very seriously discussing with Sheffield the possibility of recognising what is called equivalent experience. In the Meeting of October 2002 we are subjected to more examples of his jargon. It sounds good but it really means nothing at all. He said and I quote, *"The School of Health Studies has already taken many steps to address this need namely the delivery of specialist training locally. As an educator I believe that nurses with experience equivalent to academic qualifications should have the opportunity and that he*

*was glad that Sheffield had now recommended that with their help we can devise our own course tailored to our needs. We are depending on e-map college. They require as entrance requirement not GCSE's but registration with the UKCC. The course is of a distance learning basis."* The Minister then goes to say that there has been a break a breakthrough, that he has been working very hard but what does he say in the last meeting of this House in April? That what he has stated repeatedly is again repeated by the Minister, that his Government are willing to fund and support any second level nurse who wishes to convert to Staff Nurse level but then he confirms again that to-date no applications for such report has been received. So what breakthrough are we talking about? Could it be that the condition of being registered with the UKCC also requires the five GCSE's after all because if that is the case which the Minister had not yet confirmed then we are back to square one, completely back to square one so where is this major breakthrough that the Minister confirmed?

Again we are completely baffled, after years and years of statements by the Minister we are back to square one and again we have very little information on the latest position but I do not think that there has been such a major breakthrough otherwise I am convinced the Minister would have mentioned it in his budget speech yesterday.

Mr Speaker, point number 22 of my list, the lack of forward planning in sending our nurses to the UK for specialist training and point number 23 the question of the many nurses that have had to be recruited on a contract basis. I have also asked the Government questions on their policy to send nurses to the UK for specialist training. I have referred the Hon Dr Linares to the Gibraltar Health Authority report of 2001 when already they were recommending to the Government that the plan should be one which eventually replaces contract nurses from the UK with trained Gibraltarian RMNs. As cultural integration is important, this is mentioned in the report. I asked the Minister therefore, whether there were any local nurses training in the UK as RMNs, the Minister replied in October's meeting of 2002 and I quote, *"I*

*am not sure whether at the moment we have anyone training in that speciality,” that is what he said, “but certainly there is no reason why there should not be.” [INTERRUPTION] Well, he does not confirm yes and he does not say no what he confirms is that he does not know and he continues, “If there are none there will be because we are committed as per the quotation from our own annual report that we are intending and keying and planning to have local nurses substituting those that have to be recruited at the moment.” What do I tell myself? Here we go again. He went on to say, “I know that there are quite a number of nurses already training in different specialisms but one of them could be Mental Nursing,” still confirming that he did not know, he did not even bother to check. Is there anything the Minister knows is happening in his own department, anything at all? As usual the Minister then agrees to pass on the information but he never does and therefore in the last meeting of the House I put in another question on the matter and what does he say? Another quite incredible reply. In answer to Question No 215 of 2003 and I quote, “Currently two nurses are in the UK and they are taking courses for health visiting and orthopaedic nursing.” The Minister says what he feels he ought to be saying nothing more. I am absolutely right when I say that he does not know what is happening in his department. I would even go further I think I know more than what he does. In the last two meetings of the House the Government in October 2002 confirmed they had a total of 36 contract nurses currently employed by the Authority and in April the figure then increased to 39. The Minister continues with his lack of knowledge, lack of intervening and if the trend continues we might even end up with half the nursing staff having to be employed on a contract basis. So much for his boasting yesterday about health studies and specialist training for nurses, he does not know how many there are and he does not know what they are training for. He has confirmed it in this House and now to my last point on health, number 24 the move of St Bernard’s Hospital to the Europort Building.*

The Hon Dr Linares, has for some time been quoting St Bernard’s Hospital as having 160 beds. In another meeting subsequent to that one he said 166 beds. I honestly thought that he was using

these figures because of his usual lack of information, I thought he had made a mistake but then the Government in their public statements in relation to the Europort Building also referred to the 166 beds and I asked myself, are they making another false statement on purpose? Because I remember very clearly when I was Minister for Health prior to 1996 that the figure that I had always seen in different statistics and I had been given was 192 beds I started as usual to do some research, [INTERRUPTION] more so by now I do more and more research aware that the Government use all sorts of excuses to try and trick us all. I started with the first report of the Medical Review Team and lo and behold what do I see? That my suspicions were correct. I quote from it and I have the relevant page with me as I did last year I produced the evidence, “St Bernard’s Hospital 3.1 – 192 beds” then I looked at the Nursing Review which was commissioned by this Government dated 29<sup>th</sup> September 1997 which I have also brought along with me as evidence and it details all of the wards and all the beds they each contained and they are as follows, again coincidentally 3.1:-

Lady Begg Ward	-	16 bed ward
Lewis Stagnetto Ward	-	13 bed ward
John Ward	-	26 male medical
Victoria Ward	-	30 beds female medical
Napier Ward	-	22 beds male surgical
Godley Ward	-	23 beds female surgical
Intensive Therapy Unit	-	5 beds
Maternity Ward	-	16 beds
Children’s Ward	-	15 beds

That brings the total to the 166 beds that the Government have decided to refer to but obviously they have purposely omitted to include the beds in private Corridor. The Report said the following on Private Corridor and they thought that they could get away with that statement, the report says as far as Private Corridor is concerned, “*this is currently being used as a decanting area as the refurbishment programme continues given*

*that it is not known if and when the ward will reopen and the extent of its use it is recommend that this should be examined separately when appropriate.*" That is what the Report says. The Government have been using Private Ward for years it has been using it as Lewis Stagnetto Ward because when they came in we had finished the whole of the refurbishment programme and subsequently we convinced them that Lewis Stagnetto Ward which was still there should remain there and the then Minister for Health Mr Azopardi agreed to our arguments so there we have the difference. The beds of Private Corridor bring the beds of St Bernard's Hospital to the 192. The Government did however loose the beds of the old Lewis Stagnetto Ward as I have already said on several occasions because they decided to house the kitchen in that original ward. The original area where the kitchen used to be was converted by this Government into a rehabilitation centre and they lost the beds of the original Lewis Stagnetto Ward in the process. In the last meeting of the House the Minister was confused when I showed him the figure of 192 beds quoted in the Medical Review and the Health Authority Nursing Review and what did he say in answer to the question? He said that the 166 beds did not include Children's Ward and Maternity. Then when he actually looked at the shock in my face he changed his tune. He quickly changed his mind when he was revising the figures very quickly, he said, *"No, no, I am afraid I have made a mistake yes, yes, they are included."* Mr Speaker, does the Minister six years on know how many beds there are in St Bernard's Hospital? That is the last straw, is there anything that he knows? The Government had already announced to the media that they were building a hospital with 201 beds up from 166, another false statement they are not. The increase in beds is from 192 to 201 in the Europort Building only and only 9 extra beds. Nine extra beds and then the situation is worsened because the Government in that figure will have a Private Ward facility and then the Minister yesterday informed the House that there will be beds for a Rehabilitation Centre. So the situation is even worse than what we thought. Let us analyse what else there will be apart from sufficient beds and wards for the elderly. No matter what the Minister has said in the House that therapeutically it is better to treat acute elderly patients within the general wards, that is a

matter of opinion, how are the nurses who have specialised in the care of the elderly going to be distributed in the different wards as most elderly patients require constant care? Well, the real reason is that the Government have not been able to include all of the beds that there were at St Bernard's and they have decided to penalise those patients that they have been claiming unfairly for the bed shortages at the Hospital, shame, more shame on them. The reason for the shortages of beds is because they got rid of the old Lewis Stagnetto Ward. That is the reason and I ask myself what are they going to do now with all those elderly patients previously in St Bernard's are they going to have the 44 distributed all over the wards or are they simply hoping that they can get rid of some of them before Europort is functioning?

If the first point is the case surely Europort, because of all the reasons that I have already given, is bound to suffer again from acute shortages of beds and there is going to be a deterioration as far as the elderly patients requiring acute medical care, we are convinced about that. Then we are told during Question Time that there will be no kitchen facilities either in the Europort Building. The meals says the Minister will be provided in what used to be the old wine factory at Waterport and they will be transported. Once they reach Europort they will be regenerated in each of the wards. I suppose that what they mean is heated up again. What are we going to have a situation that the meals when they reach Europort will require to be heated in microwave ovens in all the wards, and by whom? A recipe, a real recipe for disaster let us see whether we are right once again. Then again we are told by the government in the last meeting of the House that there are no sufficient car parking spaces at Europort and that they are in the process of negotiating with the developers of Europlaza next door for more spaces. Again we were right the Government should not have used Europort for a hospital. They have had problems galore and they are going to have even more, more so they have taken up a valuable asset which could have housed future business which in turn could have generated extra money and more employment. The only way to ensure that one is spending value for money is to have a hospital completely designed from scratch that not only caters for all existing

requirements but for more and which will also ensure more room for further expansion in the future. So we strongly believe that the Government have erred in their judgement and we are not the ones that will have to swallow the fantastic new hospital as we have been told by the Minister, the whole of Gibraltar will have to swallow it and they will have to pay for the Government's error in relation to Europort.

I have taken some hours Mr Speaker in delivering my speech on health but really I could not do otherwise. When we have so many different and varied problems and complaints afflicting our services and more so all the many different contradictions and the Minister not knowing one thing or the other. I will end with two quotes from two different individuals which I feel are appropriate in finishing my contribution. The first quote is from a Nurse Practitioner who comes from the UK and is presently working in our Primary Care Centre, she was one of the callers during GBC's recent debate on health, she had the following to say, *"I am used to working within guidelines and protocols and with my mind focused by the requirements of Clinical Governance I am appalled. I have been out here now for two months and as an outsider I must say that I find the health service to be absolutely shambolic and the main reason that I say that is that the colleagues that I work with within Primary Care are completely frustrated by bureaucratic blocking. I am told there is a working computer system and there is no way we can begin to collect the baseline information on the health of the population in Gibraltar,"* and the TV presenter Mr Gerard Teuma stopped her and asked her, *"Can I ask you if the patient's health is being put at risk through the current situation?"* her reply, *"I would say yes I think there is some risk to the patient's health."*

Mr Speaker, the second quote comes also from that debate referring [INTERRUPTION] everything that I say seems to be a lie even though it is recorded in Hansard and it is recorded in public statements [INTERRUPTION] I hope he does not give her the sack. The second quote comes from the debate as well referring to the new hospital and this quote is from Mr Lionel Perez the representative of the Users Forum, I quote, this is what Mr Perez

had to say in the debate and I quote him word for word I always quote word for word whether it is in Hansard or public statements, *"I think there are too many rotten areas in the present system and unless those rotten areas are cleared before we leave (meaning St Bernard's Hospital) they are going to become more rotten and all our money is going to go down the drain, that is my honest opinion."* That is what he had to say and I can assure Government that this is the opinion which is shared by everyone in Gibraltar. My last words on health, shame on this Government for having turned their backs on our sick and shame for their lamentable and unforgivable performance.

Mr Speaker now for sport, before I continue I wish to give my condolences as well to the family of the late Douglas Henrich he was a true Gibraltarian and he did a lot for Gibraltar and he will be greatly missed.

My contribution for sport cannot be much different from the one I gave last year for the simple reason that certain matters that I mentioned then have not progressed much this year. We still have the same problems as we did last year and so the phrase 'progress a la GSD' is still a pertinent one. The Sports City has indeed proved to be a long drawn affair, it will have taken the Minister for Sport about eight years to deliver on a commitment he gave in 1996. We are however somewhat confused at the question of the leisure centre because this commitment was featured in the GSD's manifesto in 1996 which I have here I think what the Government have done is now to divorce the Leisure Centre from the Sports Centre even though in the manifesto of 1996 they spoke of both on a joint basis. I have therefore consistently asked the Minister for Sport during Question Time about developments related both to the Sports City and also to the Leisure Centre. We got somewhat more information in the last meeting of the House in April and even though the Minister gave a commitment in answer to Questions in this House that works for the Leisure Centre will commence before the end of his term of office still I cannot see much happening perhaps yes, some scaffolding being erected, some cleaning up work or a few bits of paint here and there but this is yet another case of a

commitment given in 1996 still not having come to fruition seven years later.

Again we have another matter which has dragged on for years, two other matters, these are the moving of the boats at Western Beach to Coaling Island and the handover of the Europa Sports ground by the MOD to the Government. I think the Minister for Sport the Hon Mr Britto has learnt quite a bit on this last issue meaning the Europa Sports ground. He was too precipitous in his announcement to the Cricket Association of the handover of the Europa Ground because it did not materialise when he said it would and that happened about three years ago. Now three years down the road his enthusiastic prediction is nowhere near a solution. He has no idea when and if these sports grounds will be handed over to the Government.

Mr Speaker, the boat owners again were given a commitment by this Government that they would be moving to Coaling Island, it came as no surprise that last year the Boat Owners Association themselves publicly expressed doubt as to the Government's commitment to the transfer. They blamed other parties for the delay and they told the boat owners that they should not allow advantage to be taken by others of the political pressure generated by the legitimate and agreed expectations of the boat owners. I am sure the boat owners are only concerned with results and I do believe they have been very patient especially as the Government themselves confirmed in the same statement that already they had been six years negotiating with the MOD. Now, we are told by the Government that we are nearer a solution but we believe the time and the money it has cost them has been exorbitant. We recall that I often say in this House that I think we were far better negotiating with the MOD than this Government have proved.

We still have reservations as I said last year about the new Sports Authority. Apart from the fact that most of the present employees do not agree to be transferred to it we are convinced that all the new posts that Government have already confirmed they will create will not provide real improvement to sports generally in Gibraltar. The new water-based hockey pitch has

been a source of problems to them. They engaged the services of AMCO because the Government said there was a problem in the watering system however, when it was resolved AMCO has continued and the services are costing them a fair amount of money. The Minister knows that the present groundsmen were prepared to carry out this maintenance and they would have saved the Government a lot of money in the process. The Minister however took the view that the pitch did not belong to the Victoria Stadium and that extra personnel would be employed to maintain it within the new Gibraltar Sports Authority. The staff are upset at the Government's attitude since they maintain that the hockey players come over to use the changing rooms and the showering facilities of the outdoor sporting area of the stadium that they maintain. Then the Chief Minister confirmed in the last meeting of the House that the Government would not enter into any sort of temporary agreement with the groundsmen. He used words to the effect if I remember rightly, I am sure that he did use words to that effect, that he did not trust them with a temporary agreement. The relations are not healthy at this point in time.

On another matter which I said last year was close to my heart, the omniturf and the running track I reminded the Minister then last year that its life span had already expired some years back and that its condition was very deteriorated. My party used a press release giving the commitment that if elected we would replace these two surfaces. We did this a few months ago. The Minister for Sport after our press release wakes up and says that he has given that commitment already in the House to me. What he has said in this House is that he was committed to replace the surfaces when they became deteriorated, deterioration in his opinion, he did not give a date. In any case our press release prompted the Government to come out and give the same commitment but I would like to inform the Minister when he said that the surfaces I installed were not of a very good quality that he is absolutely wrong. He cannot rubbish the surfaces that I installed. The surfaces were installed in 1991 at a cost of £900,000 and with far more user recommended they far exceeded its life span. The surfaces were selected by the then Manager for Sport Mr Morris Hedges who assured me that the

International Hockey Federation were pleased with omniturf and they confirmed it was the best in the market. They not only increased very substantial allocations but not once were allocations cancelled due to our heavy rains. Therefore I was successful in convincing the FIH that they should stage hockey finals in Gibraltar and if I remember rightly we staged about five finals from 1991 when they were installed to 1996 culminating with the staging of the Island Games. They were all a huge success and I received letters of congratulations not only from the FIH but also from the different associations. They far exceeded the expectations of its life span and furthermore KWS Sport the installers also confirmed to us that omniturf was the best sand filled surfaces in the market at the time. Otherwise they would have required replacement a long time ago. I hope that deals with the allegations of the Minister in his press release trying to rubbish the surfaces.

**HON LT COL E M BRITTO:**

On a point of order, clarification. I have let it go the first time but I cannot let it go the second time, I would like the hon Lady to substantiate what she has just said. I have not said that the omniturf sand based pitches were I do not know the word she used but I have not rubbished them or criticised them. All I have said over the period of time is that they have a limited period of life and that that limit has been reached and that they need to be replaced. She has been going on and this is the second time that she has been saying words to the effect that I have been knocking those pitches I have done nothing of the kind and I ask her to substantiate where I have done that.

**HON MISS M I MONTEGRIFFO:**

Mr Speaker, I do not think that that is a point of order but in any case I will because I remember when the press release was

issued by a member of our executive the reply given by the Minister and the reply that he gave subsequently in GBC he said that the surfaces that had been installed were not of a very good quality those were his words.

**HON LT COL E M BRITTO:**

No, I refuse to accept that. I ask the hon Member to produce were I said that and when.

**MR SPEAKER:**

All right carry on.

**HON MISS M I MONTEGRIFFO:**

I will produce it. I cannot end my contribution without giving credit to our sports people. They have provided time and time again that a small nation like Gibraltar is capable of wonders against bigger and mightier nations. I remember telling the Chief Minister to take note of their courage and determination, it is a wonder what can be achieved with courage and determination. Today I have to not only thank them for showing what Gibraltarians are capable of but I also wish to thank all those people in Gibraltar for the manner in which they turned out and voted in the Referendum held on the 7<sup>th</sup> November 2002. Never, in my political history have I felt such pride. A mere 30,000 people showing that they are as solid as the Rock on which they live, that they are not at all scared to challenge two nations as large as the British and the Spanish ones. Last year I ended my contribution with a statement made by Mr Willie de Clerq when he came to Gibraltar in 1998. I still subscribe to it, he said, *“Those who do not fight their battles never win.”* I end my contribution by asking the Chief Minister to

join forces with the Opposition and to bury once and for all that wretched agreement 'the Brussels Agreement', the people of Gibraltar overwhelmingly have said, *"Not an ounce or grain are we prepared to give away, this is our homeland and it is about time we are masters in our own homeland."* Both the UK Government and the Spanish Government have already said on many occasions that the intended joint sovereignty deal came about as a result of the Brussels Agreement let us give it the funeral it deserves and let us keep the momentum going. Let us quickly, very quickly proceed negotiating with the UK on our Constitutional Proposals. The people of Gibraltar deserve nothing less.

**HON J C PEREZ:**

Mr Speaker, on a point of order I think that it is shameful that Government Ministers should strut out and start walking out of the Chamber nearly breaking the quorum so that the hon Lady would not have been able to finish her speech.

**HON LT COL E M BRITTO:**

Mr Speaker, let the record show that there are only three Members of the Opposition.

The House recessed at 1.25 pm

The House resumed at 3.00 pm.

Debate continued on the Appropriation (2003-2004) Ordinance, 2003.

**HON J C PEREZ:**

Mr Speaker, it is regrettable that some Ministers should believe that the only usefulness of Members' contributions to the budget debate is that it is being broadcast over radio to a listening public. I say regrettable because it speaks volumes for what those Ministers think of parliamentary democracy and accountability to Parliament. Hansard will show that when the House was not broadcast over radio those of us who were still here or who were here then made similar contributions as we do today facing public issues and public awareness and debating matters of interest to the community. People should not make rushed judgements of others by measuring them by their own standards.

On this hot sticky afternoon I would think it is opportune to raise the whole issue of the siting or resiting of this House of Assembly. I say this because if this is going to take sometime I understand there is an offer to install air conditioning in the Chamber for a considerable lower sum than would have been the case if we ourselves would have initiated the project. We would be installing it on the back of other parties who would be installing it in the same building and I believe it is worth considering given the climatic conditions we are forced to carry out our parliamentary duties. I think perhaps when the time comes at the Committee Stage we might possibly have somewhere a token vote so that at least Government are able to consider the offer that is being made. Let me say that my preferred option would be to see the House moved out possibly to the Garrison Library building given that we might have to jump over tables and chairs and have a tussle or two with some tourists in order to gain access to the House when the whole project of the Minister for Tourism is complete.

Government would forgive me for shaking them out of their dreams of excellence for just a while and asking them to take a leap with me into the real world, the one the rest of us live in. Not the Gibraltar of 'Alice in Wonderland' wonderfully jumping about, the Gibraltar where the sick and the needy are crying out for help and assistance and do not get it despite the many systems and



initiatives being announced by each individual Minister this week. On health, housing, rent relief, changing circumstances for the elderly, employment, unemployment, social assistance on all of these things there are people out there crying out for a chance to be heard. Before I deal with matters pertaining to my responsibilities let me say that I find it rather odd that the hon Lady Mrs Del Agua should not have mentioned anything about TV licence fees for the elderly, the abolition of which was being studied on Question Time when my Colleague Mr Baldachino raised it. It is certainly a GSLP/Liberal commitment in the manifesto of the year 2000 and will certainly be included in the forthcoming commitments of the GSLP/Liberals. We believe that all senior citizens regardless whether they live alone or not should be exempt from paying the annual television licence fee.

I notice that Government seemed a bit upset at my Colleague's comments over the proposed refurbishment of the Theatre Royal, my Colleague the Hon Mr Steven Linares. They should understand that if they painted a colourful picture of a project they announced to commemorate the new millennium now that the colour has begun to run and the picture is rather different it is our obligation to revisit the matter and ask Government to answer for their mistakes if that is what they are. The project was a refurbishment now it is practically a new construction with two bare walls, a not very attractive façade now that the stairs have also disappeared, standing there to justify that it is still a sort of reconstruction. We need to know now whether the EU funds that were forthcoming for the project are still there for that purpose, whether EU funds have been lost for not spending it on time, whether the cost has now spiralled to an unjustifiable figure? More important if the project is indeed to be realised the Government should ensure that those that are going to make use of it in the future are satisfied that the theatre will allow them to stage full orchestras. Those that have seen the plans say that an opera with a full orchestra will not be able to be staged notwithstanding the spiralling costs of the project. Indeed if there is nothing to conserve heritage wise, why we should be building or spending money to practically building a new theatre in that site beats me because it is the wrong site for a theatre anyway. There

is no parking, the access to it is bad and if all we are conserving is the two bare walls that can be seen now the whole concept of having a theatre there should be revisited and we might be able to build a cheaper and possibly more modern theatre in another more open space with parking facilities and possibly cafeterias and other things. Frankly, to present this as the millennium project and say that this is a reconstruction and then to see that instead of a reconstruction we are practically building from scratch is something that needs to be reconsidered, particularly, the Minister has done his sums and says that it is £10 million, my judgement of it is that it is going to be something near £40 million when all is said and done.

The Hon Dr Linares yesterday talked of a project with echoes of the past, what those echoes are today I could not tell but I do know that this project has the hallmark of producing echoes that will haunt the Minister and his party for years to come. The Minister being the phantom of the Theatre Royal Opera whilst the public picks up the bill of his extravagances in this respect, not a very good start to the millennium I would say.

Turning now to my own responsibilities I have no choice but to start my contribution this year with the chaotic, yes, chaotic traffic situation because it would seem there is no end to it and because absolutely nothing is being done to alleviate traffic congestion on our roads. The Government seem to be washing their hands like Pontius Pilate of a problem as if it had nothing to do with them. I have to impact on Government to a problem that is affecting our society more and more and more everyday. Traffic congestion is a real problem that is with us and the Government cannot abrogate responsibility for it. More so since it is partly due to their absence of planning when deciding to pedestrianise large chunks of our city centre that has created the problem. I have said before in this House that pedestrianisation is desirable, everyone would wish that more areas of our city should be pedestrianised but we have to work and make decisions based on what is possible and not on what is desirable. What we have had from this Government for the last seven years is an extension of pedestrianisation with traffic just pushed to the adjacent side

street with no proper studies of traffic flows and no proper planning and we do not need experts to do this for us. We have in our community people with a wealth of experience in traffic matters prepared to make a civic contribution given that Ministers themselves seem lost on what action to take. I have looked through the estimates to see if the Government were preparing to throw money at the problem which is something that they regularly do but not even that is being tried, not that I would agree to it the point being that they act as if the problem did not even exist and in order to tackle a problem one first has to admit to oneself that it exists. I must remind the House that the last time this Government attempted to repair the damage they have made with pedestrianisation they announced a hair-raising scheme for the Upper Town which would have proved disastrous. They actually spent public money on putting up signs and traffic lights and although it took me a good part of a year campaigning against it with some common sense and hard facts at long last the Government accepted their error of judgement and finally gave the thumbs down to their own proposals. Since then they have dared not come to grips with the problem and the problem is not the result of the works that are taking place, that only exacerbates the problem. Again there seems to be no proper planning in the road works that are carried out. One happens to get various roads closed for different reasons at the same time it is as if the citizen did not matter where traffic is concerned. There needs to be access to Line Wall Road other than by at both ends of it. We need to manage the traffic coming from the Upper Rock. Gibraltar needs periphery arrangements across the airport for traffic in and out of Spain, we need better access to a heavily congested south district more so with Dudley Ward Tunnel closed as it is. We need a traffic plan with set objectives and we need to have budgets to get to those objectives. We need to use the miles of tunnels available to us better than we are doing today. Gibraltar is crying out for a comprehensive traffic plan not isolated half measures which will only push traffic into an already heavily congested road, reacting bit by bit to events is madness.

This Government moved two schools into Queensway. It approved two new private housing developments in the same

area, it has now approved another and is moving St Bernard's Hospital down to the same neighbourhood. All this causes changes in traffic patterns and there will be more to come, announcing a road linking Europort with Coaling Island will only take traffic into Queensway again it is a narrow-minded reactive response and what Gibraltar needs is a serious attempt at managing traffic with wide ranging proposals. We might not be able to do everything in one day but we would be working to a plan at present it is as if Government were blind to a matter which is going a long way in affecting the quality of life of every citizen.

Mr Speaker, we heard and read recently that the Government had entered into an agreement with the Taxi Association for the introduction of a rotating city service, how can Government expect public service vehicles to give this service when they are inevitably trapped in traffic, cannot respond quickly to clients as a result when they reach a destination the client has left fed up of waiting and they are being denied the privilege that public service vehicles have everywhere in the world which is to shortcut via pedestrianised areas? Not to make it easier for the driver but to provide the service we all agree should be provided. Here again the Government are getting co-operation and are not responding adequately to it, it is not listening. We have had works at Corral Road now we have them in Glacis Road and Waterport Fountain could we not have allowed taxis to access Line Wall Road through Casemates via Market Road for the duration of the works at least? Indeed, why not allow taxis down Engineer Road and across Main Street into Parliament Lane. Would that not cut the fare to those travelling north from the centre of town? Would that not stop taxis having to drive half way round a congested city centre before arriving at the passenger pick-up point again and then drive off to its destination? Yes, it would but Government are not prepared to either listen nor give way to common sense on matters of traffic. The Government seem to have it in for the motorist.

I could not believe my ears yesterday when I heard the Minister for Traffic announce that obstinacy had given way to common sense and that the Government were now prepared to move to an

MOT Test every two years instead of the current annual test. Whilst I welcome the move since I have been telling the Government that this is the solution from the initiation of the legislation that they passed in the House, it is an insult to our intelligence that the Minister should say today that the reason for this is that the safety considerations the Government have are now satisfied. The same exact safety considerations exist today, the reason for Government's change is the following – the Minister told us in last year's budget speech that the new MOT Test Centre in Eastern Beach was now finished and that it would be operational soon. That it is, but in what way? Was this the answer to the delays in getting an MOT Test? No. Did the new centre cut down the waiting time for a test? No, on the contrary currently the delay is four months. So, the public starts complaining that they cannot get their tests on time and that although locally the police are turning a blind eye on those calling in for an appointment before their due date the vehicle cannot be used outside Gibraltar until it gets a valid MOT Certificate. I, a humble servant of the people raised awareness publicly that this problem still persisted notwithstanding the new MOT Centre. I reminded the Government that it was in their gift to accept my suggestion of applying the minimum requirements set by the EU which was an MOT Test every 24 months instead of every 12 months. I also called on the Government to introduce an administrative system by which they write to vehicle owners advising them of the expiry date of their MOT and proposing a date for a booking. In that way the Government have the control of the bookings. So what happens? Well, the Government decide to stretch the meaning of a clause in the Ordinance in order that the head of the MOT Test Centre may give extensions to vehicles. An extension to last until the date set for the test so the Government that was so obstinate about applying the UK requirements, that is a test every 12 months, now de facto has a system in place whereby one's MOT Certificate becomes valid for between 16 and 18 months depending on how lucky one is in getting a date for the test, but the new test is not valid for one full year from the date it is done they deduct the extension from the new certificate and make believe that one has the test four or six months earlier even though one is driving one's vehicle by the

grace of the Chief Vehicle Tester who has been instructed by Government to do this. I sincerely believe that that clause in the law was not intended with this purpose in mind, this only served to circumvent and perpetuate a serious deficiency in the service provided, the matter became so embarrassing that the Government could not argue against a test every 24 months when de facto the regularity of tests are now something like 18 months that is why they have changed their mind. But that is not all. Regrettably that is not all. Our new MOT Test Centre has had the third lane, the one used for goods vehicles and public service buses and coaches out of order for three months awaiting spare parts from Spain they tell the public. So, when it comes to testing the brakes of a coach or a bus both passenger carrying vehicles certain instructions were issued to the vehicle testers who refused to comply with them, why? Because they were told to see that the brakes of the vehicles were functioning by asking the driver to press the brake pedal in front of them. They said, "No," but in comes the boss, tells the driver to press the brake, sees the vehicle stop on its tracks and on the strength of that issues a valid MOT Certificate. This is not hearsay this was done and witnessed in front of members of the public who came to see me and told me so. If we then look at lanes one and two we find that although there is equipment inside the pits with 440 volts, rain comes in through the doors in the winter and there is no adequate fire escape procedure for the building. Then there is the question of the gradings of the five Driving and Vehicle Examiners where I am told there is a dispute with respect to their job description in comparison to what they are being required to do. If that were not enough I was rang this morning in the House of Assembly told that a notice was put up this morning saying. *"The MOT Test Centre is closed for unforeseen circumstances."* Well, I do not know what those unforeseen circumstances are but I can say that the whole history and the whole thing looks to me as a very big fiasco. When the Government created the post of Transport Inspector I queried as Opposition whether some of the responsibilities asked of the new grade did not conflict with the job of the MOT Tester who issues a valid certificate for one year. It seems that things such as tyres, exhaust systems, emissions, emblems et cetera were removed from the Vehicle Examiner and

given to the Transport Inspector, now since the Inspector has no access to the machinery of the MOT Test Centre some of those duties are being transferred back to the examiners. Why the Transport Inspector should be able to issue a separate parallel certificate of competence to the MOT Certificate is mind boggling to say the least. If this is not a sad disaster story I do not know what is, the Government should be ashamed of this state of affairs. I have been reminded of the TV advert of a particular product which used to start off by saying, *"This is one disaster after another,"* and that is the reality of the MOT saga. What else can one tell this Government that they should have got to grips with reality before and acted in accordance with the demands of the public? That they created a list of requirements and were not providing adequate resources for the requirements to be met? That by tinkering with the problem to draw away a complaining and demanding public they worsened an already serious situation? Better late than never.

Before I move away from Traffic and Transport I must mention this fabulous bus service we were promised in 1996 that would come to fruition possibly a few months or a few weeks before the next general elections if the Minister is lucky. If we take a look at what is happening in his Ministry his luck seems to have run out. I know there have been further delays in the Government creating this joint venture company and the existing bus operators because sadly one of the directors of one of the companies passed away a few months ago, I must say however that the initial view of the Government seven years ago was that they would get to grips with the companies in order to improve the service. At the time the Chief Minister discarded the possibility of the Government using one single penny of public funds to achieve this. Last year we were told that £1 million of public money would go into this new adventure or is it joint venture? There is no doubt that with that kind of money spent we shall soon have new buses on route. The question is, will they be able to adhere to a timetable with the existing traffic congestion and will more people be tempted to use them and leave their cars parked at home? We shall have to pass judgement on that expenditure of £1 million when we know the answers to those questions and not when we

see all these camera shy GSD Ministers posing on the bus windows thus trying to maximise the propaganda effect. Let me remind the hon Lady Minister that she has said about the free bus service for the Upper Town for senior citizens that that would come to fruition together with the new bus system and that I look forward to looking at that commitment given to senior citizens of the Upper Town four years ago coming to fruition as well. Let me tell the Minister that I find it odd that he should have said this morning or yesterday afternoon that the buses would be here in Gibraltar by the end of December when I understand that no decision has yet been announced on who the successful tenderer is. It seems to me that the Minister already knows who the successful tenderer of the buses is, knows that the buses will be here in December but no one else knows who the successful tenderer has been, so much for the GSD's tender system.

Mr Speaker, since I have started to speak on matters related to the ministerial responsibilities of the Hon Mr Holliday I might as well carry on with him in respect of areas that I shadow. Last year we were told by the Minister that although a final offer had been made to the employees of the Port Department there was still room for negotiation and that talks would continue in an effort to convince them to move into a statutory authority. A year has now gone by and we were none the wiser as to whether this negotiations were on-going or not although I did hear the Minister say yesterday that he believes that now he has got a sort of agreement nearly ready. We live in hope, nevertheless what we do know and what we do have is an Authority created by legislation passed in this House that there is employed a Chief Executive in that Authority who was employed by the Government for his experience in tourism and not in port related matters and that independent of this there is still the old Port Department structure in place which employs the Captain of the Port too. There are de facto and will be de facto two heads of departments where in instances their duties overlap but still no agreement from the workforce although the Minister has said that he hopes that this will now take place shortly. We saw how the Minister jumped the gun by contracting security guards to carry out duties pertaining to employees of the Port Department and how he

deployed the contracted workers to the Upper Rock in breach of audit requirements. As a result of these expectations of creating an authority which the Minister still clearly has, vacancies in the Port Department have remained unfilled. This has affected the work of the Yacht Reporting Berth where the shortfall of staff has been mostly felt. I raised this matter last year during my contribution to the budget debate and on various occasions since inside and outside the House. I pointed out to the Minister that no precise or adequate record of incoming yachts was being kept and that other law enforcement agencies believed that there was a security loophole as a result. Government came to this House and with their normal arrogance and despotism swept aside the warnings of the Opposition and declared that it was their policy to do away with the Yacht Reporting Berth completely and hand over the job to two private companies running the marinas. No sooner had they repeated their intentions that the Minister writes to my Colleague Dr Garcia correcting figures of yacht arrivals given to the House. Figures which were out by over 50 per cent because they had had to go back and check with the marinas because Government have no accurate statistics so they have now added information it would seem supplied by the marinas to that collated by the Reporting Berth and come up with a figure which might or might not be accurate but the worst thing is the tacit admittance by that disparity and by the figure supplied that there is no proper control of yachts turning up at our port and that conceivably as seen first time today a yacht or small craft could get into a marina the centre of the city full of explosives and no one would be the wiser. Government cannot allow this state of affairs to continue. It must eat humble pie if it must, admit their mistake and restore the full complement of the Yacht Reporting Berth and with Customs and Immigration make the unit fully operational again.

I need to stress again what I have recently made public in a number of press releases, that both members of the public resident in Gibraltar and hotel guests start making use of our beach facilities well before the official summer season begins which is when our school children begin their half days prior to breaking off for the summer. We do not think that beaches should

be kept all the year round, that is a waste of money given the weather pattern and the adverse strong easterly conditions prevailing during the beginning of the year but beach facilities should be provided at least from the beginning of May. It is both necessary and wise in the context of a tourism strategy. I am not going to repeat my views about swimming being regulated at the Harbour Views promenade although I do hope that the summer passes us without incidents. It would be preferable that swimming be properly regulated in the area particularly since it was the Government that built the steps leading to the sea thus encouraging bathers. Perhaps Government would see the sense of it some day and respond to public demand and to common sense instead of sticking their heads in the sand like ostriches. I might add to that that the official summer season is now upon us, that there are increasing complaints about the facilities being provided in Camp Bay irrespective of the works that the MOD are doing there and that there seems to be strong complaints that Sandy Bay is not even being cleaned never mind being provided with beach facilities this year. I say this because, well the Chief Minister can laugh, [INTERRUPTION] the Chief Minister can continue to live in his Alice in Wonderland fairytale, I am telling him what the people out there are telling me and if the Chief Minister does not want to believe it and shrug it off with a laugh, good for him. It is up to him.

Mr Speaker, I see that both the Electricity Section and the Electricity Department are still shown in the estimates as Government departments although 50 per cent of the total workforce have moved into a statutory authority. One knows that when recently the government rushed legislation through this House to create the Authority I argued that it seemed that the purpose of the move was to implement the pay agreement by which some people would get increases of between 40 and 70 per cent. This could easily have been done with employees remaining within the Government. The Chief Minister argued that for some peculiar reason if instead of calling this collective of employees '*Department*' we called them '*Authority*' there is going to be a huge increase in productivity in what is already a very productive section. How else would he expect to lower levels of

overtime to compensate for the huge increases which he described as self-financing? Well, he is not making any provision whatsoever for the pay increase in the estimates, we shall have to wait and see the forecast outcome next year and compare it to the provision being made then to see whether indeed the Chief Minister's pay deal will be self-financing or not. The Chief Minister again seems to be living in a world of his own in respect of this matter. Resuming what is it that has been achieved by this initiative, that the 50 per cent of the workforce that have been offered a bigger increase have agreed to move to the Authority whereas the 50 per cent that have been offered a lower increase would not move? That there supposedly used to be a City Electrical Engineer and that today there is a post of Head of Electricity Authority and a post of Deputy Head of the Electricity Authority? That both they and the managers agreed to move have 50 per cent of the workforce to supervise whereas the other 50 per cent are de facto isolated in a Government department with the Authority taking decisions affecting them? This is a recipe for disaster. The Chief Minister argued that as a result of previous pay and salary reviews a disparity had been created and that this pay deal would now be putting matters right. I told the Chief Minister that this could only be judged a few years down the road through the effects that this agreement produces. Not everybody agrees that within the Electricity Department as it was leaving aside the electricians of the Buildings and Works such a disparity existed. There was a move by Government in the early 80's before the GSLP came into Government of offering the mechanical section a 40 per cent productivity bonus this created the disparity and a productivity bonus was then negotiated across the board for the whole department but to a lesser percentage but to do away with that disparity. Since the drive to implement the agreement had little to do with productivity when the GSLP took office and taking into account that King's Bastion Generating Station needed to be closed and the workforce deployed to Waterport we took the step of negotiating with each group of workers and buying out the bonus by offering a higher basic pay in exchange. The PTO's who were surplus to requirement at King's Bastion were redeployed to Waterport where those at HPTO level were given a personal-to-holder status given that they

no longer supervised the King's Bastion PTO on shift and therefore the post was regraded to PTO. We agreed to carry surplus staff on shift to be reduced over the years by natural wastage thus giving a guarantee of employment to all the management team. The workforce and the union agreed to this in writing in the form of an agreement which must be in the files of the Personnel Manager or now the Human Resources Manager. Later on those PTO's who transferred from King's Bastion to Waterport argued that they were doing the same job as their colleagues who were graded HPTO on a personal-to-holder basis. The claim was rejected by Government. It was revived by the union when a politically motivated Branch Officer called Jaime Netto asked those workers to try and cut off the electricity supply to the then Nynex telephone exchange because in his wisdom he had decided that the employees of Nynex should share in the profits of the company something which had been left in abeyance for discussion into the future, the problem was that the company had not made a profit that year nor had the shareholders recovered their investment they had made by a dividend payment. To cut a long story short Mr Netto agreed to resubmit the claim if the shift managers of the Electricity Department co-operated in cutting the power supply to the exchange, something that would have caused undue damage costing millions of pounds if such an action had succeeded. As it happens it did not succeed but Mr Netto the GSD candidate then gave a commitment to increase the salaries of those employees if they voted for his party and this pay increase which the Chief Minister claims ends a disparity is in part a political commitment given by Mr Netto to a group of workers at the 1996 general elections independent of the merit of their case.

Let me say that seven years have gone by since Mr Netto was asking for profit sharing for Nynex workers and despite the fact that I have been pointing out year in year out the huge dividend payments made by the company in excess of expectations I have not heard him ask his Colleague Mr Britto the Chairman of the company as it was before to please consider some form of profit sharing for employees of the telephone company.

Returning to the question of this pay agreement in the Electricity Department. Hon Members should be aware that the mechanical section have their 40 per cent bonus bought out too. In exchange they agreed to go on shift, where allotted into a salary point in the PTO scale and they agreed to lose a substantial number of posts by natural wastage leaving a total of 20 bodies on shift. Some immediately took early retirement and others held on for one or two years more because it was impossible to gauge there and then what would be the take home pay within a year as a result of taking into account shift disturbance allowance and new lower levels of overtime. The union insisted that a clause be incorporated in the agreement which said that after a space of time a study would be conducted to see whether the take home pay had been reduced despite moving to non-industrial status. If it was found that it had been, there would be a compensating increase in the basic pay by moving mechanics and assistants one or two points up the scale. The then City Electrical Engineer Mr Tony Aguilera undertook that exercise which found that the take home pay had indeed been reduced. The Government therefore confirmed with the union the compensating increase that had previously been agreed in writing. Now, as a result of the moves made by the Minister and the new agreement these relativities at Waterport have been altered and upset and this is partly why half of the workforce would not move to the proposed Authority. On the other side one has employees of the Buildings and Works who are watching with care how Government treats their colleagues in the Electricity Department. They see how, for example, a carpenter in the new authority earns over 50 per cent of what other carpenters get at Buildings and Work except that their job is more highly skilled by its very nature. They want the same treatment and they are not getting it. We hear again the Chief Minister announcing once more that he is still negotiating with the union to get to the Authority, what I hear in the grapevine is that the workforce are adamant that unless they get what the people in the Electricity Department got they will not be agreeing to move but that is what I hear, the Chief Minister might be talking to other people. On top of that they have imposed on them a new management structure which is running in parallel to the one within the civil service, a structure neither accepted nor

recognised by Prospect who have the negotiating rights for those grades, who were not consulted and who objected in writing to the employment of these individuals prior to their employment having been confirmed by Government. That is the sorry state of affairs in the Buildings and Works not the rosy picture which we had yesterday. Another sorry story of a Government attempting to bulldoze workers into accepting a statutory authority. The Government claim that there is no change in status as a civil servant and that nothing else changes which questions why they want an authority in the first place, the reality is that the imposition of this management structure at the Buildings and Works clearly points a finger at the hidden agenda of the Government. Before I depart fully from matters relating to the Electricity Department I must point out that the time it is taking the Chief Minister to decide whether or not it is to renew the contract with OESCO, if so whether there will be a gradual move out of the shipyard area on environmental grounds, what is the extra capacity to be commissioned for Waterport Power Station, what form this will take and when is it going to happen, I have been asking these questions in the last two budgets and in Question Time sessions in this House? Gibraltar is fast running out of time and I fear we shall have insufficient electricity capacity to meet our future demands if decisions are not taken soon. I fear it might be too late already. Last year after a delay of five years in the completion of the project we were told by the Hon Mr Britto that the Controller Link Project would eventually hopefully see the light of day in February this year. Although the Minister said that the Improvement and Development Fund Estimates how they are this year have more information I find that the Controller Link Project has been lost there and is now in a block under the electricity projects which gives us less information and not more as he argued when he introduced the changes earlier this week.

Mr Speaker, we were later told that further delays were envisaged as a result of this or that excuse. I say this because spending public money on a project in this way and having experienced so many delays for umpteenth reasons should be sufficient reasons for the project itself to be the subject of an independent investigation or inquiry to find out what has gone wrong and why?

The Minister has been complacent about it and has blamed the manufacturers of the equipment in good measure. I think the public is entitled to know why a project announced in 1996 by the Minister with funds provided for it in the 1997 budget has still not been completed in June 2003, it is a totally unacceptable state of affairs which merits an independent enquiry or investigation as a matter of urgency.

Mr Speaker, I will now turn to the other fiasco in industrial relations which is the Post Office. Here again the public were subjected to a totally unnecessary three year spell of grave shortcomings in the postal service because for three years the agenda of the Government was different to that of the workforce. During that time Government imposed a management structure from outside the civil service without first having acquired the agreement of the workforce to move into a statutory authority or something like it. Three years down the road after the public have had to put up with an atrocious service as the result of the lack of manpower the Government agrees to a regrading of postal grades and moves to increase the complement by eight employees. We now have again here two management structures with a Commercial Manager recruited from outside the service earning more than the Director of Postal Services, a post which used to be Senior Grade and has been downgraded to SEO and the reason why the previous acting Director of Postal Services Mr Pizarro chose to leave the service is still a handicap for the present incumbent in the post.

Although we have heard this morning from the Minister all these new emblems that the Post Office has and so on I did get a communication that there was industrial unrest this morning and that there are already problems with the agreement that the Government have signed between the workforce and the Government. I have not witnessed ever a more messier way of handling industrial relations by the Government. I suppose the Minister would prefer that we shower him with praise for having completed the long overdue refurbishment of the Post Office in Main Street, well, despite his propaganda hype people are aware of the long delays in completion which are no fault of the

contractor which has been moved out of that job by Government to fulfil other duties. Let us hope that stage II, the Sorting Room and the PO Boxes do not take another three years to complete. Here I would like to take up the matter mentioned briefly by the Chief Minister when he introduced the budget earlier this week. He said that the extra money being forecast as income from the Post office was because there was an expectancy of greater sales of stamps. I frankly do not know on what the Government are basing that forecast but frankly I believe that the only way that that projection is going to be met if there is already an intention on the part of the Government to increase the price of stamps because whether the service has been bad or the service has been good, if one looks back over the years the amount of business has been virtually the same that is to say that in the years where the service was not that good we have not been losing that many customers to another party and we are now going to gain those customers back and where we are seeing the increase projection of income is in the sale of stamps and in the money we get from other administrations for handling letters arriving at Gibraltar, that would suppose that the Government are expecting either an increase in business of something like 20 per cent or 25 per cent or that the intention is really to raise the postage stamp during the year and that is why the income forecast is as high as it is.

Although both the Chief Minister and the Minister for Public Services have told this House that the question of the up-keeping of the cemetery in an adequate manner is in hand and although I understand the Minister asked both Gibr Flora and Green Arc to submit proposals no funds whatsoever have been provided in the estimates for either a contract to be put in place or for extra direct resources. Members of the public keep complaining about the poor state of our cemetery. Need I remind the House that for a substantial number of our citizens this is an important matter very close to their hearts as they visit the resting place of their departed loved ones. I urge the Government to take heed of this and to act decisively once and for all. The Minister has told us today that he has now had a feedback of the two contractors that were going to put proposals. I raised it last year in the budget and



I raised it the year before in the budget, I do not think that he is asking decisively, I think he is acting as if something were being done but nothing is being done, he cannot then complain that the public keep on complaining. The public keep on complaining because nothing effective is being done to keep the cemetery clean and tidy. It is tidied, it is cleaned but it is not kept clean and tidy for long periods of time and that is the main complaint of the public.

I noticed that both on the reallocation of the prison and on the acquisition of an incinerator there is simply a token sum of £1,000 for each project being voted in the Improvement and Development Funds. This in spite the recent adverts asking for proposals to design and prepare the incinerator project. We are experiencing a situation in this House that even when money is actually voted on a project for the year in question this in itself is no guarantee that that amount would be expended during that year or that the project would be realised. When a token sum of £1,000 appears on the estimate as is the case on these two counts we can take it that neither project is expected to materialise in the foreseeable future and that four or five years down the road the Government would still be thinking about it. Certainly as far as the incinerator is concerned the Government are treading on thin ice by stretching its dependency on the Los Barrios rubbish tip despite the excellent relations of the Hon Dr Linares the Minister for osmosis with the Mayor of Los Barrios.

Mr Speaker, I now turn to the dramatic change of attitude we have witnessed on the part of the Hon Mr Britto in replying to questions related to joint venture companies of which he is the Chairman. Let me first say that the information the Opposition was asking of the Minister on a confidential basis in respect of Lyonnaise des Eaux has now been made available by the company and we are grateful for that however, we have seen how increasingly the Minister has refused to reply on subject matters to which he has responded in this House before and to which I used to respond when our roles were reversed. For the Chief Minister to simply try and explain it away via a bout of theatrics pointing an accusing finger at me for having moved the functions out of Government

and into a commercial environment is to attempt to cover up as best he can for his shortcomings and that of his Government. On occasions the Hon Mr Britto uses the royal 'we' when reading out his budget contribution if he is to announce something positive about telephony et cetera like the time he announced decreases in international telephone charges. There he and the company are one and for the Minister to be informing the House is not incompatible despite the commercial environment in which the business of water, or telephones operate. However if it is asking questions related to the perks being passed on to Directors in the form of cars et cetera this is not a matter to be answered in this House anymore. Well, let me tell the Minister that since last I raised the question of approval by the Board of Directors of Gibtelecom of the purchase of cars for its directors, the perks of the job as the Chief Minister described it I have been informed that a similar situation is prevalent with some senior managerial staff other than the managing director in Lyonnaise des Eaux. The move of the employees to a commercial environment was compensated at the time by a comprehensive salary review. Relativity has been kept with Government salary scales, the move brought income to Government expertise from abroad and equipped and prepared those employees with skills to do their job with confidence. The reason to go commercial was never to provide family cars for managers in the form of perks and if this is indeed happening at a large scale then the public have a right to know how a service such as water still subsidised out of public funds spends its money.

As for Gibtelecom the situation is even worse in that we are expected not to ask questions related to how they spend their money because of liberalisation but of course liberalisation does not really take off because of the non-availability of sufficient numbers as a result of Spain's non-recognition of Gibraltar's international 350 code. The matter is with the Commission but the Commission does not act. Britain is dragging its feet in taking steps against the Commission although now there is renewed hope that it might. In the meantime the Government tells the House that their wish is that one of those companies applying for a licence in our supposedly liberalised market should initiate

proceedings against the Government so that the Government in turn can push their responsibility onto the EU Commission for not acting against Spain or onto the United Kingdom for not acting against the Commission for failure to act. In the meantime there is a very limited liberalisation despite the comprehensive legislation that was passed in this House. There is de facto no liberalisation other than for Gibtelecom to raise local charges. That we were told was the consequence, the direct result, the fault of liberalisation. The increases were driven by the Regulator not the company we were told. Gibtelecom has paid company dividends of £2.4 million this last year and is projecting to pay £3.8 million in dividends next year, is this a company that needed to raise local charges? No. It was forced to do so as a result of the requirements of liberalisation we were told but liberalisation does not happen and the increases of local charges has stayed indeed the Minister said that more increases were in store. Well, I do not believe that they were driven by liberalisation considerations at the whim of the Regulator but if they were why have they not happened? Precisely because there was no justification whatsoever for increasing local charges and Government would be forced to defend more unjustifiable increases, that is why they have not happened.

The Government should have never given effect to the liberalisation legislation unless and until the question of Spain blocking our numbering plan by its non-recognition of the 350 code should have been resolved. In the meantime Gibtelecom's continued monopoly situation should not be used to continue to reap huge payments in dividends, they should lower international charges, lower internet charges, do away with the fictitious standing charge and generally give something back to the subscriber and prepare for when real liberalisation hits us.

Lower telecommunications charges could stimulate more growth in financial and related services. Sometimes it is the cost of an item such as telecommunications that is the deciding factor for a company to decide to move its operation to another jurisdiction. Gibraltar regrettably is not competitive in telecommunication charges whereas it is clear that we can be. At this point I would

like to add my tribute to the retiring former manager of Gibtel Lucio Randall for the wonderful work that he has done in the company over the years. He certainly is a man that has worked a great deal in getting where he got, he was the most dependable of managers, he could be given a task to run the company by himself with no interference whatsoever from ministers and once a month he would report back and give us the good news of everything that happened. I therefore extend with Mr Britto my thanks and appreciation for the good and hard work that he has put in and I regret that we are losing him but we shall surely be losing him to the private sector because I am sure that someone will get hold of him rather quickly although I presume those are matters that have been looked into.

Mr Speaker, I now turn to the Gibraltar Government Lottery. Let me first clarify my position so that there is no misunderstanding. I do not want to see the Gibraltar Government Lottery disappear and any changes that are made to it should be for the purpose of improving its prospects and not diminishing them. The lottery has become part of the way of life for the people with 'fijos' who are the backbone of today's lottery. Whether or not Government can make more money is a matter which should be considered in the context of what I have previously said. My point of raising the issue of the lottery intermittently every year is because the Hon Mr Britto was very vociferous in his criticism of the lottery when he was sitting in Opposition and I was in Government. All I have been saying is, is if he had such brilliant ideas seven and eight years ago why is it that they are not being reflected today? He used to object at the Government being lucky in winning prizes from the return and from tickets. He used to make a song and dance about it even though the chances were always three to one against the Government given that the returned unsold tickets were around one quarter. Well, I was luckier than he was, it seems that one particular year his luck run out and the lottery made a loss instead of a steady profit as it has been making. *"The ball is in your court,"* I told him, *"..you have had seven years in office and you have done nothing despite your previous insistent criticism."* I myself believe there are limits to what one can do because of the limited market for sales and the increasing

competition of Spanish lotteries. The last we heard the Minister had charged the Accountant General into looking at the structure, receiving proposals from other parties and making recommendations to Government. It seems despite his incessant criticisms of the past that the Minister himself had no views or ideas himself of what if anything to do. I urge the Government to ensure that the steps it takes, if any, will guarantee the survival of the Gibraltar Government Lottery as we know it today and that the interest of lottery vendors, agents et cetera who make a living out of the sale of the lottery and the employees involved are all taken into account in the review that the Minister says is taking place. I have my own views in what direction matters should take but they are not relevant in the overall context of things as they stand today. I only hope that we do not create the mistake of trying to mix one type of lottery with another. It is in the gift of the Government to licence an independent lottery to be sold by internet outside Gibraltar without touching the Gibraltar Government Lottery and I urge them to consider that because the sale of lottery through internet has been considered and tried before and it has failed.

Mr Speaker, no doubt the Chief Minister in his response will again attempt to shift the emphasis and focus of the debate to his twisted vision of how he says we used to run things and of our record in Government. He will not convince anyone anymore with those measured and calculated propaganda tactics which he was taught prior to the 1996 elections. He has been repeating them so much that they do not hold water anymore. He has been seven years in office during which we have had to endure his way of doing things or not doing them. In some cases his decisions, his actions and therefore what is under review today is his record in office, the record of his Ministers in office and not the record of when we were in Government although he will no doubt reflect on that and nothing else. That he would choose on our record in office for comparison I do not doubt because he usually does so with the kind of political dishonesty and distortion of the truth that only a trained prosecutor knows how to do. Be that as it may there is a saying which says, *"He that wins the war writes the history,"* and although he might think he has won the war he has

only fought a few battles, victory will one day be in the hands of those that believe that politics is the reflection of people's wishes and desires and not the other way around. A way to reflect one's wishes and desires on a non-suspecting electorate through propaganda and hype.

#### **HON MR K AZOPARDI:**

Mr Speaker, rather wearily as I thought my contribution would come rather earlier today. We were treated to two marathons, the hon Lady spoke for the equivalent of two marathons. This is my eighth budget speech and I was looking at my last one last year which was quite comprehensive. I went on for an hour and a half, I do not intend to be that long this year indeed I expect to be much more concise, much clearer on certain issues. I have to speak from the heart a bit more than usual I think it is appropriate after eight years in this House to do so.

I want to take the opportunity first before I start my principal contribution to thank all the civil servants in the past eight years who have worked with me so well in all my departments, Health, Environment, Heritage, Town Planning, Cleansing, Trade and Industry, Finance Centre, Telecommunications and indeed all the other departments that have interacted with me whenever I have been asked to take a non-departmental issue on board. It is a tribute I think to them, to their dedication, to their professionalism that they have worked well with me sometimes obviously they have privately told me that they do not share Government policy but they have always worked hard towards making it happen and worked with the Government of the day which is what senior civil servants always do, and I am grateful for that.

Mr Speaker, as this is a sort of general state of the nation debate I will on this occasion permit myself some indulgences into other areas by way of observation. I did so last year already and I think it would be useful. First I believe that the general objectives of the Government should be to grow the economy. To seek growth of

the economy in terms of jobs, fostering the expansion of existing business is in terms of attracting new business all of which we try hard at DTI and all of which should be aimed at producing a parallel increase of revenue for the benefit of our community. And increases in revenue should then, prudence allowing, be directed at lowering tax, further investing in public services and capital economic infrastructure projects. Indeed I think we have come a long way in that programme of investment coupled with lowering the burden of taxation on our people. Throughout the last few years we have lowered tax quite significantly. We have restructured the tax bands and as the Chief Minister indicated in his principle contribution at the beginning of this budget the top rate of tax has come down by 5 per cent in the last four or five years which again is very significant. I expect that in forthcoming years we will boldly continue that approach.

For four years I carried the baton of Health Minister and I was very happy to do so. In many ways I consider those days to have been tough but productive, tough because I think Health and Housing are the most difficult jobs in the Government, tough because the service is always running as fast as it can to keep with patient's expectations and tough because however much one tries to rationalise it one is in the world of raw emotion and if a mother thinks she is losing a dying child there is a huge sense of impotence in only administering sympathy instead of solutions. On the other hand it was a ministry that brought me into direct and daily contact with patients and their families which was an invaluable time for me to understand their problems, their aspirations, their expectations. Often they became my problems and merged with my aspirations and my expectations and it is by far much more real in the sense of the word than the more abstract field of work that I have been involved in more recently.

The staff always courteous and hardworking on my political agenda even though with the service of that magnitude and such complexities I faced pockets of resistance from some quarters to some of the necessary changes that needed to be introduced. More doctors, more nurses, more education and training, a better working environment, new legislation, equipment, a review of

standards, regulation of historic and thorny issues such as private practice, I faced all those issues with a sense of idealism and enthusiasm that has merely been tempered through time but not exhausted and so I heard the words of the hon Lady this morning with a sense of amazement. The hon Lady may not have persuaded many people in Gibraltar after that double marathon. She certainly has exhausted them. She called it a "*patched-up job*" the job that the Government had done in Health Services, is it a patch-up to deliver a new hospital for the first time? Is it a patch-up to deliver a New Primary Care Centre? Is it a patch-up to reopen the Training School for Nurses? Is it a patch-up to deliver more qualified nurses, doctors, new working practices? Is it a patch-up to deliver Complaints procedures which may need improvement but it is still better than what there was before which was nothing? Is it a patch-up to try to regulate private practice or is it really a patch-up to do nothing about it and to allow the Wild West of private practice to run rampant in the Health Service like she did for eight years? Is it a patch-up to deliver care for the elderly policy for the first time? One can go on and on and on but length is not quality and length does not persuade people. Fidel Castro can speak for 18 hours but that does not mean he is the oracle of truth and light and a double marathon speech does not convince anyone if everyone knows in Gibraltar what the situation was before 1996 and everyone knows that yes, there may be issues to deal with but that the Government have worked very hard indeed to make things possible and to improve it.

I had the privilege of launching the new hospital project which has been an aspiration for Gibraltar since the first recommendations that the community had outlived this hospital of more than 100 years ago. It is my pleasure to continue working on some, the commercial and financial aspects of the new hospital project with my Colleague Bernard Linares and indeed I have to say it is always a pleasure to work with him and from his perspective though I have not spoken to him about it it is probably true that only someone who has had the hot seat of health can truly appreciate what it is to sit in it. He certainly has my understanding and support. For all those reasons and because the work is not finished it is important to drive through this next

phase of change. The new environment is an opportunity for new working practices and I know many people in the health service will support. The hospital should not be transposed from its location as if it were a simple mechanical act. It has never been about that it is a chance to change the way we do things, to thrust the service forward for users and employees alike and we must continue that push hard. I am confident that we will.

So too there has been a need to address fairly fundamental issues in other areas of the public service at some time and I know we have tried to grapple with these questions in Housing and in Postal Services as I have been involved in both those issues. I believe that in our drive for Constitutional Reform, Self-determination and economic self-sufficiency certainly we cannot take our eye off the crucial issue of a provision of basic services. How do we meet our European Union obligations and our need to have a civil service with the necessary expertise to grapple with increasingly complex issues if the minutiae of a job description often becomes more important than the picture issues of graduates entering into the civil service. How could we attract a multi-national financial services institution to Gibraltar if basic support services were much worse than in competitive jurisdictions and what comfort are the increases in GDP per capita to those who cannot afford to move elsewhere and who suffer long delays to obtain the repair of their leaking roofs and windows?

The average person has no interest in long dissertations about economic models, coefficients or multipliers, indeed I think that the long discourse yesterday, with respect to the Leader of the Opposition, cannot have been of interest to more than a handful of people if that, it was not about real life. Real life is about getting ones children seen by a doctor, fixing ones house, trying to get ones business off the ground, knowing how much money one has in ones pocket. I have sat here politely for eight years. I am a very phlegmatic guy and I hardly react to anything but sometimes I have listened to some memorable things and sometimes, mostly to some fairly unmemorable things I have to say but I cannot help reacting this time. When I first started

studying economics at University I was told it was the study of human behaviour of what goods in services are produced, when and for whom. I was told that to analyse economic issues people use models and data, so far so good, and I was told that a definition of an economic model was to quote, *"a series of simplifying assumptions from which it deduces how people will behave, it is a deliberate simplification of reality."* So, the key words there are *"simplification"* *"reality"* and *"human behaviour"* and yet in the hon Member's speech there was no correlation to human behaviour and it was all about complications devoid of reality and again with respects the realities are what I have told him feeding ones children, getting a job, having a roof over ones head, this is not a game of pure economic theory the data must fit into the pattern of human behaviour not the other way around. I could not help thinking that in many the speech was far less John Maynard Keynes, far less Milton Friedman and much more voodoo economics.

Economic indicators can become mere statistics on pieces of paper which only highlight the wealth of a select few unless we can ensure they trickle down to the rest of our people. That requires the passing on of benefits and the reinvestment of public services for the greater good of our community. Hand in hand with that there must be a much more efficient delivery of services and into the monuments of historic mismanagement and a new culture breathed into these services. I think we have taken strides towards that but we need to go much further we are to emerge from the frustrating morass of bureaucracy in some areas. I put the patience of users and the recognition of many workers that there are areas that need improvement. I support the efforts of my Colleagues who have to struggle with these issues. Again I have the firm conviction that with determination co-operation and time all those issues will be overcome.

Mr Speaker, the general departmental objectives if I can now turn to my department, the general departmental objectives that we have in our department are largely unchanged from those that I have described in previous years. They are to grow the economic activities, to consolidate and support existing business, attract

inward investments, to enhance the international standing and reputation of our Finance Centre, to deregulate and soften bureaucratic impediments as much as possible, to foster competition and liberalisation, to lower the burden of taxation. I firmly believe in economic freedom, competition, deregulation and lower taxation combined with a progressive liberal and caring social policy. In that regard now that I have dealt with the sort of objectives of the department and so on if I can move on to specific areas and activities within that.

Under the heading Trade, Business Development and Industry hon Members will be aware that the Lathbury Industrial Park went out to tender. The departmental committee has met to consider those issues, they have made recommendations which will be considered by Government and then adjudicated I expect the people will be able to take up their unit, there has been quite a lot of competition, double the number of applicants as there are units but I expect that once we make an award people should be able to take up the units by September/October.

The Euro Funding Programme 2000/2006 is in place. I do not intend to go into it in great detail indeed not at all because it has been the subject of questions in the House at every single Question Time so hon Members are well aware of the performance of the Euro Funding programme and indeed I am happy to update hon Members on any aspect. What I will say is what I did say last year, that there is, and I recognise and the Government recognises that land scarcity is a very big issue and there is a need for new space for more reclamation in Gibraltar. Gibraltar needs more land if our economy is to continue to develop. The demand for premises is high, industrial space is scarce, now even office space seems difficult to come by, property prices are booming, there is a need for land not only for residential development but also for commercial and infrastructural reasons. Reclamation is necessary to achieve that and in so doing we must be sensitive to the environment but there is also an environmental balance to be struck so that the economy can prosper and in turn our community can sustain itself by relying on its traditional and new areas of activity. I know there

is an appreciation of all this not least in the heritage lobby that are fully seized of those realities.

The Government have always been engaged in protracted discussions with the MOD on aspects of Crown Lands. I should report to the House on these. Discussions unfortunately with the MOD are slow, painfully slow sometimes pretty much all the time. There is some glimmer of understanding on a variety of issues which we hope to advance, I think it is in everybody's interest for this to be so. There is a recognition of that within the MOD. It would be good if that were the case, it would make public projects proceed and indeed it would make more of our land return to the people of Gibraltar which is the objective that we all have.

There are quite a number of projects that are being advanced by the department which have been touched on. Some of them have been touched on by my Colleague Joe Holliday in his wide-ranging contribution yesterday so I will go through some of them but again as he has covered some of them I will not go into great detail on a number. The Government expect that the second phase of the World War II Tunnels Project will go out to tender, proceed sometime during this financial year and we consider that to be an important project not only from the heritage point of view but from the touristic point of view. That will link in to the first phase of the World War II Tunnels Project and will allow effectively a substantial area of the northern defences in the World War II Tunnels to be opened up for touristic reasons which will regenerate that part of Gibraltar and will be linked up to the newly refurbished Casemates. On the East side my Colleague has indicated that Government should be quite close to adjudicating that project within the next few weeks or months. Discussions are fairly advanced, plans have been submitted and those are under consideration by the Government and as has been made public the project and the proposals are quite extensive and we expect that to be the most significant project that will be awarded by the Government since 1996.

The Rosia Bay Victualling Yard Grand Magazine site went out to tender and was awarded last year. Progress is dependent on the

reallocation of users which the Government are looking at. We have identified a site for the reallocation of those users, the specifications are being drawn up so that we can go out to tender for the contract works to allow the reallocation of those users which will then allow the project to take place but the reallocation must take place before the project can take off.

On Gun Wharf all I would say is that it is tied in in large part with the MOD discussions. In some regards it shows glimmers of light which may allow progress on some issues.

The Westside reclamation, the extension of Europort Road to Queensway and reclamation in front of Rooke again is something that is under discussion with the MOD but the Government would like to progress as soon as possible because plans are fairly advanced. The environmental studies have now been done, they were received over a month ago and the Government are fairly ready to choose the respective option and to proceed with that as long as we can then accommodate the other issues that arise in respect of that project.

In relation to the refurbishment of Orange Bastion and the Chatham Counterguard Road, which hon Members will recall is a project that the Government have to reallocate the user that unblocks Chatham Counterguard at the moment to the North Mole which will allow a road to run through the Chatham Counterguard, without damaging the fortification walls, from Queensway to behind Ocean Heights. The first phase plans are ready, there I think we should be able to go to tender very quickly, the tender is dependent on tying up some loose ends on the reallocation of the users which is under discussion between lawyers and the Government. I hope that that will happen fairly quickly so that we can go out to tender because we are ready to do so now. That is expected to be a 10 month project so I would like to do that soon.

Mr Speaker, I have spoken about Lathbury Industrial Park, the second phase of which has either just been or is about to be awarded and that will commence later this year. In conjunction

with that there is quite a lot of demand for space and the Government are reprising the whole North Mole area to see what industrial space we can provide within the North Mole area which will facilitate us meeting demand in forthcoming years. Finally in relation to commercial projects I would say that Government are considering the use to which we can put the Ragged Staff tunnels which we have received from the MOD. There is a commercial party interested in these, we are considering that request and we are also considering other possibilities for Ragged Staff Tunnels the government have not yet taken a decision. If we were to refurbish the Ragged Staff Tunnels ourselves it will cost about £0.75 million so it is something that the government needs to consider carefully.

Turning to tele-communications and the longstanding numbers issues and the lack of recognition of the 350 I agree with the hon Member who spoke just before me that those issues hamper development and I agree that it is an obstacle to full liberalisation. I am certainly quite clear that those issues stand unresolved. The 350 international telephone code issue, the roaming issue, the scarcity of numbers for allocation to new and existing commercial operators for expansion and certainly I agree that if liberalisation is to really have some meaning operators cannot be given a licence with one hand and then find that their hands are being tied up by a third party. So, I condemn Spain, I condemn Spain's continued undemocratic, anticompetitive obstruction of our rights and the inertia of the Commission and its unwillingness to tackle this issue positively. Gibraltar deserves that its European Rights be respected without pre-condition and without the agonising reluctance of delivery which is so evidenced in certain areas.

Mr Speaker, turning to the Finance Centre I will just say that it has been covered quite extensively by the Chief Minister in his principle contribution. All I would say to support his contribution is firstly that the factors that I spoke about last year the global downturn, the Anglo-Spanish negotiations, September 11<sup>th</sup>, the tax issues, the four issues in part still arise because the global recession is still there, the tax uncertainty is still there and so the Finance Centre as indeed Finance Centres in other jurisdictions

are feeling the pinch in some areas but not withstanding that I think that the Finance Centre is doing well considering that we are in the middle of a global recession and that we still have to clear up the tax issue which is necessary in the interest of parity, certainty and stability. I say that because yes, there has been a decrease in the number of companies being incorporated compared to the year 2000 but 2000 was a boom year and that decrease in the number of companies being incorporated in Gibraltar is much less than it is in comparative jurisdictions. One looks at British Virgin Islands, at other jurisdictions and the descent in numbers of companies being incorporated is much more significant than in Gibraltar and so we are holding our own much better than other jurisdictions and it is true that there has been consolidation in the banking industry and the number of licencees maybe one or two less than it was in real terms when I took over this ministry. I will say one or two less because the hon Member always talks about the number of licences and I always like to talk about the number of banks because some banks have more than one licence and so to talk about the number of licences is always misleading. There are five banks with two licences each there are not 10 banks and so there may be one or two banks less but in reality if one scratches surfaces and then looks at the number of people employed in the banking sector there was a 10 per cent growth last year even with consolidation and even with global recession. The hon Member has recently asked me for statistics and I have been remiss at not writing back to him I apologise for that, he will get a letter from me but I have been out of the office for a bit but he will see that the statistic for I think it was 13<sup>th</sup> June which I asked them to update the date even though he had asked me for a specific date I had asked them to give me a June date because it was more recent is exactly the same as the one I gave him last time. So, growth in employment terms is still there and then one looks at as the Chief Minister indicated at the number of trusts and the number of companies being serviced and there has been massive growth and there continues to be growth notwithstanding recession and one looks at insurance and one has tripled the number of insurers, practically tripled the number of insurers in the last two years largely because September 11<sup>th</sup> has led to a reappraisal of risk

around the insurance world but still it is a very significant increase and the leading players in the industry expect there to be further growth and are very positive and optimistic about growth in that field. So, I think the state of the Finance Centre is good if one looks at the number of lawyers and the number of accountants still growing it would not grow if the Finance Centre were not doing well, people would not be doing business if that were the case and so we will continue to market and develop new areas in funds and insurance and in the recent conference throughout this week on e-business that I was not able to attend, we are trying to tackle, there has been a global downturn on e-business a massive loss of confidence on e-business and a flight of capital from any investment capital from that world but we are now trying to concentrate in a more focused way on the link between e-business and the financial services to try to capture some e-financial services business and that is the area that we think may work for Gibraltar. A niche small labour volume not the high labour call centre because that will not come to Gibraltar because of the different levels of cost so we will continue our marketing effort and we will also continue our non-marketing visits for better awareness and perception of Gibraltar at different levels and I wrote to the hon Member on the visit to Washington and I indicated to him the benefits that could be obtained from a visit in that regard. Benefits that I did not feel I should in the public interest make public. The Government feel that there are different objectives, different tasks that they need to fulfil. Marketing on the one hand, visits of that type of a regulatory informational type which will pursue and progress the case of Gibraltar quite significantly on a low key basis without making it public so that Spain cannot undermine our efforts.

Mr Speaker, as the Chief Minister has indicated the Government pursues clarity, certainty and stability in the area of tax reform and are confident on their proposals, we have announced that we are postponing the possible implementation of the tax package to 2004 as we negotiate and as we are immersed in discussions with the European Commission on a review of that package. We aim to ensure competitiveness. Going forward that is the key for us. On the savings directive I should indicate that the



Government and the industry are reviewing the consequences and the implications of the savings directive which finally has been adopted by Ecofin that seems to have overcome the problem it had with the Italian milk quotas even though Belgium now as the political horse-trading continues is now holding the whole deal to ransom over its co-ordination centres or something like that. The industry is confident that it can still pursue quite a lot of business and that it has quite a lot of scope for attracting business and maintaining business in Gibraltar notwithstanding the savings directive if it does materialise eventually before the legal and political hurdles are overcome.

On the OECD front there has been little development except that there will at some point this year in the autumn be a global forum meeting because there is huge nervousness now within some countries that have been attacked by the OECD initiative that the way that the savings directive agreement has been reached undermines the OECD initiative and particularly in the Caribbean, that has been the impetus, the OECD Secretary General wrote to the European Commission making that point and I know that they have come under a lot of pressure for a global forum to be convened to discuss the implications of the savings directive on the concept of a level playing field because Gibraltar happens to be the European contact for the OECD. The OECD at a meeting in Cayman last year elected geographical contact countries and Gibraltar is the contact country for the European group which includes Jersey, Guernsey, Isle of Man, San Marino and interestingly Bahrain though the last time I looked they were not in Europe but I suppose that they had to put them somewhere but there will be a meeting and there may be implications for the savings directive or certainly for the OECD initiative that will emerge from that and the Government would watch that with interest.

Turning to the Heritage and Planning which is the last area of responsibility I want to discuss, the Government, I personally continue to advocate and pursue a UNESCO World Heritage Status for Gibraltar. The situation is pretty much as it was last year as I described even though discussions with the United

Kingdom Government continue now and I am more hopeful that at least the new Minister will deliver a greater sense of clarity on this issue now that we have met the Department of Culture in the UK last year. I am hopeful that they will consider the case of Gibraltar on its merits and indeed if it is considered on its merits devoid of the political issues of concern then I am certainly very clear as indeed are very senior officials within the UNESCO structure that the Gibraltar application should be put forward to UNESCO for endorsement. I expect that there will be some more clarity this year and I hope to be able to announce it at some point.

Mr Speaker, as I said last year the Government are in the throes of updating the Town Planning Ordinance to clean up some issues that have emerged since the new Ordinance hit the statute box and indeed is also together with landlords and Action for Housing considering some aspects of the Landlord and Tenants Ordinance which is in my opinion in dire need of review and has been for some time. The Government are committed to a Heritage Charter and I hope that later this year we will be able to publish the Heritage Charter in months to come.

Last year I spoke about the Calpe Series of conferences. The Government are committed to that series of conferences going forward, 2003 there will be a conference again on Neanderthals because that is proving to be quite a niche for Gibraltar, it is very successful, two times it has been organised so far and this third time. We have a conference on this area every three years and Gibraltar is becoming quite well known internationally as a focus on a tri-annual basis for a conference in this area.

Mr Speaker, I have spoken on previous years about the system of tax concessions that were first started in Main Street, extended to Irish Town and then included to all areas within the City Walls. The Government intend to extend those tax concessions to the south district and to Catalan Bay this year and we will introduce legislation for that purpose during the coming months.

If I can turn to the Garrison Library I am not leading on these discussions, Dr Linares is, but can I just express my hope that

discussions progress as soon as possible for the return of this valuable asset to the people of Gibraltar. I think it is high time that we got out of garrison mentality and high time that the library which is a valuable piece of Gibraltar's heritage should be recognised as such and not just as the location. At least in theory part of the military garrison I know is used by the public, I know it is made available for use but that does not detract from the fact that at least structurally it does not sit comfortably with the development and Constitutional progress of Gibraltar and the fact that it is without doubt one of the most important heritage assets of Gibraltar which should be returned to the people of Gibraltar within a suitable structure as soon as possible. Indeed, there has been talk that it should be the seat of this House, now I will not enter into that debate whether it should be or it should not be the seat of this House but certainly I will agree that it could be and I certainly do say that it is a valuable asset, I reiterate that it should be returned to the people of Gibraltar as soon as possible and when I look at this House returning to that question, this House is being refurbished all around it it has got scaffolding outside and I say as I said last year I think it is time also that if we are to reflect on the value of this institution in our little democracy that we should also turn our eyes to the internal refurbishment of this House and to the facilities for Members and the facilities for the public as well as the external refurbishment. I think it is a mark of the standing of this House and the standing of this institution of parliamentary democracy if we were to do so and I certainly urge that the House collectively should move to look at that area because I think that it is an important area. One goes around the Commonwealth and the smallest of countries, the smallest of nations have institutions to be proud of and it is a mark of what one thinks of one's institutions in the way that one treats it and I think that we should certainly look at this institution internally as well as externally and when we do so let me say that it is not only about refurbishing this House, Government have a manifesto commitment to review the working practices of this House and indeed they should be reviewed. One looks at the public gallery and there are not many people that come to this House and it should concern Members that that is the case, it certainly concerns me because this House should be in touch with the

people and the people should be in touch with this House. The people elected the Members of this House we need to encourage participation in the affairs of this House and we need to ensure that we communicate and transmit public information to the people and I am concerned that there is a level of disinterest and that has to do with the working practices of this House and I believe that we should take an opportunity to review the working practices of the House to make sure that we reach the people much more. It is a question of restructuring timings, of sittings, restructuring the way Question Time is set up and need I say also my personal view is yes, perhaps we should debate whether we should televise part of the proceedings of this House.

Mr Speaker, I do not tire every year of making the philosophical point that we must protect our heritage for three reasons. Firstly, for its own sake because it is a mark of our advancement as a community that we care for our urban and natural assets as sources of knowledge as monuments of living history as a legacy to successive generations. Secondly, for economic reasons because we have inherited a wealth of resources which are and can for many years form the base of our eco-touristic offering. They will create jobs and properly managed sensitively developed and sustainably conserved generate much wealth for our people. The third reason is much more political. We are a nation that is not a state perhaps not yet a state, our identity as a people, our uniqueness, our rights, our separateness is constantly under assault from Spain, if we do not protect our roots, if we have no regard for our history, culture, urban and natural heritage we cannot properly appreciate still less transmit our identity as a people. We must understand our past to appreciate our present and to determine our future, our right to self-determination cannot be properly exercised, means nothing in the absence of understanding our heritage, our roots and without that knowledge we have no real sense of identity that is why the conservation and sustainable development of our heritage is the task of everyone in Gibraltar and I encourage the participation of every Gibraltarian in that endeavour.

The House recessed at 7.10 pm

The House resumed at 7.25 pm.

**HON DR J J GARCIA:**

Mr Speaker, the last 12 months have been a critical 12 months for Gibraltar. Never before has Gibraltar faced such a serious political crisis. Since the last budget debate in this House the statement by Jack Straw that Britain had agreed the principal of sharing sovereignty with Spain is the furthest that any British Government has gone down the road of appeasing Madrid and selling us down the river. Much has happened since then not least the referendum of the 7<sup>th</sup> November where the people of Gibraltar overwhelmingly rejected a Spanish say in our sovereignty in any shape or form. As far as the Opposition is concerned this means that the sovereignty of Gibraltar should now be taken firmly off the agenda and it should no longer be a matter for discussion with Spain in the same way as the sovereignty of the Falkland Islands is not a matter for discussion with Argentina. The Opposition was therefore surprised to learn that the negotiating process under the Brussels Agreement remains open. We continue to oppose the process and we continue to oppose Gibraltar's participation in it.

To the Opposition the way forward is crystal clear. A Select Committee of this House was set up in July 1999 and embarked on the process of examining and proposing amendments to the 1969 Constitution line by line. As part of this process submissions were invited both orally and verbally from members of the public and representative bodies. The idea behind this was to allow ordinary citizens and other interested parties an input into the work of the Committee. The Committee reported in February 2002 to the whole House and its recommendations were unanimously adopted. This means that all the elected Members of this House, the elected representatives of the people of Gibraltar, Government and Opposition together found a common

position and agreed on a way forward. This was a very significant move we believe that the time has now come to present that Constitution to and open negotiations with the British Government. It is clear that other Overseas Territories are moving ahead with Constitutional Reviews and with ultimate decolonisation. It is imperative that Gibraltar is not left behind in this process.

Mr Speaker, I move on now to the areas within my portfolio of Trade, Industry and Tourism. The estimates for this year show that the budget for Trade, Industry and Telecommunications stands at £2.4 million of which just under 10 per cent or £260,000 has been earmarked for marketing, promotions and conferences. It is curious that only £30,000 of that amount refers to inward investments which is an area where the Government have been found sadly lacking over the years.

Large projects that were announced with a fanfare have failed to materialise like the e-com project at Lathbury Barracks concerning which noises were made of an estimated 100 jobs. We were told during last year's budget that interest had fallen away in the Cable Link project with Morocco. The other Cable Link between Gibraltar and Lisbon which has been the subject of questions in this House as far back as February last year has also not materialised. Other projects that were already here like the Wine Bottling Plant have closed down and left. The reality is that not only has this Government failed to attract projects of this kind to Gibraltar they have even failed to keep some of the ones that we already had. In his budget statement last year the Minister for Trade and Industry said that his objective was to create a good climate for business development and inward investment, words which were repeated more or less to the same effect this year. The Government tell us that they are attracting more business to Gibraltar but the reality is that they have little to show for the hundreds of thousands of pounds that have been spent.

E-commerce is another area where the Opposition believes that the Government have failed to deliver on the expectations that it generated. The Opposition has long made the point that although

Gibraltar transposed the Electronic Commerce Directive and the Electronic Signatures Directive the full legal framework for e-commerce that is required by the European Union still does not exist in Gibraltar. Issues in relation into data protections and computer privacy have still not been addressed. This means that computer hacking and misuse of computers in Gibraltar is not a crime in itself. A legal framework for e-commerce alone is clearly not enough to attract e-business. Questions have also got to be asked as to whether Gibraltar has a right commercial infrastructure in place to accommodate e-commerce activities across the board. Do we have the bandwidth, the merchant banking facilities in place, are we in a position to offer bonded stores services for transshipment of small items sold via this medium, or is ecommerce in Gibraltar forever destined to be limited to services? Do Government not agree that it makes sense to properly address these factors before we embark on marketing campaigns abroad?

Last year the Government told us that they had conducted a survey on e-commerce in Gibraltar. This year all they will probably do is conduct another survey. We have no way of knowing whether the announcements on this matter by the Government at this budget session which were mentioned by the Chief Minister will materialise into anything concrete. The reason for this is that the same project is often announced over and over again in order to create an impression of activity and the project sometimes fails to materialise altogether. These multiple announcements is what happened with industrial units at Lathbury Barracks which is a project that did materialise. It was included in the Chief Minister's New Year Message in 2001, was raised several times in this House until the tender finally came out in March of this year 2003 amidst the funfare of publicity. Two years and multiple announcements later.

The question of licensing hours is also an area of concern. The federation of small businesses has included this in its annual report for four years in a row. This saga started with the Government inviting submissions from interested bodies on the subject. The FSB as one of those bodies submitted its views in

November 2000. In the summer of 2001 the Government introduced new licensing hours on a temporary basis applicable to certain designated zones in Gibraltar. This arrangement was criticised by both the Chamber of Commerce and the FSB as being discriminatory between some licence holders and others depending on their location. A decision on what to do with a temporary arrangement was expected by the autumn of 2001. We are now coming to the summer of 2003 and still no indication has been given as to what is going on, what is going to happen with the so called temporary arrangement in relation to licensing hours and also with other related areas where submissions were invited and received.

Another issue where the traders have also been critical of the Government are the question of the EU and Gibraltar Government funding. The trading community constantly complains and the procedure for accessing small grants is too cumbersome, too complicated and not at all conducive to encouraging small businesses to access these funds. I know that in the past the Minister for Trade and Industry has said he would look into the matter but has anything been done to actually see to it? Indeed in the past the Government themselves have complained that there are not enough private sector projects coming forward for EU funding. This is hardly a surprise faced with a mountain of paperwork, requests for all sorts of information and long delays in decision making many businessmen are put off even before they have started. I realise that in the case of EU funding there are certain EU criteria to be met however in the case of Gibraltar Government funding there is no reason why the procedure should be complex and why comparatively so few come forward. In the years 1998, 1999, 2000 and 2001 only 27 applications for funding under the Gibraltar Enterprise Scheme were approved. There is a case to be made for a simpler and faster procedure for local grants where decisions are taken by officials within the parameters of the policy set by the Minister. This will speed up the decision making process.

Mr Speaker, I move on now to financial services and in doing so I need to answer some of the points that were made by the Minister

for Trade and Industry in his own contribution a few minutes ago. It is true to say that most ordinary people would really not appreciate or understand the talk of multiplier effects or of Input/Output Studies or of coefficients and that that might go above the heads of ordinary people but it is also true to say that that would happen regardless of whether it is the Government or whether it is the Opposition that is making those comments and the same criteria would obviously apply when the Government launched the Input/Output Study at the John Mackintosh Hall and all their associated publicity that went with it. Really, it applies regardless of who it is that is making the comments. The concern that the Opposition have been voicing is that the figures that the Government have been using are actually wrong and if the area of the financial services which is the one that I have just come to and to which the Minister is responsible, the report shows the same figures for 1998 as for 2000 and which means that there is absolutely no growth from 1998 to 2000 according to the figures in the report. The Government themselves in 2000 and also now in this House described that year as being the crest of the wave for Finance Centre but one of the two have to be wrong there cannot have been sales of £220 million and 935 directly employed in the Finance Centre in one year and in the other year and there was also a period of growth at the same time, either their analysis is wrong or the report is wrong. That is the point that the Opposition have been making.

There have also been a number of international challenges facing the Finance Centre and the Minister has already referred to some of them in his address. I will be making a number of specific points on these issues. The first is the State Aid Investigation into the proposed reform of business taxation. The Opposition feel very strongly that this is an issue of national importance where more appropriate methods of consultation could and should have been used. More information has been made available to the Opposition from the Spanish press and from the European Commission website than from the Gibraltar Government, this is totally unacceptable. On the 16<sup>th</sup> October 2002 the European Commission wrote to the British Government as part of its investigation. The Gibraltar Government were made aware of this

by the UK five days later. Neither the industry in Gibraltar and certainly not the Opposition were made aware of this nor of the fact that interested parties could make representations of their own before the 4<sup>th</sup> January 2003. As a result no interested party from Gibraltar other than the Gibraltar Government made submissions to Brussels. Indeed the Finance Centre was completely shocked when the Commission's letter became generally known in Gibraltar after the deadline for making submissions had elapsed. It will be recalled that at the time the Chairman of the Finance Centre Council described the Commission's letter as a comprehensive demolition of the tax reforms. The Government would have saved everyone much trouble and anxiety had they taken key players into their confidence and explained what was going on. Their failure to do so must be roundly condemned. Despite the fact that the Opposition has behaved in a sensible and responsible manner by holding back on areas of specific criticism throughout this episode it is regrettable that the Government have not reciprocated in the same due regard. On behalf of the Opposition I wrote to the Government on the 15<sup>th</sup> January 2003 requesting on a confidential basis a copy of those submissions the Gibraltar and the United Kingdom had put to the European Commission. The Government replied on the 25<sup>th</sup> January 2003 seeking clarification of some issues with respect to confidentiality and informing the Opposition that legal advice was being sought on whether the submissions could be made available or not. The Opposition wrote back again and clarified the questions raised. We have not had the courtesy of a reply even though we raised the issue in this House in April. The implications are that the Spanish Government in Madrid are already aware of the submissions made by Gibraltar and London of the tax reforms it would therefore come as no surprise to us to find out the contents on the Spanish press in the weeks ahead. This is absolutely shameful and we are not the only ones who are critical in the annual report for 2002 the Federation of Small Businesses also complained about how the Government had gone about it. The GFSB says and I quote, *"It is no good to say that we anticipate that the EU would clear the tax reforms without having some alternative ready and waiting because it is evident that the industry in Gibraltar led*

*by the Government and certain members of the Finance Centre Council continue to be reactive in a world that requires a proactive stance.” They also make the same points we have made when they say and I quote again, “Recent draft legislation currently before the EU Commission has taken over 12 months to complete and is not available locally for comments or publication how can the players in such an important part of Gibraltar’s economy be expected to promote their industry when they are kept in the dark about the proposed legislation.”*

Another area we have been critical is the way in which the Government have handled matters in the negotiations concerning the EU directive, the taxation of savings income. In a state of the nation address to the Chamber of Commerce in October 2002 the Chief Minister made a comment which may explain the frame of mind the Government were in and in turn account for the way in which they dealt with the issue. Mr Caruana told the dinner with regard to the taxation of savings income directive that it is increasingly safe to punt that it will never see the light of day. I hope that the Chief Minister is not a betting man it is now clear that the directive will see the light of day despite last minute problems. To cross ones fingers and hope that something will not happen has never proved to be a good strategy. In response to Questions in this House in February 2002 the Government said that no negotiations were taking place to persuade the United Kingdom to allow Gibraltar to enjoy transitional provisions from the application of the directive on the taxation of savings income. We were told at the time that London had refused to promote amendments to the draft directive that would have this effect, the aim would have been to persuade the United Kingdom to negotiate the same choice between a withholding tax and exchange of information for Gibraltar as for the Crown dependancies or the transition scheme applicable to us through Luxembourg and Belgium. As far back as the budget of 2001 the Government had identified this as a most serious challenge affecting the Finance Centre. Given this assessment it led us believe that the Government failed to develop an alternative strategy from the time they told this House that London could not be persuaded to move at the beginning of 2002 to when the

directive was finally given the green light by all concerned some weeks ago. For instance we heard at one point that earlier this year that a legal challenge was being looked at, we have heard nothing more on the matter.

Mr Speaker, I move now on to banking which is touched upon by both the Minister for Trade and Industry and the Chief Minister in their contributions and it is relevant to note with relation not just to banking but even to other issues where the Members of Government have made the same point and that is that they seem to be very selective in the criteria as to the use of statistics. When the Opposition use statistics these are called misleading or ill-informed or what have you but when the Government uses statistics they are not and, for example, the Minister just said that it is misleading to talk about banks the number of bank licences because one bank may hold more than one licence. When banks come in they use statistics that suit them but when banks go out they describe the use of those same figures in the same way as being misleading. The banking sector is an area that could be doing better, has done better in the past and therefore gives us cause for concern. There can be no doubt that the state of the banking sector today has declined from what it was in 1996 when the GSD came into Government. There were 26 banking licences in Gibraltar in 1996, again I refer to licences, in March 2003 that figure stood at 18. The total assets held by banks has also fallen from £6.4 billion in 1996 down to £4.9 billion as at March 2003. The Chief Minister referred to the effects of the consolidation that has taken place in the banking industry and suggested that the decline here was smaller in proportional terms than what it has been in the Channel Islands. It is true to say that the number of banks has also contracted in Jersey and Guernsey however, the level of business by those banks that remain remains unaffected and has actually grown. Less banks are doing more business in the Channel Islands, with the level of deposits up by 56 per cent in Jersey from 1996 to 2002 and up by 69 per cent in Guernsey in the same period. In Gibraltar we have less banks doing less business. In any case we have only 18 banks compared to 59 and 67 in Guernsey and Jersey respectively according to the latest figures that we have. In the last trading conditions survey

published by the Chamber of Commerce a huge proportion of businesses believed that there is a need for more choice of commercial banking service providers in Gibraltar. The Government themselves have mentioned initiatives in this budget that they intend to take in this respect. The essence of the feeling among members says the survey is that the reduced competition resulting from a reduced choice of retail banking has led to a service that can be inefficient and expensive. The Opposition see the Finance Centre in general and the banking sector in particular as a source of economic wealth and employment for our people. We want to encourage more banks to set up in Gibraltar to employ more people. The latest employment figures that we have show that as at June 2002 the banking sector included 18 employers with a total of 690 registered employees of which 476 were Gibraltarians. In December 2002 the total number of persons employed in the sector had fallen to 663 of which 455 were Gibraltarians. The figures for March 2003 have been requested in writing twice from the Minister of Trade and Industry the first time on the 25<sup>th</sup> April and although we have not had a reply to-date the Minister has said that a reply will be forthcoming shortly. In the last 12 months Abbey National announced the scaling down of its operations in Gibraltar by handing back its licence. Two other banks, Credit Agricole Indosuez and Hispano Commerzbank announced that they were closing down completely. The former alone involved 32 persons being made redundant only 8 of whom were taken on by another bank. In October 2002 Barclays announced 11 redundancies and in April 2003 of this year the Royal Bank of Scotland announced that 25 jobs were expected to be lost in the banking group following its take over of NatWest. The Opposition believes that there is potential for growth in the banking sector and we are confident that more banks can be attracted to Gibraltar what is indisputable is that the sector has failed to grow since 1996 when the GSD came into office.

Mr Speaker I now move on to issues relating to tourism. It is clear that the press releases issued by the Opposition have upset the Hon Mr Holliday, perhaps he is upset because he would prefer it if people did not know the amount of money that he is spending and

the proportionately poor results that are being obtained in exchange. It is indeed up to Mr Holliday to answer for his record at a political level and to defend the effects of his spending spree and his globetrotting in the same way as it is our duty as the Opposition to point out the shortcomings of his policy. However, for him to suggest that such press releases are ill informed or misleading is complete nonsense given that more often than not these are based on Government figures that are supplied to us by him. It is also relevant to note that despite the continued lectures on the different marketing strategies adopted from year to year that we have come to expect from the Minister since he became Minister for Tourism the Chairman of the UKGTA said in an interview recently that with regard to marketing strategy nothing much has changed. A few days later the meaning of this comment was clarified and I use the word "*clarified*" and leave it to the imagination of listeners. The UKGTA Chairman said that nothing has changed.

The tourism budget stands at a total of £3.2 million of which £950,000 are spent on marketing. It is therefore essential to conduct an analysis to see whether the Government's expenditure in this area is matched by the results that are obtained. According to the information supplied in answer to questions in this House the expenditure on trade fairs has been considerable. It cost nearly £25,000 for seven persons including the Minister to attend FITUR in January 2003. Sending nine persons to the World Travel Market cost over £44,000, sending two persons to CONFEX cost over £8,000, three persons went to the Sea Trade Cruise Convention in Miami at a cost to the taxpayer of over £25,000 and seven went to the London Boat Show in January 2003 at a cost of nearly £23,000. Given the considerable public expense involved in these trips abroad it is only justified for the Opposition to question whether there has been a solid return on the investment made. I intend to look at specific areas in this analysis and start with cruise liners given that the Cruise Convention in Miami, Sea Trade in Genoa, Posedonia, The Athens Maritime Seminar, The London Boat Show, all relate to maritime issues. I will start with cruise calls.

The number of cruise calls at Gibraltar has been down year on year since 2000. This is a trend that was established before the tragedy of 11<sup>th</sup> September 2001 and which is already apparent in the first eight months of 2001 from January to August. The Opposition regret that it has continued. In his budget address last year the Minister for Tourism said that this downtrend was something that affected all Mediterranean ports not just Gibraltar. This year Mr Holliday has told the House very much the same thing adding that he is pleased with the 2002 results given that it came after the aftermath of 11<sup>th</sup> September. This information is what is ill informed and misleading as I shall proceed to explain in more detail. In his opening address the Chief Minister as well also said that Gibraltar had put up a good performance despite 11<sup>th</sup> September and other global factors. He was also critical of my annual comparisons with Malaga and claimed that Malaga was starting from a low base and that was why in percentage terms they had higher growth in cruise calls than Gibraltar. The Chief Minister is also completely mistaken in his analysis. The comparisons that I made with Malaga are not in percentage terms but in terms of actual cruise calls and actual cruise passengers, that is to say the number of cruise ships and the number of visitors on board cruise ships. Indeed if Malaga started after Gibraltar and started from a low base as the Chief Minister suggested, they have not only caught up with us, they have zoomed past and left us standing in our wake. Malaga had a record year in cruise calls in 2000 with 250 ships and Gibraltar went marginally down to 149. This is not a proportion or a percentage it is over 100 actual cruise liners more calling there than Gibraltar. The Chief Minister has also suggested in his address that it is unfair to compare what he described as the Florida of Europe in tourist terms with Gibraltar. In that case let us look at Cadiz as well in order to keep the Chief Minister happy. Cadiz obtained 160 ships in 2002 at a time when we obtained 149 it is clear that the feeble excuses put forward by the Government simply do not wash and that Mr Holliday is doing no more than clouding his failure with insults and innuendo. The point is that other ports on both sides of Gibraltar are doing better than Gibraltar. The Minister has argued in the past that cruise passengers is a more important criteria to use than cruise ships

because the trend in the industry is for larger ships. Even using this criteria Gibraltar does not fair much better the number of cruise passengers calling at Gibraltar has gone down from 2000 to 2001 and down further still in 2002. The Opposition is sorry to note that the opening results for the first quarter of 2003 are not very encouraging in January, February and March 2003 only three cruise liners called at Gibraltar carrying a total of 984 passengers this is the lowest figure for those three months since the GSD came into Government in 1996. In the same period that we had three cruise calls Cadiz again had six times as many with 19 cruise calls and it is relevant to point out that today I actually managed to obtain the latest figures for Cadiz which say that they have already had a total of 64 cruise calls 24 of which came in May which is an increase of 77 per cent compared to the previous year. Therefore, the Minister has got much to answer for whether he likes it or not. We never cease hearing how successful this trade fair has been or that promotion has been and this is not reflected in the results at the end of the year. Gibraltar is fed up at the same rhetoric year after year, the same propaganda year after year, the same failure to deliver results in accordance with the money spent year after year, how on earth the Government can boast of a very good performance in the circumstances is beyond me.

In their annual report the Chamber of Commerce points out that retailers are complaining that there is a shortage of cruise passengers reaching the shopping area. It is not surprising that traders are unhappy. Cruise passengers are regarded as high spending tourists who contribute to our economy directly and indirectly in many ways. The Opposition and the traders want to see more of them. The Government have failed to deliver more. The Minister for Tourism told the Shipping Seminar in Greece that he expected about 170 cruise calls at Gibraltar in 2002. As we know he did not get 170 calls instead he got 149 ships coming here. Mr Holliday highlighted the objectives of the Government in respect to the cruise industry, these aims included and I quote, *"Consolidating the reputation of Gibraltar as a cruise call of excellence, to grow the number of cruise calls and in particular the number of persons arriving at Gibraltar on board cruise ships."*



I put it to the Minister that using the criteria and the yardstick set by him in Greece he has failed dismally in every respect.

Mr Speaker, I now move on to yacht calls. The clichés and catch phrases that we hear all the time are no longer enough and are being increasingly seen through by many people. There are further examples of this. In January 2003 the Minister went to the London Boat Show, I mentioned earlier this cost nearly £23,000, there the Minister said that this strengthened the commitment to increasing the Rock's potential as a port of call. He said it was the ideal showcase for the splendid facilities that Gibraltar has to offer. Is it not about time that he stopped talking about harnessing the potential of Gibraltar and actually doing something about it. The Minister must know that the number of yachts that called at Gibraltar is now nearly 900 less than when he came into office in 1996. The number continues to fall in the first quarter of this year already 69 yachts down on last year's figures which themselves were already down in relation to the year before. The Government for the first time recently put forward the novel argument repeated by Mr Holliday that what counts is the length of stay by yachts and not the number of yacht calls. This is a curious development not least of all because yacht length of stay figures are not published in the official statistics. In their annual report the Chamber of Commerce itself points to the decrease in yacht arrivals and says this is part of a decline in a trend since 1996 when they peaked at 5,042. Indeed the expenditure by yacht visitors in Gibraltar in 2002 continues to fall. It fell to £220,000 from £350,000 in 2001 according to the latest Government figures moreover the 2002 expenditure was lower than 1999, lower than 2000 and lower than 2001. It is quite clear that the Government have failed. In a list of all eight major conferences and exhibitions that they attended, five were directly connected with the maritime sector yet the indicators point to the fact that tourism by sea continues to contract. Yacht arrivals are down, yacht visitors are down, cruise calls are down, cruise visitors are down, expenditure by yacht visitors is also down. Despite this, like the Roman Emperor Nero who fiddled whilst Rome burnt, the Minister looks the other way away from the evidence and insists that all is well. If all this were not enough

evidence the latest Chamber of Commerce survey shows that all respondents in the maritime and yachting centre all of them had static or declining sales in 2002 when compared to 2001, nobody had had a better year therefore the yachting industry like the cruise industry is far from growing at this point. The lack of direction and results does not end there. The tourist office in Madrid which was closed for many months in the last financial year was not manned until November 2002. The tourism figures for Spain from October 2002 to January 2003 show the total number of tourists was the highest since 1997. In January of this year it was 10 per cent higher than January last year. Andalucia experienced a 14.9 per cent growth. Given that a large proportion of our tourists are day visitors who come to the Costa Del Sol and visit Gibraltar for a day and given that the Costa is doing well in this respect it is not clear why Gibraltar does not enjoy those levels of growth with the overall figure up only 4 per cent. In the past when tourism to Gibraltar has dropped we were told that this was because tourism to Spain had dropped, now that tourism to Spain, Andalucia and the Costa is up, are we not entitled to expect Gibraltar to increase proportionally? This has not happened.

There has been over 2,000 coaches less coming into Gibraltar in 2002 when compared to the previous year. This represents a 14 per cent drop. There has been a decline year on year for the last three years, this trend continues into the present year 2003. From January to April 2003 we are already 444 coaches down from last year this is not healthy. In the past the Government have suggested that roadworks in Spain discourage coach operators and passengers from coming to Gibraltar. The new Spanish toll motorway is in place and the free dual carriageway is ready and yet the figures continue to fall. The figure of 411,664 coach passengers for 2002 is the lowest and lower than 1996. Moreover there is a corresponding drop of 16 per cent in the number of people who came to Gibraltar by coach in 2002 when compared to 2001. Against this background it is difficult to see what Mr Holliday has to be happy about. In a sense the drop is highly surprising, what is it that greets those tourists when they go up the Rock to see our prime attractions? They are met by dirt

and filth everywhere, litter all over the slopes near St Michael's Cave, the City Under Siege Exhibition completely overgrown with some wax models wearing faded uniforms and others having no heads, the road to the Upper Galleries cracking and barriers in place, the road up to the caves subsiding at the edges, they were generally met with poor or no toilet facilities. The Opposition has raised the state of the Upper Rock inside and outside the House of Assembly on countless occasions. The Government only chose to act this year following months if not years of complaints and pressure. If this is how Mr Holliday the Minister for Tourism looks after Gibraltar's most prized tourism asset then he has been negligent to his duty in a very high degree.

The other area which has been a total flop has been the Government's attempt to attract a new airline to Gibraltar. The Minister chose to mark this failure by stressing in his address the visitor air arrivals figures even though the Opposition has not mentioned the visitor air arrival figures in press releases, in those press releases that he obviously finds so annoying. The debate is about air route not air visitors. The history of the Fly Europa saga is well known. It also resulted in several announcements being made to the extent that it is obvious the Minister feels uncomfortable and embarrassed when the issue is raised in this House. As the House knows the flights by this airline to London, Stansted and Manchester airports have still not materialised we now understand they may not materialise at all. The Opposition believe that it is imperative to open up Gibraltar airport to new routes and to new airlines. This must include routes to the north of England and even to Scotland. This very same point is also made by both the GFSB and the Chamber of Commerce the latter have called on the Government to encourage flights from airports like Manchester, Birmingham, East Midlands and Bristol. I think that the argument looks all the more persuasive as new airlines were flying such routes to Malaga airport. It is also increasingly important to re-establish flights between Gibraltar and Heathrow airport given that the majority of international business departure points are being transferred from Gatwick to Heathrow according to the Chamber of Commerce.

The track record of the Government with regard to new airlines is therefore abysmal. In their time in office Gibraltar has lost air links with Manchester, London/Heathrow, Tangier, Casablanca and Marrakesh. It is not good enough to say these are commercial decisions taken by the airlines. If the Government take the credit when new air routes are opened they must also take the stick when those routes are closed. It is a cause for concern but the latest information from UK tour operators suggest that the advanced bookings for 2003 are down between 20 per cent and 40 per cent in that category. Indeed the average length of stay by tourists in our hotels was 3.0 days for 2002 this is the lowest figure since 1996. We are not saying that tourists are not coming to Gibraltar what we are saying is that the results do not match the investment made and that this money could have been better targeted and better spent. The Minister for Tourism was away from Gibraltar on Government business for 37 days in the last financial year. This is well over a month. The Government keep on telling us how well they are doing by attracting business and visitors to Gibraltar. Neither the visitor arrivals nor the business obtained have any bearing on the huge sums of money being spent around the scale of the ministerial globe trotting that is taking place.

Mr Speaker, in conclusion having heard Mr Holliday's contribution to the budget debate I am reminded of the Iraqi Information Minister who kept on claiming to the world how wonderfully they were doing when everyone knew from the evidence available that this was little more than exaggerated rhetoric and empty propaganda.

## **ADJOURNMENT**

The Hon the Chief Minister moved the adjournment of the House to Friday 27<sup>th</sup> June 2003 at 10.00 am.

Question put.

Agreed to.

The adjournment of the House was taken at 8.05 pm on Thursday 26<sup>th</sup> June 2003.

### **FRIDAY 27<sup>TH</sup> JUNE 2003**

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 Dr J J Garcia

#### **ABSENT:**

The Hon R Rhoda QC- Attorney General  
The Hon J J Bossano - Leader of the Opposition  
The Hon J L Baldachino  
The Hon Miss M I Montegriffo  
The Hon Dr R G Valarino  
The Hon J C Perez  
The Hon S E Linares

#### **IN ATTENDANCE:**

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

Debate continued on the Appropriation (2003-2004) Ordinance, 2003.

#### **HON CHIEF MINISTER:**

Mr Speaker, after the excesses, nonsense, distortions that we have had to endure from the Members of the Opposition during the last two days it is really little wonder that only one of them is willing to be in the House this morning in order to listen to the response. Just record on Hansard that only Dr Joseph Garcia is present on the Opposition benches as I rise to respond to their addresses in respect of the budget session.

**HON DR J J GARCIA:**

Can the Chief Minister give way?

**HON CHIEF MINISTER:**

No he will not. Mr Speaker, it is really quite difficult to know how to start responding to the endless litany of non-issues of exaggerations, of inventions, of half-truths, of non-truths on which much of what the hon Members have said are based but one can almost establish a theme, a strategy, a tactic. The object is this, how can we show that things are going badly wrong in Gibraltar even when they are not or even when they are going quite well, how can we show that even good projects that Gibraltar has been hankering after for decades how can we show that even good projects are bad projects, how can we show that the Government are doing everything wrong and nothing right, how can we make black look white or white look black? Because their definition of politics is not to criticise the Government when they need to be criticised and of course the Government do some things well and some things badly and some things okay and I am sure there is things that can be criticised of this or any other Government's management of the affairs of a small country over a four year period. But their style of politics is not that, their style of politics is see how they can con the electorate, that things are the way they want them to be and not the way they are. So, if those are their objectives what methods do they apply to achieve them? Well, the first tactic is if one has figures in front that show a picture which is not the one one wants to deceive people into believing is the case it is simple to rubbish the figures. If we can rubbish the figures or perhaps if we can rubbish the authors of the figures then who knows we might just convince some people that what we are trying to persuade them of is true. We might be able to persuade some people just by rubbing the figures that black is white and white is black and when rubbing the figures do not work because things and achievements are visible and not even they dare try to persuade the people of Gibraltar that what they are seeing is not

actually there to be seen. So when they cannot rubbish figures they rubbish the project instead during its construction phase whilst there is still enough material to sow the seeds of doubt and uncertainty and criticism. So, whilst projects are in the design construction phase they rubbish the project consistently. The new hospital is the worst thing that the Government have done followed closely by the Theatre Royal, two major flagship projects that Gibraltar has been wanting and needing for decades and they have contrived in their own little tactical distorting deceiving political style they have decided that what needs to be done is that these projects must be discredited least the Government should reap some electoral political harvest from them. Even in that they are inconsistent. Having spent the best part of an hour between them trying to rubbish the Theatre Royal, Dr Valarino lets the mask slip because having rubbed the project he then says, *"and the Government are cynics because they have timed the Theatre Royal project to coincide with a general election."* Well, is it a good thing or bad thing? If we are cynics because we have timed it to coincide with the general election their concern must be that it is a good thing because it would have to be an idiotic cynic to do something bad and time it to coincide with a general election. So they are not even honest in their own political analysis. It is a good project when they think that we have been electorally cynical and wheeled it out in advance of a general election and then it is a bad thing in case we pull it off in advance of a general election. It is just typical of their style of politics which is based on hoping that the electorate can be kept in as much darkness as possible for as long as possible so that they make their decisions on the least informed basis, and why should it not be their style in Opposition? After all it was their style in Government for eight years and then the problem is that even projects that they rubbish in the course of construction eventually materialise and then people say, *"Oh what a nice thing what a nice project."* So, they have got to find some tactic for how to deal with things that cannot be demolished by rubbing statistics and good news stories that cannot be rubbed by rubbing the project because it is there and people can see for themselves and there is no longer any point or dividend in trying to pull wool over people's eyes. So, the last recourse is if it has been done and it is good let us at least criticise

for how long it has taken even if it is a project that they would not have done at all because I can understand that the hon Members if they thought that something should be done that they should criticise that it takes more or less length of time to do it what I cannot understand is that the hon Members criticise us for taking too long to do things which are our policies but not theirs. Presumably they should want us to take the longer the better given that they do not approve of what we are doing so rubbish the statistics, rubbish the project and then when the project materialises and cannot be rubbished anymore just say it has taken too long. Just use the word '*delay*'.

Let me tell the hon Members something, a little less haste and a little more delay and a little better planning in their days in office would have saved Gibraltar a considerable amount of money and would have saved many thousands of homeowners a considerable amount of anguish and heartache. This Government are still paying the economic price and the people of Gibraltar are still paying the social consequences of their rushed construction of Harbour Views. We are still having to carry out repairs to Gib V, we are still having to carry out repairs to Brympton, we may now have to carry out repairs to Montagu Crescent and we have to spend millions and millions I seem to recall £12 million of tax payers money in buying Gibraltar out of their PFI deal with the refuse incinerator that never worked. Their philosophy is do things in haste and repent at leisure our philosophy is let us take a little bit longer but let us get it right. That way future Governments of Gibraltar that may succeed us will not have to struggle as we have had to struggle with the legacies of incompetence in the administration of public projects that was their legacy to us. Then the fourth element of their strategy has appeared quite clearly from all that they have said during this budget session to-date is let us accuse ministers of non-existent, non-existent I repeat rudeness and personal attacks to us in order to justify our rudeness and personal attacks at them so they fabricate an atmosphere of personal attacks, rudeness and discourtesy against them by ministers which does not happen as simple cover for the sheer rudeness and discourtesy that they deploy in the absence of anything substantive to deploy. In this category one of the

contributions from the hon Members of the Opposition that merits particular comment and I will deal with it in a little more detail later is the hon Lady Miss Montegriffo.

The sum total of Miss Montegriffo's and Dr Garcia's remarks are that I am like Saddam Hussein, the Minister for Tourism and Transport is like Saddam Hussein's Minister for Information and Bernard Linares according to Miss Montegriffo stoops to gutter politics. Who does Miss Montegriffo the hon Lady hope to persuade that Bernard Linares conducts gutter politics? If Bernard Linares can be reproached for anything in his political style is that he is not aggressive enough. That he does not defend himself enough politically. Who does Miss Montegriffo, the hon Lady believe is going to believe her when she says that Bernard Linares practices the politics of the gutter? Does she not realise that when she makes unbelievable assertions of that sort all that she is actually achieving is depriving from credibility everything else that she says because if after all if she is prepared to treat the people of Gibraltar with that degree of contempt when it comes to categorising the political style of Dr Linares the people of Gibraltar will ask themselves, "*Well if that is her degree of judgement presumably it is the same degree of judgement that she has deployed in all the other points that she makes.*" Does she not realise that she simply lacks the personal credibility to pull off personal abuse of that sort? Her raising of the subject of Saddam Hussein of course opens the door to me to remind the people of Gibraltar of some things about them which the people of Gibraltar ought not to be allowed to forget. I will come to that later. The final element of their debating strategy is that one launches a half-truth sometimes even a complete non-truth or even a speculation or even attributing to Ministers something that they have not said or twisting the way they said it some complete or partial fabrication and then they launch an attack based on their own complete or partial fabrication. They do it repeatedly and I have to say that the worse offender in that respect is the Leader of the Opposition. One makes a passing remark which is a false premise and then one spends an hour and a half building an attack or a criticism based not on the reality but on the false premises that he launches in the first place and this is classical Bossano political style. He

had done it all his political life since he first arrived in public life in Gibraltar and it seems that he is determined to leave public life in Gibraltar with exactly the same unreconstructed political and debating style. So, if a naïve Martian had been sitting listening to this debate in the House he would have had to believe what the hon Members have wanted the people of Gibraltar to believe which is, in a nutshell, that everything that the Government do is wrong and that nothing that the Government do is right. That our external policy is wrong and that we are not fit and safe custodians of Gibraltar's external political interests, a view let me say, in which I think they are now in an ever increasing minority. Or rather, the size of the minority is getting smaller and smaller and smaller of the people who share that analysis of our credentials to uphold Gibraltar's external political interests in a way which is much more likely to pay dividends, which is much more likely to deliver success, which is much more likely to deliver economic stability and therefore high standard of living for our people in the meantime than their firebrand chuck everything out of the window approach to things. So, the economy is floundering, the health service is in a shameful crisis, traffic is in a chaotic state in the words of one of the hon Members, we have failed the people of Gibraltar in all the social caring services, in Housing, in Education, in the lot. Let us review some of these observations.

One thing that I did notice from the hon Members however was that the aggression of their speeches was a reflection of the likelihood that they are going to contest the next general election and that the most aggressive speech from the Hon Miss Montegriffo appears to have come from the Lady who is reputed to be most borderline for selection as a candidate by her executive so I suppose one charitable interpretation of her extraordinary speech would be that it was not actually meant for this House, that it was not actually meant for the people of Gibraltar that it was actually meant to try and persuade the executive of her party not to deselect her and actually from that point of view I think it was a very good speech, by that criteria, never mind the accuracy of its content but at the end of the day I do not suppose that that is something that would be taken into account. At the other extreme we have the contribution of the Hon Pepe Baldachino who is also

reputed and rumoured not to intend to contest the election as there are Members in Government who are in the same position who delivers a speech which is constructively critical of the Government which points out suggestions of things where the Government have or has not failed to go far enough in their reforms. The Government may or may not agree with his proposals but he obviously does not feel the need to sort of go on the politically opportunistic rampage that some of his Colleagues did.

So, if I could start with the Hon Mr Baldachino's observations, his first observation was that Maternity allowance should be paid to non-married mothers as I understood it. But the point about social reforms is that one cannot go in one step from a complete under provision to what we might all regard as a desirable objective. Social policies in particular are developed incrementally and they therefore develop in a way which is financially affordable and which year on year delivers to Gibraltar a more modern, more European a more inclusive social policy that delivers the widest possible safety net to all the people in need but I am sure that the hon Member in urging us to go even further than we have gone will not forget that we have raised Maternity allowance from £50 to £350 and that during all the years that they were in office they chose not to raise any of these allowances. So whilst I agree with the hon Member that his suggestions are a logical next step if one likes in the context of reforms and whilst I acknowledge that he delivered them in a mild and constructive fashion and that is how I have interpreted them and accepted them but that they are points made across the floor of the House by a party who was only not concerned about whether unmarried mothers had maternity allowance but in fact they were not concerned about whether anybody had a maternity allowance married or unmarried. If we had an allowance which they inherited, £50 in 1988 and when they left office in 1996 was still £50 the clear indication is that the value and the worth of this allowance and that the rules applicable to many of these allowances albeit that we may have increased the level of them but in almost all of these allowances the rules are the ones that we inherited from them. I do not say that thereby the hon Member is not entitled to say we did not do it in the eight

years that we were in office but now that they have tackled the area they might like to take these points into account and we will, we will take them into consideration in the spirit in which the hon Member made the points and the point that I have just made can also be made about disability allowance. The hon Member was reflecting a correct social attitude when he raised the question of whether the disability allowance rather than being a peripheral sum of money, whether the disability allowance in Gibraltar actually adequately provide economically for disabled people whose inability to provide for themselves economically may exceed the amount of compensation that the present structure delivers to them. That is how I understood his point and I think that that is a socially correct analysis and he will have heard me say in my original address on the budget as one of my budget measures that the Government intended a thorough review of the disability allowance precisely as I said the day before yesterday in order to ensure that it delivers an adequate level of financial means to disabled people and when he says that the disability allowance should in effect merge into the minimum income guarantee, in other words that the minimum income guarantee system should be extended to disabled people I think that that is a logical progression of a minimum income guarantee system that we introduced that was not available when we arrived in office even for the elderly and in asking us to fine tune the minimum income guarantee to include disability allowance I think he will in the constructive and I believe sincere spirit in which he made his address that he is bound to acknowledge that when they had the opportunity to do so not only did they not have a minimum income guarantee either for the elderly or for disabled but indeed that the disability allowance itself inadequate as he now believes it to be even after we have increased it now twice since we arrived in office had never been increased by them in eight years. So, this concern now which I welcome and which I accept constructively, on behalf of disabled people is not a concern which they deployed at all in these areas when they were in Government and I understand and I accept and I hear what he said that he did not have political responsibility in Government for these issues. These points are not made to him, they are made to the

Opposition the party of which he is part which was in Government, which did have the opportunity and which was not taken.

Another of the points that he made with which I agree and we had toyed with the idea actually of including it in this budget but left it for another day because it needed much more research is this idea that benefits are lost on the spouse's income. I accept that it is degrading when a sometimes not very large amount of social assistance payment or benefit is lost or reduced because, for example, if one is a disabled man the wife has a part-time job and earns not very much or the other way around. Therefore, I think there is a case for looking at, it is being looked at and I think we will deploy that principle. It has to be tempered because otherwise one could end up paying to all spouses that have never worked and who have always been financially maintained by their husbands but I am grateful to the hon Member for the critical but constructive suggestions that he has made about how we could go even further in the reform of social assistance. There is just one point that I would make to him where I do not agree with him and that is this, when welcoming the increase of the minimum income guarantee he was critical of the fact that one loses some of this if one gets other benefits and other income and I think the remark suggests an element of misunderstanding of what the minimum income guarantee is intended to be. The minimum income guarantee as the title suggests is not a benefit. It is not a sum of money one gets so much if one is disabled, one gets so much if one is elderly, one gets so much.....no, the minimum income guarantee as the name suggests is a guarantee that ones income will at least be such and such. In other words that no one is required to live in Gibraltar with less than now £90 a week if single or £120 a week for a married couple and given that that is the philosophy of minimum income guarantees everywhere then it is logical that what it amounts to is a top-up payment. What is your income? The Government would make it up to the minimum guaranteed levels so the more income one personally has the smaller the amount of payment the Government have to make to top up ones income to the minimum guaranteed levels but I accept it is important to increase the levels of minimum income guarantee as we have done this year because if one does not then certainly

people will just drift out of the cover it provides even though they are still in need of financial assistance.

Mr Speaker, on employment he said that he was glad that the Government had now decided not to proceed with the job seekers agreement. That is true but the Government are still determined to make sure that social benefits and social assistance is not paid at the taxpayers expense which means by the sweat and taxes of people that work to people who are not meritorious of receiving it, in other words to people who are abusing the social assistance scheme and the social benefits scheme as an alternative to work and I think that the hon Members will agree that that remains a worthy objective.

The analysis of employment statistics and I will say a little bit more about this later but whilst I am dealing with his point he said 5,587 vacancies were filled in 2002 of which 2,487 were filled by Gibraltarians and he said that is 42 per cent. He also said that there were 4,893 terminations in the same period of which 2,130 were filled by Gibraltarians. But one analysis of those figures obviously not positive ones for the Government, that he would wish to project even his own figures show is that more vacancies have been filled by Gibraltarians than Gibraltarians have been affected by terminations. If Gibraltarians have filled 2,487 vacancies and only 2,130 Gibraltarians have been affected by terminations the 340 odd difference are an increase in the number of Gibraltarians in employment because if the number of Gibraltarians affected by terminations of employment is 280 lower than the number of Gibraltarians that have moved into employment then the difference is the net increase in the number of Gibraltarians in employment which is consistent with the Government's figures and the Government's analysis which is the correct figures and the correct analysis of the unemployment statistics. It is as I will show in a while not true that there are fewer and fewer Gibraltarians in employment nor is it true that there are fewer and fewer Gibraltarians in employment because, which is the insinuation they are trying to put across, there are more Spaniards in employment. The argument that because there are more and more Spaniards and other EU nationals in employment

therefore there are fewer Gibraltarians in employment is completely wrong, completely unsustainable, it is inevitable that there will be increasing amounts of Spaniards in employment in Gibraltar. If we want the economy to continue to grow and the hon Members think it is not growing fast enough and that they want it to grow faster but given that we have reached the ceiling of local labour in any part of the world three per cent and less which is what our Gibraltar unemployment rate amounts to is considered full employment because in that 300 one has got people who are not really looking for jobs at all, that are just registered as unemployed because it is a precondition to get social assistance, there is a whole range, in that way he knows this. He knows that the level of unemployed Gibraltarians has hovered a little bit up and a little bit down but basically has been static at the current levels from 1996 and before. Sometimes it goes up a bit, sometimes it goes down a bit and that this is the reality and that if we want to grow our economy and we think that the rates of economic growth are actually very good they are not satisfied they think it ought to grow more and I will come to that later, the only way the economy can grow as is the case in all countries with limited labour resources is by importing labour and that the most logical place to import labour from is from people who live across the border and we do not have to provide accommodation for. The Government do not view this as something bad the Government view this as something good. It is the only way of continuing to grow our economy. Of course, if it were to be so that Spaniards or anybody else was taking jobs at the expense of Gibraltarians, that Gibraltarians were remaining in increasing numbers on the unemployment pile whilst the jobs went to outsiders that would be a serious matter but it is not the case and the hon Member knows that it is not the case. It is not true as they will see when they receive the census at the very beginning of next week that the number of Gibraltarians in employment is falling. The Census which unfortunately we only get once every 10 years and which is much more accurate than the Employment Statistics, the Employment Survey is the return of employer questionnaires and things of that sort the Census which is every household having returned a figure will show that between 1991 and 2001 the number of Gibraltarians in employment has grown



very substantially. I do not want to make any more use of that fact because the hon Members have not had the Census and the opportunity to look at it but that is what they will find when they get it. If in a position of full employment of the 235 new jobs that were created in 2002, 99 have gone to Gibraltarians I believe that that is a very good ratio given that Gibraltarians are retiring younger as a matter of life quality lifestyle choice, given that young Gibraltarians are increasingly staying away for further education studies and staying away for longer. Both these things shrink the size of the economically active labour force in-between. The consequences of people taking retirement younger and school leavers staying longer at school and at University and going in greater numbers is that the size of the local economically active labour force the resident, the Gibraltar labour force, actually reduces and that in those circumstances we should be taking 99 out of 235 jobs with the figures for unemployment staying as they are I think is exactly what one would expect. It is roughly the number of children that leave schools and do not go to universities in one academic year but less, it is in line with that. Both the Hon Mr Baldachino and the Leader of the Opposition look at the figures and say, *"Ah, the jobs are all going to the Spaniards and you see the number of Gibraltarians in the retail trade is falling, shop assistants,"* and I say, *"Hooray!" "Hooray! to that,"* the whole objective of Government policy is that Gibraltarians and residents should increasingly aspire to raise the calibre and therefore the earning potential of the jobs that they aspire to get and the reason why Gibraltarians are working as shop assistants in fewer numbers is that more and more of them are able to get better paid jobs, better conditioned jobs, more fulfilling jobs. In the gaming industry, in the finance centre and this is Government policy and it should be Opposition policy frankly to measure the success of the Government's economic policy or employment policy by reference to whether Gibraltarians are working less as shop assistants is a myopic and completely misconceived way of analysing what we should all be aspiring to economically here. I agree with the hon Member that it is important that Governments do whatever they can within the law to ensure that priority of employment should be for Gibraltarians. Not as a matter of some nationalistic or racist principle but simply because we are a small frontier town economy

exposed defencelessly to a European Union freedom of movement of labour market which deprives us of the ability to protect ourselves like other countries do. No one goes from Sweden to work in Spain and no one crosses the channel from France to take jobs from ex-coal miners in the Welsh valleys but that is not our case our case is that they are five minutes away and therefore it is important that the Government continue the practice which was started by the hon Members and that is to put in place whatever they can in addition. We have tried to introduce two layers to that effort, one is the Job Club and the other is the training institutions and the training initiatives that have been established. Both to ensure that the Gibraltarians and the residents of Gibraltar not just Gibraltarians are as well equipped as possible to successfully compete for the jobs that are available and therefore just before moving on it is really wholly misleading to suggest or to pretend that non-residents are taking the jobs of residents or of Gibraltarians, it is simply not the case.

We move on to the contribution of the Hon Dr Valarino. According to the good doctor and albeit delivered with his usual charm and friendliness, the salient point of his address was that we have dismally failed the people of Gibraltar in the three most important issues of social policy, the elderly, medical services and housing. I shall leave medical services for later but he has shown an extraordinary degree of lack of political acumen when he accuses us of dismally failing the elderly of Gibraltar. I think even trenchant elderly GSLP supporters, assuming that there are any left, will acknowledge that never has so much been done for the elderly people of Gibraltar in seven years as has been done by this Government in the last seven years and his accusations that we have dismally failed gives me the opportunity to just remind him of some of the things that he presumably thinks are failures that we have done for the elderly of Gibraltar in seven years. We have for the first time ever built housing specially designed as sheltered accommodation for the elderly. Specially designed sheltered accommodation with a resident, not resident overnight, but wardens there all of the day. We have exempted as he heard me say in my principle address exclude persons of pensionable age from income tax altogether on income below £7,900 a year and

this is £7,900 a year after not including community care and old age pension income so they get community care, old age pension, plus £7,900 of income and pay zero tax as opposed to the £1,300 or £1,400 that they used to pay before. He might think that reducing the tax burden of an elderly person in Gibraltar by £1,400 a year is dismally failing them I assure him that they do not think that this is dismally failing them. We have introduced the minimum income guarantee of which there are currently 388 beneficiaries. There will not be more as we have increased the threshold. This is 388 elderly people who whilst they were in office were living below the poverty line, they did not feel any great need to help the elderly, we have helped the elderly in that very material and substantial way which he thinks is a failure. I assure him that the elderly do not think it is a failure. We have given pensioners and others in Gibraltar three, they gave them none, we have given them three opportunities to bring their pension contribution records up to date so that they could enjoy a full pension. He may regard that as dismally failing the elderly of Gibraltar, I assure the House that the elderly of Gibraltar do not think that that is dismally failing them. We have abolished death duty in Gibraltar which means that the elderly of Gibraltar can look forward to allowing their life savings to be passed to their children and their grandchildren without the Government taking a chunk out of it in taxation. He may think that that is dismally failing the elderly I do not think how he can possibly believe it. We have significantly increased the old age pension tax allowance. We have established the Elderly Care Agency in which not only has there been in qualitative terms a complete transformation. Mount Alvernia and the Jewish Home have ceased to be institutions where people were reluctant to send their elderly, into places where people now feel that they can and would like to put their elderly because it is now a dignified well managed institution which enhances the dignity of the elderly in their last remaining years rather than condemns them to an institutional lifestyle which is what we had before.

We have heard the Minister for Social Affairs explain how we have introduced a respite service for those who look after the elderly. How we have introduced a domiciliary care service looking after elderly people in their homes so that they can carry on living in

their homes for longer and not have to go to a residential home. He may think that those are dismally failing the elderly of Gibraltar but I suspect that he is alone in that view. Four day centres now properly funded by the Government in decent premises so that the elderly have places to go and socialise with each other. He has a very peculiar definition of dismal failure and last but not least because the list could carry on but I am concentrating mainly on the main items, the lift installation programme that allows elderly people to continue to live in comfort in the houses in which they have invested in and decorated and come to regard as home over many years so now once they can no longer climb up stairs they do not have to give up their home of a life time and move to a ground floor. They can stay in their homes because the Government are investing in installing lifts in every single Government building where it is physically and technically possible. The hon Member as part of how I started my speech about the tactics of confusion and misleading and distortion and the objectives and the tactics that they employ to achieve them the hon Gentleman only puts his own credibility on the line when he stands up in this House and tells the people of Gibraltar that this Government have, *"dismally failed the elderly of Gibraltar."* Government have not only not dismally failed the elderly of Gibraltar but has restored to the elderly of Gibraltar the dignity that they should have had eight years earlier and did not have because they were in office.

Then he says, *"...housing must be terrible because one third of the complaints to the Ombudsman are about housing."* It is true that one third of the complaints that go to the Ombudsman are about housing but when one has had the sort of history of housing administration that we have had in Gibraltar for 35 years, I go back before them to make it clear that in this respect this is not about them, all Governments. We have done what we can to improve it the previous one and the one before that, and one suddenly introduces an Ombudsman system it is obvious that housing is going to generate the most. What other issue affects 4,000 or 5,000 households in Gibraltar upon which there is such a poor history of public administration as in housing? He ought not to be criticising us because a third of the complaints that go to the

Ombudsman are about housing he should be congratulating us for creating the Ombudsman so that all those people have somewhere to complain to. That is what he should be doing. Now Government tenants have the ability to publicly air their grievances in a way which is going to be published and investigated by an objective person about how Government handles housing administration. They never had that before but I do not suppose the hon Member is suggesting that the position is worse. The fact that one third of the complaints that go to the Ombudsman does not mean that it was not as bad or worse before, all it means is that before there was not an Ombudsman to go to. That the Housing Agency treats Gibraltarians with disdain, ask the residents of Kingsway House in Alameda Estate whether that is true. I do not believe that tax payers need to thank a Government when the Government do no more than what is right but when they do spontaneously do it it somehow restores ones.....yes, in human nature. He will have seen the letter that the residents of Kingsway House have sent into the Gibraltar Chronicle a few days ago. There is a whole new culture in the Housing Agency. A culture which is tenant interest led. Tenants of Government housing are no longer regarded as an expensive nuisance to be dealt with an administrative hard boot. They are now regarded as clients and dealt with as clients and I do not say that we have succeeded, of course there will still be issues but that is the philosophy that we have tried to put into practice and that is what is the letter of the residents of Kingsway House is an example of. This does not mean that there will not be people who do not distinguish between the way that they are treated and their rights on the other. He knows from his years in Government and even from his years in Opposition that people get very unpleasant when they have a need for a house or a desire for a house and they are simply not entitled to one or they have to wait or they are not allowed to queue jump. The Government's definition of how to deal with tenants is that they should all be dealt without discrimination, courteously and in accordance with their rights and as customers. To say to an applicant for housing, *"I am sorry you are just not entitled to a house, or you have to wait, or you have to be medically seen,"* that is not treating them with disdain and I can tell the hon Members that the reason why we dismantled the

arrangements that we inherited from them called Gibraltar Residential Services is precisely because it was with disdain that they used to treat housing tenants in Gibraltar. So, I believe that the position is infinitely better than it was before. Yes, it is true that housing prices have risen enormously and it is true that this creates a sense of unfairness grievance and difficulty for people who want to get into the housing market but it is also true that rising house prices is a product of economic success and that with that rise in housing market comes increased personal wealth for the thousands of people that have been encouraged in the last 10 years to go into the housing home-ownership market and that they are entitled to have their interests taken into account with but balanced with the needs and interests of people who need to buy their first home. When he says that we have dismally failed housing in Gibraltar go and ask that to the residents of Laguna Estate, go and say that to the residents of all the blocks at the top of the Rock at Calpe, Anderson, MacMillan, Willis's, Tankerville, Heathfield House et cetera, et cetera. All over Gibraltar every Government block has either been refurbished or is in a programme to be refurbished. Go and ask the residents of Varyl Begg Estate which is in the middle of a major refurbishment programme which the Government are investing millions and millions and millions of pounds each year, go and ask them whether the Government have dismally failed in housing. Housing is not just about providing cheap houses to first time homebuyers important as that is, it is also about making sure that the 5,000 odd people that live in the Government's housing stock do not indefinitely have to live in increasingly decrepit conditions, in increasingly unattractive estates without any maintenance. It is better to fix what one has got first before becoming obsessed with creating more and that is what the Government have done and when we have judged the moment right, I acknowledged on television the other night that by reason of the external political situation, the Government would concede that we are eight or nine months behind the game on that issue, we would have liked to have started these projects but these are massive economic investments it cannot be done whilst Government are distracted with the sort of situation that we faced in the year 2000. He knows why we did not start it before 2000. He knows that until we were

successfully able to extract the money from a Spanish contractor who was using every political argument to try to wriggle out of his liability here the Government were financially exposed to the tune of £25 million in relation to the repairs of Harbour Views. Ask the owners of Harbour Views whether they think that the Government have failed dismally in housing.

We are a community with limited resources. When we build now the affordable housing in much larger numbers we expect than the numbers that the hon Members are offering, we are not just offering homes for homebuyers because we are not willing to forget as they did the people that they pushed into the Option 'C' in Gib V who then could not afford it, we do not forget that there is not just a need for homeowners there is also a need to provide socially subsidised rental housing for people who cannot afford homeownership, for the elderly. Therefore, our housing package contains housing of all three types but when we build it it is not going to be built by some developer who is not only going to make a significant and very substantial profit but is then going to build the sort of substandard housing that the 1,000 residents of Harbour Views have been grappling with for the last six or seven years. It will be built by the Government as developer, it will be properly supervised by the Government and because the Government would be the developer there is no developer's profit so that the properties will be even more affordable because they will be sold at cost to the buyers. You ask the buyers who want access to those houses whether they think that is dismal failure even if they would have liked us to have done it a little bit sooner as I have already said.

Mr Speaker, the hon Member may think that Bishop Canilla House is 'a matter of concern' were his words, ask the elderly who live there whether it is a matter of concern to them. Ask them whether they are concerned or delighted about finding themselves in Bishop Canilla House. These are the realities of life. The hon Members can try and sterilise the reality of life for the purposes of a debate in this House but the realities of life as my Colleague the Hon Mr Azopardi said yesterday the realities of life are the improvements that people feel in their ordinary day to day lives.

Those are the realities of life by which people measure the Government's performance. He then moved on to the environment.

What I can say to him on the environment and on the GSLP's commitment to this environmental study is that the incidence of cancer in Gibraltar is no higher now than in the eight years that his new party was in office and not very much higher than in the eight years in the days of the AACR. It is just gimmicky is it not, just gimmicky when people that have had an opportunity to do things but did not, jump on a bandwagon and say, "*I believe there is something that should be done because I believe that there is a terrible death rate of cancer in Gibraltar,*" because the reason why we have not yet done it ourselves is that because our predecessor Government's did not even generate the statistics necessary to test whether the cancer rate of death in Gibraltar was higher than the European average, higher than the Spanish average, higher than this or that average and it was only when my hon Colleague Keith Azopardi was the Minister for Health that we started a Cancer Death Register and we have now for a few years been keeping records of people who die of cancer, of what sort of cancer they die, ages, where they have lived et cetera, et cetera so it is only when we have statistics for a few years that one can intelligently and meaningfully address the question, is our death rate from cancer too high, higher than it should be, higher than it is elsewhere? And then try and seek the reasons for it. It is not just a question of numbers it is the question of the types of cancer if one is looking for reasons and wants to point the finger at the refinery, this or the other. It is not just a question of saying, "*Oh my goodness a lot of my friends are dying of cancer this must mean....*" One cannot conduct exercises of that sort on that so superficial basis and therefore the Government have already sown the necessary seeds which is a necessary pre-requisite and pre-condition for a formal investigation into this issue but it will not be impossible and would not have been possible but for the cancer register that we have started and which we started for that reason.

The hon Member had things to say on the Theatre Royal but I will come to deal with that when I come to deal with the address of my

friend the Hon Mr Linares who I will come to in just a moment and similarly he made a point about the House of Assembly with which I will deal with the remarks of the Hon Mr Perez given that he raised it as well. Let us come to the Hon Mr Steven Linares and his contribution. It appears that the only thing that the Opposition spokesman on culture, heritage and education feels is criticisable of what the Government do is the Theatre Royal, the fact that we do not have enough nurseries in the Government and the fact that we do not give, in their view, enough second or discretionary grants. Let us deal with the Theatre Royal.

Mr Speaker, I do not know where the hon Members dig up the rubbish that they then convert into bold assertions in this House. I do not know where the hon Members get the view that the project which is being carried out on the site today is a different project, somehow it is changed that it was going to be a refurbishment and it has now become a demolition job. This can only mean that their interest in the Theatre Royal which he now believes is an eccentric waste of money, he has I do not know whether consciously or unconsciously, borrowed the words used by the Foreign Secretary Mr Straw to describe our Referendum, he thought that was an eccentric waste of money as well but anyway given that he believes this is such an eccentric waste of money what I want to know given his responsibilities as the monitor of public expenditure by the Government why his interest in this project is so recent. Because if he believes that the project that is now being carried out is some rehashed demolition job of what originally was going to be a mere refurbishment job of the existing theatre then he cannot have bothered to read any of the massive amounts of literature and of statements and of consultation papers that have been published before the project started. He cannot have been sufficiently interested to attend any of the public meetings in which the project was explained and he cannot have been interested even to go and see the exhibition which was opened for several weeks with models, plans, and drawings where even the most illiterate in which I include myself in the sense that people who are not familiar with architecture and design drawings, even those of us who fall into that category could have seen what the nature of the project was and that it is exactly what is happening on the

ground today. So where does he get this nonsense about somehow this being a different project to the one that was originally conceived. I would issue this warning to the hon Members and that is beware allowing themselves to be fed with information by disgruntled construction companies. Be careful to accept briefings by or on behalf of construction companies who think that the Gibraltar taxpayer is a milking cow to be squeezed to their hearts content. Do not, I urge them, give more credibility, if he wants to know what is going on in relation to the tender of the Theatre Royal which by the way require him not to have bothered to read the tender notices when they were published in the Gazette in the local media, assuming which must be the case that he did not bother to read any of it, and then ignores material in the public domain and says ridiculous things like what happened to the Government's tender process? Why is the contractor Haymills going to be replaced? As if Haymills had won a tender contract and they are going to be changed. That is a complete misunderstanding of the tenders that have been issued and the tender that Haymills have won. All this is in the public domain which he ignores and then comes to this House to make really remarks which ought not to be made by a parliamentarian who should know what at least is published in the official Gazette of this community. Then this business about the difference between refurbishment and demolition. Leaving to one side the fact that the project has always been publicised as what it is. It is impossible and never was possible to get the Theatre Royal as it was and convert it into a theatre with as many licks of paint, as much replastering, as much refurbishment as one might have wanted. The fact of the matter is that since the Theatre Royal was last used as a public entertainment venue public health and safety regulations have come in leaps and bounds forward, health regulations have come forward in leaps and bounds and that the layout, the staircase distribution, the exit distribution, the number of exits, the layout of the Theatre Royal simply could not be converted into an auditorium for a meaningful number of people in compliance with modern health and safety regulations and that is why the philosophy has been to keep as much of value of the original building as was consistent with developing a large theatre for 500 plus people in accordance with modern health and safety

regulations and modern facilities that people expect today to find in a theatre.

The vision thing is very much a matter of personal priorities in life, of personal visions and I have no doubt that the hon Members have no vision when it comes to things that one cannot put in financial income. In fact, he said it himself, I think his words were, “....a £10 million project,” which it is not but never mind, “... a £10 million project with no income value.” This reminds me of something that the Leader of the Opposition once told me many years ago when he described music as a waste of time and money. Either one has the vision that culture is important to a community even though it has no balance sheet value, even though it makes no profit but in its own right it is part of the soul, part of the character, part of the identity, part of the maturity, part of the lifestyle, part of the sophistication, part of the integrity of a modern educated community or one believes that it is not and I am not willing to argue with somebody who believes it is not whether it is worth spending £8 million or £8.5 million on a theatre. A theatre which will be the cultural soul of Gibraltar for the next 150 years and if the people who built the theatre in the 19<sup>th</sup> century had had the same lack of vision as he has they would never have built the Theatre Royal which cost more in those days relatively speaking than this one is going to cost today. But one either has the vision or one does not. One has either the feeling for the importance of these things in the long term or one does not. The hon Member reminds me of something that I once said about Chartered Accountants and that is that they know the cost of everything and the value of nothing. He is obsessed with the cost without factoring in the value of things which often cannot be measured in cost. There are some things which we value which we do regardless of cost because the hon Member gave away his shallow and superficial understanding of what the Theatre Royal project is about, “...well we do not all like operatic theatre,” what makes the hon Member believe that the Theatre Royal is just for ‘operatic theatre’ ? [INTERRUPTION] What makes the hon Member think that, what makes the hon Member think that Gibraltar’s performing arts should be condemned for all time to performing in an increasingly inadequate town hall venue which is

basically what the John Mackintosh Hall is? The Government have a very different vision of the importance of these things and when I have said repeatedly year in, year out in this House that the Government’s economic policy is based on the principle that this community will advance on all fronts simultaneously I have told them that that includes sport and leisure, housing, the economy, culture, and we have a manifesto commitment for it. This is not a project that we have pulled out of our sleeves we have a manifesto commitment for this project and when the people of Gibraltar see the theatre, the use to which it will be put, the extent to which it will become a central feature of our lives in Gibraltar, the extent to which it will become an economic asset because it will allow Gibraltar to host medium sized conferences which it cannot host today they will remember the hon Members’ back of the envelope balance sheet accounting and say, “*Thank goodness that there are some Gibraltarians with vision.*” The users of the theatre have been extensively consulted. True it is that it is not physically possible for the orchestra pit to have a full orchestra but it is not true that a full orchestra cannot perform because the orchestra pit can be raised to merge with the stage which is then much more than big enough for a full orchestra. Does the hon Member know how many theatres around the world particularly in small places have an orchestra pit large enough for a full orchestra? Does he know or did he even bother to think on how many occasions Gibraltar would be wanting to stage ‘*operatic performances*’ with a full orchestra? Yet his criticism of the Theatre Royal is that the pit is not big enough for a big orchestra. Everybody has known that including all the people that were consulted in the user groups and they were delighted with it and he would have seen and known that if he had just bothered to read some of the stuff that the Government have put out and exhibited publicly but he does not care because all he wants to do is another example of what I said was their objectives and their tactics at the beginning of my address. If there is a good news project that might be electorally popular, rubbish it, like the hospital, like the new bus system, like the Theatre Royal, rubbish it and his interest in the Theatre Royal given that he has ignored all the public material, given that he appears not to even have bothered to go and see the exhibits of the scheme when it was exhibited, his interest in the

matter has only been kindled when he has been asked to do a hatchet job on the project and that is the reality of it which he has not been able to mask given the degree of ignorance that he has demonstrated on it despite a passion with which he pretends to hold the critical view of it.

Then all this business of EU funds, *“Well, because you have torn down more walls now the EU fund might not be available because it is no longer a refurbishment but a reconstruction,”* on what basis do they make such remarks? The EU funding was obtained on the basis of the project as it was conceived which is the project that is being built. They do not care whether it is true or not they come here make remarks for which they have absolutely no foundation in reality in the hope that some people will hear the accusations but will not hear the subsequent rebuttal and that those few people might end up believing the rubbish that he feeds them. That is the only logic to his position. The Government do not feel obliged to take lectures from anybody in Opposition on the tender process which now exists for all publicly funded projects as opposed to what used to prevail when they were in office which it did not and they used to hand out contracts to their friends but if he at least wants which would be legitimate, which would be a politically legitimate exercise on his part whatever his Colleagues policies had been on tenders in the past it would be a legitimate exercise on his part to say to the Government now, *“your policies are to have a tender process and you have not had one.”* That would be a legitimate political charge but what I say to him is that if he wants to launch that political charge the least that his voters, the least that the electorate expects of them and the least that the rules of this House expect of him is that he bothers to acquaint himself with the facts before making fictional facts in the subject of a public parliamentary attack of that sort on the Government, but he does not because he does not care, he does not care whether what he is saying is accurate or not accurate he is only interested in launching the political tirade on Government and therefore before moving on from the Theatre Royal I asked them to make up their minds, is this a botched, eccentric, waste of money for which there is no need and to boot one cannot get a full orchestra in the pit or is this a cynical act by the Government to have a good news

story just ahead of an election, it cannot be both, it is not rational for the Hon Mr Steven Linares to say that this is a botched up eccentric waste of money in which case it is an electoral bad news story and the Government are far from being politically cynical is politically stupid to wield it out in front of an election or it is as his Colleague, in what is now for all intents and purposes a single political party Dr Valarino, who says that this is a cynical unfolding by the Government of a project timed just before the election. It cannot be both because for it to be that to be what Dr Valarino says it has to be a good thing it cannot be a bad thing so is it a good thing or is it a bad thing? They had better make up their minds at least before they decide to go public on the position it is not too much to ask.

The hon Member was by implication critical of my Colleague the Minister for Education's announcement that the Government were looking into the possibility of providing meals at school. I do not know whether this is because he thinks that the Government steals his ideas. The Government have heard him make very few proposals that would be stealable and implementable. It has always been the Government's vision that once the change of school hours was bedded down and that once the concept of children staying at school for lunch had properly bedded down, unless he was proposing that we should deliver meals at school at a time where he was saying that even the school hours were wrong so I do not know whether his policy of providing school meals at a time when he was in effect saying that children should not stay at school during the lunch hour is something that he never fully squared at the time of the next election perhaps he has now found some mental somersault way of doing it. The Government are not by the statement that we made yesterday committing ourselves to this what we are committing ourselves to is to testing the demand that exists for it through the parents and testing the viability of this with the schools themselves, the teachers and the headmasters, but can I ask him given that he is a passionate believer in the provision of meals at school to explain to his Colleague the Opposition spokesman for health the Hon Marie Montegriffo how this pre-cooked meal system works as it is the one that he wants for the schools because she seems to think it is

terrible for hospitals. [INTERRUPTION] Unless the hon Member is actually contemplating setting up kitchens with cooks and staff at every school. If he is not thinking of doing that which is uncharacteristically sensible of him then the alternative is the importation into the school premises of pre-cooked meals on the basis which the Opposition spokesman for health dismisses as 'reheating in microwaves.' The hon Member has to be careful because if the Hon Miss Montegriffo mistakenly believes that the system is what she thinks it is, which it is not, then he has got to be very careful about proposing the same system to feed 5,000 of our school children everyday because if she does not want us to feed 100 patients a day in the hospital by that system imagine what she will think of him if he feeds 5,000 school children everyday on that unacceptable basis. Again they had better get their act together and come to a position on the issue based on sincere analysis not based on rubbishing whatever the Government say and when one has to rubbish what one minister says one adopts one position and when one has to rubbish what another minister says one adopts the diametrically opposed position on the same issue which is exactly what they hon Member is doing.

The hon Member goes on about school nurseries and I think I am right in having heard him say, in fact I am sure I am right, that his commitment was to provide Government nurseries from birth. Yes he did, yes you did, I am sorry Hansard will show that what he said was that he would provide nurseries from birth if necessary, well that is a very interesting concept. The hon Member is illuminated and avant-garde and ahead of the planet in his intellectual analysis of education to the point where he thinks that newly born babies should be dumped in nurseries and presumably delivered some form of education, unless what he meant was that he was going to provide a babysitter service.

Mr Speaker, again we are back to this attitude of the hon Members' which is do as I now say but not as I then did when I had the opportunity in Government. It is not an attractive political style. People ask themselves how sincerely do these people think this or is it just an electoral gimmick? How important is it when

having the opportunity to do it in eight years they chose not to do it and now they harass the Government that have moved further than they have moved for not going even further. Can I just remind the hon Member of our respective records on education and nursery education. When we arrived in office in 1996 only two Government schools operated public nurseries, St Bernard's and St Paul's between them they had 135 nursery placements altogether. Seventy five places in the morning and 60 places in the afternoon not even 135 in the morning, 75 places in the morning and 60 in the afternoon in other words they had 75 nursery places which were shared in the morning by some people and in the afternoon by others. Now, as a result of our policies five schools operate Government nurseries of which the total number of nursery places is 336 compared to their 135 that is to say very nearly three times as many. In addition to nearly triplicating the number of Government school nursery places we have introduced a tax allowance of £875 to help people who choose to send their children to private nurseries as Government subsidy. Those £875 as I told them yesterday or, the day before yesterday to a 35 per cent tax payer is worth £350. It is a very significant share of private nursery fees although I have to accept that it was not the whole of it obviously. He may be interested in learning this, no one who applied for a Government nursery place did not get one so the demand that he believes exists does not. It is true that some people that have had to be accommodated in the afternoon session wanted the morning session but nobody that applied for a Government nursery place failed to get one which suggests that the Government have accurately assessed the demand and have properly provided for its supply.

The hon Member then said, "*The Government must spend more on grants.*" Has he stopped to consider our respective records on the question of discretionary grants? He can of course well say, "*thank you very much for doing so much better than the GSLP when they were in Government, thank you for doing so much better, but would you mind doing just a little bit better still.*" That would be a perfectly legitimate political position but to launch the implied point that not enough is being done for discretionary grants when more has never been done before is to seek, to mislead,



confuse and to distort the reality. When the hon Members left office in 1996 they had given out a total of 192 discretionary grants

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- ◆ 18 in 1988,
- ◆ 17 in 1989,
- ◆ 18 in 1990,
- ◆ 21 in 1991,
- ◆ 21 in 1992,
- ◆ 19 in 1993,
- ◆ 30 in 1994 and
- ◆ 48 in 1995

a total in eight years, not per annum, this is a total of 192 grants. We in seven years have issued 745 [INTERRUPTION] compared to their 192, I will break down the figures, even if he wants to make a distinction it will not help him. Let him not get excited because not only have we provided in that 745, 319 distant learning discretionary grants but he can say that distance learning discretionary grants do not count, why not? It is exactly the same except that people who have families and cannot afford to go to University can do the course from here. It is exactly the same it is the Government funding of further education on a discretionary non-mandatory basis. The figure of 745 includes 319 direct learning non-mandatory scholarship awards and in case he is only interested in the figures for non-mandatory awards when the student goes to England physically to stick the course there it is still 426 compared to their 192 and not only that under the previous Government to access a discretionary grant for a second degree one needed to have obtained a first class honours degree in ones first degree course. One might as well say for a handful of selected people how many people obtain first class honours degrees? That threshold has now been reduced to a 2/1 which many people can aspire. So not only have we increased the numbers but we have increased the access. I do not think that the hon Member when he asks for more acknowledge the extent to which the previous Government's record has been much more than doubled already and then when he asks for more nurseries, when he asks for more grants, when they ask for more of

everything how does he reconcile it with the Leader of the Opposition's implied criticism that public expenditure is rising. When they are discussing the economy they are critical of the fact that public expenditure is rising too fast and then when they are discussing the departmental budgets everything is spend more, spend more, even if already more has been spent to improve the system beyond recognition to what it was. A bit of coherence is required.

Mr Speaker, if I can now move to the Hon Miss Marie Montegriffo the Opposition spokesperson for health who has thought better than to come in this morning to listen to the response to her address. Well, she is not here, she has not been here all morning, she addressed the House for four hours yesterday with a series.....

#### **HON J C PEREZ:**

Mr Speaker, the hon Member is not here because as a result of the point of order raised by the hon Member yesterday she has gone to GBC to get the text of the interview of Mr Britto to prove to Mr Britto that what she said here yesterday is correct and not incorrect. That is why the hon Member is not here.

#### **MR SPEAKER:**

Explanation of her absence that is okay.

#### **HON CHIEF MINISTER:**

That may be an explanation it is hardly a reason. How long does it take to get a transcribe? Does the Opposition party not have some person that can trot up to GBC? Does the hon Member

really consider that listening to the response to her four hour diatribe on health yesterday is not more important than going up to GBC to collect a transcript? She could have sent a taxi up for £3.50 to GBC to collect the transcript for her. The fact of the matter is that the hon Lady is not here because she knows the abuse that she made yesterday on health and she knows, I do not know now whether we have been shaken or spun because the shaking was prevalent throughout the day, the spinning was prevalent throughout the day, I have never seen more shaking and spinning in a parliamentary performance than I saw yesterday and again building the whole edifice of an argument on attributing to the Government a position that is the opposite of what we have said. It is what I said at the beginning was part of their tactics. *"The Chief Minister said that the Health Authority was in such a good state that the solutions will not come because they do not think there is a need for any solutions because they think everything is so great,"* that is what she attributed to me. Complete fabrication on her part. It is very, very, far from what I said and it is very, very, far from what the Government are doing in practice. I have not said that there is nothing wrong with the Health Service that everything is so rosy that there will be no solutions I have said the opposite. I have not said that there are not things that still need to be done I have said that she is wrong in pretending that nothing has yet been achieved because when she says that the Health Authority is now in a chaotic state much worse than it was when she left office, which only she can believe, what she is saying is not only that there are still things wrong but that nothing has been achieved to-date, in other words for the hon Lady life is black and white. It is not about working through a list of things to be done according to her nothing has been done and it is simply a distortion of what I said. What I said was that much progress had been made which the hon Lady was trying to pretend that had not been made and that the Government were conscious of the things that needed looking into and were being looked into and would be dealt with. So, far from saying that the Government think that everything is so rosy and that there is nothing left to fix pure invention on her part so that she could then demonise me and the Minister for Health as arrogant, as being like Saddam Hussein or as being as gutter

politics. So first she tells the untruth and then she launches an attack on the basis and on the foundation of the very untruth that she has uttered and that is the political style that characterises the hon Members. The hon Lady had to be in leave of her senses if she believes that massive progress has not been made in the Health Authority since 1996, or does she not think that a new professional and dedicated, properly equipped emergency ambulance service is progress. Does she not believe that a new Primary Care Centre with almost double the space with many more services delivered through it with an increase of nearly 30 per cent of the doctors, four extra doctors from 11 to 15 GP's, she does not think that that is progress? She does not think that it is progress that there should now be more doctors in the hospital. That there should now be 40 more nurses than she left in post, she does not think that that is progress? She does not think that it is progress that two medical reviews have been implemented almost in their totality contrary to the other untruth that she said that none of the two reports had delivered any difference? She can assert what she likes but she has to learn to distinguish between what she asserts which is true and what she asserts which is not true and much of what she asserted is not true and of course one can spend four hours if one likes going through 27 instances of people who have a legitimate grievance against the Health Authority and when we have invested more money than we have got and when we are better than the Houston Medical Centre and when we have not one but three or 10 state of the art general hospitals in Gibraltar there will still be 27 people who will have a legitimate grievance against the Health Authority. If she wants, she can use each of those cases because so and so came to see me in the party office and because this child was told this and because that man was told that and because this patient came to see me. What Health Authority in the world does not have that and does she think it is legitimate to denigrate an entire service of which I believe this community deserve is and is rightly on the whole proud because there are a number of regrettable, which we should do all that we can to avoid, number of legitimate and some not so legitimate grievances and that is the nature of her case and it is all to do with the tactic of denigrating. She is so concerned, she is so fearless that the new hospital will be so

electorally positive for the Government that she has spent the last three years trying to persuade the people of Gibraltar that they have a worse health service than Botswana so that they will come to value the new hospital politically for nothing and one has got to be blind, which the people of Gibraltar are not, as they have demonstrated so eloquently in the past, at the polling stations, one would have to be blind to realise that that is the cynical tactic that the hon Lady and she has done it at the expense of the moral, at the expense of the reputation, at the expense of the professional integrity, at the expense of the self-esteem of hundreds and hundreds of people in the health authority that deliver the health service because it is not the Minister for Health that delivers the service that she is so critical of and when I have said in the past that she is a coward it is in this context that I have used the word. Her cowardice which I repeat today is to list for four hours instances of medical service delivery in the Health Authority which she says means that the health service is in a state of chaos things that are delivered by the staff not by the Minister, the Minister does not take the temperature of people or fails to take the temperature of people in wards at night. He does not administer medicine, he does not operate or not operate on people well or badly and the cynicism and the cowardice of her position is that she has listed a whole lot of things which are in effect criticisms of those that deliver the service but because she does not want to endanger the votes of 700 families she says that they are excellent, that the staff is first rate. So, we have a situation where we have 700 first rate medical service deliverers working in a health service which is a shameful, shameful, shameful, shameful chaos and the difference between the shameful, shameful, shameful, shameful chaos which is the health authority and the super excellence of the 700 medical service deliverers the difference between the two is the Minister for Health. This is the cynical politically coward position. If the hon Lady wants to use the health service as a political battering ram against the Government, which she is entitled to try and do, that is what Opposition parties do all over the world, if she wants to do this she has got to have the courage of her conviction and when there are incidents like she has listed yesterday which are clearly not political fault she has got to have the courage to say

that there has been a failure of the staff but she does not have the courage to say that because she does not want to alienate the votes of the staff. It is an entirely hypocritical, unworthy, cynical stance for her to take and all in the name of having something to inject into the formula a new hospital is not enough. Well, of course a new hospital is not enough who has ever suggested that a new hospital was enough? *[INTERRUPTION]* If they believe that Gibraltar does not need a new hospital and they think that the only thing that is wrong with the health service is the mismanagement at ministerial level why did they put in their 2000 manifesto that they would build a new hospital as well? Because after all if the Hon Miss Montegriffo when she was Minister for Health was presiding over such a brilliant health service in St Bernard's Hospital with such excellent staff, with no protocols to be looked into with no reforms to be needed because she had dealt with it all, she was there in the office down the corridor personally managing, so if nothing needs changing in 1996 and the new hospital in her view adds nothing to the equation why did they commit themselves to build a new hospital in the 2000 elections, or could it be as we know all too well that they introduced it at the last minute after they had seen our manifesto? Rushed back to the printers inserted a new page, which is why that page containing the new hospital commitment was of a different print and of a different quality to the rest of the manifesto. They are petrified about the new hospital and they have every reason to be petrified of the new hospital because if they visit the new hospital which they are welcome to do at any time they will see that nothing of what they criticise about the building suitability, about the way the works, none of it is justified one would have to be extraordinarily obtuse to come to the conclusion that the new hospital is not going to deliver to the people of Gibraltar what they want on health. But it is not enough and no one has pretended that it is enough but when we have done extra things over and above the hospital in recognition of the fact that the hospital by itself is not enough she criticises that as well. Why does she think that the new hospital is not enough if she does not believe that there are things that need fixing in the way we have organised the health service delivery over the last 50 years? That is the only reason why the new hospital might not be enough and if the

Government are saying, *“...there is no point in asking the local people who are responsible for the way health services have been delivered over the last 50 years, there is no point asking them to review, I am not saying there is anything wrong with it I am saying we have got a brand new hospital with millions and millions of pounds of new medical equipment, new facilities, new opportunities, let us have an expert look at the way we do our health service. Let them see whether our medical protocols are correct, whether patients are correctly being dealt with when they arrive in the Accident and Emergency Ward. When people come complaining from pains here and pains there what are the hospital protocols about whether they are hospitalised, not hospitalised does it depend on the whim of the doctor on duty. How do we deal with, for example, our X-ray Department? Is there a better way to manage it so that people have to wait less for x-rays. What about our surgical, our elective and non-elective surgery, is there a different way that we could be doing it? What is the state of the system for communication and note-keeping between doctors and nurses? Have times moved on elsewhere in Europe and the world and should we be doing things differently to the way we are doing?”* This is what the Clinical Standards Audit is about but the hon Lady criticises it so she says everything was brilliant when she was in office, the very moment the GSD came into Government by her own words, *“...the decline began as soon as they came into office in 1996.”* The moment the GSD comes into office we embark on the slippery slope to shameful chaos. Now she says the new hospital is not enough but nor does she want us to look at doing the things which can be the only things which render true her statement that a hospital is not enough and this just goes to prove the sheer insincerity, the sheer political opportunism of her stance. If she genuinely believes that the health service is as bad as she pretends which I know she cannot but if she genuinely thought that the people of Gibraltar were being exposed to such a bad health service she should welcome and not criticise the Government bringing in experts from abroad that is going to allow us first of all to check what is wrong and what could be done better and then to do it but she criticises it. She criticises the existence of the problem, she criticises the solution and the reason is that she is not interested in solutions

she is just interested in having a political battering ram for the Government. She is the only person in Gibraltar who does not want the Government to finish the job that it had started. The job of ‘shaking’ in her language, of ‘shaking’ the Gibraltar Health Authority with then active and enthusiastic support and co-operation of the hundreds of people who work in the Health Authority with the active and enthusiastic co-operation and support taking and making sure that the Gibraltar Health Authority despite the fact that we are a town of 28,000 or 30,000 making sure that our health service is in the 21<sup>st</sup> Century with us and she knows that all the progress as it has been made so far and the new hospital and all the improvements that will be introduced when we have this report will in combination and over a period of just eight short years will have delivered to Gibraltar a completely radically transformed health service and in the meantime, because we cannot finish by the day after tomorrow, and if in the meantime she wants to continue using instances to pretend the contrary, let her do it and if in the meantime she wants to continue to pretend that the Government are happy with the Complaints Procedure, let her do it. The Government have not said that we are happy with the Complaints Procedure. The Government have said that we introduced a Complaints Procedure where there was not one before and that we are still not happy with the way this Complaints Procedure is working and that it is being dealt with in the same basis as every other aspect of the health service through this. This is not just another review, she can dismiss this as just another review if she wants to, this is not just another review, this is an in-depth department by department, section by section, clinic by clinic, ward by ward, administrative function by administrative function, organisational system by organisational system routing out of the way we do things establishing whether things should be done differently giving us the blue-print for that new implementation and the Government’s commitment to doing so and that is the reality of the matter. She can continue to pretend that the Government’s performance on private practice is so much worse than hers when the reality is that it is so much better because it is very easy for her to say, *“...I have a friend who was offered an operation privately,”* Of course, even if the consultant were only allowed to see one private patient a week

that one private patient would enable the hon Lady to say that somebody was seen on Thursday afternoon and that everybody else has to wait. It follows either one has private practice or one does not. If one has private practice then there is always going to be people who can quicker than others. In other words the people who are willing to go private and the position is not as she misled the House into believing that it is now worse than it was, it is infinitely better because contrary to her repeated denials in her time in office the question of private practice by consultants was a wild west every man for himself situation to the point that the hospital management had no clue what waiting lists were, because waiting lists even for public patients, let alone for private patients, were kept by the consultants in their briefcases and in their PC's at home. The hospital management was completely excluded from all questions of waiting lists management and when she says that the waiting lists are much worse now how would she know? It is the management of the Health Authority that says to us that there was no waiting lists when she was in office not because there were none but simply because in management they did not know what they were because they were kept at home by the surgeons. The same surgeons who were allowed to carry out private practice in a completely unregulated fashion. No attempt to regulate and this is the hon Lady who now comes to this House after consultants have been curtailed in their private practice to certain slots of the day who comes to say that however successful or unsuccessful our own reforms have been she had no control at all nor even attempted any but I agree with her that our attempts at controlling private practice have not gone far enough and they have not delivered the element of curtailment that we had wanted. The fact that I said that in my New Year message did not stop her going on for 10 minutes about how the Government are smugly and arrogantly content with the private practice system. How can she say that the Government are content with the private practice system when the Chief Minister has chosen his New Year address to say the very opposite, does she care? No. she is only interested in misleading as many people as possible as may be listening to this on the radio. Not only does she mislead the electorate about what this Government's position is but she misleads the

electorate about her own record in office which was non-existent in so far as waiting list management and private practice or does she think that the people of Gibraltar landed on this planet on the 16<sup>th</sup> May 1996? Does she not know that these are the same people of Gibraltar who were users of the health service whilst she was in office and that ultimately it does not matter what she says or what I say, people know for themselves through their own experiences. Apparently not, she still thinks there is some tactical advantage just in case in confusing people.

Mr Speaker, then she has the audacity to refer critically to what she called, *"...that so much and that is the transparency and the accountability 'a la GSD'."* How dare she Mr Speaker, it is almost unnecessary for me to articulate for anybody's benefit our respective records on transparency. In her day there were no records available to her. When she tried to prove the contrary she had to ask a consultant to produce a letter from his files. There was no information about waiting lists, there was no information about private practice, there was no annual health report most of the information that she now uses to criticise the Government she has and is therefore able to use it to criticise the Government because this Government now publishes details, health information in the annual report which she did not and the reason why she can refer in this House to reports of the Ombudsman about health and about the complaints system is because there is now an Ombudsman thanks to the transparency *'a la GSD'* as she says because there is now an Ombudsman to go and complain to. An Ombudsman with the power to compel the Health Authority to open up their files to him none of which existed when she was in office. When she was in office there was absolutely no transparency about the health service patient information of any sort. This House could not even work out what was being spent on health each year and why at the time of the budget because the Health Authority was funded from a special fund and it did not have to be put in front of the House at Estimates time, how dare she refer sarcastically to transparency and accountability *'a la GSD'* has she not heard in the press that after seven years in office we have not been able to close the accounts of Gibraltar Shiprepair Limited without a very heavy

auditor's qualification because there is just not enough information of financial transactions and deals worth millions and millions of pounds with which to close it. How dare anybody in Opposition go on about transparency 'a la GSD'.

It took this Government 18 months to unwind all the hidden financial systems that they had put in place and which ultimately resulted in only 50 per cent of Government revenue being debated at the budget session in the House, 18 months it took us to do it, such was the web of companies, the web of special funds. Now this House has 100 per cent and what it does not have in front of it in the Appropriation Bill we have gratuitously given them in appendices to the Estimates Book. The reason why the Leader of the Opposition is able to go on for three quarters of an hour about whether revenue is rising or expenditure is rising and whether they are rising faster or slower than each other is because he now has information available to him to make those calculations which we did not have when we were in Opposition because this Lady who talks about transparency and accountability 'a la GSD' kept 50 per cent of information about revenue and expenditure away from this Parliament. When this lady speaks about Government ministers indulging in gutter politics we are compared to what they are still today let alone in Government when they were boy scouts compared to the tactics and the political techniques that they apply and when the hon Lady compares me to Saddam Hussein can I remind her that the sort of thing that Saddam Hussein would do is to oppress his political opponents. The only person in Gibraltar's political history that has ever oppressed his political opponents is the Leader of the Opposition or does she not remember, even though she is not in this House, how the non-Saddam Hussein like now Leader of the Opposition the Hon J Bossano said to Peter Cummings for three long years, *"I will not answer your questions in this House because I do not approve of your political opinions."* Is that not much closer to Saddam Hussein than anything that our Government have ever done or that I have ever done? The hon Members of Opposition are simply hypocritical beyond description. The hon Members of Opposition who appear to have forgotten that another

characteristic of Saddam Hussein's Iraq was that people lived in fear of being intimidated by the Government. That people would stand on street corners when discussing politics with their friends looking over their shoulder to see if some GSLP political commissar was not loitering about or passing waiting to hear. Does he not understand that that is what the people of Gibraltar felt in 1996, or why does he think that he lost a 73 per cent Parliamentary majority in just four short years? Does he not understand that all that has gone? Does he not understand that there is much more in common between Saddam Hussein and his style of Government and them and their style when they were in Government than anything that he could truthfully say about this Government? They have the audacity to compare me to Saddam Hussein, the Minister for Tourism and Transport the Hon J Holliday to Saddam Hussein's information minister, they have been the most undemocratic, the most dictatorial, the most oppressive elected Government that Gibraltar has ever known yet they feel the rule about not throwing stones in glass houses is complete anathema to them it does not apply to them they think that they are exempt from it. Well, if one spits into the wind one will invariably get one's face wet and the Members of Opposition can continue to accuse us of arrogance and dictatorialness as often as they like because everytime they do so it gives me a legitimate opportunity to point out the facts about our style of Government but more important to remind the people of Gibraltar lest they should forget what life was like under their style of Government.

Mr Speaker, then the hon Lady goes on about how reports are all a waste of time. Let me with your indulgence read something from Hansard, *"We also met the medical review team in 1986 and their report speaks for itself. Unquestionably we were right, the medical services have been allowed to decline through the years and years of neglect,"* Miss Marie Montegriffo recently elected into Government in her budget speech on 3<sup>d</sup> May 1988. Then she went on, *"I move onto another matter statistical information, there is absolutely none, for example, there is no information about what admissions there are, how many laboratory tests have been taken, how many beds have been occupied by whom, for*

*how long, for what reason, the sort of operations.....”* what did she do in eight years to remedy that? Nothing. She says, *“Procedures for complaints and customer relations are non-existent,”* So, she criticises the out-going Government in 1988 for a non-existent Complaints Procedure and then continued to have a non-existent Complaints Procedure for eight years. The relationship between public and private medicine has not been established and therefore there is little or no control of our private practice and a lot of work needs to be done in this area which she then proceeded to do none of for the next eight years and then she goes on to the subject of these reports.

In accepting the recent Hill and Snee Reports he has had no option but to accept our analysis. That the Hill and Snee Reports were right and should be implemented. Its recommendations are to increase the number of nurses both trained and auxiliary. It is a matter of some regret that certain recommendations containing that report were not implemented yet still remain appropriate in 1986 so many years wasted which have brought about the incredible delay of getting our nurses' qualifications accepted et cetera, et cetera. What did she do? She having criticised the AACR for ignoring the recommendations of the Snee and Hill Reports she then proceeded to ignore for another eight years and many of the recommendations in the subsequent reports that we commissioned in 1996 and 1997 were the unfulfilled recommendations of the Snee and Hill Reports that she had chosen to ignore having criticised the AACR before her for ignoring them.

Mr Speaker, continuing to quote from her in 1988 Hansard, *“....the Health Authority is a new concept in Gibraltar. Its role falls totally within my Government's policy one which we had been advocating since 1984 when we became the Opposition party it is imperative that health decisions are taken by the Health Authority. They are now autonomous and once clearance from the Government are given direct to the authority they can immediately use the money allocated for them for their needs.”* How does that view square with her attempt now to make the Minister responsible for each and every aspect within the Health Authority.

Yet again more evidence of the lack of sincerity with the lack of coherence between the hon Members in different points in time and even in the same moment in time now in their various policies. I do not know whether a comparison between me and Saddam Hussein is justifiable or not. It is a matter for the electorate, so far on both occasions that they had been faced with the choice between them and us they have chosen us. So, if it is true that we are Saddam Hussein-like and that Gibraltar under the GSD is Iraq under Saddam Hussein imagine how little the electorate thinks of them if they continue to prefer us over them. Have they not considered that simple question? The answer is that the people of Gibraltar continue not to regard them as an attractive political alternative but do not think of us that we are like Saddam Hussein's Iraq and that is the correct analysis of the situation.

One of the things that she said to the Minister for Health was that she is now seeing more people. First of all she said that she had her office in the hospital so that she could see people and deal with their problems on the spot which presumably meant that she over-rode doctor's decisions, that she over-rode nursing decisions, that she over-rode the consultants and imposed her own political judgement on the professionals in the Health Authority whom she had just finished telling the House ought to be allowed to get on with running the Health Authority independently of political control. Having said that that is what she did she then said in the House yesterday that she now sees more people as Opposition spokesman than she used to see even then. In that case the situation must be very much better than she pretends because as at a month ago in the last two years in total she has only referred 27 instances to us most of which do not refer to complaints at all. So if she has seen 27 people in two years that is 13 a year and she claims that she is now seeing more people than she used to see before, she used to see many fewer people before than she has tried to lead this House to believe.

On the shortage of beds the position is clear. She eventually got to the correct position herself. Let us be clear, once and for all,

on this question of the number of beds and whether the new hospital is bigger or smaller with more or less beds than the old one. The number of beds in St Bernard's Hospital including the Private Corridor and before any kitchen changed position and before any ward refurbishment started by the now Opposition, was 192. When the hon Members in 1990 began to refurbish wards one at a time at St Bernard's Hospital what they did is that they got the Private Corridor closed for private patients. Private Corridor had never been for public patients, so they closed the Private Corridor to private patients and made it a decanting public ward which they would use as, for example, Napier Ward was being refurbished. So, as Napier Ward was being refurbished the Private Corridor was being used as Napier Ward. As Godley Ward was being refurbished in 1990/1991 the same and so on and so forth. That process did not finish until late 1995. The point is not that there is any argument between us about beds, we acknowledge that it is 192 if one includes the private beds in the ward and 162 or 163 if one does not. That is not the point there is no dispute about that but the point is that St Bernard's Hospital because they started their refurbishment of wards in 1989 financial year and did not finish until 1995/1996. St Bernard's Hospital has not functioned with more than 163 beds since 1989, of course before 1989 we had the 162 public beds in the wards plus the beds in the Private Corridor making 192, that is not the issue there is no dispute between us on that the point is that because they were refurbishing the wards and using the Private Corridor as a public ward since 1989, St Bernard's hospital has not functioned with more than 162 or 163 depending whether one counts some of the side-rooms public beds operational and that remains the case today. In fact it has a few more whereas it was 164 under them it is 167 under us because we managed to squeeze a couple of extra beds here and there and what has happened is that we have continued to use the Private Corridor as a Public Ward not any longer because we needed to do it because of the ward refurbishment programme but because there was a need to move the kitchen. Just a continuation of the redevelopment of the St Bernard's Hospital problem and that has remained the position. So Gibraltar has not had a hospital with more than 164 beds in it, usable beds, since 1989. The new

hospital is 201 public beds the hon Members are wrong the private bed provision in the new hospital which is 10 beds is not included in that figure they are additional to that figure. So, the new hospital increases the number of public beds from the 164 that there has been since 1989 to the 201 that there will be when the new hospital opens. Let me say a provision of beds which we were advised was many more than would be needed for a population of 30,000 people. Nevertheless, a very significant percentage increase of beds and it is not just the number of beds that will change it is that we have done away with the concept of large wards. From now on wards are mini bedrooms of two, three or four each. It is not just that we have increased the number of beds it is that we will have improved beyond recognition the hotel aspect, the hotel side of the hospital experience in Gibraltar. Then the hon Lady embarks on a long spiel about sending of threatening letters to elderly patients.

Hospitals which are staffed at great expense by a certain ratio of qualified nurses, doctors et cetera do not exist as long-term residential homes for people who are old but not ill. The taxpayer of Gibraltar does not pay expensive hospital running costs so that a dozen or two privileged fellow citizens can have their elderly folk looked after at taxpayer's expense in a hospital as opposed to the way everybody else does it which is to look after their own and even if the hon Gentlemen and hon Lady think that that is a wrong and harsh view it is not the only reason why the Government are not willing to allow long stay residential elderly persons to block beds from people who are ill. The argument of the hon Lady is that we should continue to allow elderly but not ill people to live in the hospital for the rest of their days whilst people who need operations cannot have them because there are no empty beds. If that situation is allowed to continue we will very quickly be in a position were all 164 beds in St Bernard's Hospital are occupied on a Mount Alvernia basis by people who think it is nice to live there or more usually by people who think it is a good idea for their elderly to live there and there will be no beds for operations, no beds for the sick. Hospitals are places for people that are ill not for people that are old but are not ill and it is not just for that reason that the Government pursues the policy of allowing



doctors to make the decision to discharge patients. These decisions are not made by the Government, the Government's policy is that when the doctors discharge a patient from the hospital the patient should leave. It is not very aggressively, I would have to say, policed but that is the Government policy but it is also a policy that has in mind the interests of the elderly people themselves. Hospital wards where germs and bacteria circulate are not safe and dignified places to be used by the elderly as retirement homes. It is simply undignified to condemn elderly people in Gibraltar to live out the rest of their days in a hospital ward and throw away the key on them and that is what was happening in the time of the hon Members' when they were in Government and that is what this Government are not willing to countenance. [INTERRUPTION] No, because we also undertake restructuring of Mount Alvernia. First of all we take full responsibility for Gibraltar's residential homes by taking them into the public arena through the Elderly Care Agency. Then we increase the staffing levels and the resources available to them so that they can deliver a dignified life-style to the residents of Mount Alvernia and the Jewish Home and then we undertake capital works to almost double the capacity of Mount Alvernia and then we introduce at considerable expense new social services called Domiciliary Care Services so that people go and deliver support services to the elderly in their home. So, we do not just evict, we do not just throw away the key, we do not condemn the elderly people to living their lives out in hospital wards, we make alternative modern and socially enlightened dignified provision for the care of the elderly. That is what we do and none of that is reflected in any of what the hon Lady said who tried to portray the Government, no, I think she actually used the words "...*bullying the elderly*."

She criticises us for not having beds for people that are ill and then criticises us for trying to make sure that the beds in the hospital are for people who are ill. The hon Members, I know some of them have gone up to Mount Alvernia because they have got family members there. One cannot but visit Mount Alvernia and come away with any other view than that it is a completely different unrecognisable place from what it used to be and on the

question of more "*bullying of the elderly*" "they have no geriatric beds in the new hospital" we have not got geriatric wards in the new hospital because we are "*bullying geriatrics*" we do not have geriatric wards in the hospital because nowhere in the world are new hospitals built with geriatric wards in them. The concept of concentrating geriatrics in geriatric wards is in the past. Old people who are ill are now integrated for their own benefit, for their own recuperative therapy and benefit they are now integrated into wards for other people that are ill with no ageism. If one is ill but more than 65 one has got to be dumped in a room full of over 65's who are ill and that one cannot be treated just like an ill human being regardless of one's age is Jurassic in its social engineering. That is the reason why there are no geriatric wards in the hospital. There are no geriatric wards in the new hospital because it is antiquated and discredited hospital practice to segregate sick elderly people from ones sick not elderly people and that is the reason and they can continue to try to pretend to people in Gibraltar that this is some anti-old person move. They can continue to deceive in that way if they want to but that is all that they are doing, deceiving.

Mr Speaker, I honestly do wish and despite her provocation I am going to continue to exercise maximum restraint on the question that I am about to raise. The hon Lady was unwise enough to taunt and provoke us with the Griffiths Report and complained that we had not implemented it and used it as another example of Government just getting reports and then not implementing them.

The Griffiths Report related to an investigation into an incident that had taken place in the Community Mental Health Unit between the Enrolled Nurse, who had grown to become accustomed to be the head of it and a Charge Nurse, and there was a serious disagreement. This review was into that disagreement and that incident and it was not implemented because it was not necessary because the Enrolled Nurse in question indicated an intention to retire and then did retire. That is what that report to which the hon Member alluded to yesterday was about.

Mr Speaker, on the question of dialysis I have to tell the Opposition Members that contrary to what the hon Lady had said there is close working co-operation between the dialysis association and the Government on what is the optimum way of providing dialysis services in Gibraltar. It is not as simple as just putting in machines. We know it, the hospital, the Dialysis Association Patients also know it, we are working together at a solution that is the best of worlds for them and it is really quite pointless for the hon Lady to continue to hammer on this dialysis issue because the 12 or 13 patients affected know what the truth of the matter is and it is not what she says. So, it remains to be seen whether we are losing credibility by the day on the question of health as she claims and as to whether she will have to hear more about the Clinical Governance Audit which she called 'indigestion' for which she will have to take tablets. She had better purchase a large supply of indigestion tablets if that is what gives her indigestion because she is certainly going to hear a lot more about the clinical Governance Report because that is the means by which the Government are going to finish the job which it is already advanced in doing in the complete turn around of the Gibraltar Health Authority. Far from not acknowledging that any problems exist we acknowledge that they exist and we take positive steps to remedy them unlike what they used to do which was to pretend that there was no problem, to pretend that everything was okay and then really do nothing about them.

The hon Lady finished by asking what chaos did she preside over. I will tell her the chaos that she presided over. She presided over a health service that the British Medical Association Gibraltar Branch described as, *"Third World in standards,"* she presided over a Health Authority in which there was no management structure, Chief Executive, Finance Officer all these things are posts that we had to put in pursuant to our first review when we came to office in 1996. She presided over a health authority in which it was not that there were no complaints, it was not that patients had nothing to complain about it is just that the patients did not dare complain about them. That is the reality of it and so I acknowledge that all that she was doing was a politically motivated opportunistic demolition job but the reality of it is that whatever it

may be its continuing defects which need to be corrected, her portrayal of the health authority, is an insincere factually and politically inaccurate and dishonest portrayal or misportrayal of what is a system that delivers good successful medical treatment on 49,000 or 59,000 occasions a year and however justified 100 or 75 grievances might be, and they are not all justified, but however many justifiable grievance of that magnitude of that order of number there might be by all means criticise those instances, by all means make sure that all possible is done to ensure that such instances do not reoccur but what is not legitimate is to use those instances to denigrate, ridicule, undermine, misportray, misrepresent the entire public health service and try and cause a complete loss of public confidence in it. There is a measured debate to be had on health and she does not know how to have it. The measured debate to be had on health is that it is always possible to improve, there are things which have not been improved sufficiently and which I will tell her the Government are committed to improving sufficiently, but the balance is that there are things that have been improved considerably but for which she will give no credit whatsoever so she does not know how to have a balanced, objective, credible debate on the subject of health because her objective is not to have a credible objective debate on health, her objective is to cause the bottom to fall out of public confidence in the health service for her own selfish opportunistic political purposes.

I will not answer her on the question of the suitability of the new hospital as a building because when she actually becomes familiar with the new hospital building which she has not yet visited, so everything that she says is off the top of her head. When she visits the new hospital and sees it not even she will be able to say that it is not an eminently ideal and suitable building and so she is obsessed with spoiling the political project which is the new hospital. First she says that it is just the change of a building, then she says that even if it is not just the change of a building it will not solve the problems. Then she says that if it does solve the problems the building is not suitable and then she says that if the building is suitable it is a terrible waste of office space for which it will also have been used. So, whichever way one turns

nothing that the Government do in the matters of health is evidently anything at all of value to the hon Lady. She does not value the new hospital, the new ambulance service, the new Primary Care Centre, the extra number of doctors, the many more hospital nurses, the many more hospital doctors, the many more consultants and technicians in many new specialisations, she does not value the extra investment that has gone into health, she now does not value the new hospital, she now does not value the Clinical Governance Audit in the new hospital and what she really fears is that far from doing nothing she is going to have to accept that in eight relatively short years we will have transformed every corner and every component of Gibraltar's health services.

Commenting briefly on her points about health can I just say that there is no question of the Government delaying on the move of the boat owners and the boat owners know this. The Government's commitment was to transfer the boat owners from Western Beach to Coaling Island Basin at Government expense as soon as the Government could obtain Coaling Island Basin from the Ministry of Defence. It has been a long, difficult and drawn out negotiation which has now been completed and therefore those projects are underfoot. To seek to blame the Government for what has occurred is something that only the hon Lady could do for her own political purposes. In closing my comments on the hon Lady's address I would only say this, I think her contribution yesterday was extraordinary. It was enjoyable to listen to, I actually was quite amused and entertained by it but as an analysis of truth and accuracy, fact, fairness, reason, objectivity and balance it was the most disgraceful parliamentary performance that I have heard in the years that I have been in this House.

The House recessed at 12.50 pm

The House resumed at 1.00 pm.

## **HON CHIEF MINISTER:**

Mr Speaker, moving on to the remarks of the Hon Mr Juan Carlos Perez let me say that when he talked about his preference for the House to be resited in the Garrison Library let me tell him that I agree with that view and that I have myself started discussions, informal at this stage, with individual members of the committee of the Garrison Library with a view to accelerating the possibility that the Garrison Library might become available to the Government for such use.

The question of eliminating the TV licence fee for the elderly is gimmicky and a difficult gimmick because one immediately comes into the difficulty of how one deals in households in which there are elderly people residing but not exclusively elderly people and the television licence may be taken out in the name of the elderly person. It is an almost impossible to police idea and the point is that the £36.00 per year of the television licence has more than been compensated for by the very substantial reductions that we have given to elderly people in other areas. I do not intend to cover anymore ground on the Theatre Royal just to tell him that the Government are not going to pay £14 million for it, the Government are still working to the same budget figure as it had at the outset. We do not agree with him that it is the wrong site for the theatre, the National Opera House in London which has just been built at the cost of tens and tens and tens of millions of pounds I think actually in excess of £100 million odd is built in Covent Garden Square which is pedestrianised and where traffic can not get hardly anywhere near to, it certainly cannot drive up to and there is no parking around it. The idea that nowadays in a place like Gibraltar in particular but everywhere in general that one only builds theatres in the places such as he described is not the correct or the enlightened view and is certainly not a view that the Government shares. We believe that the theatre will be ideally located in the square there, once the theatre and the square themselves are built. We so not accept that it is the wrong site with little access.

Mr Speaker, he persists, it is one of those facts that he thinks may sufficiently strike a chord with motorists, it is almost the equivalent

of the hon Lady's spokesman for health strategy of rubbing the hospital and of rubbing the Theatre Royal trying to create a perception amongst people, trying to convert his allegation into a truism through frequency of repetition. He refuses to stop referring to what he calls the chaotic traffic situation. Certainly there is heavy traffic, sometimes heavy traffic, at what are euphemistically called rush hours but in what city is there not greater traffic at rush hours? If that problem exists everywhere that it should exist in a small overcrowded community like Gibraltar is more than to be expected and to suggest that there are things that the Government could do to alleviate the traffic at rush hours is simply incorrect and other than at rush hours there is not chaotic traffic as he likes to call it and we do not abrogate our responsibility. He says that the problems are caused by two issues, firstly, by the pedestrianisation policy by which I know he means the pedestrianisation of Casemates and secondly because he says that we have no plan of action and that we just react bit by bit to events. I know that he is not a motorist himself but I just do not understand how he can argue that the Government have no comprehensive transport policy. The new bus service is about to come into operation and is an integral part of that comprehensive transport policy. The road maintenance programme improving the quality and the standard of our roads to motorists, the new road projects, the traffic flow changes, the increase in free parkings at USOC, Landport Ditch and the new one that will be built at Willis's Road. We have an integrated transport policy. The only integrated transport policy that Gibraltar can have is :-

1. better and free parking facilities;
2. a public transport system that will increase the likelihood that people will not use their cars but rather the public transport system;
3. better and more roads;

and that is what Government have had since 1996 and has demonstrably deployed ever since. It is actually the first time ever that Gibraltar has had such an integrated transport plan and he says, "...the Government seem to have it in for the motorists" Let us examine what the Government have in for the motorist. Is it to have it in for the motorist to slash import duties on cars by half so that cars are more affordable to people on limited incomes because that is what the Government have done. We have cut the import duty rate on cars by half therefore significantly reducing the price of cars. Is it to have it in for motorists to build at public expense more and more parking facilities and to offer them free not just like they used to do putting meters and charging. The Naval Ground car park, free parking, is that having it in for the motorist? I do not think so. The difference between having it in for the motorist on the one hand and balancing the interests of the motorists and the pedestrians on the other hand is what the Government do the latter of the two things and the Government would not reverse the pedestrianisation of Main Street, any part of it, or of Casemates, any part of it, because it must be blindingly obvious even to the hon Members that these pedestrianisation projects have massively improved the quality of life in the centre of our town for pedestrians and that it has enabled the 'al fresco' café culture to prosper and to flourish and if the hon Member thinks that we are going to reverse that in order to tip the balance only in favour of the motorists without any regard to the interest of the pedestrian the hon Member is mistaken. We have no intention of doing that but I take note of the fact and if they were re-elected into office they would have no regard whatsoever to the interests of pedestrians.

Mr Speaker, on the change of position of the Government on MOT tests it is not that we have yielded to obstinacy as the hon Member says, we do not take unpopular decisions because we want to take unpopular decisions so when we have to choose between vehicle examinations every year or vehicle examinations every two years the politically popular thing to have done would have been to have opted for tests every two years. We did not because as a responsible Government we placed public safety issues first. Now that all vehicles have been subjected to several years of annual

testing the fleet of vehicles in Gibraltar is now in a condition where it is possible to rebalance the position in favour of convenience, in favour of what is strictly necessary and not just on the question of public safety . Just to correct one allusion that he made the Government are not spending £1 million in the public transport system, the Government are not actually making outright grants that is not the way that the Government are funding their participation in the new bus company. The hon Member was also critical of the negotiations for the Port Department review suggesting that the Government had hastily employed people to do the work of Port Department employees. This is not true, a company was contracted to carry out security functions in the port. He also complains that there is a lack of security with yachts and that terrorists could sail straight into Main Street. It is not true that there is no control. I have already explained publicly the measures that the Government have taken to ensure that there is no soft underbelly into Gibraltar through the marinas but it has to be remembered that it was they when they were in Government that gave Queensway Quay Marina the privilege of not having to have their boats report into the Yacht Reporting Berth. The hon Members also said that there is a need for beaches for longer times of the year that there was more maintenance needed sooner, that it was a matter of common sense, that the Government were ostriches in not opening the beaches sooner. Anybody would think that it is common sense for the beaches to be opened earlier in the year only since May 1996. The fact of the matter is that whatever might be the non ostrich-like justification, whatever might be the common sense justification for opening beaches sooner than we presently opened them was also the case when he was in Government and when he was the Minister responsible for Public Services. What steps did he take to lengthen the swimming season and to lengthen the period of time that beaches were opened for? Answer, no steps whatsoever, we have lengthened the swimming season by advancing the date on which the maintenance is started and the beaches are opened for. So, another example of something that they now demand as obvious common sense but which they failed to do when they were in office even though it was just as much common sense

then and ignoring the considerable improvements that there have been ever since.

He is mistaken when he says that the staff of Buildings and Works expect to receive the same as the Electricity Department settlement. It is clearly understood that the Electricity Department settlement responds to a set of historical circumstances which are peculiar to that sector of the public service and that it does not provide a bench mark for others.

There is no bullying of workers to go into the Authority, the remaining negotiations are at the request of the workers themselves. It is the Buildings and Works staff that have asked to start negotiations with us now on the possible Buildings and Works Authority. It is those who have not yet joined the Electricity Authority that have now asked and agreed to enter into negotiations with the Government about the possibility of them joining the Electricity Authority as well. The Government have made it clear that no one is forced to join the authority other than by agreement and that remains the position.

On the post office as the hon Members know a comprehensive agreement has been reached dealing with all aspects of the service, resourcing, pay, manpower, but the hon Member is wrong when he says that the problem all along was just shortage of manpower. It has never been the Government's position that we would not increase the manpower, in fact, it has always been the Government's position that we would increase the manpower but only when the working practices and when the pay package system in the post office had been renegotiated to ensure that staff could not earn more money and continue to hold the postal service to ransom. Postal delivery workers, postmen hold the service to ransom at particular times of the year by manipulating the pay system to strengthen their hand in asking for evermore sums of money for simply delivering a postal service. What we have put in place is a postal service agreement which amongst other things delivers as we had said we would more manpower but has altered the pay structure of all the employees in the postal service. The public can now have confidence that more public

investment in the postal service actually will lead to better postal services. To have employed more people without first reforming the pay and works method structure would just have been to have paid more money for a continuing service to the standard which we had all agreed was not acceptable and I have to report to the House that there are still employees of the post office namely the postmen who think that they can negotiate for two years with the Government, sign an agreement with the Government, pocket the financial benefit of that agreement and then decide that they do not like bits of the agreement which is what they were contributing to and I have to report to the hon Members that that is exactly what they are trying to do. One of the things that they contributed to that new agreement and that negotiation in exchange for very substantial increases in pay was that they would deliver some registered mail. The hon Member knows that the position now is that if somebody addresses a registered letter one gets a little piece of paper that tells one to go and collect it. No where in the world let alone postmen that are being paid more than postmen in the United Kingdom, nowhere in the world are registered letters not delivered to people by postmen and what we extracted from them in the negotiation was not that they would deliver all registered letters because the Government issues thousands of these, tax assessments, tax returns, things of that sort, that they would have to deliver a maximum of 33 registered letters a day each, a maximum and that they would have to make one attempt to deliver it. If the addressee was not at home they could then bring the letter back to the post office and leave instead a little letter saying we have received a registered mail. A maximum of 33 registered letters a day so far no postman has been asked to deliver eight, nine or ten in one day. They are refusing to deliver, with the exception of one postman the other twelve, are refusing to deliver registered letters other than to businesses on the ground floor, so if there is a business on the first or above they refuse, refuse to deliver registered letters to residential addresses even though as recently as March we have signed an agreement with them in which they specifically agreed to deliver a maximum of 33 registered letters a day each. So, these employees think that they can negotiate with the Government, extract financial concessions from the Government, sign an agreement, keep the financial

benefit of the agreement in their pocket and then before the ink is dry on the agreement try to renege on the improvements for the service user of the quid pro quo for the improvement in the service and I tell them here and now that the Government would accept nothing less than the honouring by them of the agreement which is being painstakingly and generously negotiated with them and I do not mean negotiated with the union I mean negotiated directly with each employee present. We will settle for nothing less than them honouring their side of the bargain. When the Government negotiates in good faith and signs an agreement with staff those agreements are not just for the benefit of the staff they are also for the benefit of the employer and for the benefit of the service user and the Government would not tomorrow, the day after or at all allow them to abuse the negotiating process by signing up to agreements to obtain a financial benefit and then no sooner have they received the financial benefit than to try and roll back and renege and extricate themselves from things that they have agreed and which is what the user gets as part of the extra money that the tax payer is paying them. The Government would not renegotiate the agreement there is nothing to renegotiate, there is nothing to discuss. This was agreed by them, they must honour their agreement and any postman who does not honour in full, in full, without picking and choosing which of the obligations of his job he discharges will be locked out and will not be allowed to comply with any part of his contract. I have to tell the hon Member that so far four postmen who have had letters to deliver in residential houses or in businesses above the ground floor have in flagrant breach of the specific provision of this agreement refused to do so. They have been locked out by the Government of their place of work, the Government would not allow them to pick and choose what bits of the agreement they now want to honour and which bits of the agreement they do not. They have been sent home without pay and they are deemed to have withdrawn their labour and the same fate will befall any of the other eight postmen who choose to renege within weeks of the agreement they have negotiated with the Government and which has resulted in a considerable increase in pay to them and they will not return into the post office premises until they have undertaken to honour the terms of the agreement which they have negotiated and which

they have signed and they can stay out for as long as they like. The Government would not enter into what would amount to discussions and negotiations to give them the opportunity to unilaterally renegotiate the bits of the agreement that they have now decided they do not want or they do not like. That option is not reasonable. That option is not available to them and if the postmen want to confront the Government on the basis that they are unwilling to honour the agreements that they have entered into then the Government would take them on squarely but fairly and for as long as it takes to make them understand that they have to deliver their part of such a recently struck bargain.

I share the Hon Mr Juan Carlos Perez's commitment to the Gibraltar Government Lottery and certainly it would not be Government intention to do anything which might put its continuation in jeopardy. I cannot tell him what the proposals yet are about mixing one form of game with the other we will have to wait and see. I take on board the view that he has expressed on that and will make sure if there is a proposal to mix, to use his words, one form of game with the other that then somebody who is knowledgeable will consider what if any adverse implications that may have on the lottery. I have to tell him and I am not telling him this in any sense of wanting to engage in any debate on the lottery but my personal view, for what it is worth, I am not an expert on the lottery is that the problems facing the lottery can be traced back to the decision which he took to go fortnightly with the consequent increase in price. There are many players who used to play the lottery weekly out of habit, because it was every week they did not have to remember which week was on and which week it was not on, there are people who found it easier to open their purse for a smaller amount of money even if after a 14 day period it boils down to the same. There are psychological dimensions which many people attribute as something which was not positive for the lottery. The hon Gentleman would have had his reasons for making it but it has not been thought to be positive.

Mr Speaker, if I can turn now to the comments of Dr Joseph Garcia. Dr Garcia started his contribution by saying that the last 12 months have been the most politically critical for Gibraltar. I am

not sure if he said ever or in a long time but it makes no difference and I think that that is probably a reasonable comment. There have been critical moments in other eras as well but certainly if not the most critical this ranks up there amongst them and the only thing that I would like to say and his comment gives me an opportunity to say it is this, that when we are asked not just from the UK but also from people in Gibraltar to enter into a period of calm reflection they have to be careful that they do not mean that we should reflect about our no to the joint sovereignty proposals. That the period of reflection if there is to be one has got to be a period of reflection by everybody and that includes the United Kingdom and they appear not to be doing it because to assert that despite everything that has happened the British Government's position remains as set out on the 12<sup>th</sup> July by the Foreign Secretary in the House of Commons last year is not evidence of calm or any reflection on the part of the United Kingdom. So, calm reflection cannot mean that Britain keeps its policy of joint sovereignty and then just waits for us to be softened up or be persuaded to accept it. If that is what is meant by a period of calm reflection then it is a false call it is not a straight forward call for calm reflection. In a democracy periods of calm reflection should most obviously lead to the wishes of the people most directly affected being respected and that means the United Kingdom accommodating the referendum results and not adopting a position which in effect says well, we move the ground forward. We will delay for a while doing the joint declaration but it remains the British Government's publicly stated objective and ambition. It has to be understood that this Gibraltar Government, the next Gibraltar Government, the one after that, no Gibraltar Government whatever might be their view and policy in relation to dialogue, no Gibraltar Government can or would participate in a process of dialogue subject to the predetermined objective that the objective is somehow at some stage in some fashion to put into place the joint sovereignty agreement which Mr Straw says remains the British Government's policy position. That the maintenance, the adherence by the British Government to the 12<sup>th</sup> July statement is an insuperable obstacle to meaningful dialogue in which Gibraltar can participate.

The hon Member was critical of the fact that e-com and the Gibraltar Morocco Cable Project did not materialise I am sure that he will not wish to completely ignore the fact that the bottom has fallen out of the data transmission and telecommunications market. Just check the case of the once mighty Cable and Wireless that invested very heavily in data transmission and internet service provision and carriage capacity particularly in the United States and the very survival of the company has been put at risk as a result of the popping of the dot.com bubble and the falling out and the enormous over capacity that now exists as a result of the over estimation of the demand for internet traffic that the dot.com bubble is based on and that no one is going to invest in more capacity when people are actually shedding over capacity in the industry so, that is the context in which the decision by the investors not to proceed with that project has got to be seen.

I do not think that the hon Member has quite got right what we said. We never said that the Casemates or to be more accurate the special entertainment area licensing regimes was temporary, what we did say was that we would consider the situation of the remainder. It was not that Casemates was temporary it was that once Casemates and the other leisure areas and the discotheques were in place we would then consider whether a similar or some different sort of regime should be applied to the other areas which do not presently benefit from them and from time to time the Government have revisited that question and concluded that there is not very much that it can do which would not significantly disrupt the peace and quiet of the people in what are significantly residential areas but the matter is constantly reviewed particularly in respect of businesses that have established themselves outside what we regard as residential areas. He also said that there needed to be a more fluid less bureaucratic and quicker system for the approval of Government funded commercial ventures and he cited as proof of that that there were only 27 applications that had been acceded to. The number of applications granted is not a product of the slowness or the fastness of the system under which they are considered. It is a product of the decision making criteria that the Government employ when they analyse the various projects that they receive.

Mr Speaker, I do not agree with the hon Member's assessment of the Government's handling of the State Aid investigation. The Government have carefully consulted at every stage with legal advisors, industry players and everybody who might be directly affected by it. What the Government have not done with the agreement of the industry players, is conduct the matter in a way that would have made this issue a bigger cause celebre, a bigger controversy, sooner than it needed to be because that would have been even more damaging to our Finance Centre industry. If we had spent the last two years debating the desirability, the feasibility of tax reform proposals that may or may not be implementable that is the sense of uncertainty that the marketplace would have transmitted both at home and abroad and the Government have as a matter of predetermined choice decided that it wished to handle this matter in a way which minimised the opportunities for premature debate and premature debate is that we start debating draft laws before we even know that they are going to become draft legislative proposals because if the European Commission does not approve them then they will never become legislative proposals in the legislative sense and to have a damaging public debate about them before we even know that they are viable is to incur and to rain down on the Finance Centre industry unnecessary additional damage unnecessarily. We must still have our legislative debating and consultation phases and let me say that the legal issues involved in the State Aid case he says that, for example, the Government did not even give notice that interested parties could send in letters. I cannot think of anything more potentially damaging to Gibraltar's case which has had to be finely balanced, to make sure that one argument does not undermine another, to make sure that the facts provided in support of one argument does not unwittingly undermine the facts or the status of another argument for which similar facts may have been produced in evidence. It has been a tightrope act which has required the application of some of Europe's leading legal minds in terms of European Union law and State Aid rules. I cannot conceive of a more dangerous threat to the prospect of Gibraltar succeeding in this area for all and sundry allegedly interested parties to have started writing willy-nilly letters



on the basis of the sort of depth and breadth of knowledge that the hon Member has displayed because he is not a Finance Centre professional. His background is in another area and it would not have been regarded as positive by the Government it would have been regarded by the Government as actually unhelpful and threatening to the case that the Commission should have been bombarded by letters from people who had not sufficiently thought of the arguments, who had not sufficiently thought about the consequences of one argument for another and certainly the Government do not regret that there had not been more letters from so called interested parties. But it is not true that they have had to find out things from the Spanish press about this. Nothing about the Government's tax reform proposals have emerged in the Spanish press which had not already been the subject matter of statements by me in this House and the idea, the insinuation that the hon Members had discovered details of the Government's proposed tax reform proposals in the Spanish press is simply not true. The only thing that the European Commission has had in respect of our tax reform proposals which they have not had is the draft legislation and that is because part of the approval process requires us to submit the draft legislation to the Commission. It is the opposite of the reality to say that the Government and the Finance Centre continue to be reactive on tax. The Government and the Finance Centre continue to be the opposite of reactive we are proactive. We have been proactive when it has been necessary to take litigation, we have been proactive in the matter of devising complex tax reform proposals, we have been proactive on the question of obtaining EU Commission approval and the Government have reacted to nothing in this area. We really do not know on what basis the hon Member says that there has been reactivity what there has been is proactivity. Nor do I understand the basis upon which the hon Member has tried to hold the Government responsible for the outcome for Gibraltar of the taxation of savings directive. He is critical of how the Government have conducted the negotiations, negotiations with whom? The issue, for Gibraltar, once the co-existence model was originally dropped in favour of exchange of the information model up to that point we had the co-existence choice, when the United Kingdom Government succeeded in persuading the Community to drop the

co-existence, in other words, the choice for everybody, between exchanging information or withholding tax which is called the co-existence model and the UK persuaded everybody to abandon this in favour of exchanging information the Government did all that was humanely possible to persuade the British Government to allow us to continue with the withholding tax option. We are not sure what the industry would have advised as the preference at the end of the day but at least that we should have had the same option, as it was emerging others would have. Austria, Belgium. Luxembourg, the Channel Islands in the event even though the British Government used to say that they would not have the choice either, and we said, *"..be careful do not end up giving the Channel Islands the choice"*, Switzerland et cetera, et cetera, letter after letter, memo after memo, meeting after meeting and the British Government simply and flatly refused. Absolutely refused this is not a question of criticising the way which the negotiations took place we have not participated in any negotiations we have made firm repeated and rationally argued requests which the British Government have simply ignored and refused to take on board and refused to accommodate and I think that whilst it is legitimate for the hon Member to hold the Gibraltar Government responsible for what is within its power and within its authority it is wholly illegitimate for the hon Member to try and pin political blame on the Government of Gibraltar for things that are outside its gift, outside of its power, outside of its authority and which despite its best efforts the British Government who have the power and the authority simply for reasons of their own policy refuses to adhere to and to accommodate Gibraltar's request on. If the hon Member wants to hold the Government responsible for that as well he can do so but it is wholly unfair on his part.

Then in an attempt to demonstrate that the banking sector is in decline he reaches for whatever figures might be thought to mean that and then offers it as evidence not just that the banking sector is in decline but indeed by implication and insinuation that the whole of the Finance Centre is in decline. It depends how he measures success. Frankly for me the success of the Finance Centre in Gibraltar is measured in two ways and two ways only. Not by how many licences there are although that is actually quite

a good news story in areas other than banking, not by whether the banks have got so much billions or so fewer billions under management or under deposit. The way that Gibraltar measures the success of the Finance Centre to the economy is how many people does it employ, how many ordinary citizens of Gibraltar is this industry providing jobs for, is it more or less than before and are those jobs better or less well paid than the other jobs in the economy? Are the Finance Centre companies making more or less profit because the more profit they make the more tax they pay the Government and the more money the Government have to invest in public services and therefore to say that there are less banks doing less business as if this was somehow a significant measure of the state of the industry is completely and utterly artificial. Presumably he would concede to me immediately that banks are not charitable institutions and they do not employ people simply to do the Government the favour of keeping the unemployment numbers down and they do not employ people simply to give people jobs. They employ people because the volume of the work that they are doing makes it in their interest or they have the need to employ people. Even in the year that he says that the banking sector is in such crisis, employment in the banking sector rose by ten per cent, how does he explain this curious phenomena by a sector which he says is in decline? That a sector that is doing less business actually employs 10 per cent more people than the year before? Unless they believe that they have taken collective leave of their senses. What he should not do is misread the figures that he does use because when he talks about falling deposits please let him remember that the figures whilst the Republican National Bank were in Gibraltar were artificially inflated by a fact that that bank used Gibraltar as its treasury base for its global operations and when that bank several years ago took its treasury operation out of Gibraltar several years ago it had an immediate impact in the number of deposits and assets that the bank held. But the sector has grown. The sector has not failed to grow since 1996. The sector has grown since 1996 and it has grown as part of a sector, the Financial Services Sector, that has grown exponentially since 1996. Only somebody with a very superficial understanding of a Finance Centre industry could try to argue either that it is in crisis now or that it is in decline

or that it has not grown substantially. I gave the hon Member the figures for the growth in jobs in the Finance Centre since 1996, I think I said 400 or 500 odd an increase of 30 odd per cent. Those are the inescapable facts and figures. Then not content with wishing to give people the false impression that the Finance Centre was in decline then to give the impression that tourism was in decline under this Government.

He criticises the Minister for Tourism for spending a lot of money, *"...a spending spree and globe trotting,"* and then criticises that the growth in tourist numbers is not enough that the record on cruising is not impressive that the record on that is not impressive. How does he think that tourists and tour operators can be attracted to Gibraltar if not by globe trotting and spending sprees? If he thinks as he appears to do that the money is being misspent let me tell him that the very opposite is true because what is his definitions of success and failure for the tourist industry? Comparison to Malaga and Cadiz. Malaga and Cadiz are two of the principal cities in Andalucia which is not only the main centre for tourism in Spain but the main touristic region in Europe and he does not seem to understand that the resources behind the marketing of tourism in Andalucia and therefore in Cadiz and Malaga make our resources insignificant. We do not have the resources of the Andalusian regional Government that makes our £950,000 a year on tourism marketing look like petty cash. Petty cash compared to the millions and millions and millions of pounds a year that just the Junta of Andalucia invests in tourism marketing and when the Andalusian regional Government have finished they then benefit from a national government budgeting in tourism. The hon Member must have been in the UK and seen all the television advertisements placed by the Spanish national tourist board, we cannot match the resources of the Spanish state and of the Spanish regional governments combined and we do not have a network of embassy commercial sections in every country of the world working to promote our tourism industry in those countries. We do not have state finance campaigns of that sort and frankly that we should be achieving the sort of figures that we are achieving in terms of comparison, for example, on cruise ships, that we should even be in the same ball park with our £950,000 of

marketing and globe trotting funding and that we should be in the same ball park as Malaga and Cadiz despite the enormity of the financial resources and human resources and business marketing resources that they have behind them, I think is not evidence that Gibraltar is doing badly I think it is evidence of the fact of how well Gibraltar is doing. Gibraltar has no right to be competing on a one to one with people who are in that different situation when it comes to resources and effort that they can bring to bear so, the question that has to be analysed is, is it legitimate for the hon Member to measure the success or failure of the Gibraltar Government's tourist policy by comparing it to Cadiz and Malaga and the Costa del Sol? The answer is that by any reasonable objective standards it is not, but if he does want to make the comparison with Malaga, Cadiz and the Andalucia and the Costa del Sol, I think the comparisons are very favourable to Gibraltar given the minute fraction of the financial resources, human resources, diplomatic resources and commercial resources that we have to market ourselves compared to them.

I really do not know if it is worth taking any of the House's time to once again explain to the hon Member why his criticism of falling yacht numbers is not reasonable. He gets given explanations, he does not analyse the explanation and say, *"I have heard your explanation but I am not persuaded by it because of this, this, or that reason."* Government's explanations can be analysed and one can agree with the explanation, one can agree that it provides an answer or one can disagree that it provides an answer but the hon Member does not do that. The hon Member does not analyse the explanation about longer visits being the reason for falling numbers he simply repeats the accusations ignoring the explanations that he has given and without analysing them and saying that he agrees with them or not. Can he answer me a question. It is rhetorical because he is not here to answer it, why does he think that existing marinas are investing in expansion, why does he think that there is somebody about to be given a tender to build a several hundred yacht new marina in Gibraltar, why would they be wanting to make that investment in yacht marinas in Gibraltar if the position were of decline as the hon Member suggests, why would anybody build a brand new marina

in Gibraltar for 600 or 700 boats or more if the existing marinas' business is in decline and they are half empty which is what one would think by listening to the hon Member and there are certain realities of life that he cannot get away from.

The House recessed at 1.50 pm

The House resumed at 3.00 pm.

Debate continued.

**HON CHIEF MINISTER:**

Mr Speaker, and so we come.....

**HON J J BOSSANO:**

I want to raise a point of order.

**MR SPEAKER:**

What is the point of order?

**HON J J BOSSANO:**

The point of order is that the Chief Minister made a statement.....

**MR SPEAKER:**

No that is not a point of order.

**HON J J BOSSANO:**

Which happens to be false.

**MR SPEAKER:**

It might be a personal statement but not a point of order.

**HON J J BOSSANO:**

It is not a question of a personal statement the Chief Minister was not mentioning me.

**MR SPEAKER:**

Then I will not allow it. So he said something that you do not agree?

**HON J J BOSSANO:**

No, he said something which is either a false statement or else the answer that I was given to Question No 562 of 2002 is a false statement and therefore since Members are not supposed to make false statements in the House it is a point of order and I want to demonstrate the contradiction.

**MR SPEAKER:**

I am not allowing it.

**HON J J BOSSANO:**

I regret you not allowing it because I would rather raise the matter in the House than outside.

**MR SPEAKER:**

That is entirely up to you or you can raise it as a motion for the adjournment.

**HON J J BOSSANO:**

It is not a motion for the adjournment Mr Speaker I am telling you.....

**MR SPEAKER:**

Order! Order!

**HON J J BOSSANO:**

Well Mr Speaker you will have to chuck me out of the bloody House then.

**MR SPEAKER:**

I will if you insist.

**HON J J BOSSANO:**

Yes I insist.

**MR SPEAKER:**

I name you.

**HON J J BOSSANO:**

So I am staying. Call the bloody police to take me out.

**MR SPEAKER:**

Call the police. I am never afraid of taking decisions.

**HON J J BOSSANO:**

Well you will have to take this one.

**MR SPEAKER:**

All right take him out.

**HON J J BOSSANO:**

Mr Speaker.....

**MR SPEAKER:**

Take him out! And I will adjourn for five minutes.

The House recessed at 1.50 pm

The House resumed at 3.00 pm

**HON CHIEF MINISTER:**

Mr Speaker, the last of the contributions of the hon Members that I need to review is that by the Leader of the Opposition which opened the round of contributions from the hon Members' and the contribution of the Leader of the Opposition was the classical example of the tactic and strategy that I explained this morning of the hon Members rubbishing statistics, making unfounded statements upon which they then build complex edifices by way of criticism in the hope of persuading as many people as possible that what the Government says, is being achieved should not be accepted and relied on and the whole treatment that the Leader of the Opposition gave the day before yesterday to the question of Government statistics and our presentation of it and the use that we put of them and their reliability fall into that category. There has been so much confusion of one source of statistics with another that I think that it is just worth spending two or three minutes making the distinction between the various sorts of documents and the various sorts of sources of statistics to which we have both referred. There has been reference to the Input/Output study. The Input/Output study is a report which includes the devising of a model of the economy so that one can see the size of the economy, the shape of the economy, what sectors it is made up of, what the relative interdependence and interaction of each sector is with each other, the amount of employment that each sector generates, the amount of revenue and employment in another sector which is a reflection of the existence of other sectors because of the business that they do with one another. Usually Input/Output models which are based on questionnaires on information specifically obtained from the private and public sectors usually it is a snapshot, a picture of what the economy of a country was in the day in which one does it. The day or the period to which the information that one puts into the model or one uses to create the model relates. This is a

particularly sophisticated type of Input/Output Model because it is organic, it does not exhaust its useful shelf-life it is both a snapshot of the day in which the data is obtained and because it is a computerised interactive model provided one keeps on feeding it with the right information as time goes on the computer updates changes the model. It deducts from here automatically adds to that if there is a change of statistics here or a change of economic activity there. That is what the economic model created by this Input/Output Study is. That model has been done by the Government of Gibraltar by Professor Fletcher who has done the two previous models of the economy of Gibraltar in the 1980's and in the 1970's. Professor Fletcher is one of the world's renowned authorities on the economic modelling of small country economies. He has generated Input/Output reports and constructed Input/Output models for 80 countries around the world. He is a Professor of Econometrics, Bournemouth University. He has 120 published books, reports and articles in all manner of international economic forums. Professor Fletcher is one of the world's authorities on the assessment of the economies and the construction of economic models of places, of small country economies. The Leader of the Opposition has taken it into his head that the model, the study prepared by Professor Fletcher and by his Colleague Professor Wanhill are wrong, not correct, unreliable, flawed, call it what one likes he has used all those terms at different points in time and it is back to the old let us rubbish the Theatre Royal, let us rubbish the new hospital syndrome. If experts come from abroad to confirm the Government's version of events that the economy is doing well and which verifies the locally calculated economic growth figures that shows that the economy is doing well the device to which they resort is to rubbish the Input/Output Study and to rubbish the economic model. The Government have every confidence in the expertise, pedigree, international standing and reputation of Professors Fletcher and Wanhill who as I have said are renowned recognised international experts in this sort of thing and it takes more than a few casual remarks by the Leader of the Opposition to seriously damage the credibility of the work of two such experts which is not to say that the Government have stood in the way of any desire that the Leader of the Opposition might have in trying to

explore the concerns that he claims to have in respect of the report. He has submitted many questions about the report to the Government which the Government through the Chief Secretary have referred to Professors Fletcher and Wanhill most of which have been answered but the questions keep on coming in and they keep on being addressed. I do not know if at some point in the future when he has had the answers to all the questions that he has already asked or which he may wish to continue to ask in the future whether at some stage the Leader of the Opposition is going to say, *"I have now been satisfied by the answers that I have been given,"* but what he has got to understand is that in the meantime his mere assertions that he thinks that this is wrong because to quote his words *"the figures do not come out"* is not going to lead the Government to accept simply because he says so that the work of these internationally renowned economic modellers is wrong just because he says it.

I have to say to the House when the experts have received the questions that the Leader of the Opposition has formulated for them to answer they have been led to believe that his understanding and his grasp of the subject matter in hand is not as deep and thorough as he would have us all believe that it is but he can continue. I said to him that the Government within reason, we have to pay for Professor Fletcher's time, would continue to allow him to ask questions and will continue to authorise Professor Fletcher and Professor Wanhill and the Chief Secretary and the Government's Statistician to answer whatever questions he may have about the Input/Output Study but what he must not do is misrepresent what I say to him. So, he said that I had said in my speech that the Input/Output Study shows the growth in the economy. I said nothing of the sort. What I said was that the Input/Output Model report describes the economy of Gibraltar as buoyant and energetic which it does and which it is and then talking about a completely different document which brings me to the second of the various sources of information that have been bandied about here and people may think is all one, the second document which I have said that the Government will now publish is the National Income Accounts. It is the National Income Accounts which have been locally produced as always by the

Statistics Office but which the Input/Output Model uniquely provides on this occasion an opportunity to verify by cross checking and cross calculating the same issues that it is the National Income Accounts not the Input/Output Model, not the Economic Model, not what Professor Fletcher and Professor Wanhill have done that is a different exercise what I have said is that the National Income Accounts from the years 1996/1997 to 2000/2001 show that the economy of Gibraltar has grown by 23 per cent in those years. So, my reference to the documents that show economic growth have been to the National Income Accounts. My reference to the Input/Output Study Report were not in relation to growth they were in relation to the description of the economy as buoyant and energetic and the National Income Accounts are entirely accurate and reliable even if the Government do not for one moment accept, even if any of what the Leader of the Opposition says about the document Professor Fletcher's Input/Output Study were in whole or in part correct. The figures for national economic growth come not from the document that the Leader of the Opposition wrongly, in our opinion, thinks is flawed but from a wholly different document. The National Income Accounts which the Leader of the Opposition appears not to believe is flawed and it is that document which shows the growth of which I am speaking. I say all of this only to untangle his opening remarks that I had said which suggested that I did not know what I was talking about because everybody knows that economic models do not measure economic growth. Of course economic models do not measure economic growth, but what he cannot do is say that that is what I said when in fact I did not and it is a classic example of what I complained about this morning, they make a misrepresented statement of what we are alleged to have said and then they build an edifice of criticism not on what we have said but on what they say that we have said.

The third source of statistics that we have been discussing during these days in the House is the Employment Survey, the Tourist Survey, the Tourist Expenditure Survey, the Hotel Occupancy Survey and the Air Traffic Survey. Those are the surveys that are drawn up and published by the Government Chief Statistician as a matter of statutory obligation every year. Those documents I have

used as sources of economic growth indicators. If the Employment Survey shows that the number of jobs in the economy is growing that is an indication of economic growth. If they show the number of tourism visitors rising that is a sign of economic growth and if they were to show as the hon Members then try to use them falling figures of visitors then that would indicate in respect of the issues measured by those figures that there is not growth but shrinking or static situations. It is the National Income Accounts and the surveys that show growth or not. The Input/Output Report does not show whether there is growth or not and no one has suggested that they do contrary to what the Leader of the Opposition has said and then the extent of the Leader of the Opposition's grasp of these issues has to be questioned by some of the points that he has made during his own presentation. He has said, "*the coefficients and multipliers in the transaction tables attached to the Input/Output Study Report give a coefficient for how much £1 million of increase in tourism expenditure should result in how many jobs should be created so that if the increase in tourism expenditure is £30 million in one year then the number of jobs that should be created is so much.*" The model is capable of doing that but the report that he has and the tables that he has do not and he has no means of calculating by reference to the information that he has got how much full-time job equivalence would be generated by a certain increase or jobs lost by any given decrease in tourist expenditure in Gibraltar in any one year and what I believe the hon Member has done and indeed what the Government's Statisticians who simply could not follow the arguments being put by the hon Member believe that he has done given that they know that he has not got that information in hand and given that they know and I know and he should know that it is not a direct measure that what I think he has done is this, if in the Economic Model for the year 2000/2001 there was a certain level of tourism expenditure and Professor Fletcher says that with that level of tourism expenditure there is this level of jobs sustained by tourism he has divided one by the other found what he regards as a rate of jobs per £1 of expenditure or £1 million of expenditure and then made the simplistic linear calculation that therefore if there has been a £30 million increase in tourism expenditure one multiplies by 30 the little calculation that he has done on the back.

He needs to understand that that is not how these things work that it is not a legitimate calculation for him to make, these things are not lineal. It is not as simple as saying “...with this degree of tourism expenditure there is so much employment and therefore for every £1 million there is this much additional employment as a direct factor calculation of the original two figures,” because there is no other explanation for his long, long, confused and completely incomprehensible, not to me, I do not profess to be a statistician, incomprehensible to the statisticians. Long contributions in this House about how the Input/Output Model must be wrong because if it were right between 2000/2001 when there was a £30 million jump in tourism expenditure there would have had to be 600 more jobs in the tourism economy and as they have not existed then it proves that the model is wrong. It is a completely nonsensical non sequitur and then hon Members may recall that he also tried to rubbish the reliability of Government figures by saying, “..you see how can the model be right. Professor Fletcher for the purposes of the National Income model says that visitors from Spain spent £7.6 million in a given year and the tourist survey and the answer given to me by the Minister for Tourism in this House said it was £4 million, you see and I believe the figure four and because I believe the figure four anything that Professor Fletcher has calculated on the basis of 7.6 is wrong. You see it proves that the model is wrong and that the results are unreliable.” The only thing that is unreliable is the Leader of the Opposition’s ability to compare like with like. He appears to have overlooked the fact that he has questioned two apparently contradictory figures but which are not at all contradictory because they were information given in answer to two wholly different questions and therefore the figure 7.6 is the measure of one thing and the figure 4 is the measure of a completely different thing and it is not that they are conflicting figures of the same measure, £7.6 million is the figure taken into account by the survey. In answer to a Question in this House the Minister for Tourism replied that the expenditure by Spanish visitors was £4.5 million for 2001 both figures are correct. The explanation for the difference is that the £7.6 million figure reflects the expenditure by visitors from Spain who stayed in Gibraltar that is both at hotels and in supplementary accommodation, friends homes and things of that sort. The latter

that is the figure of £4.5 million refers exclusively to the expenditure of those visitors from Spain who stayed at hotels. There are many people who come from Spain stay in Gibraltar and do not stay in hotels they stay with friends and so in 2001 the arrivals from Spain of people who stayed at hotels their expenditure was £4.45 million but the arrivals from Spain regardless of whether they stayed in hotels or in other forms of accommodation was £7.61 million. On the basis of a complete misinterpretation by him of two answers given in respect of two different questions he then makes the mistake of assuming that they are contradictory answers to the same question and on the basis of this simple miscalculation and misunderstanding on his part he spends an hour justifying how this demonstrates that the economic model is unreliable, that the input report is unreliable and makes as the only point of his speech that the Government’s figures are unreliable.

**HON J J BOSSANO:**

Mr Speaker, on a point of order.

**MR SPEAKER:**

Yes what is the point of order?

**HON J J BOSSANO:**

The point of order is that the Chief Minister said that I drew a conclusion that the £7.6 million related to people crossing the frontier and staying in hotels and as I said in my opening statement I made no such conclusion I have it black upon white because I asked specifically whether this was part of the £13 million of expenditure of people staying in hotels and by letter



dated 15<sup>th</sup> April the answer that I was given was 'yes'. It is no conclusion that I have made and it is no mistake that I have made. I have based myself on a written answer that I have from the Chief Secretary telling me that the £7.6 million was part of £13 million of people staying in hotels I have no way of questioning the accuracy of the answer that I got.

**MR SPEAKER:**

It is not really a point of order but I have allowed you.

**HON CHIEF MINISTER:**

Mr Speaker, that is very peculiar and curious because it is the very same Chief Secretary who now gives me the explanation that I have given to the House so I can only suggest that in his next conversation with the Chief Secretary given this situation, obviously I maintain the position that I have articulated on the basis of the information that I have been given, he maintains the position that he has just described on the basis of what he says .....given that we are in the happy position of having the same party giving us both the information and given also that with the Government's agreement he has full access to the Chief Secretary to help him get whatever satisfaction or information he wants in relation to this area of matter that next time he speaks to the Chief Secretary or writes to him he might include this issue and we can see to which of us he has given the right information and to which of us he has given the wrong information because if what the hon Member has said that he has a letter that says what he has just said that it says, if that is true then we cannot both have been told the right thing. He should not interpret that to mean that I am now conceding to him that his interpretation of what the Chief Secretary had told him in that letter is wrong indeed what they are telling me is that the Leader of the Opposition is misinterpreting what he has been told. He is now saying, *"No I am not misinterpreting what I am being told, I am being told clearly,"* given that to my knowledge the Chief Secretary, I suppose that there could have been a

typographical error in the letter, but that the Chief Secretary is not a person that is inclined to this sort of confusion.....

**HON J J BOSSANO:**

In my opening remarks I said, *"By letter dated the 15<sup>th</sup> April the Chief Secretary on behalf of Professor Fletcher confirmed in writing that the £7 million was part of the £13 million spent by visitors in hotels."* When he gets back to the office he can ask for a copy of the letter and he will be able to read it for himself.

**HON CHIEF MINISTER:**

Yes and the Government's version on the basis of what we have been told by the same source is that the £7.6 million is the expenditure by people who came from Spain regardless of where they stay and that the £4.5 million odd relates to the expenditure by tourists who stayed in hotels but I will clarify the matter for him and I will report back to the House on the fruits of my clarification.

Not content with casting what the Government regard as completely unfounded, unjustifiable and unscientific aspersions on the reliability of professionally compiled statistics the Leader of the Opposition then thought it appropriate to insinuate by reference to – we will wait to see if we get another letter from Mr Straw for him to publish the statistics – insinuated that there was tardiness, delay on the Government's part in publishing the abstract of statistics in publishing the surveys the employment, the tourist surveys and things of that sort and I think I am obliged not just to do honour to the Government's record in this area but again to demonstrate in this House how far from it being the Government that makes inaccurate remarks or not caring about the accuracy of what we say it was what I stand accused of at the hands of the Hon Miss Marie Montegriffo but that it is them who make allegations and assertions knowing that they are wrong and misleading. The Opposition should not be criticising the Government for delay in publishing statistics of this sort they

should be congratulating the Government for accelerating by a very significant measure the time that it takes now to publish these statistics compared with the time it used to take them, for example, he complains that the Abstract of Statistics for 2002 has still not been published. It is June 2002, finished therefore less than six months ago, this is their record in respect of the publication of the very same document the Abstract of Statistics. The 1989 Abstract of Statistics was published in December 1990 in other words if I took another six months from today in publishing the 2002 Abstract, I would still be publishing it a few weeks before they published the 1989 one. The same with 1990 the Abstract was published in December of the following year. The same for 1992. For 1989, 1990 and 1991 they were published respectively in December a full 12 months later so, if I publish it next week as I have already said it is going to happen that is cutting in half the delay that they used to subject us all to in publishing this document. They used to publish in 12 months and we are publishing it in six now. In 1992 it was published in September 1993, nine months, I have still got more than three months to go before .....and that is his best performance, not true, his best performance was in 1988 before he had had time to work on the system that was published in July 1989. Except in respect of 1988 in every other year it was published in the following year in December, December, December, September, October, November, November and then we published in September 1997 the Abstract of 1996 which is a shared year. Compare that to the June publication. No I do not know how much work goes into compiling these statistics all I say that somebody who used to take twice as long to publish as the present Government are now taking to publish is not well placed to accuse the Government of delay in publishing the Abstract of Statistics. Then as if that already were not bad enough he says, *"ah well and then the surveys and the tourism survey and the hotel occupancy survey because he did not draw a distinction."* The surveys that were recently Tabled in this House and which relate to 1992 and which were Tabled in June compare as follows with his record in the publication of the same statistics:-

- ◆ 1988 Hotel Occupancy Survey and Air Traffic Surveys were published 11 months later in November 1990.
- ◆ 1992 Report was published in October 1993, 10 months (these surveys all except the Employment Surveys are calendar years) in October.
- ◆ In 1993 the Hotel Occupancy and Air Traffic surveys were published on the 2<sup>nd</sup> September 1994, nine months.
- ◆ The 1994 report was published on the 30<sup>th</sup> November 1995, 11 months later.
- ◆ The 1995 report was published on the 4<sup>th</sup> September 1996, nine months from now.

The 1992, 1993, 1994 and 1995 reports I could have sat on them for another three months and still have published them sooner than he did but nevertheless he feels politically and morally entitled to point the finger of accusation and blame at us for delaying the publication of Statistics even though we have considerably improved the publication period compared to when he was in office and the same applies to the Tourist Survey:-

- ◆ 1992 published in October 1993;
- ◆ 1993 published in September 1994;
- ◆ 1994 published in November 1995;
- ◆ 1995 published in September 1996;

compared to our publication in June months sooner than he used to publish his and the Employment Survey is even worse let us remember that the Employment Survey is not to December it is to

October so when one is counting the months of delay one has to start counting from November of the year in question. Report in respect of the figures as at October 1992 and April 1993 he will recall that at that time they were split in two months of the year, April and October, was published in March 1994 that is 18 months after the date to which the October 1992 figures related and 11 months after the date to which the April 1993 figures related. We have published the last Employment Survey at the very worst now in June compared to November, December, January, February, February, March, April, May, June eight months after the last date to which the figures relate now only one October, he 11 months, 19 months the best of the two numbers in respect for the figures October 1993 and April 1994. That is 25 months after the April-October 1993 figures and 19 months after the April 1994 figures contained in that booklet. Nineteen months delay in publishing and 25 months in respect of the earlier set of figures included in the same document. Twenty-five and 17 months in respect of the survey for October 1994 and April 1995 and 19 and 15 months compare that to our record and one will see that he is simply not entitled on the basis of the facts to suggest that the Government are delaying the publication of statistics when in fact what we are doing is publishing them a lot faster than he used to publish them. Therefore he has got to ask himself, what is it that he did not know what his record was or knowing what his own record was he nevertheless thought to create a different impression in this House? It can only be one or the other.

Mr Speaker, the hon Member then made suitably alarming remarks the first time I have heard the Leader of the Opposition devote so much time in a budget speech to simply reading from Hansard of his own speech last year. That is what he did all to get in the point about the short-term benefit fund and the alleged £5 million that was raided. When he said that the Government were raiding a Pension Fund and if any company did this they would be in serious trouble he must know that the Short-Term Benefits Fund is not a Pension Fund. The impression that he was transmitting to the unsuspecting listeners is that the Government had raided the Pension Fund by £5 million to pay for other things. The Government have not raided any Pension Fund the Short-Term

Benefit Fund which is massively overfunded, massively overfunded exists for the payment of such short term statutory benefits as unemployment benefit, maternity entitlements and things of that sort. It is not a pension fund and even with the £5 million that was transferred out of it because they were frankly not needed there and will not be needed there ever it is still massively overfunded and still has nothing to do with pensions which are paid out of a completely different fund called the Long-Term Benefits Fund as opposed to the Short-Term Benefits Fund which is not a pension, does not pay pensions and pays short term benefits and which is still massively overfunded notwithstanding the £5 million that was taken to make a contribution to a well-known charitable trust. The hon Member can and also did say but I think that is a legitimate point because it does not involve any misrepresentation of fact that is, *"I do not think you should have used £ 5 million from the Short-Term Benefits Fund to pay a grant to that well-known charitable trust. I think you should have taken that £5 million if it is surplus,"* which I am sure he accepts it is, *"to top up the Pensions Fund, the Long-Term Benefits Fund,"* and yes that is an option and it might still be the option that befalls the continuing overfunding still in the Short-Term Benefit Fund. So, it is perfectly reasonable an opinion for him to say, *"I do not like the idea that the Government used the surplus in the Short-Term Benefits Fund for what it used it I think it should have been used for something else either left where it was or transferred into the Pensions Fund"* and that is a perfectly reasonable option, a perfectly reasonable possibility and indeed a possibility that we are contemplating in respect to the continuing capital surplus in the fund but what he cannot do is go on to say, *"...and therefore they have raided the pension fund,"* there is no pension fund and there is no raid.

So, to the vexed issue of economic growth and the extent or not extent of it and whether it is enough or not enough or whether it could have been better or not better. As I understand the hon Member's position it is not that he is questioning that there has been £23 million of money, he is saying he accepts that there has but that that is not as impressive as I think and that in fact it could have been even better. I think that is a reasonable analysis of what the hon Member's position is. For the view that it is not

enough and could have been better he relies on a remark made in this House by Bryan Traynor who was otherwise not always in agreement with each other but still a remark by Bryan Traynor the then Financial and Development Secretary presumably in his first term when the hon Member was Opposition in where he says “...small economies tend to grow by more than large economies,” and because small economies tend to grow by larger amounts than large economies therefore the growth rates achieved by the present Government or 23 per cent over a 6 year or whatever it had actually been is not very good and could have been better. I think that has to be brought into realistic perspective and I think that before this House accepts the Leader of the Opposition’s view that 23 per cent in five years of economic growth is not enough and that the resulting 4.6 per cent average per annum is not enough and should have been more the hon Members may wish to take the following into account. In the same period when we have seen 23 per cent of economic growth the European Union is 12.5 per cent whereas our average is 4.6 per cent a year the European Union’s average is 2.5 per cent. The UK whilst we have had 23 per cent of economic growth over the period resulting in a 4.6 per cent average the UK has had 13.7 per cent and an average of 2.75 per cent, so our annual average is almost, not quite, twice as much growth in average terms as the European Union and the UK. Then the hon Member says, “...well, you know but is this small economies point? Small economies grow faster than large economies.” And that is true up to a point but not completely because it is not so much that small economies grow faster by a large margin although they do tend to grow a little bit faster it is that the growth fluctuations are more volatile. Whereas in a large economy growth might fluctuate between zero and six per cent in a small economy the growth might be 2, 15, 4, 7, 3, the range within which they fluctuate in terms of percentage growth from one year to another is larger and is not so much therefore a case of sustained bigger growth in small economies than in big economies it is rather that the growth is more volatile. It comes with more gyrations from year to year than it does in larger economies and just to demonstrate by reference to a smaller economy that the economic growth in Gibraltar is much more impressive than the hon Member is willing to give the Government

credit for. The economy of Jersey, here is an economy which is in a sense isolated like ours as well, they are a physical island we are a sort of political island with many of the same access problems, they are into financial services as we are, they are into tourism as we are, an economy which is much nearer in size to ours than the UK’s or the EU average. Their growth during the same period has been 23 per cent and has been 10.4 per cent in respect of the total period. Their average is just 2 per cent a year over the same period whereas our average is 4.6 per cent a year and these are figures obtained from the Jersey Statistics office. Therefore the Government do not say that the economy has grown as fast as it was possible to grow, the Government do not claim to be in possession of every bit of knowledge and every bit of skill that maximises every year and squeezes every last drop of possible economic growth. What I am saying is that the growth that has been achieved is both objectively on its merits and objectively in comparison with other economies in Europe and other small economies. I have given the example of Jersey, our rate of growth is actually impressive and much more meritorious than the hon Member appears inclined to give the Government recognition for. I have to say to the hon Member that there is an element of contradiction in his positions about growth and employment. So first of all he complains that there are more and more Spaniards coming into the labour market, true, fact. Then he complains that the economy is not growing fast enough. These two positions are completely contradictory and not compatible one with the other because it ignores the fact that economic growth in Gibraltar at least economic growth of the labour intensive variety is only possible with imported labour. We just do not have enough available labour resources on our own to sustain economic growth levels higher than the ones that have been achieved and if the hon Member thinks that it is possible to achieve levels of economic growth in excess of 4.6 per annum on average without having recourse to labour from outside Gibraltar I have to tell him that he is making a wholly unrealistic to put it no more strongly than that analysis of the economy. His analysis would be right if the jobs that these Spanish labourers, and non-Spanish labourers but let us talk about the Spanish labour because that is the most numerous, if it were the position that these frontier workers from

Spain were taking jobs that the Gibraltarian wanted to do or were taking jobs and Gibraltarians were without work, in other words, that the job-taking was at the expense of then of course there would be room for economic growth absorbing our own remaining un-tapped labour resources. That is not the case as he himself has correctly analysed. The vast majority of these jobs that cross-frontier workers from Spain are taking are shop-assistants or bar staff in places like Casemates. I do not know if he has been there but many of the staff waiters in the eight or nine Casemates restaurants are Spanish labour. These are the jobs that youth and people in Gibraltar prefer not to do and we are happy that they are able to aspire to better quality employment than that. If I thought that growth was being achieved using imported labour at the expense of employable local labour that were simply being ignored because they were more expensive, because they were less obedient or because they were less sackable or because they were less amenable to discipline then the Government would certainly not take the view that I am taking now. Then I would agree with the view expressed by his Colleague the Hon Mr Pepe Baldachino and say that the Government are duty bound to leave no legitimate stone unturned in ensuring that as many jobs as possible went to residents. When I say residents I mean residents in preference to frontier workers. So, if we want to make Spaniards working in Gibraltar which is not the Government's position but if anybody in Gibraltar wished to frown on Spanish people coming into Gibraltar to work, for the sake of frowning, they would have to understand that the consequence, given that the hon Member is now clearly saying that this is our policy and it has a price and we have got to be willing to pay it, anybody who wants the luxury of frowning on Spanish labour coming in across the border they would have to accept that the price of not having it even though we cannot stop it because they have a European legal right, the price of stopping it would be economic growth. It is not possible to grow even at the rates that are presently being achieved and which the hon Member rather harshly thinks is not good enough one could not even get these rates of growth let alone the higher rates of growth that he thinks the Government ought to be achieving.

When analysing our respective performances on economic growth we come back to the old chestnut of sustainable and non-sustainable economic activity and economic growth. A glance at the employment statistics will demonstrate what I always used to say to the hon Members and then we got side-tracked by the use of language such as optical illusion and that was that the economic growth over which he presided was down mainly to the massive construction boom over which he presided. The Reclamation, the flats, New Harbours, [INTERRUPTION] no the construction projects because Mr Speaker if one analyses the employment statistics one will see that there was a massive drop when those projects finished in employment in the construction sector and what we have had to do since and what our growth actually represents in terms of employment growth is not only have we replaced jobs that were lost in the construction industry with other types of jobs but we have also grown the total in other types of jobs. He need only look at his employment statistics which he has before him and these are the employment surveys that he says he accepts. He says I do believe the employment survey. If he looks at the Employment Survey on page 26 the total number of employee jobs April 1978 to October 2002 he will see and this is the table with all the dates April/October, April/October, all the way from 1978 total number of jobs in the economy and then there is the index on the other column. When he arrived in office in April 1988 he inherited 12,995 jobs according to the survey. There was then an enormous growth all the way up to 15,000 even more 15,098 at the height of the building boom in October 1991 and from there they started falling from 15,098, 14,700, 14,200, 13,500, 12,868 by April 1994 when the building boom had finished. When he left office in April 1996 or in May 1996 but April is the most approximate figure a month before there were 12,980 jobs in the economy that is to say 15 less than he inherited when he arrived in office in March 1988 so what he presided over was a mushrooming in employment during the construction boom to the extraordinary level of 15,098 and as soon as the construction boom had finished the balloon deflated again and by the time he left office there were fewer jobs in the economy than there were when he arrived in office. [HON J J

*BOSSANO: And 1,000 less than in the MOD] I am just looking at the statistics as they are .....*

**HON J J BOSSANO:**

Mr Speaker, the point I am making is that the first figure includes a much bigger MOD and although the difference might only be 50, in the intervening period jobs were created outside the construction industry.

**HON CHIEF MINISTER:**

Of course but just as in the number of jobs that we have created we have had not only to replace the ones that have been lost but also the additional ones that have been created that applies to both of us although I accept that we have never had to face the numbers that he had to face in terms of one occasion. So, from April 1988 to April 1996 when we arrived in office there was a net job loss of 15 per cent taking into account jobs lost through no fault of his in the economy, the MOD for example, and taking into account the jobs that he was able to create with his economic activity. From April 1996 to October 1992 the growth in jobs has been 1,285. We have presided over a growth of 10 per cent in the labour market there are now 10 per cent more jobs in the economy than there were when we arrived in office 1,285 more in number representing a 10 per cent growth compared to, for whatever reasons, a static situation a no net growth situation that he was able to preside over. So when he says that there was spectacular growth in the economy in his time and insufficient growth in the economy now in our time, he has got to bare two things in mind one is that most of the economic development that he was able to do was really running fast to stand still because of the MOD job losses, secondly that there was a temporary ballooning of jobs but which related to construction which then disappeared the moment that, and that is what I mean by non-sustainable economic activity,

it is a temporary hyper-intensive economic activity in a limited period of time and the contribution that it makes thereafter to future economic figures and economic growth figures is very limited indeed. So, it is 1,285 jobs that we have created of what I would call the more sustainable economic activity, why? Because our jobs have been created in on-going business activity and not in two and a half year duration building boom, for example, 500 plus jobs extra in the finance centre. These are people who do not just get paid like bricklayers to build the walls in Montagu Crescent and then leave. These are people in good quality sustainable continuing jobs. The many hundreds of additional jobs that have been created in the gaming industry those are normal jobs, I am not saying that jobs in the construction industry are not normal, but jobs in the construction industry reflect less sustainability of underlying economic activity than jobs in some of these other sectors like the finance centre, tourism and the gaming industry. When the hon Member says that the tourism figures show no growth it depends on which figures he wants to choose and how he measures growth. If he wants to measure growth by reference to the tourism expenditure, if his measure of growth or shrinkage in the tourism sector is tourism expenditure then what we have to report is that starting from 1996 there was an inexplicable drop given that numbers were disappearing but there are reasons here of the survey technique which I will explain in a moment and which might persuade him. A total of £181 million in 1996, £111 million in the following year we all know that if between 1996 and 1997 tourism did not collapse in numbers in business of £99 million in 1998 less than half of the figure in 1996 then it shoots up to £121 million the next year in 1999 shoots up to £162 million in 2000 then comes down to £145 million and £177 million last year so, that suggests gyrations. The Statistics Office stands by the accuracy of these figures and they say that it is a product of the surveying technique, if one asks 2,000 or 3,000 people how much they have spent in Gibraltar and then because we have 7.5 million day visitors one multiplies the answer of 4,000 people by 7.5 million which is a disproportionate amount of day visitors to other types of visitors. They say that that distorts the figures I am not a statistician, I see the enormous gyrations in the figure what I know is that they do not represent what is happening on the

ground in tourism. What is happening on the ground in tourism as in employment is that during their term in office vital tourism indicators were falling which began to rise when we arrived in office and have continued to rise since, for example, if Members will turn to page 43 of the Hotel Occupancy Survey in 1988 the number of arrivals in hotels in Gibraltar was 64,942 by the time he left office in 1996 it had crashed to 46,142 from 64,900 a drop of 30 per cent over his period in office, compare that to the steady increase from 1996 from 46,142 to 59,417 it still has not recovered to the 1988 level but the point is since we have been in office the figures have risen for arrivals in hotels by 30 per cent and during his years in office they fell by 30 per cent. That suggests to me the number of people arriving in hotels seems to me as a layman in the tourist industry to be a measure of activity in the tourism activity it may not be the only measure we cannot live just from people staying in hotels but it is a measure and the statistics speak for themselves. Down 30 per cent in their time up 30 per cent so far in ours and then sleeper nights exactly the same down 50 per cent sleeper nights in their period in office from 286,295 to 140,000 in 1996 and then it rises in our time from 143,972 to 182,444 last year. I did not know but the indicators are of falling arrivals then as from May 1996 rising, sleeper nights falling year after year 50 per cent whilst they were in office and as soon as we arrived in office rise 30 per cent. Percentage occupancy of hotels 1988, 52 per cent by 1996 it had fallen to 37.8 per cent down 27 per cent from 1997 to 2002 up 31 per cent so I do not know on what basis the hon Members feel confident in saying that the statistics do not show growth in tourism. Number of visitors has risen to Gibraltar from 5 million to 7.5 million. Number of people visiting the Upper Rock Nature Reserve has risen substantially, very substantially over the period. Number of arrivals in hotels has risen very substantially, 30 per cent. Sleeper nights sold have risen 30 per cent. Percentage occupancy rates of hotels have risen 31 per cent. The hon Member confidently asserts that the tourism statistics do not show growth. The tourism statistics show a considerable amount of growth.

Mr Speaker and the last of the major points that the Leader of the Opposition raised in his address which has already been

described by one of my Colleagues as voodoo economics is the question of revenue rising by a smaller percentage than expenditure. The result therefore is a narrowing of budget surpluses. I would like the hon Member to understand regardless of whether he agrees with it or not but at least to understand that that is intentionally the Government's policy. When I started my budget address this year just as I did last year and the year before by saying that the Government's economic policies are driven by four golden rules, by four golden objectives, investment in the economy of Gibraltar, investment in public services in Gibraltar, investment in physical infrastructure in Gibraltar but also reducing the tax burden so that the cake of Government wealth is shared and redistributed between those four policy objectives. These are not just nice sounding principles that we utter in order to impress the electorate these are real policy objectives. Our economic policies are genuinely designed to deliver all four of those policy objectives each year but if three of ones objectives are expenditure causing and one of these objectives is revenue reducing there is no way of cutting taxation which is one of the four objectives, reducing the burden of personal taxation, there is no way of doing that without lowering tax and if one lowers tax one lower ones revenue or rather it does not grow by as much as it would otherwise have grown and if one cuts tax enough it is actually capable of lowering it from one year to the next even accounting for fiscal lag. And if the other three objectives are capital investment but without borrowing too much and without lowering reserves too much. By the end of this financial year we will have spent £141 million with borrowing and reserves more or less at the so and so levels that we inherited and a considerable increase in improvement in public services, forgetting the things that we do not control like payroll cost increases to the parity formula but there have been increases generated by Government policy in many areas particularly in the caring services as I have said, social services. The hon Member needs to appreciate that the fact that our rate of revenue growth is falling despite the fact that the economy is growing and that expenditure rates are increasing faster [*HON J J BOSSANO: The expenditure rate of the growth*] *The expenditure rate of the growth*] yes. In layman's terms although we understand each other that expenditure is

rising faster than revenue is a monument to the fact that we have honoured and that we have been faithful to the economic policy golden rules that we have established. It means that we have cut taxes and therefore curtailed our revenue growth and it means that we have invested in public services and hence the faster increase in expenditure than in revenue. This is not something that we regard as bad news we regard this as the consequence of our policy. It is important to keep the balance right because if one keeps on increasing expenditure by more than a certain amount and one carries on reducing one's revenue by more than a certain amount at one stage one could come into budget deficit. So the issue here is not that things are happening as they are happening, the task for the Government is to ensure that the judgement that it exercises about how much revenue can afford to fall by or to increase more slowly by and how much expenditure can be allowed to increase by that judgement has got to be made properly so that we always remain in budgetary surplus. So far we have managed to do it I suppose there may be a year in the future in which if we do not get the timing right to take our foot off the pedal then we might find ourselves dipping but the Government work very hard to ensure that that is not going to happen and that is a matter of judgement that will be the test of our stewardship of public finances. So far each year since 1996 we have cut revenue growth by giving away tax cuts, we have increased expenditure by improvement to public services and expanding of public services and we have always maintained a significant surplus even though the size of the surplus is shrinking which is intentional. We started off life in office by saying that we wanted to give back to the taxpayer some of the surplus taxation which is being raised for them and which is reflected in the size of the Government's budget surplus. I have not ignored the point that the hon Member made in which he said that he believes we only kept within the budget surplus that we eventually generated by not making a particular expenditure that had been earmarked to have been made, absolutely correct, but in the overall order of things when one is managing a revenue stream and when one is managing an expenditure flow it is perfectly legitimate to phase expenditure to stay in equilibrium with one's revenue performance so I acknowledge the facts as the hon Member has articulated them

but I do not interpret the consequences of those facts in the same way as he has done but he is right on the facts. If we had paid the particular contribution that we had wanted to pay and we had not saved money in other areas then the surplus would have been smaller but by the same token we also incurred expenditure of several million pounds on the political campaign which was also not reckoned. It is just a question of managing one's expenditure, phasing one's expenditure to ensure that it remains in equilibrium with one's revenue flows precisely to ensure that the budget surplus remains at a prudent level order. It is not to be deduced from that that operating to small budgetary deficits if it should ever become necessary although I have to tell him that it would not be my economic policy intention that it should happen intentionally but that as he well knows the incurring of manageable budget deficits is not an illegitimate way of managing economies in years in which one wants to generate public expenditure to boost demand and things of that sort but on the whole and on balance Gibraltar should be striving to operate budget surplus rather than budget deficits to ensure that we can maintain our reserves and our levels of borrowing at reasonable, reasonable levels.

Mr Speaker, in conclusion, I have been in Opposition as well and I know that budget sessions are occasions in which the hon Members have to try to pretend that things are not what they might be but even allowing for that they can twist and turn and shake in the case of the hon Lady or spin, they can stand on their heads, they can turn the facts inside out and they can do all of that but they cannot destroy the fact of the excellent performance of the economy and that cannot be distorted and it cannot be buried by the twisting and the turning and the shaking and the hugging and the spinning and the head standing that they have tried to pull off over the last three days. The inescapable realities are that tax revenues continue to grow despite the fact that tax rates continue to fall and that is only possible economically in a growing economy. One cannot in an economy that is not growing lower taxes and still collect more money in taxation. It is not economically possible nor can one invest £141 million in 6 years in capital investment projects whilst reducing one's net public debt and whilst raising one's levels of public reserves unless one's



economy is growing substantially. It is not possible, people understand this in terms of household private personal economies. If one's job is not paying you more salary that is economic performance, one cannot buy goods, cars, washing machines et cetera without either borrowing more money from the bank or spending one's savings and this is the same for the economy of Gibraltar it is not economically possible for the Government to spend the amount of money that it has spent on capital projects, reduce the net public debt, continue to take more money in taxation whilst raising the tax burden on each individual without there being economic growth and increasing in jobs, more people paying tax, because if one cuts people's taxes and one still collects more money and one is cutting the taxes by more than the inflationary rate which we have done by very much more and one still collects more tax than one did the previous year it can only be because there are more people chipping into the pot than there were. If there are more people chipping into the pot than there were, if there are more people in employment in the economy which is the only way that all of this is possible it is because there is economic growth. One does not raise the number of people in jobs in an economy which is shrinking or not growing it is just basic 'A' Level economics, 'O' Level economics I would dare suggest and one does not have the buoyancy in each sector of the economy that one has unless they are growing. One does not have record number of tourists visits to Gibraltar if one's economy is not growing what are they doing are they all just coming to Gibraltar stepping in and turning round and walking out so that they count for the entry statistics but then they do not count for their contribution to the economy? It is just non-sensical analysis that the hon Members make. How can one have rising hotel occupancy levels without growing touristic activity? How can the number of ships visiting the port of Gibraltar be at all time record highs? How can the amount of bunkers being dispensed by the port of Gibraltar have risen to an all time high as they are now without growth in the economy? How can the Finance Centre activity be so buoyant and I have given him statistics not out of a survey but actual statistics of business being done, the number of companies being serviced, number of trusts being serviced. At a time that the industry is under pressure from multiple sources it is

still growing. It is still employing more and more people each year and even the much maligned by the hon Member opposite Dr Garcia, banking sector, even that corner of the finance centre industry employed 10 per cent more people in 2002 than in 2001 so how can there be insufficient economic growth? There are no more people to employ in Gibraltar, I know that in the figure of 300 there is always a few that come up to the labour market looking for work. These figures of economic growth are only consistent with what everybody sees for themselves in reality out in the street and that is that this economy remains robust and buoyant. The people of Gibraltar have increasing amounts of money to spend in their pockets every year and that is not acceptable levels of economic growth? We are growing at twice the rate of Jersey consistently over the last six years and that still is not enough for the Opposition. Therefore I express to the House the Government's complete and utter confidence and satisfaction in the knowledge that the economy of Gibraltar remains as I described it in my opening remarks in my first address to the House, it remains, *"..despite the considerable threats and challenges that it has had to face up to buoyant and robust,"* and that applies not just to the private sector economy but also to the Government's economy to public finances and therefore in conclusion I have great honour and with confidence the honour to commend the Bill to the House.

#### **MR SPEAKER:**

Miss Montegriffo asked me if she could give a personal explanation.

#### **HON MISS M I MONTEGRIFFO:**

Yes, it was in relation to the Hon Mr Britto when he challenged me to produce evidence when I said in my speech that he had suggested that the surfaces that I installed were of inferior quality. I did a lot of research this morning I had to go to GBC but I found

as I had said earlier in my budget contribution that he did in fact suggest that. I did say I was not sure whether it was mentioned in the press release or whether he mentioned it in the interview that came as a result of the press release. The interview was dated, he came out on the 19<sup>th</sup> March, he did suggest that the GSLP had installed an inferior surface in order to save money and said in my budget speech the artificial surfaces that we installed were of the highest quality. Quality as far as the sand-filled surfaces were concerned and the height of the grass as he had suggested was not cut and indeed it was the highest dimensions that were available in the market at the time otherwise they would have not conformed to FIH standards and requirements and if they had been lower as he suggested they would have certainly not exceeded the life-span due to its constant use but in order for the benefit of the House verbatim what he said when he was referring to the GSLP when we installed the surfaces, “ what they did and this was not obvious at the time was to choose a surface, a turf, and then make the turf shorter and in that way save money.”

**HON LT COL E M BRITTO:**

Can the hon Member give way? That last statement is perfectly true in relation as it was said maybe it was not explicit but in relation to the training pitch. *[INTERRUPTION]* I did not say the hon Member has gone to great trouble to quote what she said but she has said that I suggested. I will look up the interview to see what I did not say and did not intend to say that the pitch was an inferior pitch and I still challenge the hon Member to produce anything in that interview that says that the pitch was inferior and secondly from what she has just said it reminds me the comment that I was making in general terms whether it was possible to change things and I know for a fact that not the main pitch but the training pitch is different to the main pitch because the turf is shorter and less dense.

**MR SPEAKER:**

I will not allow anymore. Order, order. I now call on the Financial and Development Secretary to reply.

**HON FINANCIAL AND DEVELOPMENT SECRETARY:**

Mr Speaker, I shall make the shortest speech of the budgetary debate, I have nothing to add.

Question put.                      Agreed to.

The Bill was read a second time.

**HON FINANCIAL AND DEVELOPMENT SECRETARY:**

I beg to give notice that the Committee Stage and Third Reading of the Bill be taken on a subsequent date.

**ADJOURNMENT:**

The Hon the Chief Minister moved the adjournment of the House to Monday 30<sup>th</sup> June 2003 at 3.00 pm.

Question put.                      Agreed to.

The adjournment of the House was taken at 4.50 pm on Friday 27<sup>th</sup> June 2003.

**MONDAY 30<sup>TH</sup> JUNE 2003**

The House resumed at 3.05 pm.

**PRESENT:**

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

**GOVERNMENT:**

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

**IN ATTENDANCE:**

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

**COMMITTEE STAGE**

**HON CHIEF MINISTER:**

I have the honour to move that the House should resolve itself into  
Committee to consider the Appropriation (2003-2004) Bill 2003,  
clause by clause.

**THE APPROPRIATION (2003-2004) BILL 2003**

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

**Clause 2**

**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**

**HON DR J J GARCIA:**

Mr Chairman, I have a query in relation to subhead 4 which is two-fold. Firstly, if the Minister could elaborate exactly what that land and property management entry is and secondly, in terms of the amount put forward as an estimate given that the previous years forecast out-turn was £89,000 it seems very low to have put £10,000 forward as an estimate perhaps the Minister has an explanation as to that?

**HON K AZOPARDI:**

The sum last year was exceptional. The reason for the £89,000 last year was that there were certain expenses that were incurred in land transactions either consultants fees or even I remember once we had a property that had to be repaired and no one would account for the liability and in discussions with the Financial Secretary's Department it was parked there, we had to erect all sorts of tarpaulins and things like that and the expense of repair was quite a few thousand pounds that had to be placed somewhere and it was placed in this particular head. This is a miscellany of different fees, expenses and repair costs that ended up there because generically they fell under Land and Property Management and did not fall anywhere else. It could not be accounted in any other particular way the reason for the figure £10,000 as we do not expect there to be any exceptional amounts this year because those situations should not arise again but if they do we may channel it through this head again.

**Subhead 4** - 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** was agreed to and stood part of the Bill.

**Subhead 7 - Contribution to Financial Services Commission**

**HON DR J J GARCIA:**

I would like to ask in relation to this particular subhead what the increase from £100,000 to £120,000 is due to is that the result of the re-negotiation of the fee due to the Commission or what exactly is it?

**HON K AZOPARDI:**

It is an estimate of a contribution nothing more than that. The hon Member will see that from the actual to the estimate last year there was a decent of about £100,000. The reason for that is because there was a new agreement on fees. I say agreement because there was a discussion between the Government, the Financial Services Commission and the industry and that led to a much lower subvention figure. This sum which is merely an estimate I think reflects the fact that there are increases in personnel that are being introduced this year as well particularly in insurance because it is a growing sector. They have taken on a couple of people as to whether that is a figure that stands or not it depends because there is an issue at the moment of legal fees which may bump up that figure but that is something that will be seen later this year.

**Subhead 7** - was agreed to and stood part of the Bill

**Subhead 8 - Gibraltar Development Corporation Staff Services**

**HON DR J J GARCIA:**

Mr Chairman, in relation to this subhead we have assumed it reflects the salaries of the persons employed in those particular departments through the GDC, can the Minister give an indication of how many persons are involved in each of these five subheads there?

**HON K AZOPARDI:**

In the Business Advisory Unit there are three, the Europa Business Centre two, the Finance Centre four, Planning and Heritage there is one and Inward Investments and Land there are two.

**Subhead 8 -** was agreed to and stood part of the Bill

**Subhead 9 - Operational Expenses**

**HON DR J J GARCIA:**

With relation to 9 (g) Research and Public Awareness can the Minister explain exactly what those £10,000 would be used for and with relation to 9 (h) Town Planning and GIS System can the Minister elaborate on what exactly the £8,000 there are required for?

**HON K AZOPARDI:**

The GIS system is the second phase of expenditure towards this project it stands for Geographical Informational System and it basically maps out Gibraltar on the computer which helps with the planning and development of projects. The Development and Planning Department use it in their ordinary course of business but it is also quite useful for the Government generally to have this technological support for land and development projects. For the public awareness and research there are quite a lot of projects in the pipeline which are being discussed by the Heritage and Planning Division and one of the ones that comes to mind the hon Member may be aware of is the documentary that was screened recently at GBC and for a private viewing for some people on the Great Sortie. There was a GBC incorporation with the Re-enactment Society and Government produced documentary which is to raise awareness on a historical basis of particular snippets of our history and heritage and it is that type of project which we are investing quite a lot of work in doing.

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

**Subhead 10 - Running of Museum – Knightsfield Holdings Limited**

**HON DR J J GARCIA:**

In relation to this subhead the forecast out-turn last year was £240,000 for the running of the Museum this year it is £290,000 is there a particular reason for the increase in £50,000 and if so what is it?

**HON K AZOPARDI:**

There are several reasons for this one is that the contract is at an end so there is a review of the sum to reflect also the fact that there are some additional support staff and also that the responsibilities of the Director of the Museum under the Instituto Transfronterizo are being merged with this contract so the responsibilities that were being conducted elsewhere are coming together. It may be because we still have not finalised the contract that we merge the museum contract with the library contract, the John Mackintosh Library, because both contracts are pretty much coming to an end and certainly the museum has and I think the library may have a couple of months left but I am in discussion with my Colleague the Minister for Education as we may merge them which then will have an effect on where we park it for expenditure reasons but certainly the raising of the sum is in relation to those matters. We have also taken the opportunity of reviewing some small items of expenditure which we wanted included which perhaps were running around loosely and we have incorporated it under this contractual situation for the sake of completeness. That answers the hon Member's points, let me say because we are doing this Head and we have reached the end of it that when it comes to the I & D and we deal with industry projects if I am absent from the Chamber and the hon Member or any hon Member have any particular question it is not answered I am very happy to answer or provide information if any hon Member wants to write to me to request that.

**HON J J BOSSANO:**

In the answer the Minister has just given he has mentioned that the Knightsfield contract in relation to the Transborder Institute is reflected in the extra £50,000 however on page 23 the amount last year was £30,000 voted, £40,000 actually spent and there is £40,000 being voted again this year under that Head, so is it that the Transborder Institute is being provided with a budget of more than £40,000 this year, £40,000 here and another sum...?

**HON K AZOPARDI:**

The costs on page 23 I will just give the Leader of the Opposition an idea is basically costs towards books, equipment, stationery, entertainment, events, travel et cetera. When I speak about the Instituto Transfronterizo in respect of the Knightsfield Holdings Museum Contract what I am talking about is that there was never a real arrangement towards the payments of the work being done by the Director of the Museum towards that project so the Government have to take a view as to that and we have included some schedule of duties into the museum contract that details his duties in relation to the Instituto and also provides a degree of remuneration but the increase from the previous year's sum in relation to the museum is not wholly due to the Instituto. The Instituto forms a part and a relatively small part in our view of the increase, the increase has more to do with increases in personnel and a review of historical issues perhaps we have provided more money towards research, more money towards training of staff, equipment, salaries had not been reviewed in 10 years and there has been a view taken of that as well. The Instituto issue the hon Member should not mislead himself into thinking that it forms a large part of this because it does not. The actual expenditure he is right some of it is reflected in page 23 and when the Government completes its holistic exercise of trying to bring together the Instituto, the museum, and the library it may be that we then describe it in a completely different way next year and we have to also decide on where to park it.

**HON J J BOSSANO:**

But it does mean that this year the budget in respect of the activities related to the transborder institute is going to be more than £40,000 as opposed to the £40,000 of last year?

**HON K AZOPARDI:**

Yes it means that the £40,000 plus there is an element towards the Director's work. What that is is not quantified precisely. It just forms part of the reviews and duties and schedules and obligations under the contract plus everything else that I have said.

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

#### **HEAD 4 - PUBLIC SERVICES, ENVIRONMENT, SPORT AND YOUTH**

##### **HEAD 4 A - ENVIRONMENT**

**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 - Cemetery Expenses**

**HON J C PEREZ:**

Mr Chairman, I did point out in my contribution to the debate that although the Minister had throughout the year said he had contracted both Gibralflores and Greenarc to do a trial of a piece of land on the cemetery to see the outcome of that would be in order to consider giving out a contract for the planted areas of the cemetery there is no provision whatsoever for those contracts there and he has been looking at the problem of the upkeep of the cemetery for something like 18 months. Is it that it is not expected that anything new will happen during the next financial year or if he does give out the contracts where will that be shown then?

**HON LT COL E M BRITTO:**

The experiment because that is what it is is going through the preliminary stages and has still not been assessed. The two contractors had been given a relative free hand to produce what they think would be their best scheme. The Government will subsequent to that, assess what they have produced and will modify what they have produced and will either combine or choose one scheme or choose a combination of different schemes and at that stage we will need to go out to tender. In the absence of those steps it has been impossible to identify what the costs of that will be it is actually at the point of being done that then the cost will be identified.

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

## **Subhead 6 - Environment**

### **HON J C PEREZ:**

On 6 (b) Control of Seagulls, is Government satisfied that we are really tackling the question of seagulls adequately? All we see is more seagulls everytime and more people complaining about them and it seems it is the right time to raise it because it is an annual contract and I do not know who in the Government monitors it but it does not seem to be doing the job that it is supposed to be which is to eliminate the amount of seagulls that are causing a nuisance to citizens.

### **HON LT COL E M BRITTO:**

I have a lot of sympathy with the comments that the hon Member makes and it is a question that I raise periodically, certainly everytime that this comes up in the estimates before me. I am given figures of the number of seagulls that are culled or destroyed every year. I have the explanations for how that money is used whether it is being used in the best way is debatable but certainly seagulls are culled and destroyed every year. We are in a particularly bad period now because it is the period when they are still around and in the next three to four weeks they all to disappear so we are more conscious of them at this particular moment in time but it is a perennial problem. They are becoming more used to us humans, their natural habitat has moved away from the cliffs onto the built-up areas and there is no Government policy of eliminating them completely it is only a question of keeping them under control and my advice is that that is being effective and the numbers are being kept under control.

### **HON DR R G VALARINO:**

The other problem nowadays sometimes worse than seagulls are pigeons is there any head there which covers the culling of pigeons?

### **HON LT COL E M BRITTO:**

No there is not.

### **HON DR R G VALARINO:**

So pigeons can have as many little ones as they want at the moment?

### **HON LT COL E M BRITTO:**

There is no policy of culling pigeons unless they are identified as being a particular nuisance or a danger to health and then when that is so the Environmental Agency has the resources to deal with it but it is not dealt centrally by Government on the same basis as seagulls.

### **HON J J BOSSANO:**

Can I ask a point which affects a number of subheads I am just asking because there happen to be a number of them here, in relation to the work that is contracted out is it the Government intentioning in the light of what has been said in the general principles of the Bill on private employers having pension arrangements and being able to use the Government fund that is



being used for Government companies, is it intended to seek to extend this to contractors that are as it were on a permanent Government contract?

**HON CHIEF MINISTER:**

Yes certainly the companies that are Government owned are already in and we have already received a couple of requests from companies that are in effect that exist wholly to service a Government contract and the intention is that they will certainly be included in this and it will result in effect an uplift in the contract fee because all of these contracts from the basis of the payroll cost is reflected in the Government fee and any pension schemes that they introduce requires funding will have to be ultimately funded by the Government through the contract charge.

**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 4 B - TECHNICAL SERVICES**

**Subhead 1 - Personal Emoluments**

**HON J C PEREZ:**

Is it that there are vacancies being covered there because given that the numbers employed are the same it does not seem to make sense to provide £100,000 more for salaries in that Head?

**HON LT COL E M BRITTO:**

Yes, vacancies are being filled.

**HON J C PEREZ:**

Vacancies that have existed for a long time or new vacancies because clearly if we look at the Estimates for 2000/2003 some have existed then and have not been filled, and how many unfilled vacancies are there?

**HON LT COL E M BRITTO:**

The department was restructured in the previous financial period and provision had been made but not all the vacancies were filled and now we are making provision in the new estimate for the new restructured department as it was envisaged last year.

**HON J C PEREZ:**

Can the Minister say how many bodies need to be employed?

**HON LT COL E M BRITTO:**

Have been employed.

**HON J C PEREZ:**

The provision is not there for this year so they cannot have been employed because you would not be paying them.

**HON LT COL E M BRITTO:**

There were six vacancies and now there is only one vacancy remaining.

**HON J C PEREZ:**

So the Minister is telling me that before we passed the estimates we employed another five people who are presumably, we are making the provision for 2003/2004 are you telling me that we have already filled five vacancies with the forecast of £264,000?

**HON CHIEF MINISTER:**

I think I have understood the hon Member to have asked whether the vacancies that have been alluded to were filled before the beginning of this financial year or since the beginning of this

financial year. The information that I am getting is that they were filled before the beginning of this financial year prior the 1<sup>st</sup> April 2003.

**HON J C PEREZ:**

That could mean that the forecast out-turn might have to be revised given that there might have been a higher expenditure this year as a result or in the year 2002/2003 as a result of employing people?

**HON CHIEF MINISTER:**

No we do not believe so. The £360,000 is the provision for a full year salary in respect which only a small period would be included in the forecast out-turn depending on when officers were brought into the department.

**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 - Government Website** - was agreed to and stood part of the Bill.

**Subhead 6 - Materials and other costs** - was agreed to and stood part of the Bill.

**Subhead 7 - Compensation In Lieu of Water Tariff Increase**

**HON J J BOSSANO:**

In respect of the compensation is it not linked to the index of retail prices, is it that there is a greater supply of water in terms of volume and that is why it is an increase of 20 per cent?

**HON FINANCIAL AND DEVELOPMENT SECRETARY:**

In those numbers there is a change in relation to the volume of water which is partly affecting it but another part to is that the hon Member will remember from his time in Government that the indexing formula was not carried through by the then Government of the day and the current Government negotiated a new agreement with Lyonnaise des Eaux and its shareholder whereby periodically a review is undertaken and the compensation in lieu of tariff increase is not being made as suggested so a small part of that increase is to reflect that factor.

**Subhead 7** - was agreed to and stood part of the Bill.

**Subhead 8 - Salt Water System (Lyonnaise des Eaux Gibraltar Ltd)** - was agreed to and stood part of the Bill.

**Subhead 9 - Refuse Services and Disposal** - was agreed to and stood part of the Bill.

**Subhead 10 - Services Provided by Gibraltar Community Projects Ltd** - was agreed to and stood part of the Bill.

**Subhead 11 - Geographic Information System**

**HON DR J J GARCIA:**

Can I ask whether this entry of Geographic Information System is the same as one under Head 7 subhead 9 (h) that we discussed earlier and if so why is it in two different subheads?

**HON LT COL E M BRITTO:**

Strictly speaking the answer is no it is not the same thing but the answer is not as simple as that. The Government holds the GIS system centrally in Technical Services Department. My Colleague in DTI have a use for the GIS system which is different to what is available now in the existing system. There are a number of other departments that have also identified other uses we are in the process of bringing together those requirements under one Head so that we continue to have one GIS system as opposed to one GIS system in every department.

**Subhead 11** - was agreed to and stood part of the Bill.

## **Subhead 12 - Contribution to Gibraltar Electricity Authority**

**HON J C PEREZ:**

Can I ask why this is there because it is also under Electricity a contribution of £1,000 and there is no reason why under Technical Services other than the electrical section.....?

**HON CHIEF MINISTER:**

I understand that the reason for this is the main flow of subsidy will come of sub-venture and the circumstances in which it will flow we should discuss in the next subhead. This one is to accommodate any expenditure which is still in the Technical Services Department, for example, the Wellington Front electricians if that staff is transferred to the Authority or that expenditure is transferred to the Authority during the year the finances of it then there has to be a flow out of this subhead into the Authority.

**HON J C PEREZ:**

What the Chief Minister is saying is that this is a mechanism to be able to vire from the Head into the Authority the expenses of which we are voting today of the section. If the section is transferred to the Authority it is vired to that subhead which is a contribution to the Electricity Authority. The Chief Minister is saying no and the Financial Secretary is saying yes.

**HON CHIEF MINISTER:**

Because viring is not the right phrase in this sense. If, for example, the salaries are passed over one cannot vire from the

emoluments Head to this subhead to go out. This is a financial contribution by the Consolidated Fund to the Electricity Authority. It is not really then a virement but a token vote so that if we have to fund it it may have to be funded from supplementary expenditure there is a subhead out of which the money can flow it is not a virement in the sense that if what is at stake is salaries that cannot be done by virement because one cannot vire from employment .....

**HON J C PEREZ:**

So following from what the Chief Minister has said it would mean that we would finish up the year with quite a bit of money in this vote not having been spent because the wages of the people we are voting now would be coming out of supplementary funds which we will have given to the Authority.

**HON CHIEF MINISTER:**

It depends at what time of the year we do the financial change if we do it very early on yes.

**Subhead 12** - was agreed to and stood part of the Bill.

## **HEAD 4 C - 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** - 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** - 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** - was agreed to and stood part of the Bill.

## **Subhead 12 - Contribution to Gibraltar Electricity Authority**

**HON J J BOSSANO:**

In this subhead which is going to be the main area where the transfer takes place is it in fact that on the basis of the estimates what they have done of what the Authority will need that money is already provided in other subheads like the personal emoluments that are shown here or when the transfer takes place is it envisaged that it will cost more because other things will have to be paid for?

**HON CHIEF MINISTER:**

No this is the proposed expenditure whether it is in the Government or in the Authority. At some stage during the financial year we need to pass both the revenue and the expenditure related to electricity into the Authority. The stage at which it happens the timing and the amount depends on whether we transfer the generating division into the Authority as well or not and that depends on the conduct of a negotiation that is yet to take place. So assuming the situation remains as it is today and that is to say with only electro-technical and distribution in the Authority, at some stage the Government have got to do the financial and accounting and financing exercise of transferring the electro-technical and the distribution expenditure into the Authority. The Authority then needs funding to meet that expenditure how much funding it will need depends on how much revenue is transferred to it and whether out of that revenue that we are going to transfer all the electricity revenue to the Authority but that might not be enough because the cost of running the Authority plus the cost of purchasing electricity which would now droom from OESCO and from the Government if generation stays as a Government department the Government would become a seller of electricity to the Authority just like OESCO is today a seller of electricity so, if at best all the revenue and all the expenditure of all the divisions go

across to the Authority if we are able to do an agreement with the generating staff for them to go over. This mechanism would then be available also in relation to any loss because we cannot be sure that the revenue of the Authority once we have transferred all the revenue to it, collection of electricity bills and things of that sort, we cannot be sure that the revenue will be sufficient to cover all the Authorities out-goings. All its labour costs, material costs and all its purchase of electricity costs so there might still be a need to continue some sort of subsidy for the Electricity Authority until such time as its revenue and expenditure converge we will not start this exercise until we have gone through the negotiations with the generating staff because it is easier to just transfer it all across than to retain some revenue in the Government, some revenue transferred, retain some expenditure in the Government in relation to generation and transfer the balance in fact some of the expenditure is quite difficult to untangle if generation stays behind.

**HON J J BOSSANO:**

That was not quite my question really what I wanted to know was if I give a hypothetical example, if tomorrow the electro-technical section went to the Authority and therefore there would be a savings under personal emoluments and there would be a transfer of money using this mechanism what I want to establish is whether in fact the operating costs at the moment reflected in the money that we are voting are the operating costs that would exist after the transfer.

**HON CHIEF MINISTER:**

Yes in respect of electro-technical and distributions sections but which is ideal sceptical as they might be is more or less self-funding but any deal that we did with the generation staff will not be self-funding and would require additional expenditure which is

not reflected here if we did it. So, the answer to this question is 'yes' in respect of those people who have already agreed to transfer to the Authority.

**Subhead 12** - was agreed to and stood part of the Bill.

**HEAD 4 D - FIRE SERVICE**

**Subhead 1 - Personal Emoluments** - 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 4 E - POST OFFICE**

**Subhead 1 - Personal Emoluments**

**HON J C PEREZ:**

It would seem to me that by the provision that we are making here that part of the settlement in the post office was a move from allowances to the bonus and that there was not much of an increase in basic wages that most of the payments were in the bonus given the sum. If we take it that we had £745,000 forecast out-turn and we are providing £890,000 with nine extra employees the part of the basic pay must not be very big?

**HON CHIEF MINISTER:**

I cannot remember the figures off the top of my head but there is a significant increase in basic pay because they move on to the basic pay scale of a single operational grade in the UK so, up from their current Gibraltar grades of postmen et cetera, but he is right that the bonus scheme is worth proportionately more than the increase in the basic pay and that is a bonus scheme which is now linked to achievement of a 24 hr delivery model as opposed to just.....

**HON J C PEREZ:**

But there are commitments in relation to the bonus. If tomorrow the postmen said, “*The bonus will not be paid for not undertaking duties.*” The commitment of the extra duties is to the bonus payment?

**HON CHIEF MINISTER:**

No. The bonus payments are only in respect for achieving a certain performance in terms of the speed of delivery of letters. The basic pay relates to the basic jobs and specifications and conditions of employment the bonus is not for doing those extra duties, the extra duties come with the extra basic pay from the SOG status.

**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 - Outgoing Mail and Bulk Mailing**

**HON J C PEREZ:**

Can the Government say on what they are basing their increase, not only looking at more expenses in terminal mail fees here which is reflected in that vote but they are actually compensating increase in terminal fees paid to the administration on the income side because for some reason they are expecting an increase in activity in the post office in the sale of stamps as well, can the Minister say what this is based on?

**HON LT COL E M BRITTO:**

As I think the hon Member knows this is a subhead that is not always easy to predict or estimate. As he knows this is always lagging behind in the estimates that are made in the other administrations for the previous year but in any case if he looks at the actual expenditure for 2001/2002 which was at the level of £190,000 the current year is uncharacteristically low so there is also an element of expecting figures after recent adjustments to come back to what they were historically.

**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.

**Schedule 7 - Contribution to International Bureau** - was agreed to and stood part of the Bill.

**Schedule 8 - Security Equipment Expenses** - was agreed to and stood part of the Bill.

**Schedule 9 - Management Contracted Service** - was agreed to and stood part of the Bill.

#### **HEAD 4 F - SPORT, LEISURE AND YOUTH**

**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.

#### **OTHER CHARGES**

#### **SPORT AND LEISURE**

**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 Speaker, with your indulgence could I just ask a question because I have suddenly realised that I have missed it. It is two or three subheads behind?

**MR SPEAKER:**

I should not but if you ask nicely you may.

**HON MISS M I MONTEGRIFFO:**

I was just wondering whether the Minister can explain under 'Other Charges B Electricity and Water' there is a forecast out-turn for £62,000 can he explain the increase?

**HON LT COL E M BRITTO:**

Mainly the watering costs of the new pitch.



**HON MISS M I MONTEGRIFFO:**

So, therefore, if it is mainly the new pitch then the £90,000 for the estimate for this financial year is an underestimation.

**HON LT COL E M BRITTO:**

The figure for the watering is about £30,000.

**HON MISS M I MONTEGRIFFO:**

Therefore if it is £30,000 why is it that there is only a provision for £90,000 for both electricity and water that is my point?

**HON LT COL E M BRITTO:**

Actually there was provision for this expenditure under the Authority but due to accountancy procedures we were not able to charge it to the Authority account and it has been charged here and the accounts vired from the Authority and as I have said most of the extra expense is the hockey pitch but it represents 21 months of hockey pitch expenditure.

**Subhead 8 - Contribution to Gibraltar's Sport Authority** - 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 4 G - BROADCASTING**

**OTHER CHARGES**

**Subhead 3 - Contribution to Gibraltar Corporation** - was agreed to and stood part of the Bill.

**HEAD 1 - EDUCATION, TRAINING, CULTURE AND HEALTH**

**HEAD 1 A - EDUCATION AND CULTURE**

**Subhead 1 - Personal Emoluments**

**HON S E LINARES:**

I would like to ask the Minister that he has an increase in his establishment as extra teachers he has eight, classroom aides ten, secretaries four et cetera, yet in his salaries there is £200,000 less estimated this year can he explain why?

**HON DR B A LINARES:**

There was a backlog of back money related to the threshold payments which because of the delay in the processing accumulated to the tune of £648,000.

**HON S E LINARES:**

I was under the impression that the £1.2 million of Supplementary Appropriation was to do with that therefore it would have been reflected. Last year the estimate was different because we had £10 million whilst this year we have £12 million so it is already there I am talking about the difference of £200,000 from £12 million to £11.8 million. If there is an increase in staff it does not reflect on the salary itself?

**HON CHIEF MINISTER:**

If he looks at the notes of the bottom of the page he will see that when we do a Supplementary Appropriation Bill in this House the figure for the estimate is also increased because the effect of a Supplementary Appropriation Bill is altered to increase the estimate as well as authorising the expenditure so the forecast out-turn figure includes money that has been outlaid. Money that has been paid out in the year 2002/2003 but in respect of periods going back to 2000 so, he has asked, *"How come the estimate for this current year is less than the forecast out-turn for the year just ended given that the staff is higher surely the estimate should be higher than the forecast out-turn."* That is the essence of his question as I have understood it. The answer is that he should not look at the forecast out-turn figure and think of that as 12 months operating costs for last year's level of staff because it includes one-off payments going back to the year 2000 which will not have to be repeated this year. If he stripped out of the forecast out-turn figure of £12.5 million these payments that relate to earlier years he would then have a much lower figure than the forecast out-turn and then he would be seeing an increase in the estimates for that figure compared to the estimate figure to account for the increase in staff.

**HON S E LINARES:**

As I understand it was that the £1.2 million that had been appropriated Supplementary Appropriation I asked the Minister in Questions to this House and he said it was to do with the threshold salary. The increase that one gave and it was there fine, does that mean that this increase is not going to continue because it should be continued because it is an annual thing so it should be reflected there and what I am asking is that there is £200,000 less this year it might be £1 million but where is the money for the increase in staffing?

**HON CHIEF MINISTER:**

Then he cannot say yes he does not understand what I am explaining to him. A Supplementary Appropriation Bill is to authorise the Government to spend money more than it has been authorised to spend when we did the estimates this time last year....

**HON S E LINARES:**

That is the £1.2 million.

**HON CHIEF MINISTER:**

That money has indeed been paid out but it has been paid out in respect of expenses from previous years we still need the Supplementary Appropriation authority in the year in which the money is paid out so the forecast out-turn figure for the year 2003/2004 does not represent one year of salaries it represents one year of salaries plus the money that we have paid out in threshold payments in respect of years going back to the year

2000. The figure of salary of £11.850 million for this year includes not just provision for the higher number of staff but also for the threshold payments for all the staff that will earn it this year so the answer is that the £11.850 includes on-going threshold payments but shown stripped of last year's extraordinary payment of arrears in respect of years 2000, 2001.

**HON S E LINARES:**

On item 1D can the Minister state if he intends to spend less this year on supply teachers since this seems to be the vote for supply teachers. 1D which we had a Supplementary Appropriation of £200,000 last year which is noted on the footnote Roman II down below and the forecast out-turn was exactly with the £200,000 and this year they have appropriated exactly the same amount that they started with?

**HON CHIEF MINISTER:**

I understand that the explanation for this reduction and provision, the hon Member may recall when I gave my address on the second reading that I told him that a number of classroom aides had been passed from the supply list to the permanent and pensionable list and so their salaries is now included under Salaries 1A and the cost of their salary is therefore reduced from the temporary assistance vote 1D.

**HON S E LINARES:**

The Adult Education again has the estimate £55,000 last year the forecast out-turn being £100,000 and this year we have got £60,000 is this that it is decreasing the Adult Education?

**HON DR B A LINARES:**

It is a question of demand. The demand for Adult Education courses was so large that we had to cover quite a number of different courses and our estimates fell short of it.

**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 Expense** - was agreed to and stood part of the Bill.

**Subhead 4 - School Expenses** - was agreed to and stood part of the Bill.

**HON S E LINARES:**

On 4B Books and Equipment from the forecast out-turn there is an extra £10,000 does this include and is this to do with the purchasing of stationery in the way that it is done and may I ask whether this will include some monies towards the computers that he announced that he was going to buy.

**HON DR B A LINARES:**

It does not include the special allocation for computers that we have announced in the budget but the increase of £10,000 is connected with the three per cent increase in the capitation rates

and also to do to some extent with the system of procurement which should bring slight cost saving this year.

#### **HON S E LINARES:**

On item 4H Cleaning Materials and Sundry Expenses where it seems to have cropped up from the year 2000 the estimates, they did not have an estimated last year and yet there was expense of £150,000 and you have estimated an expense this year, can the Minister explain why this extra money?

#### **HON DR B A LINARES:**

If the hon Member looks carefully he will see that these materials were covered before under 3A – General Expenses and it has been moved down to 4H this year as Cleaning Materials and Sundry expenses.

**Subhead 4** - was agreed to and stood part of the Bill.

**Subhead 5** - **Special Education Abroad** - 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** - was agreed to and stood part of the Bill.

**Subhead 8** - **Teachers' Centre and 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** - was agreed to and stood part of the Bill.

**Subhead 11** - **John Mackintosh Hall** - was agreed to and stood part of the Bill.

#### **HEAD 1 B - TRAINING**

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

#### **OTHER CHARGES**

**Subhead 3** - **Bleak House Expenses** - was agreed to and stood part of the Bill.

#### **HEAD 1 C - HEALTH**

#### **OTHER CHARGES**

**Subhead 3** - **Contribution to Gibraltar Health Authority** - 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.

### **OTHER CHARGES**

**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** - was agreed to and stood part of the Bill.

**Subhead 7 - Consumer Affairs** - was agreed to and stood part of the Bill.

### **HON J L BALDACHINO:**

It is not for the amount it is just that I am curious to know under 7(B) we estimated that there was going to be £1,000 on electricity and water and there was no expense on that and yet we are now again budgeting for £1,000 is there an explanation for that why the £1,000 was not spent?

### **HON H A CORBY:**

Yes, the explanation is that there was one meter and the charge was borne by the Ombudsman we now have separate meters that is why we now have the £1,000.

**Subhead 7** - was agreed to and stood part of the Bill.

### **Subhead 8 - Contribution to Citizens Advisory Bureau**

### **HON J L BALDACHINO:**

What does the £82,000 estimate entail?

### **HON H A CORBY:**

The £82,000 is the amount given to the Board of Trustees to run the Citizen's Advice Bureau.

### **HON J L BALDACHINO:**

So there is no wage element in those £82,000?

### **HON H A CORBY:**

It is included in that figure.

**HON J L BALDACHINO:**

Is there a wage element in the £82,000?

**HON H A CORBY:**

Yes.

**HON J L BALDACHINO:**

How many employees are actually being paid from the £82,000?

**HON H A CORBY:**

Four employees.

**Subhead 8** - was agreed to and stood part of the Bill.

**Subhead 9 - Contribution to Gibraltar Development Corporation, Employment and Training** - was agreed to and stood part of the Bill.

**HEAD 3 - HOUSING**

**HEAD 3 A - HOUSING ADMINISTRATION**

**Subhead 1 - Personal Emoluments**

**HON FINANCIAL AND DEVELOPMENT SECRETARY:**

If I could just make an administrative point here, in the establishments shown the staff shown and the customer services and support officer at the bottom of the section Technical and Design they should really appear under administration but when we produce the final book we will make those adjustments. The numbers reflect as it is shown in the book but as it is just a virement within one subhead we are not seeking to change them. The amount of money in the total personal emoluments is correct.

**HON DR R G VALARINO:**

Therefore on Head 1 A – Salaries which there is an increase of £64,000 this is what you mean that there are extra bodies there and that is why the figure is £230,000?

**HON J J NETTO:**

The hon Member needs to take into account a couple of persons became in post during the course of the financial year and I am referring to that difference on the Principle Housing Officer, the Executive Officers and the Typists hence the difference and why it has gone up.

**HON J J BOSSANO:**

As I understood the Financial Secretary the £230,000 shown on page 33 is effective with the provision for the 11 bodies shown on page 30. Now if there were 12 bodies in the previous financial year forgetting that they are going to move two people up we know that already, what I am asking is how come that the government last year employed 12 people and spent £168,000 and this year

employs 11 and spends £230,000 is it that they went up to 12 during the course of the year?

**HON FINANCIAL AND DEVELOPMENT SECRETARY:**

That is exactly it some of the particular posts with the higher salaries were filled during the course of the year so in the out-turn for 2002/2003 as the Minister explained there was not a full provision so the Principle Housing Officer, the Senior Executive Officer, the Higher Executive Officer and the Typist as they came on stream during the course of the last financial year. In this financial year their salaries are reflected for a full year.

**HON J J BOSSANO:**

Presumably they came in very late in the financial year because if we are talking about £140,000 before and £175,000 last year and £166,000 this year, they were not there in 2001/2002 either?

**HON FINANCIAL AND DEVELOPMENT SECRETARY:**

The answer to that is yes they came on stream later on in the year.

**HON J J BOSSANO:**

Is that also the explanation for the technical and design salary where we are talking about a difference of £300,000 on top of £145,000?

**HON FINANCIAL AND DEVELOPMENT SECRETARY:**

That is exactly it. As an example, at the beginning of the last financial year out of those 19 staff currently shown as many as 10 posts were vacant at that point in time whereas now the number of vacancies is much smaller as most of those posts have been filled.

**HON DR R G VALARINO:**

How many posts are then still unfilled in administration and technical and design?

**HON J J NETTO:**

The Contract and Resources Officers is still outstanding although the latest to that particular post is that the interviews have taken place and that we are awaiting anytime now to hear who has been the successful candidate. We are still awaiting for the vacancy to go out in relation to the Health and Safety Planning Supervisor and the last one in that unit is one of the positions of the PTO which is in relation to the draftsman I do not know whether the hon Member has recently seen the advert that has gone out and obviously the process has started now.

**Subhead 1** - 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 L BALDACHINO:**

In subhead 4 (b) is it that no case has gone to the rent tribunal last year?

**HON J J NETTO:**

It is true that for most of the years it has not been in operation so there have been very few expenses indeed but I could not tell you exactly what the numbers are.

**HON J L BALDACHINO:**

I suppose that when the tribunal sits then there is a payment and I am not too clear if that was the payment for the person that was chairing the tribunal and if there have been no expenses does that mean that the tribunal has not sat in the whole year?

**HON CHIEF MINISTER:**

I cannot say whether it sat at all in the year although certainly the fact that that is zero means that no one has been paid during the year so unless they sat but were not paid that is the only circumstances in which there can be a zero their even if they had been but the point that the Minister made was that the Chairman of the Tribunal suspended its operations pending the appeal in the Aidasani case now that decision was reversed at some stage but by then most of the year had passed.

**HON DR R G VALARINO:**

On cleaning of estates by Master Service Limited £600,000 what estates does it quantify?

**HON J J NETTO:**

It covers the whole of Gibraltar where there is Government Housing stock.

**Subhead 4** - was agreed to and stood part of the Bill.

#### **Subhead 5 - Edinburgh and Bishop Canilla Houses**

**HON DR R G VALARINO:**

On Edinburgh and Bishop Canilla Houses are Fitzpatrick Contractors Limited still doing the work there or have they changed companies.

**HON J J NETTO:**

For the time being they are still running the contract.

**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 3 B - HOUSING - BUILDINGS AND WORKS**

**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 - Electricity and Water Depots Running Expenses** - was agreed to and stood part of the Bill.

**Subhead 6 - Housing Maintenance Materials** - was agreed to and stood part of the Bill.

**Subhead 7 - Housing Estates - Staircase Lighting** - was agreed to and stood part of the Bill.

**Subhead 8 - Small Plant and Tools** - was agreed to and stood part of the Bill.

### **HEAD 5 - SOCIAL AFFAIRS**

#### **HEAD 5 A – SOCIAL AFFAIRS**

##### **Subhead 1 - Personal Emoluments**

**HON J L BALDACHINO:**

We are actually budgeting on salaries for £43,000 more than what was the forecast out-turn yet there is one body less in the establishment which is an AO is there an explanation for that?

**HON MRS Y DEL AGUA:**

The reason for the decrease in the establishment I am told is that precisely there is one AO less which represents a supernumerary which was above compliment and has left for another department and has not been replaced by another supernumerary and the increase in the salaries is as a result of the incremental dates of the personnel.

**Subhead 1** - 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**

##### **HON J J BOSSANO:**

I wish to suggest to the Government that in fact the subhead that we have here should be increased by £5 million and that the compensating amount of £5 million in the other Head which comes from the Consolidated Fund should be eliminated given that in 1996 the reason that the House was given for retaining the Social Assistance Fund after the other Special Fund was abolished was precisely to do this and it appears to me that what we are looking at in this House and indeed last year when it was not entirely clear who the recipient of the £5 million might be is not using the Social Assistance Fund for the purpose for which it was intended and for which the Government recognised it was worth retaining and not linking the money to a charitable grant to the import duty. If we are going to have import duty to the Social Assistance Fund as we have here, £6.5 million, and then we go to the Social Assistance Fund at the back Appendix (I) on page 123, do we really need to have the money from import duty going into the Social Assistance Fund in order to make contribution to the Elderly Care Agency? Of course we do not we can make a contribution to the Elderly Care Agency direct it does not need to go from the Consolidated Fund to the Social Assistance Fund to the Elderly Care Agency. The purpose of putting import duty into the Social Assistance Fund is one we all know and we are now putting money into the Social Assistance Fund from import duty and using it for everything except the purpose for which we all know. So, I would think that it is prudent and wise to put the £5 million here it does not alter anything in the total cost of the Government, we are talking about the money not going from the Consolidated Fund, and that was the reason for including import duty here and identifying it in the first budget that is brought to the House. The little note of import duty next to transfer which exists here and nowhere else was done for that purpose and explained on that basis.

##### **HON CHIEF MINISTER:**

First of all I accept that given that that particular charitable contribution is not being made out of the Social Assistance Fund or indeed this subhead in Social Affairs but the words to specify import duty is unnecessary nor does the Government have any reasons of its own not to want to make that particular contribution out of the Social Assistance Fund. If he looks at page 123 Appendix (I) he will see under the heading "Donations to Charitable Trusts in 2001/2002" he will see that there has been one such payment through that route. What I am saying is that there is no Government reason if he thinks that it is parked in one place or another for some reason of the Government's I can assure you that it is not the case. The reason why we leave it where it is, normally I would offer to explain this to him in the ante-room but given the current circumstances I do not think that that is appropriate, given the nature of the legal arguments that are raised against a particular charitable trust operating in Gibraltar and what it is and what it is not and what other try to pretend that it is or is not as against what we assert it is or it is not it is preferable that the grant should be left more anonymously as to purpose than would be the case if it was parked under this Head of Expenditure. As he quite rightly says the money comes out of the Consolidated Fund it is not that because it is here it comes from one source and because it is in Secretariat Head it still comes out of the Consolidated Fund but we have thought that it is better to leave it labelled as it is presently labelled. However, if that reasoning should disappear there is no reason why it cannot be parked under here either when it is paid out or in some future year when there is another payment. The reason why it is not accommodated through here is to do with the argumentations that are being put in relation to Community Care. I have had to steer a very careful semantic line and that may have been at the expense of the intelligibility of what I have said but let me put it this way, it could not be helpful for there to be here an item that read 'Contribution to Charitable Trust'.

**HON J J BOSSANO:**

I am not suggesting that there should be an item here that says 'Contribution to Charitable Trust' what I am suggesting is that the label of the item should remain as it is transfer to Social Assistance Fund Import Duty, that the sum should be £11.5 million and that the other item should disappear. There is an item in where we are being asked to vote money from the Consolidated Fund to the Charitable Trust I am suggesting we should not vote money from the Consolidated Fund to the Charitable Trust so that £5 million disappears and instead we should vote £11.5 million transfer of import duty to the Social Assistance Fund and I cannot for the life of me imagine why that should be less secure it seems to be far more secure.

**HON CHIEF MINISTER:**

No, Government are not minded to accept the hon Member's suggestion.

**HON J J BOSSANO:**

So, the Government no longer considers as it did initially that there is any need to retain the Social Assistance Fund and the payment of import duty. This payment of import duty to the Social Assistance Fund. Why is the House being asked to vote £6.5 million to the Social Assistance Fund so that the Social Assistance Fund in turn can give money to the Elderly Care Agency which is a statutory body why are we not voting the money to the statutory agency and why are we using for the Elderly Care Agency import duty money?

**HON CHIEF MINISTER:**

I accept it that the label import duty is unnecessary given the way that it is structured.

**HON J J BOSSANO:**

Fine, but the reason for the label given that we both know the reason for the label what I am saying is that we believe that the reason for the label what I am saying is that the reason for the label is a valid reason and that therefore the label should be retained for the purpose for which it was intended in the estimates in the first year and therefore if we cannot persuade the Government of the wisdom of doing that. *[INTERRUPTION]*.

**Subhead 4** - 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 L BALDACHINO:**

If in 2001 there was £87,000 and then for 2002 they estimated £80,000 the contribution to the Gibraltar Development Corporation for Staff Services how is it that we are now budgeting for £32,000 when last year's expenditure was £80,000?

## **HON MRS Y DEL AGUA:**

Because the GDC officer in the Key and Anchor department retires in July and the procedure now is for them to be replaced by AO's as opposed to GDC.

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

**Subhead 7 - Investigation Services** - was agreed to and stood part of the Bill.

**Subhead 8 - Support to the Disabled** - was agreed to and stood part of the Bill.

**Subhead 9 - Marriage Counselling** - was agreed to and stood part of the Bill.

**Subhead 10 - Workers' Hostels - Gibraltar Community Projects Limited** - was agreed to and stood part of the Bill.

**Subhead 11 - Drugs Misuse Programme** - was agreed to and stood part of the Bill.

**Subhead 12 - Women In Need Grant** - was agreed to and stood part of the Bill.

**Subhead 13 - Contribution to Elderly Care Agency** - was agreed to and stood part of the Bill.

**Subhead 14 - Contribution to Social Services Agency** - was agreed to and stood part of the Bill.

## **HEAD 5 B - 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 Expense** - 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 6 A - TOURISM**

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

**Subhead 5 - General Embellishment** - was agreed to and stood part of the Bill.

**HON DR J J GARCIA:**

Can the Minister clarify whether this vote refers to the cleaning of the slopes of the Upper Rock which is something that we debated in this House on several occasions or is this something else?

**HON J J HOLLIDAY:**

No. This has nothing to do with the Upper Rock this are small projects that are undertaken in terms of minor maintenance.

**HON DR J J GARCIA:**

Is there a specific vote in this budget for the firebreaks in the Upper Rock as we have not been able to establish it?

**HON J J HOLLIDAY:**

There is a Head in the Development and Improvement Fund 105 subhead 5 which includes the Upper Rock Improvement and Maintenance and it is included in that.

**HON J J BOSSANO:**

Is this the first time that it has been put in the I&D we understood it was an annually recurrent expenditure the clearing of the firebreak which was done at the beginning of the summer?

**HON CHIEF MINISTER:**

I am not sure that the fact that it is an annual recurrent expenditure means that it does not go in the Improvement and Development Fund there are some things that do fall in that category, for example, the beaches improvement and maintenance have also been traditionally in the I&D. I do not think the fact that it is something that has to be done every year does not stop it being in the Improvement Fund if it is works of a capital nature. *[INTERRUPTION]* Because otherwise there would have to be a disappearing item. If there had been a change since 2001 and 2002 there would have to be a disappearing item in the Consolidated Fund which there is not.

**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 DR J J GARCIA:**

In relation to subhead 9 (a) how many people's salaries is the £41,000 that the House is voting?

**HON J J HOLLIDAY:**

Two.

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

### **Subhead 10 - School of Tourism**

**HON DR J J GARCIA:**

In relation of subhead 10 (d) the grading of hotels and the vote of £6,000 is it because the hotels are grade once or twice a year, what is the position for that amount?

**HON J J HOLLIDAY:**

The hotels are officially graded once a year although there could be other visits throughout the year if they feel that there are issues that need to be addressed but generally there is one main inspection and this could happen at any time during the year not necessarily at the same time of the year.

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

### **Subhead 11 - Gibraltar Tourism Board**

**HON DR J J GARCIA:**

In relation to the amounts being voted for staff in terms of staff services or temporary assistance can the Minister say how many persons would come under each of those two categories?

**HON J J HOLLIDAY:**

The Gibraltar Development Corporation Staff Services have a total of 33 people including management all the way down from the Chief Executive down to the Information Officers and then for the temporary staff there are two permanent VIPs, which are the Visitor Information Patrol, throughout the year and then there is an additional 13 which are employed during the peak summer months which are mainly students. This year the temporary assistance also includes the 40 Lifeguards and the History Alive programme which I think is approximately about 12 and that they perform every Saturday they are not permanent all the time and the numbers can fluctuate and they are paid if they perform and if they do not perform they do not get paid.

**Subhead 11** - was agreed to and stood part of the Bill.

### **Subhead 12 - Tourism Sites**

**HON DR J J GARCIA:**

Can I ask the same question now in relation to subhead 12 (b)?

**HON J J HOLLIDAY:**

Subhead 12 (b) includes 32 plus 5 vacancies which currently exist making it a total of 37.

**HON J C PEREZ:**

Why the difference in provision, we have got a forecast out-turn of £827,000 and we are back to making the provision that we made in 2002 roughly which is £650,000?

**HON J J HOLLIDAY:**

The difference was what the forecast out-turn is much higher as a result of the fact that during this last financial year all these people were ex Sights Management employees who had certain scales and they had to be realigned with GDC scales which was a commitment that the Government gave Sights Management employees when we took over and therefore there was an element of back pay in order to realign not just in respect of this financial year but in respect of the times since we took over from Sights Management.

**HON J C PEREZ:**

Can I ask then the same question for (c) given that it is £120,000 out-turn is it that there is going to be more security or that the same security is going to cost us £40,000 more next year?

**HON J J HOLLIDAY:**

This is obviously subject to an award under the tender process but I can say that the actual specifications of that award included additional security man hours in terms of cover over the weekends et cetera.

**HON J C PEREZ:**

Is on the Son et Lumiere (d) is that £1,000 the fact that we are now starting to repair it or was it the £0.75 million of the Son et Lumiere that we spent was there no guarantee there because the information we get is that it seems more often unfunctional than functional?

**HON J J HOLLIDAY:**

I think that the information that the hon Member is receiving is not strictly correct or correct at all. There were some teething problems at the beginning, the period of guarantee, maintenance under the supplier agreement initially has now expired and the £1,000 is actually a token because we are in the process of going out to tender or the tender may have gone out and that can be signed off in order to put in place a maintenance programme for the actual system to be maintained.

**HON J C PEREZ:**

Perhaps if the Minister remembers can he say how many times a day the Son et Lumiere is used?

**HON J J HOLLIDAY:**

It comes on twice a day roughly at about 10 o'clock in the morning and then again at about 12 .00 pm.

**Subhead 12** - was agreed to and stood part of the Bill.

**Subhead 13 - Tourist Entry Points** - was agreed to and stood part of the Bill.

#### **HEAD 6B - TRANSPORT - AIRPORT**

**Subhead 3 - Running of Airport** - was agreed to and stood part of the Bill.

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

#### **HEAD 6 E - TRANSPORT - TRAFFIC**

**Subhead 1 - Personal Emoluments** - 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** - 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 E - TRANSPORT - PORT**

##### **Subhead 1 - Personal Emoluments**

**HON J C PEREZ:**

Can I ask why it is that we are providing £60,000 less when we are projecting an extra body?

**HON J J HOLLIDAY:**

During this financial year on the forecast turnout the figure is much higher than would be normal because it was only until this financial year that staff accepted the new pay structure in respect of the year 1999/2000 and 2001 which accounted to about £120,000 and therefore that had to be paid during this financial year [INTERRUPTION].

**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 - Contracted Services**

**HON J C PEREZ:**

Subheads 4 and 5 we see there is a reduction in oil pollution expenses directly under operational expenses and then there is another vote on oil pollution on contracted services, is it that we are moving away from direct employees, although it is the same on contracted services as it was last year but there is a reduction from the forecast out-turn in the operational expenses under 4?

**HON J J HOLLIDAY:**

Is the hon Member referring to 4(h) and 5(a)?

**HON DR J J GARCIA:**

Yes.

**HON J J HOLLIDAY:**

Well, 5 (a) is a contract that we had with Oil Spill Response Limited which is an agreement that exists with this institution that would only come into effect if we had a tier three which would be basically a major disaster type of situation and that is the agreement and contract that we have with them. In respect of oil pollution expenses the £10,000 is what we estimate would be the normal sort of run-of-the-mill expenses in order to maintain a normal cover but the reality is that we do not know what to budget for that and hopefully nothing would be needed but it depends on the events.

**HON J C PEREZ:**

In 5 (b) can the Minister say whether this is the same contract on Port Security that was awarded and whether people are now working on that contract in the port area?

**HON J J HOLLIDAY:**

This is a new contract that was awarded recently but with the proviso until the new Port Authority is in place and the new structure is in place that will not be triggered. Unlike the previous one as the hon Member knows were we have to use security guards in the port to actually cover some of the needs in other areas within Government in order to make use of that particular contract.

**Subheads 4 and 5** - were 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 6 E - TRANSPORT - SHIP REGISTRY**

**Subhead 1 - Personal Emoluments** - 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 Contracted Service**

**HON J J BOSSANO:**

Is the fact that the sum is the same in the estimate last year and in the out-turn an indication that we have got the same number of jobs in the registry, it is not going up or down?

**HON CHIEF MINISTER:**

No, I think this relates to a basic payment which is static.

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

The House recessed at 5.00 pm.

The House resumed at 5.15 pm.

## **HEAD 8 - ADMINISTRATION AND FINANCE**

### **HEAD 8 A - 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 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.

**Subhead 7 - Statistics Office** - was agreed to and stood part of the Bill.

**Subhead 8 - Legislation Support Unit** - was agreed to and stood part of the Bill.

**Subhead 9 - Procurement Office** - was agreed to and stood part of the Bill.

**Subhead 10 - Information Technology and Logistics Unit** - was agreed to and stood part of the Bill.

**Subhead 11 - Gazettes and Official Notices**

**HON CHIEF MINISTER:**

On this item I need to propose that we revert to the original nomenclature which was last year '*Communication and Information Expenses*'. There had been a proposal to change it to '*Gazettes and Official Notices*' but that is not wide enough to properly describe the nature of the expenditure and secondly actually I am told that the Gazettes are not paid for out of this subhead at all but out of another one so it would be quite wrong to call this one '*Gazettes*' so I would like to propose that Item 11 be called what it has been in the past '*Communication and Information Expenses*'.

**HON J J BOSSANO:**

Is the content of the subhead unchanged given that we are talking about £192,000 that clearly last year there was more information and communication going on than in a normal year but looking back to the final figures for the preceding year it was under £200,000 is this back to what it used to be as a normal year and if

so we are talking about 50 per cent more or is there anything that is not run of the mill being included there?

**HON CHIEF MINISTER:**

Although last year we provided just under £1 million normally that subhead is not generated by a particular amount of expenditure in mind, it is really demand driven during the year so that figure of £300,000 compared to the figure of £192,000 is an increase but is not an increase that is specifically done with a particular purpose in mind. I am not aware of any specific information. There tends to be a year on year increase in the amounts spent on official notices placed in other publications and that is included there which would explain for some of the uprate but to answer his question there is no specific campaign or expenditure in mind that would explain the increase from £192,000 to £300,000.

**Subhead 11** - as amended, 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** - was agreed to and stood part of the Bill.

**Subhead 14 - Government Lobbying, Hospitality and 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** - was agreed to and stood part of the Bill.

**Subhead 17 - Grants**

**HON J J BOSSANO:**

We are abstaining on 17 (c) for the reasons that I gave before, we believe that it would be more prudent to have it shown via the other route import duty SAF. We are not against the money being given we are against the money being given in this way.

Question put.            The House Voted.

For the Ayes:

The Hon Lt Col E M Britto  
The Hon P R Caruana  
The Hon H Corby  
The Hon Mrs Y Del Agua  
The Hon J J Holliday  
The Hon Dr B A Linares  
The Hon J J Netto  
The Hon 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 K Azopardi  
The Hon R R Rhoda

**Subhead 17 (c)** - stood part of the Bill.

**HON CHIEF MINISTER:**

I have already indicated to the hon Member that the arguments have moved on and that the reasons for doing it the import duty route are no longer germane to the argumentations that are made. The Government would be quite content under this Head to restructure '*Item 17 – Grants*' take £5 million out of (c), leave '*Other Grants*' with £150,000 and have a new subhead 18 which could read '*Contributions to Social Assistance Fund*' I assure him that nothing turns on it but if he thinks [*HON J J BOSSANO: It is safer*] since it is safety what concerns him subhead 18.....

**MR SPEAKER:**

Why 18 and not 17 (d)?

**HON CHIEF MINISTER:**

No because the heading '*Grants*' would not be applicable to a contribution from the Consolidated Fund to the Social Assistance Fund the word '*grant*' is something one makes to a third party.

**MR SPEAKER:**

All right.

**HON CHIEF MINISTER:**

Subhead 17 would remain as it is but the figure and the (c) would be £150,000 there is then a new subhead 18 for that matter to avoid renumbering there could be a new subhead 28 '*Contribution to Social Assistance Fund - Import Duty - £ 5 million*'.

**Subhead 17** - as amended, 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** - was agreed to and stood part of the Bill.

**Subhead 20 - Control of Entry Points to Gibraltar** - 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 - 2004 Tercentenary**

**HON J J BOSSANO:**

In the £100,000 celebrations for 2004 normally if it were a token figure it would not be as much as £100,000 we would have something like £1,000 this is what is realistically seen as the kind of money.....?

**HON CHIEF MINISTER:**

First of all it is just a fund and secondly it is only to take us as far as March 2004 which is only one quarter of the year's celebrations but nor must the hon Member think and that therefore he can multiply the figure by four it has not been scientifically worked out we know it is insufficient.

**Subhead 24** - was agreed to and stood part of the Bill.

**Subhead 25 - Civil Contingency Planning** - was agreed to and stood part of the Bill.

**Subhead 26 - Contribution to Gibraltar Regulatory Authority** - was agreed to and stood part of the Bill.

**Subhead 27 - European Association of Airport and Seaport Police Conference Expenses** - was agreed to and stood part of the Bill.

**New Subhead 28 - Contribution to Social Assistance Fund - Import Duty** - was agreed to and stood part of the Bill.

## **HEAD 8 B - PERSONNEL**

**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 - Group Life Cover**

**HON J J BOSSANO:**

Is the Group Life Cover driven by numbers employed in the service? There is £124,000, £128,000, £167,000 and now it is £158,000?

**HON CHIEF MINISTER:**

It is driven by a variety of factors which includes numbers and also numbers of claims made, it is a formula.

**HON J J BOSSANO:**

So if there are less claims the premium comes down is that the case?

**HON CHIEF MINISTER:**

One of the factors that contributes to it yes. It would emerge as a smaller increase because it will be netted.

**Subhead 6** - 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 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 - FINANCIAL AND DEVELOPMENT SECRETARY**

**Subhead 1 - Personal Emoluments** - 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 E - TREASURY**

**Subhead 1 - Personal Emoluments** - 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 - Circulating Coinage Expenses** - was agreed to and stood part of the Bill.

**Subhead 11 - Rent and Service Charges – Store at New Harbours** - was agreed to and stood part of the Bill.

**Subhead 12 - Ex-Gratia Payments** - was agreed to and stood part of the Bill.

## **HEAD 8 F - 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 - Other Charges** - was agreed to and stood part of the Bill.

**Subhead 4 - Operational Expenses** - was agreed to and stood part of the Bill.

## **HEAD 8 G - INCOME TAX**

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

**Subhead 3 - Office Expenses** - was agreed to and stood part of the Bill.

**Subhead 4 (a) - Remuneration of United Kingdom Agent** - was agreed to and stood part of the Bill.

**Subhead 4(b) - Computer Running Expenses** - was agreed to and stood part of the Bill.

## **HON FINANCIAL AND DEVELOPMENT SECRETARY:**

Just for the avoidance of doubt I think that subhead 4 should read '*Operational Expenses*' I think these words are omitted there.

**Subhead 5 - Professional Fees** - was agreed to and stood part of the Bill.

## **HEAD 9 - POLICE, LAW OFFICERS AND JUDICIARY**

### **HEAD 9 A - 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 - Contribution to Interpol** - was agreed to and stood part of the Bill.

### **HEAD 9 B - LAW OFFICERS**

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

**Subhead 3 - Office Expense** - was agreed to and stood part of the Bill.



**Subhead 4 - Operational Expenses** - was agreed to and stood part of the Bill.

## **HEAD 9 C - SUPREME COURT**

**Subhead 1 - Personal Emoluments** - 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 D - MAGISTRATES' AND CORONER'S 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 10 - HOUSE OF ASSEMBLY**

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

**Subhead 3 - Office Expenses** - was agreed to and stood part of the Bill.

**Subhead 4 - Recording Equipment** - was agreed to and stood part of the Bill.

### **HON J C PEREZ:**

There is not really any particular subject I can raise but I raised it in my main contribution and that is whether Government would consider the installation of air conditioning. I am raising it because I understand that as a result of the Government's changes in the area downstairs the premises below are going to install new air conditioning and because the building is listed they need to go all the way up to the roof with ducts to do so and therefore had we initiated the project it would be much more expensive but at the moment air conditioning for the House of Assembly would mean that we would only have to connect to the work that is already planned to happen and I thought that even if the House does not stay in this place very long for whatever use the Government makes of the building later it would be useful to have air conditioning fitted in the building at this stage because obviously the cost to the House and to the public would be minimal. I mentioned the fact that we might have a token sum but as long as the Government are prepared to consider the possibility and look at it that is good enough for me.

**HON CHIEF MINISTER:**

Yes, we are certainly willing to give the matter sympathetic consideration even now as I said to the hon Member some time ago the only reason why we have not already done it was this uncertainty about the move but if the information that the hon Member is giving about what the tenants down below are having to do then that might be a reason for connecting in as he calls it. I daresay they would want us to chip in to a cost of the equipment.

**Subhead 4** - 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** - was agreed to and stood part of the Bill.

**HEAD 11 - AUDIT OFFICE**

**Subhead 1 - Personal Emoluments** - 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.

**Subhead 6 - Office Works and Maintenance** - was agreed to and stood part of the Bill.

**HEAD 12 - SUPPLEMENTARY PROVISION**

**Subhead 1 - Pay Settlements** - was agreed to and stood part of the Bill.

**Subhead 1 (b) - Supplementary Funding** - was agreed to and stood part of the Bill.

**Clause 3 - Contributions from Consolidated Fund Reserve**

**HEAD 13**

**Subhead 1 - Contribution to the Improvement and Development Fund** - was agreed to and stood part of the Bill.

**Subhead 2 - Resettlement Scheme** - was agreed to and stood part of the Bill.

**Clause 4 - Improvement and Development Fund**

**HEAD 101 – HOUSING, HEALTH AND SOCIAL AFFAIRS**

**Subhead 1 - Major Remedial Works and Repairs to Housing Stock**

**HON DR R G VALARINO:**

Could we have at least a breakdown of the £3 million?

**HON CHIEF MINISTER:**

No. It is many of the projects that are already in hand the majority of the £3 million are in respect of programmes that are already in place, for example, Varyl Begg has consumed a large share of it and the lift installation programme and things of that sort. The lifts in Alameda Estate and then a number of buildings around the Government estate.

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

**Subhead 2 - Consultants Fees** - was agreed to and stood part of the Bill.

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

**Subhead 4 - Gibraltar Health Authority** - was agreed to and stood part of the Bill.

**Subhead 5 - Prison Equipment and Refurbishment** - was agreed to and stood part of the Bill.

**Subhead 6 - Reallocation of the Civil Prison** - was agreed to and stood part of the Bill.

**Subhead 7 - Elderly Care Agency Equipment** - was agreed to and stood part of the Bill.

**Subhead 8 - Social Services Agency – Equipment** - was agreed to and stood part of the Bill.

**Subhead 9 - Social Services Agency - Capital Works**

**HON J L BALDACHINO:**

Can the Minister say what is the capital works that will be carried out and where?

**HON CHIEF MINISTER:**

Yes, it is a provision for maintenance and refurbishment works at Dr Giraldi and St Bernardette's. Refurbishment works at Bishop Healy Home and the refurbishment to flats for the community integration scheme.

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

## **HEAD 102 - EDUCATION, SPORT, LESIURE AND YOUTH**

**Subhead 1 - Refurbishment of Educational Facilities** - was agreed to and stood part of the Bill.

**Subhead 2 - New School Buildings – St Paul’s Hall** - was agreed to and stood part of the Bill.

### **Subhead 3 - Educational Equipment**

**HON S E LINARES:**

Could the Minister confirm whether this is the amount for the computers?

**HON DR B A LINARES:**

Yes indeed the major part of that allocation will be for computers this year. The project is out to the tune of £0.25 million.

**HON CHIEF MINISTER:**

There will be an addition from supplementary funding to this Head to bring up that figure to £225,000.

**HON J J BOSSANO:**

The forecast out-turn for last year which was £238,000 was not on computers what was it, normal equipment for the school?

**HON CHIEF MINISTER:**

I do not have the breakdown of the forecast out-turn.

**HON J J BOSSANO:**

It struck me when the Chief Minister was saying that it was going to be supplemented to bring it up to £0.25 million that if without the computers we had £238,000 last year there must be many other things that get bought from this Head.

**HON CHIEF MINISTER:**

This Head normally covers furniture and computers and the furniture is unrelated to computers it is sort of chairs, desks, cupboards, lockers things of that sort. Those are the two items in this Head, computers and general furniture.

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

**Subhead 4 - Reallocation of Small Boats to Coaling Island** - was agreed to and stood part of the Bill.

**Subhead 5 - Provision and Refurbishment of Premises for Clubs and Associations** - was agreed to and stood part of the Bill.

**Subhead 6 - Construction of Swimming Pool for the Elderly, Disabled and Teaching** - was agreed to and stood part of the Bill.

**Subhead 7 - Improvement to Sport and Leisure Facilities** - was agreed to and stood part of the Bill.

**Subhead 8 - New Bayside Sport and Leisure Facilities** - was agreed to and stood part of the Bill.

## **HEAD 103 - ENVIRONMENT, CULTURE, AND HERITAGE**

**Subhead 1 - Environment Projects** - was agreed to and stood part of the Bill.

**Subhead 2 - Rock Safety, Coastal Protection and Retaining Walls**

**HON DR R G VALARINO:**

Will these £0.75 million finish the project?

**HON CHIEF MINISTER:**

This is not a project it is a general provision that is made and it is spent on many projects so it is a general provision that the Government make and it is up to the technical people to prioritise what needs to be done sooner rather than later. Sometime there is a need for a major project and that would be dealt with separately.

**HON J C PEREZ:**

I take it then that the works above the Dudley Ward Tunnel is not included here, that is a separate project in itself?

**HON CHIEF MINISTER:**

Correct.

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

**Subhead 3 - Salt Water Drains and Sewers Replacement**

**HON J C PEREZ:**

Is this part of the cost of the sewer replacement that collapsed or is it that we are replacing sewers elsewhere as well as doing the normal annual work of the stormwater drains?

**HON CHIEF MINISTER:**

It is the same answer as I gave in respect of Rock Safety, Coastal Protection and Retaining Walls, it is a general provision for stormwater drains and sewer replacement and it is up to the department to decide how they prioritise it. There is a long list of things that they would like to do projects that they have listed to be done and this is the funding provided to them but if he is talking about the collapsed sewer in the southern end of Main Street that project .....

**HON J C PEREZ:**

I am talking about sewer replacement we normally do not have annual recurring.....there is one sewer and we just replaced a big section at a very high cost. I have never seen sewer replacement as an annually recurring thing, storm drains yes, that is why I was asking whether this was the tail end of the big project or we are replacing more parts of our sewer system?

**HON CHIEF MINISTER:**

It remains a provision for both so it is up to them how much they spend on sewer replacement and how much on storm water drain but yes, there is a programme for ongoing sewer replacements.

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

**Subhead 4 - New Incinerator** - was agreed to and stood part of the Bill.

**Subhead 5 - Improvements to Cultural facilities** - was agreed to and stood part of the Bill.

**Subhead 6 - Theatre Royal Refurbishment - EU Objective 1 Project**

**HON S E LINARES:**

Can the Minister give us how much of those £4.5 million come exactly from the EU?

**HON CHIEF MINISTER:**

None of these. This is expenditure any recovery of community funding would be later on the revenue side that is the way community funding works one spends the money and then to the extent that it is eligible one gets payment later.

**HON J J BOSSANO:**

On page 103 '*Grants – EU Grants Objective 2 Programme*' can the Minister say whether any and if so how much of the £403,000 forecast out-turn of the 2003 and the £529,000 estimated receipts for 2004 are in respect of claims relating to the expenditure on the Theatre Royal?

**HON CHIEF MINISTER:**

I cannot tell him that but it may be that none of it has yet come through and that that figure may not actually include any in respect of the Theatre Royal.

**HON J J BOSSANO:**

Given the money that we have spent before this financial year how long would it be after spending the money that the claim will be submitted to the EU? Is there payment in progress as it were or does it have to be complete before one can ask for anything?

**HON CHIEF MINISTER:**

No. One does not have to wait until the project is complete but the flow of funds is not as if there is direct relationship between progress, I think there are gateways for funding I could not tell him what those are, I do not know on the revenue side.

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

**Subhead 7 - Heritage and Planning Projects** - was agreed to and stood part of the Bill.

**HEAD 104 - TRANSPORT, ROADS, PORT AND AIRPORT**

**Subhead 1 - Airlines, Ferry and Hotel Assistance Schemes** - was agreed to and stood part of the Bill.

**Subhead 2 - Road Maintenance and Resurfacing**

**HON J C PEREZ:**

Can the Minister say what amount of that sum is the term contract and of the three subheads 2, 3, and 4 what amount of that is subject to tendering procedures and if he remembers could he please send me of the terms contract the projected works expected to be done this year for the amount of the terms contract I do not want them right now but if he could send it I would be pleased to have a list.

**HON CHIEF MINISTER:**

What the hon Member is saying is if he can have the programme of works that is going to be done by the term contracted during the year, the answer is 'no' there is flexibility it is whatever the Government decide from time to time it wants to do it is not necessarily a fixed programme at the beginning of the year. I can tell him the sum, it is about £750,000.

**HON J C PEREZ:**

Why is it that the Government have changed their attitude last year they actually read out the programme that they had for the year for the £750,000. It might be because at Question Time I checked to see whether some of the works had been done and some of the works had not been carried out at the end of the financial year and I do not see why the Chief Minister thinks it is something that should not be available. We are voting money for a term contractor, in normal circumstances if it were to go out to tender by piecework we would know what the sum voted is for what work, we are saying, *"Well the Government have an annual programme can the Opposition know what the annual programme of the Government are going to be for those £750,000."* If in the middle of the year the Government change their mind and do one work instead of another that does not mean that a programme does not exist it means that the programme has changed I do not

see anything wrong in making that information public not necessarily even to me.

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

**Subhead 3 - Road Construction** - was agreed to and stood part of the Bill.

**Subhead 4 - Construction of Parking Facilities** - was agreed to and stood part of the Bill.

**Subhead 5 - Port Infrastructure Facilities and Equipment** - was agreed to and stood part of the Bill.

## **HEAD 105 - ECONOMIC DEVELOPMENT, INDUSTRY AND INFRASTRUCTURE**

**Subhead 1 - EU Interreg** - was agreed to and stood part of the Bill.

**Subhead 2 - EU Objective II 2000/2006 PROGRAMME** - was agreed to and stood part of the Bill.

**Subhead 3 - Gibraltar Enterprise Scheme** - was agreed to and stood part of the Bill.

**Subhead 4 - Gibraltar Development Plan** - was agreed to and stood part of the Bill.

**Subhead 5 - Upper Rock Improvements and Maintenance** - was agreed to and stood part of the Bill.

**HON DR R G VALARINO:**

Since subhead 5 to 9 are new items could we have an explanation of subhead 5 to start off with?

**HON CHIEF MINISTER:**

That is a project to install sewers and toilets in the Upper Rock and also a provision for cleaning in the Upper Rock.

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

**Subhead 6 - Beaches Improvements and Maintenance** - was agreed to and stood part of the Bill.

**Subhead 7 - Beaches, Development Scheme** - was agreed to and stood part of the Bill.

**Subhead 8 - Tourist Beautification Projects**

**HON DR R G VALARINO:**

Again in subhead 8 could we have an inkling as to what the £2,400,000 covers?



**HON CHIEF MINISTER:**

The lion's share of it is actually called the John Mackintosh Square refurbishment project, then there is Catalan Bay phases II and III and there is a phase II of the World War II Tunnels project and then a few very minor ones. That accounts for almost the totality of that.

**Subhead 8** - was agreed to and stood part of the Bill.

**Subhead 9 - Other Development Projects** - was agreed to and stood part of the Bill.

**Subhead 10 - Employment Service Projects** - was agreed to and stood part of the Bill.

**HEAD 106 - PUBLIC ADMINISTRATION AND ESSENTIAL SERVICES**

**Subhead 1 - Government Furniture and Equipment** - was agreed to and stood part of the Bill.

**Subhead 2 - Government Buildings Works and Structures** - 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** - was agreed to and stood part of the Bill.

**Subhead 5 - Government Computerisation Programme** - was agreed to and stood part of the Bill.

**Subhead 6 - Civil Contingency - Equipment** - was agreed to and stood part of the Bill.

**HON DR J J GARCIA:**

Can we ask what those funds are exactly being voted for?

**HON CHIEF MINISTER:**

If by exactly he means an exact list of the equipment being purchased I am afraid I cannot tell him but, for example, I know it includes and has already included things like decontamination facilities, decontamination tents for biological attacks and basic civil contingency equipment of various sorts that the Fire Brigade need and other agencies need in order to better equip Gibraltar to meet and to respond to potential civil contingency threats of the sort that the world was now more alive to than it has been in the past. Some have already been purchased in the last financial year so this is further.

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

**Subhead 7 - Chief Fire Officer – Equipment** - was agreed to and stood part of the Bill.

**Subhead 8 - Commissioner of Police - Equipment** - was agreed to and stood part of the Bill.

**Subhead 9 - Chief Executive – Technical Services – Garage, Workshop and Sewers Equipment** - was agreed to and stood part of the Bill.

**Subhead 10 - Gibraltar Broadcasting Corporation – Equipment** - was agreed to and stood part of the Bill.

**Subhead 11 - Postal Services Manager Capital Works** - was agreed to and stood part of the Bill.

**Subhead 12 - City Electrical Engineer - Improvements to Networks and infrastructure**

**HON J C PEREZ:**

Could I ask what amount is due to the Controller Link Project and what is now the estimated date of completion of that project and what amount is due to switch gear replacement and what other factors are included in that vote in electricity?

**HON CHIEF MINISTER:**

I cannot tell him exactly what proportion of the vote relates to SCADA. There is nothing. The vote is actually a commencement of an investment programme in the general network and distribution infrastructure. *[INTERRUPTION]* No, but this is for cable replacements and substations and the distribution networks as opposed to development of the network this is maintenance and replacement of existing network and actually it is a very small provision for what is going to be a much larger investment programme.

**HON J C PEREZ:**

Given that what the Chief Minister is saying that nothing is to be expended this year on the SCADA Controller Link Project is it that the project has now been finished, is it that nothing is going to be done this year, or is it that they have given up the project completely?

**HON LT COL E M BRITTO:**

The SCADA Project is at a stage where all the provision that was made last year has been expended and is now in the final stages of its installation and commissioning. There is a pre-commissioning stage and I am told that no further expenditure is needed the next stage that needs to be done is precisely what the Chief Minister has just said is cabling and networking and that is not part of the equipment infra-structure itself that is part of the network infrastructure and that is cabling that needs to be laid.

**HON J C PEREZ:**

Is the Minister indicating that now that the Controller Link Project is finally coming to the end that until and unless we do not start doing some things in the infrastructure the use of it will be limited is that what the Minister is indicating? Because he is saying, “*..now comes the part where the hon Member has said that we are doing things in the infrastructure as if it were part of the Controller-Link system.*”

**HON LT COL E M BRITTO:**

No, it is two completely different things. There is still laying of cabling that needs to be done for the SCADA system to make it

fully operational but that is not what my hon friend was referring to which is the normal maintenance of the network and the new and larger projects that are coming on in line it is three different things under one head.

**HON J J BOSSANO:**

The forecast out-turn was the money on the Controller Link spent there out of the £448,000 or was the amount spent in the last financial year also cabling and so on?

**HON LT COL E M BRITTO:**

The department has an on-going maintenance and replacement programme, it has always had one *[INTERRUPTION]* because it is both. This year in addition to the normal maintenance programme that one would normally carry out the Government are looking at carrying out further improvements to the network which are major projects. *[INTERRUPTION]* because as has been said if the words were used this is a token of a much bigger expenditure which the Government intend to go into these words were used a few minutes ago maybe the hon Members did not pick them up.

**HON J J BOSSANO:**

We picked them up all right. It is just that it is difficult to understand why this time last year the Government expected to spend £618,000. They underspend and only manage to get £450,000 spent and therefore by the logic of the I&D Fund what would normally happen would be that the unspent funds of last year would be rolled over into this year as a revote that is how it has been done since time immemorial. That would not leave much change over the £300,000 but we are told this year in

addition to what was happening before there is a much bigger programme going to be done.

**HON CHIEF MINISTER:**

Yes, but it is not provided for here.

**HON J J BOSSANO:**

It is not provided?

**HON CHIEF MINISTER:**

No, when we are talking about a programme which will run into over a number of years several millions of pounds.

**HON J J BOSSANO:**

We are asking that what is it that is provided here then?

**HON CHIEF MINISTER:**

It is just a provision for ordinary annual improvements to the networks and infrastructure.

**HON J J BOSSANO:**

Is there a reason why this year the ordinary annual network is going to be less than the Government hoped to do last year and less than they actually managed to do?

**HON CHIEF MINISTER:**

This is one item in which there is slightly less information than there was in the past. The hon Member is assuming that last year £448,000 was spent on improvements to the network and infrastructure...

**HON J C PEREZ:**

Can you say whether the money expended on the Controller-Link was part of the £448,000? When the Chief Minister in his main contribution to the budget said that the new structure of the estimates was better and clearer I mentioned the Controller-Link Project precisely because before we used to have a breakdown and we did not have to ask these things it was there on paper and this year that information is not being provided and hon Members do not know what it is.

**HON CHIEF MINISTER:**

I accept it is not provided as a zero item. It should be shown as breakdown under the last year's subheads which is the information that I am trying to find for him now as disappearing items. I will have to agree to provide the information to the hon Members. I will provide the hon Members with the forecast out-turn for the various electricity subheadings as they appeared in last year's and I will give them a breakdown of how much of that is covered by

this year's subhead 12 so that they will have both figures they will have a breakdown for this year and also a breakdown for last year's forecast out-turn using last year's.....I accept that on this subhead the conversion of City Electrical Engineer from an entire Head into just one subhead this has resulted in considerably less detail in respect of this item and we will have to see how we can remedy that for the future and also I will provide it for him in respect of this year too.

**Subhead 12** - was agreed to and stood part of the Bill.

**Subhead 13 - Strategic Fuel Reserves** - 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 (2003-2004) Bill 2003 has been considered in Committee and agreed to with amendments and I now move that it be read a third time and passed.

Question put.                      Agreed to.

The Bill was read a third time.

## **ADJOURNMENT**

The Hon the Chief Minister moved the adjournment of the House to Monday 28<sup>th</sup> July 2003 at 3.00 pm.

Question put.                      Agreed to.

The adjournment of the House was taken at 6.25 pm on Monday 30<sup>th</sup> June 2003.

### **MONDAY 28<sup>TH</sup> JULY 2003**

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 Mrs Y Del Agua - Minister for Social Affairs  
The Hon R Rhoda QC - Attorney General  
The Hon E G Montado OBE - Financial and Development  
Secretary (Ag)

#### **OPPOSITION:**

The Hon J J Bossano - Leader of the Opposition  
The Hon Dr J J Garcia  
The Hon J L Baldachino  
The Hon Dr R G Valarino  
The Hon J C Perez  
The Hon S E Linares

#### **ABSENT:**

The Hon J J Netto - Minister for Housing  
The Hon Miss M I Montegriffo

#### **IN ATTENDANCE:**

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

#### **DOCUMENTS LAID**

The Hon the Chief Minister moved under Standing Order 7(3) to suspend Standing Order 7(1) in order to lay on the Table:

- (1) The Import Duty (Integrated Tariff) Regulations 2003 (Amendment) Regulations 2003;
- (2) The Gibraltar Regulatory Authority annual report 2002/2003.

Ordered to lie.

### **MOTIONS**

#### **HON CHIEF MINISTER:**

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

“This House approves by Resolution the making of the Social Security (Non-Contributory Benefits and Unemployment Insurance) Ordinance (amendment of Schedule 3) Order 2003.”

Under section 18 (3) of the Social Security (Non-Contributory Benefits and Unemployment Insurance) Ordinance no order amending the rates of benefits can be made by the Governor before it has been approved by this House and that is the order with which I trust the hon Members have received a copy of the order itself setting out the increases which amount to 35 per cent in the unemployment benefit rates are set out in the order and if this House approves this Resolution then under the terms of the Ordinance the Governor may sign the order and the increases may come into effect. I had not expected or intended to go over the ground again it was covered in my budget address and really it is just a formality.

Question proposed.

Debate ensued.

#### **HON J J BOSSANO:**

It is just a formality of voting the things so that they can go ahead.

Question put.

The motion was carried unanimously.

### **BILLS**

#### **FIRST AND SECOND READINGS**

#### **THE IMMIGRATION CONTROL (AMENDMENT) (SWISS WORKERS) ORDINANCE 2003**

#### **HON CHIEF MINISTER:**

I have the honour to move that a Bill for an Ordinance to transpose into the laws of Gibraltar the agreement between Switzerland and the European Union on the rights of residence of nationals of Switzerland, members of their families, workers, self-employed persons, students and others, and of posted workers, be read a first time.

Question put.

Agreed to.

## SECOND READING

### HON CHIEF MINISTER:

I have the honour to move that the Bill be now read a second time. Mr Speaker, the Bill gives effect to the agreement as the long title suggests between the European Community and the Member States of the one part and the Swiss Confederation on the other part on the free movements of persons which agreement was signed in Brussels on the 21<sup>st</sup> June 1999.

The agreement confers on Swiss nationals and their families broadly similar rights of entry into and residence in Gibraltar as are enjoyed by EEA nationals. It also confers right of entry and residence on employees of Swiss companies who may not be EEA nationals or Swiss nationals. When the company that employs them seeks to provide services in Gibraltar and send them as their employees to Gibraltar for that purpose.

Clause 2(1) and 2(2) of the Bill inserts new section 39(a) and 39 (b) and some new definitions into the Immigration Control Ordinance. The new provisions are intended to enable the Principal Immigration Officer to authorise to work in Gibraltar a non-EEA national working for a Swiss company. This is achieved by creating the concept of the posted worker. For these purposes Swiss companies will now be entitled to offer services here on the same basis as EU companies. Posted workers will be entitled to an authorisation from the Principal Immigration Officer entitling them to entry and residence. Such authorisation will have a minimum duration of 90 days.

Clause 2(3) to 2(13) amend the Immigration Control Ordinance in line with the new sections 39(a) and 39(b). In essence the Ordinance is amended to ensure that posted workers are placed in the same position as EEA nationals throughout including conditions

of entry, ceasing to be a posted worker and duration of residence permits.

Mr Speaker, as the hon Members will have seen the definition of posted worker and I just emphasise for the benefit of the House, the Bill deals with two different issues one is Swiss nationals and their families who are pursuant to this Bill treated as if they were EEA nationals and then it deals also with the concept of the posted worker who is a non-Swiss national, in other words somebody who is neither Swiss nor of some other EEA nationality but is incorporated into the Swiss labour market, for example, a Turkish person may be working in Switzerland for a Swiss company and the right to send that Turkish worker to Gibraltar to represent the Swiss company when the Swiss company wishes to deliver services in Gibraltar is also enshrined in this Bill so that the Swiss company for the purposes of its delivering its services in the Gibraltar market-place may send to Gibraltar either Swiss nationals and their families or these categories of persons called posted persons who are non-Swiss nationals, non-EEA nationals but work for that company in Switzerland already. They cannot just recruit them for the purposes of sending them to Gibraltar. As the hon Members will see from the Bill they have already to be integrated into the regular labour market of some EEA state or Switzerland. I do not think there is anything arising from the principles of the Bill that it is appropriate to point out during this part of our debate except to say that I will be proposing a small amendment. Hon Members will see that the long title of the Ordinance is said to be in the year "2002" and I intend to amend that so that it should read "2003". I commend the Bill to the House.

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

**HON J J BOSSANO:**

Obviously the Bill is being brought to the House because we are required by our membership of the European union and the European Economic Area to implement this agreement with Switzerland. I must say it is surprising that there should be such an agreement in Switzerland which is not reciprocal and which does not give us or other EEA nationals similar rights in Switzerland but having checked this it appears to be the case that it is a one way thing. The United Kingdom implemented this in May 2002 by Regulation 2002, 1241 and we have looked at what we are doing in Gibraltar and it follows fairly closely what is being done in the United Kingdom except in this question of the eligibility to be a posted worker. I think that what we are doing in this Ordinance is following the letter of the Agreement and the requirement in the Agreement and therefore it says that the posted worker must be integrated into the labour market of the European Economic Area. On the surface that would seem to mean that the posted worker can be anywhere in the EEA already to qualify not necessarily in Switzerland and not necessarily in the employment of his Swiss employer. In the United Kingdom they have actually interpreted in their implementation of this what integrated into the labour market means and I do not think we have done it in the Ordinance and therefore I think that is an important point of principle because I think without the interpretation the United Kingdom has put on integrated into the labour market we are giving the scope which is wider for who qualifies as a posted worker. I do not know whether it is a matter of policy that we might want to , we might want to even though we are being told by the Government that we have now run out of workers and that we want to bring workers from outside we may want to be more generous in the definition of who is a posted worker but if that is not the case and it is not a matter of policy then I think I would like to have clarification as to whether in giving effect to this legislation it will be possible to interpret it as it has been done in the United Kingdom without that interpretation being actually in the law and the interpretation in the United Kingdom is that the Home Office has decided that in order to meet the definition of integrated into the labour market the employee must have been employed by the Swiss employer for at least 12

months. That of course puts a limitation and presumably is permissible under the Swiss agreement otherwise the United Kingdom would not have been able to do it so it may be that the Agreement allows the Member State to interpret the concept of integrated into the labour market with a certain amount of flexibility because on the surface I would say integrated into the labour market can mean somebody who is unemployed. If one is living anywhere in the European Union as a non-EU national, if a Moroccan is living here and if he becomes unemployed and he is registered in the ETB and he is collecting unemployment benefit in my judgement that person is integrated into the local labour market and I would suggest to the Government unless there is a policy decision to the contrary that if we are required to do this then we should not go any further than the UK itself has got but what I am not sure is whether it is possible to do that with the law as it is already or whether we need to say in the law *"Integrated into the labour market means so and so,"* which I think they have done in the United Kingdom in the Regulations.

**HON CHIEF MINISTER:**

I can tell the hon member that there is no conscious policy decision of the sort that he suggests might be behind the omission of this definition and if limiting it in the way that he has highlighted if permitted by the Agreement then I agree with him that it should be done so that this should not be a backdoor to giving wider rights to people than they are actually allowed to have by the document that compels us. So I will just assess the interpretation that he has placed on the UK Regulations and if the Government agrees that it is open to the interpretation which it appears to be from his reading he has not actually read from the UK transposition he is purported to describe the effect of the UK's transposition by I do not know whether he has done it verbatim or briefly describing the fact that in the UK there have to have been an employee of the Swiss company for 12 months and if that sort of limitation is possible I can certainly see the wisdom of incorporating it into our own legislation provided we share his reading of the situation when we look at it



during the lunch adjournment the Government are certainly happy to move that amendment in Committee Stage. I will report back to the House at that stage on that question.

Question put.                      Agreed to.

The Bill was read a second time.

#### **HON CHIEF MINISTER:**

I have the honour to move that the Committee Stage and Third Reading of the Bill be taken later today.

Question put.                      Agreed to.

#### **THE RECOGNITION OF PROFESSIONAL QUALIFICATIONS ORDINANCE (AMENDMENT) ORDINANCE 2003**

#### **HON CHIEF MINISTER:**

I have the honour to move that a Bill for an Ordinance to amend the Recognition of Professional Qualifications Ordinance in order to transpose into the law of Gibraltar Directive 2001/19/EC of the European Parliament and of the Council, be read a first time.

Question put.                      Agreed to.

#### **HON CHIEF MINISTER:**

I have the honour to move that the Bill be now read a second time. Mr Speaker, this Bill amends part 6 of the Recognition of Professional Qualifications Ordinance which we legislated in this House in 1997. The Bill implements article 2 of Directive 2001/19/EC which is dated 14<sup>th</sup> May 2001. The Bill also takes note of the decisions of the EEA joint Committee No 7/94 of 21<sup>st</sup> March 1994 and No 55/1 of 18<sup>th</sup> May 2002 amending annexe 7 of the EEA Agreement and the agreement relating to Switzerland dated 21<sup>st</sup> June 1999 in relation to the Directive. The Bill therefore also extends the provisions of the bill beyond the EEA area to Switzerland. Basically the effect of the Bill is to widen the provisions of the Ordinance which it is amending to a greater number fundamentally to a greater breadth of professional qualifications. The scheme for the recognition of the qualifications of migrants from Members States of the European Community and also from Iceland, Norway, Liechtenstein and now Switzerland who seek to take up or pursue a profession which is regulated in Gibraltar.

Clause 2 (3) of the Bill substitutes the definitions of EEA States with the definition of relevant states and the definition of relevant states is EEA plus Switzerland. Clause 2 also amends the definitions of regulated education and training in line with the requirements of the directives and the hon Members will see from the definition introduced now by this Bill into part 6 of the Principal Ordinance that there is no longer the limitation that there was in the original Ordinance by reference to the professions for which there was a designated authority in the schedule. So this defines the regulated education and training and the professions based on that regulated education and training in purely generic terms without reference to a list of particular professions which was the regime created in the original legislation and hence I referred a few moments ago to the widening of the regime by replacing a list of professions with a more generic definition that may take into account any number of profession.

The definition now includes within its ambit any professional training in higher education of at least three years duration or

equivalent part-time. Clause 2(4) widens the scope of article 33 the effect of the amendment is that that right to practice a regulated profession here is dependent on 10 years experience in a relevant state or upon receipt of a professional higher education qualification so it remains an alternative either this much wider definition of professional higher education qualification or 10 years experience practising the particular profession in the relevant state.

Clause 2(5) is amended to impose obligations on our Competent Authority to consider the practical skills and knowledge gained by a migrant throughout his working life prior to deciding whether an adaptation period or an aptitude period is most appropriate. The original Ordinance gives the Gibraltar Competent Authority the right to impose aptitude test or an adaptation period and this amendment now says that before doing so the Competent Authority has to consider the practical skills and knowledge already gained by the migrant throughout his working life before deciding whether it is appropriate to impose an adaptation period or an aptitude test and which of the two is more appropriate.

Clause 2(6) deals with standards of evidence where the Gibraltar Competent Authority requires proof of financial standing or, for example, the existence of professional liability insurance this amendment now being introduced into the Ordinance by Clause 2(6) of the Bill requires the Gibraltar Authority to accept any certificate issued by an institution established in a relevant state on the same terms as such a certificate would be accepted if issued by a Gibraltar bank or insurance company and it follows that the Gibraltar Competent Authority will be, whichever is the appropriate one for the profession in question, so if it were a teaching qualification, for example, it would be the Department of Education, if it were the ones already listed in the schedule of the existing Bill it would be the Competent Authorities listed there. I commend the Bill to the House.

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

#### **HON J L BALDACHINO:**

I understand what the Bill is trying to do especially having seen the previous Bill. We are now extending the right to Switzerland under the Switzerland EU Agreement and therefore it is normal that this should be brought in line with the EA recognition of qualifications already existing. I think that we had until 2005 to incorporate the directive into our laws, reading part of the directive I would like to ask the Government, *".....is it that we need to bring in further amendment to the qualifications because I think we have done part of it only in the question of qualifications, for example, profession qualifications are now established according to there are now five levels which I do not see it in our original Ordinance neither on their amendment is it that we are now bringing in just to incorporate and therefore give the same rights to Swiss nationals as they already existed to EA nationals and therefore later on we will still have to put in further amendment to the Bill to bring it in line what the Directive the one we are passing now which is 2001/19/EC because I think that we are required to be doing much more than what we are doing on this amendment."*

#### **HON J J BOSSANO:**

I seem to recall when the 1997 amendment was brought in I raised the question because this really of all the professions that are specified in the list of qualifications which allow people to practice in Gibraltar the one where there is a Gibraltar qualification is the State Registered or General Nurse and at the time I questioned in 1997 why it was that the Gibraltar general nurse that is qualified here, to practice here even though they may not be in the UKCC. We had recently a situation where I raised in this House the question of the requirement of the Registration Board here that people should periodically have to renew the registration and there we say that if people are qualified and registered in the United Kingdom they are entitled to be registered here. People can be registered here and are not required to be registered in the United Kingdom with local qualifications and in 1997 I believe I raised the

matter and the Minister for Trade and Industry in the course of the debate was then responsible for medical services I do not know whether he remembers but I seem to remember that it was in the course of that debate that he said that in fact it had been overlooked at the time the need to ask the United Kingdom to include the right of people who are registered here and qualified here to be able to work in the EA because we are giving that right to everybody else and I am sorry to say that it appears still to be the case that we are omitted because in the least of the qualifications by Member State the United Kingdom qualification is the registration with the UKCC and we are not mentioned at all and it is quite obvious from what is there in respect of other Member States that there are many Member States that have got a number of different comparable avenues for the right to exercise the profession of general nurse throughout the EEA and therefore it seems to be that, for example, if Portugal can have three different diplomas issued by three different institutions then there is nothing to stop the United Kingdom from saying registration in Gibraltar. Whereas in fact in the annex which is annex 4 of the directive and where it talks about the titles of diplomas, certificates and other evidence of formal qualification in this case it is in midwifery but the same applies in general nursing it says, *"Registration in the register kept by the United Kingdom Central Council for Nursing Midwifery and Health Visiting,"* therefore we are not happy to see a situation where people who are in practice not going to be talking about large numbers of our nurses wanting to go elsewhere but I think it is wrong that we widen the scope so that even more nurses are entitled to come and register here and entitled to practice on the basis of their home state experience and qualification and ours cannot do it in the opposite direction unless they are registered with the UKCC which they do not need to be in Gibraltar. In Gibraltar one only has to register with the UKCC if one is going to apply for promotion to Charge Nurse or Sister but at the Staff Nurse level which is what we are talking about here the General Nursing it is not required and I believe we should have asked the United Kingdom to include our qualification in there and indeed I seem to remember that the Minister for Health at the time in 1997 agreed with me when I made the point but said that it had not been

possible to do it and therefore I think it has been overlooked a second time.

#### **HON K AZOPARDI:**

Mr Speaker, if I can make a contribution at this stage. I cannot remember the specific debate, I cannot remember saying that it was overlooked. It may have been overlooked at the time of the initial directive, that was before our time, but I remember the cause of the issue which was this nurse that had had a problem and had not been able to practice when she went to Barcelona during the hon Member's time and we had long meetings and long discussions with the Department of Health about it and a series of correspondence with DOH so that the matter could be rectified but regrettably we got nowhere with the Health then so I imagine that this is pretty much the same issue.

#### **HON J J BOSSANO:**

Let me say that that particular issue of that particular nurse was put right for that person. I am actually talking about raising the matter I think it was in the context of 1997 but I remember raising it in the context of legislation brought to the House about recognising professional qualifications and I made exactly the same point that I am making now and I think it must have been in 1997 because it is a logical one but there might have been another amendment to the Ordinance since 1997 but it was specifically on nursing qualifications and it was the only one because in fact in all the other fields of the medical profession they are all covered because they are all qualified in the United Kingdom and since it is the qualification and not the place of residence or nationality or anything else that determines it the qualifications except for general nursing the qualifications are all obtained in the United Kingdom in our case. It is the only one that we give here and it is excluded because the fact that somebody is given a diploma as a registered general nurse and included in the register in Gibraltar

does not mean that they are automatically included in the UKCC and by virtue of the text here if they are not in the UKCC then they cannot exercise their profession anywhere else because they are not deemed to be qualified and I think it is important that our qualification in Gibraltar should be recognised if we recognise everybody else's.

**HON CHIEF MINISTER:**

Mr Speaker, of course we all subscribe to the proposition that were we are complying with our EU obligations in a way that requires us to recognise things done by other people we should be reciprocated, other people should recognise our interventions and indeed that is the essence of the Competent Authority point that the post boxing, financial services, passporting and all of that. If French Banks are allowed into Gibraltar then Gibraltar Banks should be allowed into France and this is just the equivalent in this area. I am sure that the hon Member will agree that we should not give the impression that this is something that can be corrected in this Bill. In this Bill we can only legislate for the obligation rather than right. This Bill is creating law in Gibraltar as to who can come from abroad to practice their profession here in Gibraltar. Our nurses in the context of the example that the hon Member is giving, the right to make a Gibraltar qualified registered nurse to go to France, Spain or Germany and practice in those countries is a question of French, Spanish and German law, their equivalent and therefore the defect is in the directive not in this Bill. I am sure that the hon Member will agree with the point that is not something that we can put right in this House by amendment to this legislation even though we may all agree because in this law we are only providing for the rights of people coming from outside into Gibraltar. When it comes to our expectation that we should be allowed to have rights equivalent to our obligations that is a matter for whether the directive provides for them and whether it does or it does not I think it is implicit in what the hon Member is saying in that he does not think it does directly because it refers, for example, in the case of midwives to UK qualifications which would not necessarily include those that are qualified in Gibraltar. Then, even if it were

the case unsatisfactory as it might be that that reciprocity is in fact not given to us then it is not something that we can correct in this particular legislative process now. Let me say that assuming which I do although I have not actually looked at the point myself, that the point is entirely as the hon Member has described it he will recognise it as just another one in the long list of examples of the way that Gibraltar has historically and to a certain extent continues not to be specifically provided for in EU directives and in terms of when there are schedules and we have discussed similar points in the past we have always used the example of companies and health authorities that are not specifically provided for. I share the hon Member's view that Gibraltar is fully entitled to reciprocity. However, it is not something that arises from the Bill before the House today and despite the fact that we agree it is not something that we can put right in the Bill before the House today. My understanding is and I will confirm it to him in Committee Stage, the Hon Mr Baldachino, my understanding is that we have done what we need to do at this stage but I will seek to get more formal authoritative confirmation that is my understanding but I will get it confirmed factually for him and I will tell him at the Committee Stage whether this is the totality of all that is compelling on us or whether it is just what needs to be done now so that more may have to be done in the future as and when the applicable date arises.

Question put.                      Agreed to.

The Bill was read a second time

**HON CHIEF MINISTER:**

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

Question put.            Agreed to.

## **THE CARRIERS' LIABILITY (AMENDMENT) ORDINANCE 2003**

### **HON CHIEF MINISTER:**

I have the honour to move that a Bill for an Ordinance to amend the Carriers' Liability Ordinance 2002 so as to transpose into the law of Gibraltar Council Directive 2001/51/EC of 28 June 2001 supplementing the provisions of Article 26 of the Convention implementing the Schengen Agreement of 14 June 1985, be read a first time.

Question put.            Agreed to.

## **SECOND READING**

### **HON CHIEF MINISTER:**

I have the honour to move that the Bill be now read a second time. Mr Speaker, the Bill has attached to it a relatively lengthy explanatory memorandum which I will just briefly summarise to assure that it gets into Hansard. The House may recall that in 2002 we passed a Bill into the laws of Gibraltar called the Carriers' Liability Ordinance. That Ordinance is concerned with the liabilities of people that bring unauthorised persons into Gibraltar. Unauthorised persons can be persons who arrive lawfully but without the necessary documents, for example, somebody arrives on a scheduled flight but without a visa. If they require a visa to get into Gibraltar that would be an example of somebody who arrives without the necessary documentation but it also applies to

concealed entrance, people who try to get into Gibraltar not through a proper channel albeit without the right paperwork but concealed in a ship, aircraft or vehicle. The 2002 Ordinance obliges the carrier that is operators of ships, aeroplanes and vehicles to check that all passengers have a valid passport of identification document and if necessary a visa for entering Gibraltar. It also obliges them to take steps to ensure that they do not bring concealed passengers into Gibraltar. Where a carrier has brought an unauthorised person into Gibraltar then subject to any appeal the carrier is liable to a large fine following the issue of a penalty notice. That is the regime created by the Ordinance which is already the law of Gibraltar and which we are amending by this Bill and this Bill introduces amendments into that Ordinance to implement our obligations in relations to those bits of the Schengen Acquis that the United Kingdom and Gibraltar are subscribing to.

Section 2(2) and 2(3) of the Bill amend the penalties for bringing passengers without proper documents to Gibraltar. The new penalty is the minimum amount of £1,860 per undocumented passenger brought into Gibraltar. The exact amount which may be up to £2,000 per passenger is to be decided by reference to factors set out in schedule 1 to the Ordinance. The penalties in relation to concealed passengers are not changed and remain at level 4 that is £2,000 in respect of each passenger subject to litigation. The Schengen Agreement requires there to be a minimum fine for the case of the arrival of bringing in undocumented passengers but does not require a minimum fine for concealed passengers. Section 2(4) of the Bill introduces a new defence to liability if the unauthorised person is subsequently recognised as the person who cannot be removed without being in breach of our international obligations under any treaty or international agreement extended to Gibraltar. The hon Members may have guessed that that is the effect of clause 2(4) by the language introduced into new section 3 (7) of the Ordinance but they could only have guessed it because there are words missing in the Bill at, it is on page 2, so it is clause 2(4) introducing a new section 3 (7), that language is incomplete and says, "*..there shall be no liability in principle in respect of any clandestine entrant or passenger arriving in Gibraltar without proper documents where that person is subsequently recognised*

*as a person for whom it will be contrary to Gibraltar's International obligations."* It simply does not make sense what it means to say is that there is no liability in principle if the person that one brings or carries into Gibraltar, the unauthorised entrant of whom one is a carrier, if that person is subsequently shown to be a person that cannot be removed from Gibraltar by the authorities without infringing some international treaty obligation that Gibraltar is bound by then that is a defence to the carriers' liability under the Ordinance and the carrier is then exempted from the penalties and indeed not just the penalties but also the repatriation obligations so I shall be moving an amendment at Committee Stage if the hon Members can see the word "*for*" in the second last line, "*.....as a person for whom...*" the word "*for*" would be deleted and it would be replaced by the word, "*in respect of,*" and at the end of the sentence after the word "*..international obligations,*" the words that are missing are "*...and or any treaty or international agreement extended to Gibraltar to remove...*" so that it would read, "*..that person is subsequently recognised as a person in respect of whom it would be contrary to Gibraltar's international obligations and/or any treaty or international agreement extended to Gibraltar to remove..*" I am not sure that that is brilliant English either but I think it succeeds in being effective.

Mr Speaker, Section 2 (5) is partly a tidying up exercise. It deletes section 5(7) of the Ordinance presently it says that for the purposes of section 5 of the existing Ordinance a person requires a visa if under the visa requirements from time to time in force in Gibraltar he requires a visa for entry into Gibraltar. The effect of deleting 5 (7) is not that that changes because 5(7) is in effect reintroduced into the Bill in the new 3(8) which says the same thing except that it now says that for the purposes of this Ordinance as opposed to the section being removed which says for the purposes of this section so the existing section 5 (7) applies that definition of a person requiring a visa and it says it is limited to for the purposes of this section. The new section 3(8) being introduced by Clause 2(4) of the Bill is in the same language but it speaks of for the purposes of this Ordinance rather than for the purpose of the section so the definition so to speak is extended to the Ordinance at large and not just to the section 5 as it was before.

Section 2 (6) of the Bill renames section 14 of the Carriers' Liability Ordinance to more accurately reflect the purposes of the section. It changes the name from return of unauthorised persons to removal of unauthorised persons to reflect the fact that an unauthorised person may be removed to a different country than the country from which they have been removed and that is removal rather than return.

Section 2 (7) of the Bill shifts the burden of removing and maintaining unauthorised persons from the Government to the carrier who brought them to Gibraltar. Where a carrier has brought an unauthorised person to Gibraltar and has not successfully appealed against liability then he or she (that is the carrier) will be responsible for removing the unauthorised person to a country directed by the Principal Immigration Officer or if they are not able to do so immediately, for finding alternative transportation by some other carrier to that country and paying for the costs not just for that alternative removal process but also of any costs of the unauthorised person's stay in Gibraltar prior to their removal.

Section 2 (8) of the Bill ensures that the Government may recover from the carrier any sums the Government have had to pay in maintaining an unauthorised person in Gibraltar and removing them from Gibraltar should the Government have to do that in the first instance. I commend the Bill to the House.

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

#### **HON J J BOSSANO:**

Mr Speaker, when the Ordinance that we are amending was brought to the House previously in 2002, The Carriers' Liability Ordinance, there was no indication in the Ordinance that this was a requirement and in fact that was one of the things that I raised

because it was not shown. It only came out when the Bill was introduced and the Chief Minister mentioned it in his opening speech where he said that it was something we were required to do under Article 27 of the Schengen Acquis. On this occasion what we have is a directive which applies to us and which we have to transpose. What is not clear is how is it that the directive is of the 28<sup>th</sup> June 2001 and we were not doing it when we first implemented this obligation in 2002 and we are doing it now. Is it that there has been nothing new since the last one and that what we are doing now is what we overlooked in the last one and we should have done in the first place? Because the directive to which the Bill makes a reference which is 2001/51 is of the 28<sup>th</sup> June and and it makes a provision that Member States shall take the necessary measures to comply with this directive no later than the 11<sup>th</sup> February 2003 it is here that there is a mention of the penalties not being less than 3,000 euros or the equivalent national currency at the rate of exchange published in the journal on the 10<sup>th</sup> August 2001 which is the penalties we are providing for in the Bill before the House. In the UK they brought in the Carriers' Liability Regulations 2002 which is No 2817 which simply brings in the penalty so it would appear that the United Kingdom itself had overlooked putting in the penalties and I do not know whether that is why we did not do it because they forgot to do it and therefore we did not do it and they have now caught up because it all seems to come from the same directive of 2001. In the UK I know that they have actually put £2,000 so they have not actually gone to the figure below £2,000 as a minimum like we are doing here presumably on the base of the rate of exchange but then I am not sure whether in fact the directive says the minimum shall be £3,000 it means that one cannot have less than £3,000 or that one cannot have more than £3,000 but they certainly in the United Kingdom they are actually putting £2,000 in the legislation and not the £1,860 that we are putting here.

The other thing is that it mentions in the directive itself that this obligation arises because the United Kingdom notified the other Member States that in accordance with Article 3 of the Protocol of the position of the UK and Ireland they wished to take part and participate in this particular element of the Schengen and Members

will recall that is one of the famous protocols in the Amsterdam Treaty in which the United Kingdom have the right to decide to join or not to join. Ireland incidentally has decided not to join and neither has Denmark. I do not know whether in the year 2000 when the United Kingdom decided that they were going to join there was any consultation to ask Gibraltar or any choice given to Gibraltar about whether we wanted to go in with UK or we wanted to have the same option that they had and that Denmark and Ireland had but certainly I believe that if we are going to have a situation where the UK decides to go in for some things and stay out of others then Gibraltar should have the same opportunity as the UK has because what may suit the UK may not suit us and what may be good for the UK may be bad for Gibraltar and I do not see why we should have to go in when the UK wants to go in and stay out when the UK wants to stay out. But I do not know whether Gibraltar was asked at all for their views on this before the United Kingdom took the policy decision that they wanted to go in. Certainly in terms of the practical results of this as far as the airport is concerned I cannot imagine that we are going to be getting clandestine entrants from Heathrow, Gatwick, or Manchester which is the only place where they could be coming from. I do not know whether that means that our airport is outside the territory of the EU but inside the Schengen Area almost a theological point I would say. Obviously since we have got a specific directive in respect of which there is no exclusion of Gibraltar although Denmark and Ireland are excluded our position is that we have to implement this directive here but I would like to have clarification as to whether given that the directive is from 2001 there is anything that we are doing here that has happened subsequent to the last Ordinance or whether in fact what we are doing is really correcting the Ordinance which did not fully transpose the requirement and the directive the first time round.

#### **HON CHIEF MINISTER:**

Mr Speaker, my understanding is that it is the latter both in the case of Gibraltar and the UK. The UK had not done it themselves at that stage, they did not include it in the list of things when they

informed us that we needed to do. Hon Members may recall that it was around that time in 2001 that the allocation of what had previously been third pillar, when the UK opted to the Schengen Agreement as agreed in the Council at about the same time a council decision was signed allocating bits of what had previously been Schengen and indeed bits of what had previously been other justice and Home affairs which were not Schengen but EU from the third pillar to the first pillar and I think that the reason why this was not dealt with in 2002 is that this was happening more or less at the same time whereas the UK and Gibraltar were then saying, "*Oh, there is a list of things that we are going to have to do eventually to implement the Schengen adherence decision and we have a deadline until 2004,*" for some of the things in the meantime this issue was transferred to the first pillar a Directive emerges and then overtakes therefore the timetable from when it was a third pillar issue. I suppose from the Opposition it is possible to have a less curtailed view of how life should be rather than how life is in reality I suppose there is some advantage to those that are in the House but not in Government saying these things because at the end of the day we all agree with them but those that have the responsibility of Government and doing the business have to deal with realities as they are and not with how we would all like life to be, of course, we agree with the hon Member that were there is an option to the Member State UK then when the interests of Gibraltar require or indicate that Gibraltar might wish to make a different choice that we should be allowed to do so and that would be, of course, giving us a status in the EU which would be different to the UK's. The position of the UK and indeed the hon Members will see that they have adopted this position also in the taxation of savings Directive when they have in effect been willing to give the Channel Islands and the Isle of Man, because they have a different EU status, they have been willing to give those territories a choice which they have not been willing despite a long and intense exchange on the question between us they have not been willing to give to Gibraltar on the basis that Gibraltar being an integral part of the EU by virtue of the UK Member State's membership when the UK Member State makes a selection, a choice, when one is available then they are making that choice for that bit of the UK's membership which includes Gibraltar and we have not succeeded

and indeed I am not sure that this is a view that is limited to the UK and Spain. The evidence is that the other Member States also believe that within a single Member State there should not be more than one choice exercisable at least at the time of the original Savings Directive when it was based on the co-existence model the Directive itself gave the choice not as a matter of whether one is in or out or whether this applies to one or not but the directive itself says, "*....each Member State may choose....,*" and at that point we were arguing for a right to choose something different and the UK never said 'no' to us but now we know that the reason why they did not say 'no' is that because it was their intention to kill the co-existence model together to replace it with something else. This wish or view that the hon Member describes that where there is a choice Gibraltar should have it frequently arises not just in this connection and the UK's position is always that where it is a Member State choice and the measure does not allow the Member State to have more than one choice for within the territory that the Member State covers then Gibraltar's choice is the UK's choice and that will frequently not suit us in terms of our economic management and in various areas of life. Had we been free to make a choice we may very well have made a different one and that is one of the various areas of life in which membership of the EU is burdensome for Gibraltar and does curtail our right to exercise our Constitutional autonomy and self-Government when choices are made by the Member State in respect of things which might otherwise be defined domestic matters but for the fact that the UK has to make a choice we could have legislated in this House whatever we liked, we find that if the UK makes a choice we are bound by it and then it becomes a community obligation and therefore we no longer have the freedom of legislation in this House in accordance with the interests of Gibraltar.

The hon Member will recall it is a battle which he started and which we have continued and with success, both of us, how Gibraltar has had to make a point of defending the proposition that we can transpose directives differently to the UK never mind the question of exercising a choice where a directive gives legislative latitude that Gibraltar should be able to exercise that legislative latitude and not simply mimic the choices made by the UK within that legislative



latitude and that is a much lower threshold than the one that the hon Member is describing in his Leader of the Opposition's licence to describe how life should be rather than how life in fact is for us. It is not to say that we do not agree with him, we do agree with him, and we think that Gibraltar should have these choices. We do not even agree with the legalistic reasoning that drives the UK and others to the view that they do. Under the Treaty established in the Community the Treaty of Rome amended subsequently by Maastricht and Amsterdam, Gibraltar is not part of the Member State UK a fact which the UK argues and indeed often relies on herself when it suits. It is not a correct interpretation of the treaty that Gibraltar is part of the Member State UK and therefore when the Member State UK makes a choice it necessarily includes Gibraltar because we are part of the Member State because we are not part of the Member State as we are constantly being told and reminded when it suits. So, we do not even accept that there is correct legal basis for the political position that is taken in terms of Gibraltar not having a choice. The Treaty and measures adopted under it apply to Gibraltar by virtue of the fact that the UK is responsible for our external affairs not because we are part of the UK for EU purposes. Gibraltar, for those that regard this as the objective of their political agendas, Gibraltar has not been integrated into the UK for EU purposes by the Treaty established in the Community. The obvious example of that is the Euro vote when the UK concluded that they did not have to enfranchise us for voting at the European Parliamentary elections because the EC Agreement dealing with EU voting said the UK and Gibraltar was not part of the UK and as Gibraltar is not part of the UK they could not enfranchise us under an Agreement which was limited in its application to the UK. That is one of the many examples that we can alight on to demonstrate that the UK does not regard us as part of the UK for EU purposes and that that should rightly extend for the good and the bad and when it is good, when we have the opportunity to make an option, a choice, we ought to be given that just as we are treated differently when it does not suit us and it suits them to treat us differently.

Mr Speaker, if the UK has fixed the fine at £2,000 it is because it has chosen to use a higher minimum fixed fine. The EU obligation

is that the fine should be no less than £1,860 the UK has fixed it at £2,000 that is up to the UK we could have done the same and for the difference, £140, it might have been better to have done the same. What this means is that the court must fine £1,860 and may as a matter of discretion increase that to £2,000. To leave the court a discretion of £140 at the top end of a fine of £2,000 is probably unnecessary and it might actually have been neater just to have said £2,000 and be done with it.

Heathrow, Gatwick and Manchester are not the only places from which one can introduce clandestine entrance into Gibraltar by air, it is not. There are some charter flights from other destinations indeed there are private aeroplanes that arrive from any number of destinations that could be carrying clandestine entrance. The hon Member mentioned in passing, *"...does this mean that Gibraltar airport is now inside the Schengen Area?"* I know the point he is making and why he makes it and that it is in a sense a rhetorical question aimed at those that would sometimes deny it but we have to be a bit more careful because now that the UK and Gibraltar have subscribed to bits of the Schengen Aquis then the answer is that Gibraltar is part of the Schengen Area but only for those bits that the UK has joined and I say the UK and or Gibraltar because the list of things that the UK has subscribed to is a little bit longer than the list of things that she has extended to Gibraltar, not by very much but he will recall when we debated this that the Schengen Information System has been subscribed to by the UK but they have not extended it to Gibraltar for reasons again of accommodating the Spaniards, the Spaniards did not want to find themselves linked to Gibraltar by a computer which is what the SIS is so they decided they would not extend that bit to Gibraltar and there were one or two other bits. Subject to those bits the bits that have been extended, I think there is another one about police the right of hot pursuit by armed police across the border which has not been extended to Gibraltar, in respect of the bits that have been extended to Gibraltar. We are now in the Schengen Area but there is in the context of our historical concerns about External Frontiers Convention and what is now called the Schengen Frontiers the hon Members may have read in the local regional Spanish media that Tarifa is about to be designated as a Schengen entry point, a

Schengen port, a Schengen border and that the Mayor of La Linea who loses no opportunity to make sure that nobody gets anything that he has not got has apparently said publicly that he wants La Linea to be a Schengen border as well and I do not know whether he will get it or not but whereas we are entitled that La Linea should not be an external frontier of the EU because we are part of the EU we would not be able to complain if La Linea were an external frontier of Schengen because the frontiers chapters of Schengen are amongst those chapters of Schengen that the UK has chosen not to subscribe to. The UK when it went through the list of the Schengen Agreement because they had an option they said, "...we want to join that bit, that bit, and that bit, we do not want to join this bit, this bit, and that bit." Amongst the bits that they said they did not want to join are the so-called Frontiers Chapters of Schengen which is why, for example, we still have to show passports at the border and when one arrives in Madrid from Heathrow Airport in London one still has to show a passport. In that sense we are both in the same position so we are therefore not in the Schengen Area for the purposes of frontiers and if La Linea ever became a Schengen frontier as Tarifa has become it could only be in relation to the port. These Schengen entry points are normally limited to ports and airports, the Schengen points of entry by ships both cruise and ferry and aeroplanes. Actually there are no limitations of Schengen entry points by frontier. The entirety of the Schengen physical frontier is a Schengen entry point but there are no entry points by land which are Schengen and others which are not Schengen in terms of entering Schengen by land. La Linea might apply for it in respect of the port that has now been built there I do not think there are any ferry services into it but I suppose it would be for that rather than anything else because the reality is that the frontier post at La Linea already is, the land frontier between Gibraltar and Spain already is a Schengen frontier that is why we have to show as demonstrated by the fact that because we are entering Schengen territory from non-Schengen territory we have to show our passports at the entry control.

Mr Speaker, I am sorry to have extended myself in response but I think there were points of interest that were raised that it was just worth extending the discussion for the sake of the record. They are

things that Gibraltar should be generally on the lookout for and it is right that there should be a public awareness of it. Subject therefore to the amendment that I will move at Committee Stage I commend the Bill to the House.

Question put. Agreed to.

The Bill was read a second time.

#### **HON CHIEF MINISTER:**

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

Question put. Agreed to.

#### **THE LATE PAYMENT OF COMMERCIAL DEBTS (INTEREST) ORDINANCE 2003**

#### **HON K AZOPARDI:**

I have the honour to move that a Bill for an Ordinance to transpose into the law of Gibraltar European Parliament and Council Directive 2000/35 on combating late payment in commercial transactions, be read a first time.

Question put. Agreed to.

## SECOND READING

### HON K AZOPARDI:

I have the honour to move that the Bill be now read a second time. Mr Speaker, this is a relatively short Bill it stems from a European directive on combating late payment in commercial transactions. Apparently this problem is fairly endemic in the European Union because there have been several reports into this whole issue by the European Commission and the Commission then decided because the situation was not being improved across the European Union to promote a directive in this field. Essentially this is a directive that affects commercial transactions and that is transactions between businesses or between business and public undertakings between the Governments. It does not affect consumer transactions or mortgages and that is clear in the Ordinance. The Ordinance provides for statutory interest to run on any contract covered by the Ordinance section 3 specifies what those contracts are essentially the commercial supply of services or services and goods where part of the service contract involves the supply of goods and accepts specific contracts such as consumer credit agreements, mortgages. A debt under such contract is a qualifying debt and carries interest at 7 per cent above the interest rates set by the Gibraltar Savings Bank that is in Section 8 of the Draft Bill and the Schedule. In addition the supplier is entitled to a fixed sum on top of the interest which becomes greater in relation to the greater amount of debt. Interest will run from the day the debt is not paid as it should have been under the contract or if no such date is agreed from 30 days after the supply. Section 7 provides for the remission of statutory interest to when the interest of justice so require, for example, because of the conduct of the supplier.

Part II of the Bill regulates contract terms relating to late payments and provides for some form of remedy other than statutory interest may be permissible provided the remedy is substantial as defined in the Draft Bill. Section 14 prohibits seeking to postpone the date the debt is created and finally Section 15 gives a representative

body the right to bring proceedings to ensure that grossly unfair contract terms are restrained by means of a court injunction. As I say this is a Community obligation. I commend the Bill to the House.

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

### HON DR J J GARCIA:

As the Minister says the Bill is a Community requirement and therefore the Opposition will be supporting it but there are nonetheless a number of queries that we have. The Bill tends to follow the directive pretty generally. There are some aspects where there are differences and we would like some explanation on those. The first query would be in relation to the definition of a National Central Bank in the directive this comes in Article 3 (1) subsection (d) and it says, *".....for a Member State which is not participating in the third stage of economic and monetary union the reference rates referred to above shall be the equivalent rates set by its National Central Bank."* We have named in the Bill the Gibraltar Savings Bank as being our National Central Bank as opposed to the Bank of England. Obviously we have no problem with that in Opposition but we would certainly welcome some clarification in that respect from the Minister. The next query would be in relation to Article 6 of the directive which refers to its transposition, in subsection 3(a) (b) and (c) it allows for Member States to make certain exemptions on the terms of the directive one of them refers to debts set as subject to insolvency proceedings, the other one are contracts concluded before the 8<sup>th</sup> August 2002 and the other one claims for interest of less than 5 Euros. We have chosen not to include that section in the Bill before the House today and we would be grateful for an explanation from the Minister as to why that should be the case.

The Minister referred in his contribution to the fact that a representative body of traders may apply to the Supreme Court under Section 15 (1) of the Bill. But it brings to mind as to whether the Government have actually consulted the Chamber of Commerce and the Federation of Small Businesses which are the two representative bodies of traders that exist in Gibraltar and we would like to know whether in fact they have been consulted about this Bill and whether any views that have been made and whether those views have been taken on board by the Government? The Opposition will be supporting the Bill but we would welcome clarification from the Minister on those aspects.

#### **HON K AZOPARDI:**

Mr Speaker, let me just take the points that the hon Member puts forward. On the National Central Bank issue I am grateful for the hon Member not having a problem with the Gibraltar Savings Bank. The Gibraltar Savings Bank is as close as we can get to a National Central Bank although it is not strictly speaking if one looks at what a National Central Bank actually does, it does not set interest rates clearly but it is the closest that we can get to a bank which is central in the sense that it is a link to a Governmental Institution and I think that it is right and proper that it should be the Gibraltar Savings Bank. Last time I looked Gibraltar had not been integrated into the United Kingdom and therefore I do not think that the Bank of England properly construed could be defined as our National Central Bank in the sense that we are part of that nation. As to Article 6(3) and the exclusions I have to say that I did notice that too when I looked through this Bill and I was minded to move an amendment to include those exclusions but to also answer one of the other questions that the hon Member puts. There has been consultation with the Chamber and the Federation of Small Businesses and none had any comment to make or indeed objections to this Draft Bill so introducing amendments of an exclusionary nature which are discretionary at this stage while the proper function of this House these are not matters that have been consulted on so I would be perhaps reticent at this stage to take

those forward though the hon Member is correct in saying that these are proper amendments that can be put because they are provided for in the directive. What I would prefer rather is to let the Bill go through as it is but then review the matter as indeed there is provision in directive calling for a review on the rate of interest from time to time so I think we should, once this Bill is in place and becomes law of Gibraltar then take a view as to whether there should be amendments to include this matter at a later stage if it is called for and if situations arise which make this necessary. On the final point I have already confirmed to the hon Member that there has been consultation with both the FSB and the Chamber but I did notice and this is one thing where I would be putting forward an amendment. In Section 15(4) because it does not affect the terms of the consultation exercise in this case it says, “...*only a representative body may apply to the Supreme Court under this section,*” and it occurs to me that this is a somewhat similar debate than the debate we had. I cannot remember what Bill it was but I remember having a debate with the hon Members some years ago on a Bill that the argument was whether it unduly restricted the rights of people who were affected because only a representative body could then take it forward so I intend to move an amendment at the Committee Stage so that that subsection reads, “...*a representative body or such person directly affected may apply to the Supreme Court under this section.*” I think that would cater for any consumer facing potentially the introduction of grossly unfair contract terms I think that point has been made before in relation to other Bills. Other than that I do not intend to propose amendments though I concede that it is possible to exclude other contracts but we would I think need to specifically consult the industry on that and I would rather do that on another occasion and let the Bill go through as it is at this moment.

Question put.                      Agreed to.

The Bill was read a second time.

**HON K AZOPARDI:**

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

Question put.                      Agreed to.

**THE ROAD TRAFFIC(WINDSCREEN TRANSPARENCY)  
AMENDMENT ORDINANCE 2003**

**HON J J HOLLIDAY:**

I have the honour to move that a Bill for an Ordinance to amend the Road Traffic (Windscreen Transparency) Ordinance 1998, be read a first time.

Question put.                      Agreed to.

**SECOND READING**

**HON J J HOLLIDAY:**

I have the honour to move that the Bill be read a second time. Mr Speaker, the Government are pleased that the Road Traffic (Windscreen Transparency) Ordinance has had its desired effect. Importance was attached to having clear windscreen and clear side windows at the front of the car or back as an enhancement of safety for drivers and also to allow for the occupants of a vehicle to be recognisable from outside the car or van. The Ordinance vested discretionary power in me as Minister for Transport to allow the registration of a vehicle notwithstanding that the transparency of one or more windows of the car or van would not meet the

standards as set out on the law. Consequent on the enactment of the Ordinance the large number of blacked out windscreens and windows were removed from Gibraltar registered cars. Since the Ordinance came into force the motor industry has moved on. There are a greater number of models of vehicles that are only being manufactured with a high level of tint on the windows behind the 'B' pillar of the vehicle in other words behind the driver's seat than the law of Gibraltar allows. The thinking of the industry is that this will provide added protection from the sun for back seat passengers and will afford increased safety particularly for estate cars or any items in the back of the car. The law as it stands will not allow the importation into Gibraltar of cars of these models without my specific approval. Already certain models of vehicles which narrowly failed the standards set by the Ordinance have been granted by discretionary approval however quite a number of applicants have been refused the approval that they sought. This has led the Government to reassess the law. The Government are not prepared to allow total freedom of windows behind the 'B' pillar however in order to take into account the developments in the motor industry the Government wish to relax the existing regime by allowing vehicles to have windows which are at less than 70 per cent transparency behind the 'B' pillar provided that these darkened windows are the standard manufacturer's specification windows for the vehicle and that these windows are supplied at the time of manufacture of the vehicle and are not windows which are optional.

In order to strengthen the law a new offence is created, it will be unlawful for anyone to interfere with a window of a vehicle to make it more opaque. The only exception is placing a blind or shade on a window for the protection of a child from the sun anyone convicted of this new offence will be liable to a fine of up to a level 3 on the standard scale.

There is a typographical error in the Bill and I shall seek to correct it at Committee Stage. Paragraph 2(c) of the Bill seeks to renumber Section 2 and 3 of the Ordinance as new subsections 3 and 4. This paragraph should have stated that it is intended that

subsections 2, 3, 4 and 5 should be renumbered 3,4,5, and 6 respectively. I commend the Bill to the House.

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

**HON J C PEREZ:**

Mr Speaker, we support the Bill I remember when the original Ordinance was brought to the House in trying to assist the law enforcement agencies I think the Government decided to go further than what was the norm in other European countries. I am glad now that if in fact the manufacturers change the opaqueness of the glass again there would be no need to come back to the House because clearly what clause (c) does is for certain windows in the vehicle follow the manufacturers in this respect and this will probably ease the burden on the Minister to have to individually look at exemption cases as has been the case up to now, so we support the Bill.

**HON J J HOLLIDAY:**

Following from the comments made by the hon Member I would like to re-emphasise what I have already said in my presentation in the second reading and that is that the specifications which are still set before us still go beyond the EU requirements and the actual standards that are being set and are being allowed are when the manufacturers specifications for the windows are those that are standard and not optional and therefore I would just like to re-emphasise those two points following from the points that have been made by the hon Gentleman.

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 later today.

Question put.                      Agreed to.

**THE TRAFFIC (AMENDMENT) ORDINANCE 2003**

**HON J J HOLLIDAY:**

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

Question put.                      Agreed to.

**SECOND READING**

**HON J J HOLLIDAY:**

I have the honour to move that the Bill be now read a second time. Mr Speaker, this is a very simple house-keeping matter. At the time when the Licensing Department came under the direct control

of the Office of the Financial and Development Secretary it made sense that the Licensing Authority should be the Finance Officer who was a Senior Officer within that department. With the creation of the Department of Transport it is now necessary to provide with that the Licensing Authority should be within the new ministry this Bill therefore substitutes the Principal Secretary of the Ministry for Tourism and Transport for the Finance Officer. I commend the Bill to the House.

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

Question put.                      Agreed to.

The Bill was read a second time.

**HON J J HOLLIDAY:**

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

Question put.                      Agreed to.

**THE TRANSPORT (AMENDMENT) ORDINANCE 2003**

**HON J J HOLLIDAY:**

I have the honour to move that a Bill for an Ordinance to amend the Transport Ordinance 1998, be read a first time.

Question put.                      Agreed to.

**SECOND READING**

**HON J J HOLLIDAY:**

I beg to move that the Transport (Amendment) Ordinance 2003 be read a second time. Mr Speaker, this is a very simple measure. Up until now there have been certain restrictions on second drivers to taxis one of these was that the second driver could not have any employment other than that of driving a taxi. The Government have now received representations from the Gibraltar Taxi Association that this particular condition impacts from the delivery by the Taxi Association of a reliable Taxi City Service. Taxi drivers alleged that they are unable to obtain a second driver for their vehicle because potential drivers are already in employment. The Government are keen to ensure that the public obtains the best possible taxi service, to this end the Government have agreed to abolish the requirement that a taxi driver should have no other job other than that of driving a taxi. However, to ensure that there is a real gain for the public from this measure the Government are stipulating that where there is a second driver for a taxi this driver will be limited to offering a city service. I commend the Bill to the House.

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

**HON J C PEREZ:**

Mr Speaker, we support this measure I think that the matter was discussed in this House when another amendment was brought in and it was then that the Chief Minister said that he was not against the idea and that already there were talks with the Taxi Association about the matter so I am glad that agreement has been reached and we support the measure.

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.

**THE LARGE COMBUSTION PLANTS ORDINANCE 2003**

**HON LT COL E M BRITTO:**

I have the honour to move that a Bill for an Ordinance to transpose into the law of Gibraltar in part the provisions of Directive

2001/80/EC of the European Parliament and of the Council of 23 October 2001 on the limitation of emissions of certain pollutants into the air from large combustion plants, be read a first time.

Question put.                      Agreed to.

**SECOND READING**

**HON LT COL E M BRITTO:**

I have the honour to move that the Bill be now read a second time. Mr Speaker, this Bill implements Directive 2001/80 of the European Parliament and of the Council of 23<sup>rd</sup> October 2001 on the limitations of emissions of certain pollutants into the air from large combustion plants. The aim of the directive is to review certification and ground level ozone through reductions in emissions from new large combustion plants. These are mostly power stations, refinery boilers and large boilers in industry. The directive consolidates existing EC legislation and introduces new measures as well. The directive alters the emission limit values which apply to individual new plant in the light of the technical progress which has occurred during the last 10 years. The directive requires a reduction in emissions of sulphur dioxides, nitrogen oxides and particulate matters by specifying emission limit values for each combination of plant size, type and fuel. It also widens the scope of the original directive by including gas turbines, the use of which has grown dramatically over the period. The previous EEC legislation directive 88/609 was implemented by the Public Health Amendment No 2 Ordinance 1997. The new directive has not been implemented by further revising the Public Health Ordinance but instead a free standing Ordinance has been made. The Public Health Ordinance has been amended so many times it seems preferable to take this approach. This Ordinance applies to combustion plants with a rated thermal input above 50



megawatts but not those powered by diesel, petrol or gas engines. There are no large combustion plants as defined in the Ordinance in Gibraltar. The Gibraltar plants are diesel powered and these are excluded from the scope of the directive. The definition of combustion plants in Article 2 of the directive makes this clear and this is carried through in Section 3 of the Ordinance. This means in effect that the provisions of the directive are academic for Gibraltar and will only bite if a different sort of combustion plant is built or the directive is revised. I commend the Bill to the House.

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

#### **HON DR R G VALARINO:**

Mr Speaker, I thank the Minister for his explanation of the Bill. The Opposition obviously support legislation on the limitation of emissions of pollutants into our atmosphere. However, as far as 12 (1) and 12 (2) are concerned in page 67 which is *"Bordering States and Community Information,"* there are some points that I would like to make. On 12 (1) I would be grateful if the Government could let me know whether they considered that this matter should be raised with the Foreign Office since (a) any plant or plants to be built will be on the other side of the frontier and not here and (b) this Bill will be passed through our Parliament so that the environment agencies consulted beforehand and appropriate information is exchanged as Spain will also have to comply to this Community Law. The building of any such plant in the hinterland can have a significant effect on our environment. As far as paragraph 12 (2) is concerned I have my doubts whether it is correct as written, logically I feel it should read, *"The Authority"* instead of the European Commission and *"to supply that information to the European Commission for that purpose"* however, if I am wrong and this paragraph is correct then this means that information required for the purpose of meeting obligations under the directive would have to go through the EEC and they then would have the onus to supply that information to the

EA. I would be grateful if the Minister could let us have his thoughts in these matters. Thank you.

#### **HON CHIEF MINISTER:**

If I could rise just to deal with the point about the Foreign Office, this regime of the rights of ones neighbours to be consulted is not new it already exists and has for several years in other environmental legislation, for example, reclamations in the sea. I can only tell the hon Member in answer to his specific question that I discovered the large amounts of reclamation going on in the bay in the area of La Linea when I was driving there one day and not because I received any formal consultation or the Government received any formal consultation of the form that he is requiring. The Spaniards have also complained we think with much less reason that when we filled in the bit of land where the sporting facilities are being built on this side of the runway which was a few bucketfuls of sand basically into the water compared with the massive reclamations that they have done in Algeciras and outside La Linea around the area of Crinavis I am not aware that there has been any formal consultation with us whether there has been formal consultation with the United Kingdom who has not passed it down to us is another matter. But if the hon Member is saying, *"Will the Government put to the Foreign Office the view that Spain should be prevailed upon to comply with this and that that involves consulting ultimately with Gibraltar then the answer is that yes we will certainly, we will."* I just wanted to let him know that this formula of cross border consultation on environmental measures is not new, it exists in other areas and these other areas where it does exist there is not a great body of evidence to suggest that it works well in either direction even though we do much less of it.

#### **HON LT COL E M BRITTO:**

The point raised on clause 12 (2) with respect to the hon Member he is not reading the clause correctly if he pauses after information

the first time it appears, “*..the authority may direct any person in possession of information and that information required for the purpose of meeting obligations under the directive to provide information to the European Commission,*” in other words the Authority may direct any person who has information which is required under the provisions of the Ordinance to supply that information to the Authority so it is not to the European Commission but to the Authority but I will nevertheless check that my reading of it is correct.

Question put.                      Agreed to.

The Bill was read a second time.

#### **HON LT COL E M BRITTO:**

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

Question put.                      Agreed to.

#### **THE TOWN PLANNING (AMENDMENT) ORDINANCE 2003**

#### **HON LT COL E M BRITTO:**

I have the honour to move that a Bill for an Ordinance to transpose into the law of Gibraltar in part the provisions of Directive 2001/80/EC of the European Parliament and of the Council of the

23<sup>rd</sup> October 2001 on the limitation of emissions of certain pollutants into the air from large combustion plants, be read a first time.

Question put.                      Agreed to.

#### **SECOND READING**

#### **HON LT COL E M BRITTO:**

I have the honour to move that the Bill be now read a second time. Mr Speaker, this Bill should be read with the Large Combustion Plants Bill which implements Directive 2001/80 on the limitation of emissions of certain pollutants into the air from large combustion plants. That Bill has already been debated a moment ago, the Bill we are debating now carries forward a provision in the previous Town Planning Ordinance in section 18 (A) and inserts an appropriate cross-reference in the new Town Planning Ordinance to ensure that permits are not granted under that Ordinance and unless the requirements of the Large Combustion Plant Ordinance are met. There is a small amendment to the Bill of which I have already given notice and circulated which I will be moving at Committee Stage to ensure that the current amendment is corrected, in the Town Planning Ordinance. I commend the Bill to the House.

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

**HON DR R G VALARINO:**

We obviously support this Bill it is consequential on the previous Bill providing the DPC to take into account the requirements as set out in Bill B10/03 when making a decision to grant a permit.

The Bill was read a second time.

**HON LT COL E M BRITTO:**

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

Question put.            Agreed to.

**THE WASTE (INCINERATION) ORDINANCE 2003**

**HON LT COL E M BRITTO:**

I have the honour to move that a Bill for an Ordinance to transpose into the law of Gibraltar Directive 2000/76 of the European Parliament and of the Council of the 4<sup>th</sup> December 2000 on the incineration of waste, be read a first time.

Question put.            Agreed to.

**SECOND READING**

**HON LT COL E M BRITTO:**

I have the honour to move that the Bill be read a second time. Mr Speaker, this Bill transposes into our laws Directive 2000/76/EC of the European Parliament and of the Council on the incineration of waste. The aim of this legislation is to prevent or as far as practical to limit the negative effects on the environment and risks to human health from the incineration and co-incineration of waste. The legislation is based on the premise that the harmfulness of emissions from these processes does not depend on the source but is the property of the substances emitted. Emission limit values are therefore set for releases to air, land and water. The main environmental benefits that will accrue from implementation of this Bill are:-

1. The extension of pollution control standards from incineration processes to land and water as these were previously only applicable to air.
2. The new requirements that emissions of dioxins and fuelants have to be measured and are subject to strict limits.
3. The new operating conditions for incinerators which will maximise the efficiency of the incineration process.

The Ordinance makes provision for all incineration plants to require a permit from the Competent Authority in order to operate. The Competent Authority must set conditions in the permit relating amongst other things to emission limit values and measurement techniques for emissions to air and water. These are requirements concerning the delivery and reception of waste in order to prevent or limit negative effects on the environment and human health. There is also a provision to minimise both the volume and

harmfulness of the residues of incineration. The Ordinance further lays down detailed operating requirements for incineration plants and specifies air emission limit values for many atmospheric pollutants. Finally the Bill repeals the specified Hazardous Waste Incineration Plants Ordinance 1988 and makes minor consequential amendments to the Public Health Ordinance.

Mr Speaker, I have given notice that I intend to propose a number of amendments to the Bill at the Committee Stage because these amendments are mostly of a highly technical and complicated nature and for ease of reference of Members of the House I have had a copy of the Bill reprinted and annotated with these proposed amendments. Members are asked to note that words, I stress, words which are in red brackets and struck through are meant for deletion, words in red are proposed for insertion. When I come to the actual amendments I will explain in more detail. I will take the Members through on the amendments as shown in the annotated Bill. Words in red are inserted and words struck through in black are deletions but we will go through them because they are complicated. I commend the Bill to the House.

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

**HON DR R G VALARINO:**

We all obviously welcome this Bill. Reading through this Bill one assumes that higher standards are to be met and any such projects will be much more costly. With this knowledge in mind are Government still committed to build an incineration plant?

**HON LT COL E M BRITTO:**

Many of the provisions in this Bill have been known for some time and in fact were already rearing their head at the time that the incinerator which is now dormant and not working was at that time working. In the Government's assessment of the way forward on how to proceed these environmental requirements have been taken into account so the short answer to the Member's question is 'yes' the Government are still seeking proposals for the building of the new incinerator.

Question put.                      Agreed to.

The Bill was read a second time.

**HON LT COL E M BRITTO:**

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

Question put.                      Agreed to.

The House recessed 1.00 pm

The House resumed at 3.00 pm

## **COMMITTEE STAGE**

### **HON ATTORNEY GENERAL:**

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

- (1) The Companies (Amendment) Bill 2003.
- (2) The Immigration Control (Amendment) (Swiss Workers) Bill 2002.
- (3) The Recognition of Professional Qualifications Ordinance (Amendment) Bill 2003.
- (4) The Carriers' Liability (Amendment) Bill 2003.
- (5) The Protected Cell Companies (Amendment) Bill 2003.
- (6) The Late Payment of Commercial Debts (Interest) Bill 2003.
- (7) The Road Traffic (Windscreen Transparency) (Amendment) Bill 2003.
- (8) The Traffic (Amendment) Bill 2003.
- (9) The Transport (Amendment) Bill.

(10) The Large Combustion Plants Bill 2003.

(11) The Town Planning (Amendment) Bill 2003.

(12) The Waste (Incineration) Bill 2003.

### **HON K AZOPARDI:**

Mr Chairman, can I suggest that I have them in a certain order but until the Chief Minister arrives can I suggest that we start with the Companies (Amendment ) Bill 2003 and then we carry on from No 5 onwards and then no doubt when the Chief Minister arrives he can take any amendments on his own Bills. I am not sure if he has any but if we take them in that order it will be fine.

### **MR SPEAKER:**

Are Members happy with what the Deputy Chief Minister has suggested?

All Members agreed to the proposal.

### **THE COMPANIES (AMENDMENT) BILL 2003**

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

## **Clause 2**

**HON K AZOPARDI:**

Mr Chairman, can I suggest an amendment there, instead of section 203 (a) the reference really should be to section 267 (a) it is merely a typographical error.

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

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

## **THE PROTECTED CELL COMPANIES (AMENDMENT) BILL 2003**

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

## **THE LATE PAYMENT OF COMMERCIAL DEBTS (INTEREST) BILL 2003**

**Clauses 1 to 14** - were agreed to and stood part of the Bill.

## **Clause 15**

**HON K AZOPARDI:**

Mr Chairman, if I can propose an amendment as I suggested this morning in section 15 (4) instead of it saying, “*Only a representative body may apply to the Supreme Court under this section,*” I suggest the deletion of the word “*Only*” so the sentence would start “*A representative body...*” and the insertion of the words, “*...or such person directly affected,*” after “*representative body*” so that the sections would read, “*A representative body or such person directly affected may apply to the Supreme Court under this section.*”

**HON DR J J GARCIA:**

We have discussed this sufficiently before in relation to other Bills and this is the step that has been taken but I do not know whether the Minister has looked at Article 3(5) of the directive which actually makes provision only for these representative organisations having an interest being able to take the matter before the court not individuals or those affected. I am not sure how the amendment would stand in relation to what the directive actually says.

**HON K AZOPARDI:**

As I read Article 3 (5) it is a provision that stipulates that there must be a local national mechanism by which these organisations can apply to the courts but that it does not restrict it to other entities or persons that have rights. The only thing that this Article 3 (5) specifically does is to say, “*...if you have a national law you have to provide for representative organisations who would ordinarily not have privity of contract to proceed to the courts to be able to secure these rights.*”

But it does not say no other person shall have those rights. I think in the absence of that and in the context of the previous discussion that we have had on Bills of a similar nature I think that it is only right to ensure that this provision does not restrict the rights of those who would have those rights under the commercial situations and I think the insertion of the word “Only” by those who drafted it in the Legislation Support Unit is unduly enthusiastic when it comes to restricting people’s rights and I would suggest the amendment. I do not think there is a conflict with the particular article.

**Clause 15** - as amended, was agreed to and stood part of the Bill.

**The Schedule and the Long Title** - were agreed to and stood part of the Bill.

#### **THE ROAD TRAFFIC (WINDSCREEN TRANSPARENCY) (AMENDMENT) BILL 2003**

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

#### **Clause 2**

**HON J J HOLLIDAY:**

Mr Chairman, as I said in my contribution this morning, Section 2(c) requires amendment in that subsection (2) and (3) should read subsection (2), (3), (4) and (5) and then we carry on as are renumbered and section (3) and (4) respectively should be substituted by (3), (4), (5), and (6) respectively.

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

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

#### **THE TRAFFIC (AMENDMENT) BILL**

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

#### **THE TRANSPORT (AMENDMENT) BILL**

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

#### **THE LARGE COMBUSTION PLANTS BILL 2003**

**Clauses 1 to 11** - were agreed to and stood part of the Bill.

#### **Clause 12**

**HON LT COL E M BRITTO:**

Earlier today in making his contribution on this clause the hon Member queried the language of clause 12 (2) and although to me the intention of the drafters is clear in the drafting I nevertheless agree with him that the language is clumsy and it is liable to ambiguity and misinterpretation and therefore for the avoidance of doubt I would like to table the amendment that I have already given notice of and circulated which is to delete the clause as it now reads and to substitute it by a new clause which reads, “*The Authority may direct any person in possession of the*

*information required for the purpose of meeting obligations under the directive to supply that information to the Authority for onward transmission to the European Commission."*

**HON DR R G VALARINO:**

I thank the Minister for his amendment.

**Clause 12** - as amended, was agreed to and stood part of the Bill.

**Clauses 13 to 17, Schedules 1 to 6 and the Long Title** - were agreed to and stood part of the Bill.

### **THE TOWN PLANNING (AMENDMENT) BILL 2003**

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

#### **Clause 2**

**HON LT COL E M BRITTO:**

In clause 2 I am proposing that for the words "*substituting the following section for Section 18A*" there shall be substituted the words "*inserting the following section after section 22.*" New section 18A to be renumbered 22A and in what is now the new section 22A for the words "*section 18*" there shall be substituted "*section 22.*" It does not change the Bill in any way all it does is move the clause further down instead of making the clause 18 it makes it clause 22 and amends the numbers.

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

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

### **THE WASTE (INCINERATION) BILL 2003**

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

#### **Clause 2**

**HON DR R G VALARINO:**

On page 112 (a), (b), and (c) is this a departure from the original Directive 2000/76/EC of the European Parliament because the words "*since*" is used three times whereas in this context the word that is used is "*before*".

**HON LT COL E M BRITTO:**

We have the slight difficulty that we have both the Bill on the green paper and we have the Bill as reprinted. If the hon Member would like to refer to actual clause numbers rather than page numbers I think it would make life easier because I have not been able to follow what he has just said.

**HON DR R G VALARINO:**

It is on the new Bill on the white rather than the green one is still 112 (a), (b), and (c).



**MR SPEAKER:**

After the definition “existing incineration,”?

**HON DR R G VALARINO:**

Yes and in the original one it says, “before the 28<sup>th</sup> December” the word that is used in (a), (b), and (c) is “since” I am quite willing to pass this over.

**HON LT COL E M BRITTO:**

I understand the point that the hon Member is making but the point is that since it could lead to confusion “before the 28<sup>th</sup> December 2002” there is a period when there is no incinerator in Gibraltar it has been drafted in this way to cover future incinerators and not past incinerators for the avoidance of doubt so as not to make it retrospective.

**HON DR R G VALARINO:**

Fine, if that complies with EU Legislation I do not want to upset the European Commission.

**HON LT COL E M BRITTO:**

We would prefer to leave it in that form for the avoidance of complications.

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

### **Clause 3**

**HON LT COL E M BRITTO:**

I want to propose that Clause 3 is deleted and substituted by a new clause 3 as detailed in Annex A of the letter that I have circulated. With your indulgence and that of the hon Members the letter that I have circulated extends to 15 pages and I have put in the body of the letter the more normal type of amendments and I have detailed as Annexes the more complicated and technical amendments which are of a very detailed form and for the avoidance of doubt what I have done is given the amendments in the form of a letter which has been circulated and then a duplicate Bill has been printed in white which shows these amendments in the following manner, the words in red are the additions and the words contained in red brackets and struck out are the deletions. I propose that I read only the first two pages of the letter which are the amendments and refer to the Annexes of the letters as the actual technical content. My proposal is that Clause 3 be deleted and substituted by a new clause 3 which is as follows:-

#### **Definition of “Hazardous Waste”**

3. (1) In this Ordinance, “hazardous waste” means waste having one or more of the properties set out in subsection (2) and one or more of the characteristics set out in subsection (3).
- (2) The properties referred to in subsection (1) are those in Annex III of Directive 91/689 as set out in Schedule 3.
- (3) The characteristics referred to in subsection (1) refer to items H3 to H8, H10 and H11 in Schedule 3 and are as follows –
  - (a) flash point <55°C,

- (b) one or more substances classified as very toxic at a total concentration >0,1%,
- (c) one or more substances classified as toxic at a total concentration >3%,
- (d) one or more substances classified as harmful at a total concentration >25%,
- (e) one or more corrosive substances classified as R35 at a total concentration >1%,
- (f) one or more corrosive substances classified as R34 at a total concentration >5%,
- (g) one or more irritant substances classified as R41 at a total concentration >10%,
- (h) one or more irritant substances classified as R36, R37, R38 at a total concentration >20%,
- (i) one substance known to be carcinogenic of category 1 or 2 at a concentration >0,1%,
- (j) one substance known to be carcinogenic of category 3 at a concentration >1%,
- (k) one substance toxic for reproduction of category 1 or 2 classified as R60, R61 at a concentration >0,5%,
- (l) one substance toxic for reproduction of category 3 classified as R62, R63 at a concentration >5%,
- (m) one mutagenic substance of category 1 or 2 classified as R46 at a concentration >0,1%,

- (n) one mutagenic substance of category 3 classified as R40 at a concentration >1%.

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

**Clause 4 to 8** - were agreed to and stood part of the Bill.

### **Clause 9**

**HON LT COL E M BRITTO:**

Clause 9 (3) is amended by inserting at the beginning of subsections (a), (c) and (d) the words, “*..in the case of hazardous waste.*” Clause 9 (3) (d) (ii) is amended by deleting the word “*Minister*” and inserting the words “*Competent Authority.*” Clause 9 (4) is amended by deleting the words “*Competent Authority*” and inserting the word “*Minister*”.

**HON J J BOSSANO:**

Is it that we are amending this because in cases where the waste is not hazardous there is no need to have a description or to take samples or to do any of the other things?

**HON LT COL E M BRITTO:**

Yes it is intended to amend it to make it clear that those sections apply only to hazardous waste.

**HON J J BOSSANO:**

Is it that the European directive does not require waste other than waste that has been declared as hazardous to be inspected when it is being accepted at an incineration plant? I would have thought that it would be in the interest of maintaining controls that the operator should be able to seek information of any of the waste that arrives there.

**HON LT COL E M BRITTO:**

No because hazardous waste is dealt with under a different directive altogether because hazardous waste cannot be dealt with in the particular type of incinerators that we are dealing with in this Bill.

**HON J J BOSSANO:**

That cannot be right surely because the clause that the Minister is amending says, *"before accepting waste at the incineration plant the operator shall in the case of hazardous waste,"* so he is accepting hazardous waste in a normal incineration plant that is the amendment that he has just moved.

**HON LT COL E M BRITTO:**

It is what I have said, this section applies only to hazardous waste.

**HON J J BOSSANO:**

The Minister has just said that hazardous waste comes under a completely different directive and is not dealt with in a normal incineration plant.

**HON LT COL E M BRITTO:**

Let us start again. This section deals exclusively with hazardous waste if I have given the wrong impression in what I have said before then I am correcting it. Section 9 applies only to hazardous waste and for the avoidance of doubt that is why those three insertions have been made to clarify in the case of hazardous waste.

**HON J J BOSSANO:**

Yes, and my question is why is it that we think that the operator of an incineration plant should have available a description of waste only if he knows it to be hazardous waste? If the lorry arrives with waste to be put in the incineration plant what is wrong with the operator having available a description of waste? Why are we limiting it to having a description of waste only if it is hazardous?

**HON LT COL E M BRITTO:**

I am advised that hazardous waste is very carefully defined and that it is only in the case of hazardous waste that this information is necessary. In the case of non-hazardous waste the information that is required here of hazardous waste is not necessary and that is why it is not required.

**Clause 9** - as amended, stood part of the Bill.

Total Equivalence Factor

**Clauses 10 to 22** - were agreed to and stood part of the Bill.

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

## **Schedule 2**

### **HON LT COL E M BRITTO:**

Schedule 2 is deleted and replaced by the new Schedule 2 which appears as Annex (b) to my letter, for the information of Members the content remains unchanged but if hon Members look at the green paper they will see that the tabulation has been rather jumbled up and the amendment sets out the correct tabulation without changing the content.

## **SCHEDULE 2**

### **Section 22**

#### **EQUIVALENCE FACTORS FOR DIBENZO-P-DIOXINS AND DIBENZOFURANS**

For the determination of the total concentration (TE) of dioxins and furans, the mass concentrations of the following dibenzo-p-dioxins and dibenzofurans shall be multiplied by the following equivalence factors before summing:

2,3,7,8-Tetrachlorodibenzodioxin (TCDD)	1
1,2,3,7,8 -Pentachlorodibenzodioxin (PeCDD)	0,5
1,2,3,4,7,8-Hexachlorodibenzodioxin (HxCDD)	0,1
1,2,3,6,7,8-Hexachlorodibenzodioxin (HxCDD)	0,1
1,2,3,7,8,9-Hexachlorodibenzodioxin (HxCDD)	0,1
1,2,3,4,6,7,8-Heptachlorodibenzodioxin (HpCDD)	0,01
-Octachlorodibenzodioxin (OCDD)	0,001
2,3,7,8-Tetrachlorodibenzofuran (TCDF)	0,1
2,3,4,7,8 -Pentachlorodibenzofuran (PeCDF)	0,5
1,2,3,7,8 -Pentachlorodibenzofuran (PeCDF)	0,05
1,2,3,4,7,8-Hexachlorodibenzofuran (HxCDF)	0,1
1,2,3,6,7,8-Hexachlorodibenzofuran (HxCDF)	0,1
1,2,3,7,8,9-Hexachlorodibenzofuran (HxCDF)	0,1
2,3,4,6,7,8-Hexachlorodibenzofuran (HxCDF)	0,1
1,2,3,4,6,7,8-Heptachlorodibenzofuran (HpCDF)	0,01
1,2,3,4,7,8,9-Heptachlorodibenzofuran (HpCDF)	0,01
-Octachlorodibenzofuran (OCDF)	0,001

**Schedule 2** - as amended, was agreed to and stood part of the Bill.

## **Schedule 3**

### **HON LT COL E M BRITTO:**

Schedule 3 is amended by deleting the title and replacing this by the new title "*Properties of Waste which Render them Hazardous.*" Also by deleting Annex I B of Directive 91/689 in its totality and by deleting Annex II of Directive 91/689 in its totality.

**Schedule 3** - as amended, was agreed to and stood part of the Bill

#### **Schedule 4**

##### **HON LT COL E M BRITTO:**

Schedule 4 is amended by inserting a new table instead of the rather jumbled up table which appears on page 176 of the green Bill and the properly tabulated and ordered table is in the body of the letter that I have circulated.

<b>Pollutant</b>	<b>Percentage of the Daily emission Limit Value not to be Exceeded</b>
Carbon Monoxide	10%
Sulphur dioxide	20%
Nitrogen dioxide	20%
Total dust	30%
Total organic carbon	30%
Hydrogen chloride	40%
Hydrogen fluoride	40%

**Schedule 4** - as amended, was agreed to and stood part of the Bill.

#### **Schedule 5**

##### **HON LT COL E M BRITTO:**

Schedule 5 is deleted and a new Schedule 5 replaces it. It is detailed in Annex C of the letter of amendments that I have circulated.

## **SCHEDULE 5**

### **Section 22**

#### **AIR EMISSION LIMIT VALUES**

(a) Daily average values

Total dust	10mg/m <sup>3</sup>
Gaseous and vaporous organic substances, expressed as total organic carbon	10 mg/m <sup>3</sup>
Hydrogen chloride (HCl)	10 mg/m <sup>3</sup>
Sulphur dioxide (SO <sub>2</sub> )	50 mg/m <sup>3</sup>
Nitrogen monoxide (NO) and nitrogen dioxide (NO <sub>2</sub> ), expressed as nitrogen dioxide for existing incineration plants with a nominal capacity exceeding 6 tonnes per hour or new incineration plants	200 mg/m <sup>3</sup> (*)
Nitrogen monoxide (NO) and nitrogen dioxide (NO <sub>2</sub> ), expressed as nitrogen dioxide for existing incineration plants with a nominal capacity of 6 tonnes per hour or less	400 mg/m <sup>3</sup> (*)

(\*) Until 1 January 2007 and without prejudice to relevant (Community) legislation the emission limit value for NO<sub>x</sub> does not apply to plants only incinerating hazardous waste.

Exemptions for NO<sub>x</sub> may be authorised by the competent authority for existing incineration plants:

- with nominal capacity of 6 tonnes per hour, provided that the permit foresees the daily average values do not exceed 500 mg/m<sup>3</sup> and this until 1 January 2008,

- with a nominal capacity of >6 tonnes per hour but equal or less than 16 tonnes per hour, provided the permit foresees the daily average values do not exceed 400 mg/m<sup>3</sup> and this until 1 January 2010,
- with a nominal capacity of >16 tonnes per hour <25 tonnes per hour and which do not produce water discharges, provided that the permit foresees the daily average values do not exceed 400 mg/m<sup>3</sup> and this until 1 January 2008.

Until 1 January 2008, exemptions for dust may be authorised by the competent authority for existing incinerating plants, provided that the permit foresees the daily average values do not exceed 20 mg/m<sup>3</sup>.

(b) Half-hourly average values

Total dust	30 mg/m <sup>3</sup>	10 mg/m <sup>3</sup>
Gaseous and vaporous organic substances, expressed as total organic carbon	20 mg/m <sup>3</sup>	10 mg/m <sup>3</sup>
Total dust	30 mg/m <sup>3</sup>	10 mg/m <sup>3</sup>
Hydrogen chloride (HCl)	60 mg/m <sup>3</sup>	10 mg/m <sup>3</sup>
Hydrogen fluoride (HF)	4 mg/m <sup>3</sup>	2 mg/m <sup>3</sup>
Sulphur dioxide (SO <sub>2</sub> )	200 mg/m <sup>3</sup>	50 mg/m <sup>3</sup>
Nitrogen monoxide (NO) and nitrogen dioxide (NO <sub>2</sub> ), expressed as nitrogen dioxide for existing incineration plants with a nominal capacity exceeding 6 tonnes per hour or new incineration plants	400 mg/m <sup>3</sup>	200 mg/m <sup>3</sup> (*)

(\*) Until 1 January 2007 and without prejudice to relevant Community legislation the emission limit value for NO<sub>x</sub> does not apply to plants only incinerating hazardous waste.

Until 1 January 2010, exemptions for NO<sub>x</sub> may be authorised by the competent authority for existing incineration plants with a nominal capacity between 6 and 16 tonnes per hour, provided the half-hourly average value does not exceed 600 mg/m<sup>3</sup> for column A or 400 mg/m<sup>3</sup> for column B.

(c) All average values over the ample period of a minimum of 30 minutes and a maximum of 8 hours

Cadmium and its compounds, expressed as cadmium (Cd)	Total 0,005 mg/m <sup>3</sup>	Total 0,1 mg/m <sup>3</sup> (*)
Thallium and its compounds, expressed as thallium (Tl)		
Mercury and its compounds, expressed as mercury (Hg)	0,05 mg/m <sup>3</sup>	0,1 mg/m <sup>3</sup> (*)
Antimony and its compounds, expressed as antimony (Sb)	Total 0,5 mg/m <sup>3</sup>	Total 1 mg/m <sup>3</sup> (*)
Arsenic and its compounds, expressed as arsenic (As)		
Lead and its compounds, expressed as lead (Pb)		
Chromium and its compounds, expressed as chromium (Cr)		
Cobalt and its compounds, expressed as chromium (Co)		
Copper and its compounds, expressed as copper (Cu)		
Manganese and its compounds, expressed as manganese (Mn)		
Nickel and its compounds, expressed as nickel (Ni)		
Vanadium and its compounds, expressed as vanadium (V)		

(\*) Until 1 January 2007 average values for existing plants for which the permit to operate has been granted before 31 December 1996, and which incinerate hazardous waste only.

These average values cover also gaseous and the vapour forms of the relevant heavy metal emissions as well as their compounds.

- (d) Average values shall be measured over a sample period of a minimum of 6 hours and a maximum of 8 hours. The emission limit value refers to the total concentration of dioxins and furans calculated using the concept of toxic equivalence in accordance with Schedule 2 of this Ordinance.

Dioxins and furans	0.1 ng/m <sup>3</sup>
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- (e) the following emission limit values of carbon monoxide (CO) concentrations shall not be exceeded in the combustion gases (excluding the start-up and shut-down phase):

— 50 milligrams/m<sup>3</sup> of combustion gas determined as daily average value;

— 150 milligrams/ m<sup>3</sup> of combustion gas of at least 95% of all measurements determined as 10-minute average values or 100 mg/ m<sup>3</sup> of combustion gas of all measurements determined as half-hourly average values taken in any 24-hour period.

Exemptions may be authorised by the competent authority for incineration plants using fluidised bed technology, provided that the permit foresees an emission limit value for carbon monoxide (CO) of not more than 100 mg/ m<sup>3</sup> as an hourly average value.

**Schedule 5** - as amended, was agreed to and stood part of the Bill

## **Schedule 6**

### **HON LT COL E M BRITTO:**

Schedule 6 is deleted and replaced by the new Schedule 6 as detailed in Annex D of the letter I have circulated.

## **SCHEDULE 6**

### **Section 22**

### **DETERMINATION OF AIR EMISSION LIMIT VALUES FOR THE CO-INCINERATION OF WASTE**

The following formula (mixing rule) is to be applied whenever a specific total emission limit value 'C' has not been set out in a table in this Schedule.

The limit value for each relevant pollutant and carbon monoxide in the exhaust gas resulting from the co-incineration of waste shall be calculated as follows:

$$\frac{V_{\text{waste}} \times C_{\text{waste}} + V_{\text{proc}} \times C_{\text{proc}}}{V_{\text{waste}} + V_{\text{proc}}} = C$$

$V_{\text{waste}}$  :

Exhaust gas volume resulting from the incineration of waste only determined from the waste with the lowest calorific value specified in the permit and standardised at the conditions given by this Ordinance.

If the resulting heat release from the incineration of hazardous waste amounts to less than 10% of the total heat released in the plant  $V_{\text{waste}}$  must be calculated from a

(notional) quantity of waste that, being incinerated, would equal 10% heat release, the total heat release being fixed.

$C_{\text{waste}}$  : Emission limit values set for incineration plants in Schedule 5 for the relevant pollutants and carbon monoxide.

$V_{\text{proc}}$  : Exhaust gas volume resulting from the plant process including the combustion of the authorised fuels normally used in the plant (wastes excluded) determined on the basis of oxygen contents at which emissions must be standardised as laid down in Community or national regulations. In the absence of regulations for this kind of plant, the real oxygen content in the exhaust gas without being thinned by addition of air unnecessary for the process must be used. The standardisation at the other conditions is given in this Ordinance.

$C_{\text{proc}}$  : Emission limit values as laid down in the tables of this Schedule for certain industrial sectors or in the case of the absence of such a table or such values, emission limit values of the relevant pollutants and carbon monoxide in the flue gas of plants which comply with the national laws, regulations and administrative provisions for such plants while burning the normally authorised fuels (wastes excluded). In the absence of these measures the emission limit values laid down in the permit are used. In the absence of such permit values the real mass concentrations are used.

C: Total emission limit values and oxygen content as laid down in the tables of this Schedule for certain industrial sectors and certain pollutants or in the case of the absence of such a table or such values total emission limit values for CO and the relevant pollutants replacing the emission limit values as laid down in this Ordinance. The total oxygen content to replace the oxygen content for the standardisation is calculated on the basis of the content above respecting the partial volumes.

### **Special provisions for cement kilns co-incinerating waste**

Daily average values (for continuous measurements) Sample periods and other measurement requirements as in Article 7. All values in  $\text{mg/m}^3$  \_ (dioxins and furans  $\text{ng/m}^3$  \_). Half-hourly average values shall only be needed in view of calculating the daily average values.

The results of the measurements made to verify compliance with the emission limit values shall be standardised at the following conditions: Temperature 273 K, pressure 101,3kPa, 10% oxygen, dry gas.

#### *total emission limit values*

Pollutant	C
Total dust	30
HCl	10
HF	1
NOx for existing plants	800
NOx for new plants	500 <sup>(1)</sup>
Cd+Tl	0,05
Hg	0,05
Sb+As+Pb+Cr+Co+Cu+Mn+Ni+V	0,5
Dioxins and furans	0,1



(<sup>1</sup>) For the implementation of the NO<sub>x</sub> emission limit values, cement kilns which are in operation and have a permit in accordance with existing Community legislation and which start co-incinerating waste after the date mentioned in Article 20(3) are not to be regarded as new plants.

Until 1 January 2008, exemptions for NO<sub>x</sub> may be authorised by the competent authorities for existing wet process cement kilns or cement kilns which burn less than three tonnes of waste per hour, provided that the permit foresees a total emission limit value for NO<sub>x</sub> of not more than 1200 mg/m<sup>3</sup>.

Until 1 January 2008, exemptions for dust may be authorised by the competent authority for cement kilns which burn less than three tonnes of waste per hour, provided that the permit foresees a total emission limit value of not more than 50 mg/m<sup>3</sup>.

*Total emission limit values for SO<sub>2</sub> and TOC*

<b>Pollutant</b>	<b>C</b>
<b><u>SO<sub>2</sub></u></b>	50
<b><u>TOC</u></b>	10

Exemptions may be authorised by the competent authority in cases where TOC and SO<sub>2</sub> do not result from the incineration of waste.

### **Emission limit value for CO**

Emission limit values for CO can be set by the competent authority.

### **Special provisions for combustion plants co-incinerating waste**

### **Daily average values**

Without prejudice to Directive 88/609/EEC and in the case where, for large combustion plants, more stringent emission limit values are set according to future Community legislation, the latter shall replace, for the plants and pollutants concerned, the emission limit values as laid down in the following tables (C<sub>prox</sub>). In that case, the following tables shall be adapted to these more stringent emission limit values in accordance with the procedure laid down in Article 17 without delay.

Half-hourly average values shall only be needed in view of calculating the daily average values.

C<sub>prox</sub> :

C<sub>prox</sub> for solid fuels expressed in mg/Nm<sup>3</sup> (O<sub>2</sub> content 6%)

Pollutants	<50MWth	50-100 MWth	100 to 300 MWth	>300 MWth
SO <sub>2</sub> General case		850	850 to 200 (linear decrease from 100 to 300 Mwth)	200
Indigenous fuels			or rate of desulphurisation ≥92%	or rate of desulphurisation ≥95%
NO <sub>x</sub>		400	300	200
Dust	50	50	30	30

Until 1 January 2007 and without prejudice to relevant Community legislation, the emission limit value for NO<sub>x</sub> does not apply to plants only co-incinerating hazardous waste.

Until 1 January 2008, exemptions for NO<sub>x</sub> and SO<sub>2</sub> may be authorised by the competent authorities for existing co-incineration

plants between 100 and 300 MWth using fluidised bed technology and burning solid fuels provided that the permit foresees a  $C_{prox}$  value not more than 350 mg/Nm<sup>3</sup> for NOx and not more than 850 to 400 mg/Nm<sup>3</sup> (linear decrease from 100 to 300 MWth) for SO<sub>2</sub>.

$C_{prox}$  for biomass expressed in mg/Nm<sup>3</sup> (O<sub>2</sub> content 6%):

'Biomass' means: products consisting of any whole or part of a vegetable matter from agriculture or forestry, which can be used for the purpose of recovering its energy content as well as wastes listed in section 4(1)(a)(i) to (v).

Pollutants	<50 MWth	50 to 100 MWth	100 to 300 MWth	>300 MWth
SO <sub>2</sub>		200	200	200
NOx		350	300	300
Dust	50	50	30	30

Until 1 January 2008, exemptions for NOx may be authorised by the competent authorities for existing co-incineration plants between 100 and 300 MWth using fluidised bed technology and burning biomass provided that the permit foresees  $C_{proc}$  value of not more than 350 mg/Nm<sup>3</sup>.

$C_{proc}$  for liquid fuels expressed in mg/Nm<sup>3</sup> (O<sub>2</sub> content 3%):

Pollutants	<50 MWth	50 to 100 MWth	100 to 300 MWth	>300 MWth
SO <sub>2</sub>		850	850 to 200 (linear decrease from 100 to 300 MWth)	200
NOx		400	300	200
Dust	50	50	30	30

#### Total emission limit values

C expressed in mg/Nm<sup>3</sup> (O<sub>2</sub> content 6%). All average values over the sample period of a minimum of 30 minutes and a maximum of 8 hours:

Pollutant	C
Cd + Tl	0,05
Hg	0,05
Sb+As+Pb+Cr+Co+Cu+Mn+Ni+V	0,5

C expressed in ng/Nm<sup>3</sup> (O<sub>2</sub> content 6%). All average values measured over the sample period of a minimum of 6 hours and a maximum of 8 hours:

Pollutant	C
Dioxins and furans	0,1

**Special provisions for industrial sectors not covered** the provisions for cement kilns or combustion plants for the co-incineration of waste

#### Total emission limit values:

C expressed in ng/Nm<sup>3</sup>. All average values measured over the sample period of a minimum of 6 hours and a maximum of 8 hours:

Pollutant	C
Dioxins and furans	0,1

C expressed in ng/Nm<sup>3</sup> . All average values measured over the sample period of a minimum of 6 hours and a maximum of 8 hours:

<i>Pollutant</i>	<i>C</i>
Cd+Tl	0,05
Hg	0,05

**Schedule 6** - as amended, was agreed to and stood part of the Bill.

### **Schedule 7**

**HON LT COL E M BRITTO:**

- (1) Schedule 7 is amended firstly by deleting the words “*Annex I*” in item 11 in the table and replacing it with the words “*Schedule 2*”,
- (2) Delete “mg/l” wherever it appears and replace it with “mg/l<sup>3</sup>”

**Schedule 7** - as amended, was agreed to and stood part of the Bill.

### **Schedule 8**

**HON LT COL E M BRITTO:**

Schedule 8 is amended by deleting the rather meaningless mathematical formula as it appears in the green paper and

replacing it by the more explicit one that appears in the body of the letter that I have circulated.

$$\frac{Es = 21-Os}{21-0m} .Em$$

**Schedule 8** - as amended, was agreed to and stood part of the Bill.

**Schedule 9** - was agreed to and stood part of the Bill

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

## **THE IMMIGRATION CONTROL (AMENDMENT) (SWISS WORKERS) BILL 2002**

### **Clause 1**

**HON CHIEF MINISTER:**

Mr Chairman a small amendment. It should be 2003 not 2002.

**Clause 1** - as amended, stood part of the Bill.

### **Clause 2**

**HON CHIEF MINISTER:**

The Leader of the Opposition said this morning that when the UK had legislated this same agreement they had more tightly defined

the rights of posted workers by defining the concept of integrated into the regular labour market and he said something about they have defined it as having been in employment for 12 months. I have the UK statutory instrument No 1241 and I cannot spot where the UK has done that. I can see language which is almost identical to ours perhaps he can tell me where in the UK Regulations there is .....?

**HON J J BOSSANO:**

What I said was that I did not know whether if it needed to be specified in the Ordinance but what it says on the internet site where I got the text from is, "...*The Home Office have decided that to be integrated into the labour market the employee must have been employed by the Swiss employer for at least 12 months.*" I do not know whether there is a provision anywhere that allows the Immigration Authority of the host State to put a specific definition or whether it has to be put in the law but I can tell him in the site where the law is there is an explanation which says that as a result of this agreement a posted worker can come to UK. It explains what a posted worker is for the purposes of the agreement and then it ends up by saying the sentence that I have just quoted. It may be that the Home Office has issued a directive saying that if anybody applying to be a posted worker would have to produce evidence that they have been with that particular employer for 12 months, therefore we can do it also by issuing administrative instructions but the point that I was making is that I did not know whether it needed to be legislated in the Ordinance or in the House but if that is the way the UK is interpreting it then I think we should interpret it in the same way.

**HON CHIEF MINISTER:**

Then I clearly misunderstood the hon Member when he spoke this morning. I had understood him to say that it was in the definition of integrated into the regular labour in the actual Regulation, the

statutory instrument, the number of which he was good enough to give. The UK law is the same as ours. Both laws say that one of the conditions that has to be met is that prior to the posting the person in question is integrated into the regular labour market of an EEA State. Presumably that phrase requires interpretation and if the UK has decided that whatever is the language of the Swiss EU Treaty and this language in their law which is the same as the language in our law and the same treaty for us, if that gives them the right to interpret the phrase in the way that the hon Member says the Home Office Website says it is being interpreted then those in Gibraltar then have exactly the same ability to do it. Presumably if the UK have decided to do it up to 12 months presumably if the treaty does not specify a particular period we are free to fix an equation of 24 months. Those who are administering this given that the law is silent on it will have to give it a meaning and one can certainly look at the treaty to see how much latitude it gives us and then decide what administrative guidelines to put in place as to its day to day administration. The point is that I was left with the impression this morning that our legislation was more loosely drafted than the UK's and that, I hope the hon Member agrees, is not the case.

**Schedule 9** - was agreed to and stood part of the Bill.

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

**THE RECOGNITION OF PROFESSIONAL QUALIFICATIONS  
ORDINANCE (AMENDMENT) BILL 2003**

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

## **Clause 2**

### **HON CHIEF MINISTER:**

The Hon Mr Baldachino asked me this morning whether there was any reason why the Bill did not go as far as the directive required, why we had not transposed bits of it. The answer is that this Bill only purports to transpose section one of the directive which deals with general qualifications. The provisions in the directive in relation to the other articles in the directive which appear under the Heading "*Sectorial Qualifications*" as opposed to "*General Qualifications*," for example, the areas dealing with architects, nurses and midwives, those have to be transposed. We do have to do it but not by amendment to this Ordinance but by amendment, for example, to the Nursing Registration Ordinance, the Architect's Registration Ordinance, each of the specialist Ordinances dealing with those particular professions have to be amended so this is really just the first phase. This deals with Article I of the directive the rest of the directives are specific to individual professions and those will be transposed, although overdue, by amendment to the other Ordinances in Gibraltar where they are provided for. I say overdue because although the hon Member this morning says 2005 the people in the UK and indeed in our Legislation Support Unit are working to the date 1<sup>st</sup> January 2003 which is the date that appears in Article 15 of the directive. The hon Member did actually tell me that he had a copy that said 2005, peculiar, the official journal of the European Communities which is the authoritative text of the directive says that, "*Member States shall bring into force the laws, Regulations and administrative provisions necessary to comply with this directive before 1<sup>st</sup> January 2003.*" So, we are not early in fact we are a bit late.

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

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

## **THE CARRIERS' LIABILITY (AMENDMENT) BILL 2003**

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

## **Clause 2**

### **HON CHIEF MINISTER:**

In clause 2 subsection 4 there is the introduction of a new section 3 (7) into the Ordinance and I already said this morning that I would be moving the amendments to complete the language which as it stood did not make sense and I hope that the hon Members have had notes distributed. The amendment is to delete the word "*for*" and then insert in its place "*in respect of*" and then complete the sentence by adding at the end "*and or any treaty or international agreement extended to Gibraltar to remove*" and the effect of the amendment is (a) to make sense of the clause and the effect of the clause now as amended is that the carrier is not liable to all the penalties and costs if the person on removal from Gibraltar would itself constitute a breach of some international obligation, for example, if the person were an asylum seeker or a refugee under some of the international treaties that impose obligations in respect of such people it would then be in breach of an obligation to send the person back and in those circumstances the carrier would not be liable.

**Clause 2** - as amended, 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:-

- (1) The Companies (Amendment) Bill 2003, with amendments;
- (2) The Immigration Control (Amendment) (Swiss Workers) Bill 2002, with amendment;
- (3) The Recognition of Professional Qualifications Ordinance (Amendment) Bill 2003;
- (4) The Carriers' Liability (Amendment) Bill 2003, with amendments;
- (5) The Protected Cell Companies (Amendment) Bill 2003;
- (6) The Late Payment of Commercial Debts (Interest) Bill 2003, with amendments;
- (7) The Road Traffic (Windscreen Transparency) (Amendment) Bill 2003, with amendments;
- (8) The Traffic (Amendment) Bill 2003;
- (9) The Transport (Amendment) Bill;
- (10) The Large Combustion Plants Bill 2003, with amendments;

- (11) The Town Planning (Amendment) Bill 2003, with amendments;

- (13) The Waste (Incineration) Bill 2003, with amendments;

have been considered in Committee and move that they be read a third time and passed.

Question put.

- (1) The Pensions (Amendment) Bill 2003;
- (2) The Companies (Amendment) Bill 2003;
- (3) The Immigration Control (Amendment) (Swiss Workers) Bill 2002;
- (4) The Recognition of Professional Qualifications Ordinance (Amendment) Bill 2003;
- (5) The Carriers' Liability (Amendment) Bill 2003;
- (6) The Protected Cell Companies (Amendment) Bill 2003;
- (7) The Late Payment of Commercial Debts (Interest) Bill 2003;
- (8) The Road Traffic (Windscreen Transparency) (Amendment) Bill 2003;

- (9) The Traffic (Amendment) Bill 2003;
- (10) The Transport (Amendment) Bill;
- (11) The Large Combustion Plants Bill 2003;
- (12) The Town Planning (Amendment) Bill 2003;
- (13) The Waste (Incineration) Bill 2003;

were agreed to and read a third time and passed

### **PRIVATE MEMBERS' MOTION**

#### **HON J J BOSSANO:**

Mr Speaker, I beg to move that:-

"This House notes the report of the Input/Output Study published in February 2003."

In bringing the motion to the House to note the content of the report I do it on the basis really that we have not had an opportunity in this House to discuss the conclusions reached by the study in the context of something that has taken a very long time I imagine it has cost a fair amount of money and that when it was finally presented it was presented in a meeting organised by the Government for Professors Fletcher and Wanhill to which people from the business sector and the trade union movement were invited and clearly in the context of the statements that were

made then we managed to get one copy from somebody in the press who had copied it for us and we had been told the previous year by the Government that if they decided not to publish the whole of the report because they thought parts of it in the public interest should not be published we would get the full copy. We have had the transactions table on a confidential basis and the technical coefficients that go with the transaction tables on a confidential basis and we do not know whether there is anything else that has not been published. I am not sure why it is that the Government did not want to make the transactions table public but without the transactions table much of what is in the report in terms of tables and explanations does not make a great deal of sense. It is only when one puts it alongside the transactions table that at least one can see where they get the information from which leads them to believe that there are certain relationships which are then reflected in what is predicted by the model in terms of what will happen if certain changes take place in the economy.

In last year's budget the Chief Minister quoted some figures from the report which were from the draft report. When I raised it in the House in the course of the budget I did not get an answer. I would have thought that if we are told in this House in one budget that there were figures in the Draft Report referring to the year 2000 in which X number of jobs were attributed as a result of the expenditure by visitors to Gibraltar and the published report that comes out several months later refers to the year 2001 and to a different number of employees I would have thought that that was an important change given that the first thing that we raised with Professor Fletcher as soon as we got hold of the report way back in February was why the 2001 figures, why do we have a report which deals with the structure of Gibraltar's economy in the Financial Year 1999/2000 that is what the transaction tables show, it shows what was happening in the 1999/2000 and that is the table that produces a GDP figure of £111 million. Although I asked and have not had an answer from Professor Fletcher of how we go from the table to the figure of £411 million it is possible to work it out by analysing the different components of how income is distributed to households and to businesses and to

business savings. In fact the only area that one can account for the difference between the GDP and the transactions table seems to be £21 million of depreciation attributed to households and a possible difference in the depreciation attributed to financial services which may be where Professor Fletcher says in the report that the interest is treated differently in the Input/Output Model from the GDP figure and that is the only thing that I can think of but I am waiting to see if there is confirmation if that is indeed the case.

I am not dealing really with the GDP calculation which is one aspect of the report but with the other and in my judgement more important aspect of the report which is that it is a model that the public has been told will enable people to work out the changes that would take place in the economy in employment levels and will enable the Government to take policy decisions on the basis of what the model predicts will be the effect of those policy decisions. That is what was said in the presentation that was made on the 7<sup>th</sup> February. I would have thought that if the model is designed, if we are told it is state of the art, if we are told that it is an instrument that is alive capable of supporting and analysing the development of the local economy in its entirety or sector by sector and if the model is a scientific instrument not simply an intuitive judgement of what the economy consists of then obviously it is in the interest of everybody, Government, Opposition, Unions and business, anybody who is keen to use the model although I seem to be in a minority in the keenness as to use the model nobody seems to share my enthusiasm for using the model but anybody that wants to use the model would need to be confident that in fact the relationships in the model are accurate. We are not able to satisfy ourselves of this and therefore we have been putting questions and we are raising the matter because we think if the House of Assembly has voted the money for this study to be done and if the results of that study are now reflected in a report which is being put by the Government in the public sector and is encouraging businessmen to use this model in order to take policy decisions and if we in this House are going to be facing policy decisions of the Government involving public spending in the expectation based on what this report and

this model says that the expenditure in a particular area will have as a consequence direct, indirect and induced effects which will generate X numbers of jobs, X amounts of income and X number of pounds of additional Government revenue then if we point out that there are things in there that do not look right I would have thought the Government would be as interested as we are to making sure, unless of course they have already gone through this and they have got information that we do not have which confirms the accuracy of the things that we find do not look right.

Certainly, questions that I asked in February and that I repeated in the House have still not been answered and they are not as the Chief Minister answered me when he took all the questions together, they are not questions that I have put on the basis of asking Professor Fletcher to run the model for me on things that I would like to know which are not there. I am asking about the things that are already there and not asking for new additional information but, for example, one obvious question to ask which I have asked and which has not been answered is the treatment of frontier workers because the report says that the income that is earned by frontier workers leaks out of the economy and therefore does not affect the multiplier at the induced level because the multiplier at the induced level is where the earnings reach the stage that people respond that money and therefore we have the direct effect which is the initial tourism expenditure, for example, the visitor expenditure at the point of sale, then we have the indirect effect which is the provider of services to the visitor buying in resources and then we have the induced effect which is the employee spending his wages and obviously if the employee spends his wages in La Linea then he does not have an induced effect in the economy of Gibraltar he has an induced effect in the neighbouring economy. So, I have asked, can the Chief Minister confirm what are the figures of the multipliers and the jobs and the income at the induced level after deducting the effect of the frontier worker. I asked that in February and that is not asking anybody to run the model, that is simply asking for an explanation because it is something that is implicit in being told that if the money does not get spent here then it is ignored because it is leakage. The report says it leaks out of the economy and that is



not new to this report although it may be using a sophisticated computer programme. That was also the case with the previous report in 1987.

I asked, why does the report quote in such length the effect in the economy of Gibraltar of the £145 million of expenditure by visitors in the 2001 Tourist expenditure survey because it is a question that springs to mind when the report is about what was happening in the economy in the year 1999/2000. The visitors in the year 1999/2000 had not arrived. They arrived in the year 2001 so why was not the figure for 1999, which is the figure that is relevant to that financial year and the state of the economy that year, why was that not used? The answer that I got from the Professor which is certainly not obvious from reading the report is *"...the £145 million and the figures used there are simply the most recent published figures. They are merely used to illustrate the relationships they are not included in the model for 1999/2000."* Anybody that read the report would think that when the report is saying that there were so many jobs generated, so much money created, so much Government revenue, so much import that we are all talking all the time in all those areas. Pages of it and what we have is a big chunk of this report that is not about 1999/2000 it is about visitor expenditure in 2001 and Professor Fletcher explains as well that the figures of the expenditure survey where the £145 million comes from was not used to construct the model but the source of the data for the construction of the model is the surveys that they carried out and what happened was that they then applied the technical coefficients produced by the Input/Output transactions table to the £145 million and therefore by applying the relationships in the table to the £145 million one gets the predicted effect of the number of employees given in the report. It must be obvious and I said so at the budget but there was no reaction from the Government and here we have got an ideal opportunity to test, with something that is in the public domain, how reliable the model is as a predictive tool because if Professor Fletcher has told us that the only reason why he used the 2001 figure was because that was the latest available, it means that if he was doing this report today he would be using the 2002 figure which is the latest available and if he applied the

coefficients that he applied to the £145 million to the £177 million he would get a completely different set of results, obviously because there is £32 million more coming into the economy.

I went into some detail in the budget on that point because I think that it is an important point in that here we have got an ideal opportunity to see whether this mechanism, this instrument to assist policy making is capable of doing what it purports to do and it is a very valuable instrument if it can do it but if it is not able to do it then the sooner we find out where it is wrong and put it right the better before we start using it. In the light of the explanation that I have been given and in the light of the statements contained in the report what we have is that if the 2002 figures are used to illustrate the effect of visitor expenditure as opposed to using the 2001 figure and since it is simply an arbitrary selection for the purposes of illustration which has nothing to do with the calculation of the table simply because they happen to be the most recent ones, the most recent one which is £177 million means that there should now be 2,262 direct jobs as a result of visitor expenditure instead of 1,853 and that when we take the effect of the indirect impact into account it is 3,369 as opposed to 2,760 and that when we take the induced impact into account it is 4,269 instead of 3,498. So we have a situation where we have 769 jobs in the economy according to the model resulting from £32 million more of expenditure by visitors and applying to the £177 million the same coefficient that were applied to the £145 million. I do not think that there is any indication at all that between the survey of 2001 and the survey of 2002 we have seen 769 new jobs resulting, where does that lead us? To only one of two possibilities either the £177 million is not a reliable figure or the multipliers that have been applied to the £145 million are not reliable in which case big chunks of this report are not illustrating anything because if the £177 million is as good as the £145 million then the 4,269 jobs that the £177 million produces is as good or as bad as the 3,498 made.

It is important because if the Government are going to say, *"We are going to spend public money promoting more visitors in the expectation based on this model of our economy that for every £1*

*million of additional visitor expenditure in Gibraltar X number of jobs are going to be created, so much in Government revenue is going to accrue*" it is a very good thing to be in a position to do that but if we are saying to the Government, I have spent many, many hours on this and when I bring it to the notice of the Government I hope the Government takes it in the spirit that I am bringing it to their notice. I am bringing it to their notice on the basis that if this model can be made to do all the things it says it can be made to do then it is a very good thing and I believe we should all have it not just the businessmen and the trade unions certainly the Members of Parliament, the Members of this House are entitled, I think, to be able to have access to a model that is capable of predicting when we vote in this House so many millions of pounds of Government spending what that is likely to be. I am not saying that the model needs to be 100 per cent accurate because if we take the example that I have given I can say that the figures that I have given would probably to be absolutely accurate need to be adjusted a little bit because of the £145 million 83 per cent was excursionists from Spain and of the £177 million 82 per cent is excursionist from Spain. So the fact that there is now a 1 per cent difference in the share of the source by mode of arrival of excursionists from Spain means that there would be an adjustment that had to be made as to the effect because it might mean that a little bit more was spent on accommodation and meals and might be a little bit less of retail sales given that the visitors from Spain are the ones who spend the biggest chunk of their money on retail sales. I cannot do that kind of exercise because the report that is public does not contain the breakdown other than in the illustrative example because visitor expenditure is not one of the 13 sectors into which the economy is divided. But as I also mentioned in the budget as well as asking, *"Why have you used 2001 when you could have used the 1999 visitor expenditure which was £121 million and which presumably would be the one that would be reflected in the model?"* If we have that in the year 2001 excursionists from Spain spend £120 million, £10 million a month, and 80 per cent of that £10 million a month was on retail sales then it must follow that £8 million of the sale of shops every month went to visitors from Spain because if the visitors bought £8 million then

somebody must have sold the £8 million and that is clear from the illustrative example relating to the calendar year 2001. So what the report tells us is, of the £145 million that visitors spent during the calendar year 2001 the biggest chunk was the people who came across the border on a day visit and they spent £120 million of £145 million which is £10 million every month on average and 80 per cent of that was spent on retail shopping so that is £8 million. So every month in the year 2001, £8 million according to the Tourist Survey Report went into our shops from visitors crossing the border. In the transaction table for 1999/2000 one would not get the £8 million being reflected because that would not be happening in 1999/2000. It happened in 2001, so one would have to go to the Tourist Expenditure Survey 1999 to get the comparable figure and there the figure is £97 million. So one needs to get then 80 per cent of £97 million to see how that compares with the sales of shops in the transaction table. When I asked, why use this instead of using the £97 million, I was told because this was the most recent and therefore I asked what about financial services why are we using 1998 in the case of financial services and I was told that that is the year in respect of which we found the information as to their sales as the result of the survey and then I asked had they used the 1998 figures for the 1999/2000 model and I was told, *"no they have been adjusted"* I am afraid that is not true and I said in the budget that it was not true. They have not been adjusted. If we look in the report at the share of direct output the £1.3 billion the share of financial services in 1999/2000 in table 2.3 gives the six top sectors and the highest of the six top sectors is financial intermediation with 16.67 and 16.67 per cent of £1.340 billion is £223 million and if we look at the transaction table which I do not want to quote because it is confidential the Members will find in the column the sales of financial services in 1999/2000 and they are the same as in 1998 and if we look at the report direct employment in the Financial Services according to this report is given in respect of the £193 million of offshore sales. If we take the figure that is given in the table for direct employment which is table 2.5 for 1999/2000 what we see is that the financial intermediation with 7.68 per cent of the total employment which is given in the table as 12,171, 7.68 per cent is 935 and 935 bears

the same relationship to £222 million as 830 bears to £193 million which is the export sales. So in fact although they have asked and have not received a reply as to whether the missing £29 million have the same impact on jobs, the economy and so on I have not been given an answer but I have found the answer in the transaction tables and I have to tell the House that according to the report published by Professor Fletcher in 1998 the Financial Services Industry in Gibraltar sold £222 million worth of services and employed 935 full-time equivalent people to do it. In the 1999/2000 year they sold the same and employed the same number. I do not believe this is accurate I believe that there was growth in that industry between 1998 and 2000 and I believe the figures in the Employment Surveys support that view. What is even more peculiar and I have brought this to the attention of the Government before in the House is that the 935 figure of numbers employed in financial intermediation for 1998 is in fact the figure in the Employment Survey of 1998. If the figure is in the Employment Survey in 1998 and is in this report as 1998 how can it be in the transactions table as 1999/2000 and how can it be in table 2.5 as the share of the workforce of Gibraltar in 1999/2000 was 7.68 per cent of 12,171 which is 935?

The Report was delayed because of a number of unfortunate events one falling upon another including earthquakes but that was a blessing in disguise because Professor Fletcher told us that because of all these delays with one thing and another thing going wrong it enabled him to check and recheck the data to ensure the integrity of the model. We have to be grateful to the earthquake for the accuracy of this model having had the opportunity to check it so many times. Surely things that stick out like this and the point that I am making one does not have to be an expert on Input/output models to look at one page with one date and one number and another page with another date and the same number and say, *"Can you explain to me how the Financial Services Industry employed 935 people in 1998 and 935 people in the year 2000 and sold £222 million in 1998 and sold £222 million in the year 2000 and made the same contribution to the Government to income, to imports?"* If that almost by definition if it were true which I do not believe it is that there was no growth in

the employment level or in the profits of the Financial Services sector between 1998 and 2000 it would mean that it had shrunk of the percentage of the economy. It would mean that if at £222 million the per cent was 16.67 of the output of the year 2000 then almost inevitably the percentage must have been higher in 1998 because the £222 million in 1998 would have been a higher percentage of a lower total output since everything else was growing. The rest of the economy other than Financial Services is not in doubt as having grown because if nothing grew then how did we manage to have GDP growth? Something must have grown. It could not all have been the Elderly Care Agency that generated the whole of the growth in the economy of Gibraltar between 1998 and 2000. Given that there is growth in the economy in that period and the only area that I have been able to test this is in the area of the Financial Services sector because it is the only area quoted by the report because if we cannot test it with tourism expenditure, the only way to do it is one has to get the 80 per cent of the £120 million and say, *"That is the sale of shops now let us look at what was happening with the shops."* But in the financial services it is the sale of the Financial Services and another figure which relates to 2000 and are the same. That is not possible in respect of any of the other 12 sectors because no information is provided in respect of any of the other sectors for two different years and therefore I accept and assume because I have got no reason to question it that the figures given for all the other sectors in the year 2000 are all accurate and are not for 1998. In looking therefore at the effect, if this prediction is based on the relationship between the Input and the Output of the 13 sectors if the way the matrix works as indeed is obvious from looking at it is that in respect of each industry we have what the industry sells and what the industry buys in order to obtain as it were the raw materials to sell something which it imports from outside the economy of Gibraltar and something which it buys in the domestic economy, in that respect I find that the transaction tables have some figures in those columns which I would have thought would stick out like a mile to anybody that looked at it in terms of the pattern of expenditure. The importance of this is that the entire edifice is based on the accuracy of these figures.

I am not saying Input/Output models do not work what is obvious is that they will only work if what they say happens to a £1 that goes into the system in terms of where each penny of that £1 ends up is accurately analysed by the model based on the information that has been fed into the model. If the model shows that there were no retail sales to the Government in the year 2000 I find that very odd because we have voted in the year 2000 a budget in this House which involved the Government going out to tender and the Government inviting people to supply the Government with goods and the sales of the retail sector in Gibraltar must include sales to the Government. If those figures are in some way defective then since the multipliers are all arrived from their technical coefficients in fact I have gone to the trouble of checking each one of the technical coefficients and each one of the multipliers and I find that except in respect of imports they are identical, then it follows that the technical coefficients which once one sees the table it is not too difficult to discover how they are arrived at. All that we have is essentially that the figure in respect of each column is divided by the total of the column and that is all the technical coefficients are. In each case I have checked all of them and they all work out to be the percentage of the total bought by a particular industry from another industry. If any of those technical coefficients which are derived from sums of money in that table if the sum of money in the table is not correct because the information that has been provided has not been accurate and they have been inputting in the model on the basis that one is getting accurate information which as it turns out was not then that works all the way through because that is the raw material, this is the foundations of the edifice. The transactions tables is what holds everything up so if the number in that transaction table is mistaken because that is the number that Professor Fletcher was given or obtained from a survey or report but happens to be wrong or incorrect that figure in that table determines the technical coefficient for that industry and that technical coefficient determines the multiplier for Government revenue and for incomes and I imagine there is an employment multiplier as well although it is not given in the transactions table but I imagine that one can work out the technical coefficient and the multiplier for employment too. It is the application of those

multipliers to the output of the economy to the sales of the economy of Gibraltar that produce the entire content of this report and therefore in asking the House to note the report I ask the House to note the report on the basis that there are elements of that report which need to be clarified, explained or corrected if it is indeed the case that the Government have the intention of making use of this model in order to influence their policy decisions on the economy of Gibraltar, their policy decisions on public spending, their policy decision as it ought to be if the model can do the things it says it can do it will be a wonderful instrument because then the Government will be able to say in this House, *"I am proposing that we spend more money attracting this kind of expenditure or this kind of visitor or more money in cruise ships or less money in cruise ships and more in coaches because we have run a hypothetical £1 million income increase through the model if it comes from 'x' and it produces so many jobs and so much growth and so much revenue and we have done the same thing if instead of £1 million coming in via expenditure by 'x' it comes in by expenditure by 'y' and the result from 'x' looks better than the result from 'y',"* and therefore in evaluating the choice of whether one goes down the route of promoting this industry or promoting the other industry the Government decision is influenced by what the model tells it will be the most beneficial for Gibraltar. That is my understanding of what it is the Government thinks it would be able to do with this model from the statements made by the Chief Minister in the press presentation and that indeed businessmen will be able to do the same thing by looking at their own sector by looking at their own industry and determining whether to invest in one area or invest in another area depending on the anticipated demand for their product. Mr Speaker, clearly we would be very happy if it was possible for the Government to say, *"We have looked at these things and we have either found where the flaw was and put it right or we have got a satisfactory explanation and the thing works and there is no need to worry."* Since February we have not been able to get that kind of reply to the questions that we have been putting and most of the replies that we have got from Professor Fletcher were on the basis of explaining how the model works. I know how the model works, I knew how the 1987 model worked what I thought was

wrong with the 1987 model was that the model worked by predicting what is going to happen and what the model predicted that was going to happen did not happen and it did not happen because the information that went into this model and the information that went into the last model was not accurate enough to be able to produce the kind of results about the number of jobs and I think the fact that we are able to illustrate the predictive power of the model with the report that has been tabled at the last meeting of the House in the budget session with £172 million is the clearest possible evidence that the House should need that everything that the report says about visitors, the effect of expenditure in terms of jobs, imports, income and Government revenue cannot be relied upon. It does not work with the 2002 figures. It is difficult to test with anything else but when we are talking about the number of jobs it is obvious to ask the ETB if they have had as a result of tourism expenditure going up £32 million the creation of 720 jobs in the private sector and the answer is no evidence of it. It is for this reason that I thought it opportune to ask this House to note the content of the report.

Question proposed.

Debate ensued.

#### **HON CHIEF MINISTER:**

Mr Speaker, I shall not keep the House very long either. The reality is that the hon Member opened his contribution by saying that the House had not had an opportunity to discuss these issues. I think the House has heard from him on these issues at enormous length and repeatedly. We have had it at several Question Times and we have had it as the sole substantive content of his budget address. His Colleague Dr Joseph Garcia who is not in the chamber at the moment but I was amused to read him in an opinion column in a local newspaper reviewing the budget describing the Leader of the Opposition in the budget debate as having been as *"usual magnificent on the economy"* his

words were and I said, *"I do not know if the Leader of the Opposition is or is not magnificent on the economy,"* I do not think he is, certainly if he is he certainly was not magnificent on the economy on the day of the budget debate if for no other reason than he said absolutely nothing about the economy. Ninety five per cent of his budget address was devoted to the issue which he says today the House has not had sufficient or any opportunity to discuss and having heard him I might have been listening to a tape recording of his budget address. He has said nothing new, everything that he has said he said in the budget debate and everything that he has said constituted almost a totality of his budget debate so presumably Dr Garcia that has now joined the Chamber, welcome to him, thinks he has been magnificent on the economy again. I know that the hon Member has an enormous hobby interest in these issues that he likes this sort of thing and he likes to devote time to number crunching and all of this. If that is how he wants to spend his time then that is entirely a lifestyle choice for him but I have to tell the hon Member or perhaps remind him that even before poor old Professor Fletcher had produced his work the hon Member had already given notice in this House that really his intention was to try and demolish it and that was even before the report. Yes, the hon Member will recall that even before the report was available he was already cautioning us that these things were a waste of time because the last time that Professor Fletcher had done one of these reports it was, I cannot remember the exact words in which he described it but basically it was so inaccurate as to be a useless snap-shot of the economy. So, the hon Member has been predisposed negatively towards this Input/Output Model since before it has been produced. So he has to forgive those of us who when it is produced and he does what he promised namely to try and demolish it, in other words, does after he has seen it what he was threatening to do even before he had seen it namely be critical of the report to the point of questioning its usefulness then we look at his remarks with jaundiced eyes in the sense that are these the remarks of a knowledgeable person who is just trying to be helpful or are these the remarks of somebody that served very early notice of his negativism towards this exercise and that after he had seen the report he set out to try

and do what he had in any case already told us all he would try and do even before he had seen it. I have to say to him that much of what he says, as far as the Government are concerned, is viewed in that light. I am not a statistical expert I have some knowledge of general economic principles and now six or seven years of practical economic management so I do not pretend, I do not think he is one either, but I certainly do not claim to be an expert on the creation of statistical economic models but I have to tell him as gently as I can that those that are experts on this matter both in Gibraltar and outside of Gibraltar those who are Statisticians in Gibraltar and those who are Statisticians and expert economic modellers outside of Gibraltar have heard his remarks, have analysed his questions and his response to those questions and have concluded that actually he is very confused about them. The nature of the Input/Output Study, about the nature and the purpose of an economic model and I fear that the hon Member relies on the following syndrome. Those that are listening to me know even less about what I am pontificating about than I do and therefore on the basis of stretching out a little knowledge a long way I can blind the listeners with science, give them the impression that I am an expert on it and because they are not knowledgeable enough to demolish my arguments they will believe the conclusions to which I lead them by the nose. I have to say that the hon Member can if he wants to ask questions and he can even, which I do not think in the circumstances is justified in doing so I will come to that in a moment, he can even say, *"Before I conclude whether I the Leader of the Opposition think that this model, this study, this report is accurate and reliable I do not just take the words of the experts for it because I think I am an expert as well, I am going to ask them certain questions which they will need to answer for me to put my mind at rest or to persuade me of certain doubts that I have about the accuracy and reliability."* He can say that and that is not an illegitimate intellectual or political exercise but what he cannot do is simply conclude that because he has not yet had answers to some of the questions that he asked in February that therefore the report is wrong inaccurate and unreliable he has asked many questions and he has had many answers and he keeps on asking questions and for a reasonable period of time the Government will continue

to fund those that have to put the answers together for him. Professor Fletcher does not work for nothing. The hon Member says and I have him in note that because he has not had answers to questions that he had in February therefore the report is inaccurate. The report is not inaccurate. The hon Member even if he does not get answers to his questions and even if he gets answers to his questions when he gets them which are not satisfactory to him may obviously express his views but he will forgive the rest of us for not believing that he is the oracle, the fount of wisdom on this issue. What have the Government done? The Government have commissioned an Input/Output Study from two men who are world renowned experts at the creation of economic models and the conduct of Input/Output Studies for small economies such as Gibraltar and they have done dozens and dozens of these for Governments in the Caribbean, in the Pacific, in Europe, South America and these are men who between them have written hundreds of published articles and dozens of books. These guys are amongst the world's leading experts in small country economic modelling and it is these men about which the hon Member was publicly suspicious before they had even put pen to paper before he had even seen their work and when he had seen their work he goes on to criticise their work on the basis of a series of non sequitur conclusions to which he has come. Let me tell the hon Member that of course when he points out to the Government things to look out for of course the Government passes it up to Professors Fletcher and Wanhill and says, *"look chaps the Leader of the Opposition who claims to have some knowledge on these issues has said (a), (b), (c), (d) or (e) what about it?"* And they look and it and say, *"Chief Minister the model is right the Leader of the Opposition is not understanding this, is not understanding that, he is not understanding ....."* I will take the hon Members through some of these points in a moment, so when we have had assurance from Professor Fletcher and Professor Wanhill in the knowledge of and in the context of the specific issues that the hon Member has raised he will please and I hope forgive us and allow us to have the position that if I have to choose between accepting the judgement of these two world renowned and accepted and recognised experts on the one hand and his own criticisms,

comments, analysis across the floor of the House in a political context that I end up accepting the advice of the experts. It is not that I ignore his remarks but when I have taken his remarks and passed them on to the experts and they say, *"No, No, No, do not worry he is not right,"* then I retain, there is a difference, between not passing on observations of other people, accepting the expert's view to the extent that one does not even pass on to them other people's comments. There is a difference between that and passing on other people's comments whether it is the Leader of the Opposition's or anybody else's that might be right and when the experts still say, *"..do not worry the model is still completely correct and completely reliable,"* that we accept the advice of people who are world renowned experts which the Leader of the Opposition even though he may think it of himself actually is not a world renowned expert on the creation of economic models and in the conduct of Input/Output Studies.

Therefore, I have to tell the hon Member that the Government do not accept the implicit criticism/conclusion to which he comes when he says that the report is not accurate and reliable. I am not sure whether the hon Member's position varies because some of his direct statements vary from some of the implications of some of his other arguments. I am not quite certain whether the hon Member is saying that he does not think that it is accurate or whether he is saying that he is not satisfied in the sense that his concerns will not be laid to rest or whether he is positively saying that the model is inaccurate and unreliable. If it is the former, that is to say if his mind has still not been put at rest Professor Fletcher can continue to answer his questions but the acid test, I have to tell the hon Member, ultimately is not whether the hon Member's mind is at rest as much as I welcome him bringing things to our attention so that we can put them to the Professors for their observation. These are not accounts of the Government of Gibraltar, these are not the Principal Auditor's Report, this is not something that the Government are accountable for in this House in the sense that the accounts of Gibraltar are wrong or the estimates are wrong or some Government statistics are wrong that the Government are ultimately accountable. The Government have gone to two experts and have said, *"...please*

*do me an Input/Output Study and create a model of the economy,"* and the experts have reported back and this is their product. The hon Member can think it is very good or can think that it is so so or can think it is completely unreliable and inaccurate. That is his opinion and he is entitled to it. The Government do not share it and actually do not think that there is any justification for the pessimism that he appears to have about the reliability of this report.

Mr Speaker, the Report sets out the findings of the model but what I think the hon Member does not bear in mind sufficiently is that the primary data used for the construction of the model and then the elaboration of the report on the model is not some calculation that Professor Fletcher has made from the Tourism Expenditure Survey or of this or of that and as he describes in his report the principal primary source of data is the business expenditure survey and that is a fact. These business expenditure surveys were conducted by experienced survey conductors from Cardiff University and then there are other sorts of primary data from Government sources and they are listed in the report. I do not know, the hon Member claims that his motives are entirely honourable he says that his sole motivation is that we should all be sure the Government, the Opposition, the House, business users, the unions, that if we are going to use this thing as an economic prediction tool that we should have sufficient comfort in that it is accurate. At first sight it is a perfectly salutary motive but when he embarks on his arguments one cannot help but to toy with the possibility that actually the real motive may be just to cast a cloud of unreliability and of suspicion on the whole process of Government statistics and the whole process of National Income Accounting and the whole process of indicators of economic performance because if that is his motivation then we are just engaged in a political, and I understand he is in Opposition he is entitled to do that, but that would be a very different enterprise that we would be engaged in than one which is, *"...we think it is very useful that there is this economic model but we are concerned to ensure that it should be accurate, we have these concerns, we have therefore asked a series of questions all to either put our minds at rest that it is accurate and*

*therefore we can embrace it as well speaking for them or that the Government should somehow discard it as being inaccurate."* On the basis of the answers that I have had from Professor Wanhill and Professor Fletcher and I am not a statistician nor claim to be but on the basis of the answers that we have had and when Professor Fletcher and Professor Wanhill have time I hope that they will answer all his questions and that he will also join me in that position the Government are entirely satisfied of the accuracy and the reliability of the Input/Output Study and of the model that has been created. The fact that the hon Member asks questions or makes points or makes observations about the questions that he asks do not persuade the Government and do not persuade Professor Wanhill and Professor Fletcher and do not persuade the Government's own statisticians that the comments and the questions and the argument built on the question and the comment that we have heard this afternoon from the hon Member and that we heard at budget time and that we had heard at Question Time before that that they make out the case that he is trying to make out and namely that these things are all so self-evidently obvious that the whole thing is obviously suspect. Indeed what those questions and comments have led those who are much more expert in this than I am to believe is to question his own understanding of the purpose of the Input/Output Model. But from the Government's point of view we are in a position of having gone to an expert if I could use a medical analogy, we have gone to a heart surgeon to have a quadruple bypass of a heart bypass operation. We actually do not need to cross examine the surgeon to see how he has done it and where he put the little clip when he was keeping the ribcage apart and how he did this and how he did that. The operation one assumes when one puts oneself in the hands of renowned international experts that they know how to do their job and that the work that they produce is in accordance with the expertise that they have and with the reputation that they enjoy and frankly as far as the Government are concerned and until the Leader of the Opposition can demonstrate which he has not so far done that this report is unreliable and that the model is not a reliable tool for predictions and management we will not accept his consequent view that

therefore it should not be relied on and should not be trusted as being accurate.

Mr Speaker, the hon Member at one point in his address he was trying to sound as if the examples that he was giving were so obviously instances of error that he could not understand how anybody who was at all literate in economics could possibly doubt for a moment that he was right. Let me tell him that the experts do not regard his remarks and his questions as putting in doubt the accuracy of the report but rather as putting in doubt his understanding of the issue, for example, I am not going to get into figures because we covered it at budget time, the Tourism Expenditure figures would have needed 700 increase in employment and eminently it has not happened therefore it must be wrong. I am assured by the experts that that is a complete misunderstanding of the nature, purpose and use to which these studies can be put. This is not a straight line calculation one does not just drop in and certainly although the model does it he cannot do it from the figures that he has in front of him namely just from the reports and from the transaction tables that he has had. This is what they tell me I am not in the position to be the referee between the Leader and the Opposition and his arguments and the experts and their arguments because I just do not have that degree of expertise in the field of economics but I understand enough about it to have been persuaded by these guys that really he and I are both in the same boat and that is that the attempt from the information that he has available to him to do the sort of exercise that he has tried to do with the objective and for the purpose or at least with the result if not the objective and purpose of discrediting the accuracy of the report is first of all impossible and secondly not correct on the basis of the arguments and thought processes and conclusions which he is drawing from the various observations that he is making. This is what they are telling me. What they are telling me is that he is not understanding what an Input/Output Study is and what an economic model is. The hon Member might wish to argue that of course they would say that would they not after all what are they going to do admit that they are incompetent to a huge expense but by the same token I might put in doubt his own motives given



that he is my political opponent and that he is committed to remove me from office as quickly as possible and that to achieve that he has to persuade a few more people than he has persuaded to date that the economy is in a terrible condition and that anything that the Government say positive about the economy is not to be trusted because their statistics are in such a mess. So, I therefore leave it at the fact that the Government have conducted, have commissioned this model from experts this is what the experts have said, they stick to it despite the hon Member's observations and they discredit argumentatively the hon Member's observations as being valid or rather they criticise them as being invalid for the purposes that the hon Member seeks to put them.

I do not know whether he is just using loose language or whether there is some evidence even in this debate for some of the hon Member's superficial understanding of Input/Output Studies but he has repeatedly referred to the sales of the Finance Centre and giving people to understand that he is actually talking about the sales of the Finance Centre to its clients. The Input/Output Study and indeed let us limit it to the transactions tables which is the particular document that he was referring to are not about that at all. The transaction tables are not about sales to final users they are about the input and output of each sector of the economy to each other none of the columns in the transaction table that he has in front of him represents the invoice [INTERRUPTION] he can tell me when it is his turn to reply. He is always accusing me of getting nasty when I have the last word on this occasion he has the last word and he can therefore wait his turn. None of these columns or rows in the transaction tables represent the sales of the Finance Services Industry or Financial Intermediary to end users. He has got the table I do not want to put it into the public domain I have given it to him confidentially but if he could just...he has got the table in front of him going down the financial intermediation column the second figure £346,107 that coincides with electricity and water that is the contribution that is the input into Financial Services from electricity and water and conversely the output of electricity and water to Financial Services through the financial intermediation but none of those figures represent

the financial relationship between financial services operators and their clients in terms of invoice value [INTERRUPTION] I am telling him that that is not what that figure is a measure of. The £222 million is not a measure of the gross invoice value of the Financial Services Industry to its clients. He has this information in the report itself on page 6, incidentally he almost made as all cry when he said that he had to get a copy of the report after the public presentation of it from a Member of the press who gave him a photocopy, he need not have bothered immediately after that presentation it was a public document he could have applied for one, asked the Government to give him one it was a document in the public domain he did not have to ask any of his friends in the press to give him a photocopy of it but on page 6 *"Understanding the Model,"* it is actually quite simple. *"Input/Output Models start their life as a system of accounts that show the purchases and sales of each sector of the economy in question. Unlike sets of National Accounts that focus upon the demand of the economy Input/Output tables focus upon the supply side by drawing up tables that show how each sector buys goods and services in order to produce its output. For instance, a shop in Main Street has its output defined as the provision of retail services to final demand consumers."* That is the output, *"The Input/Output table looks at what inputs where required in order for the retail to provide its services,"* in other words the inter-relationship the goods and services that the retailer transacted with other sectors of the economy not with people that walked in through the door to buy a pair of shoes from the shop and then it goes on I will not read anymore he knows the point that I am trying to make to him and therefore the row if one could divide the transaction table into columns and rows and he knows what I mean, the Transaction Table has to be interpreted as follows- the rows show the sale of each sector to each other sector within the economy known as intermediate sales but does not include sales to final users. The columns the vertical ones show purchases from each sector from each other of the other productive sectors as well as the primary input such as wages, salaries, profits and inputs.

When the hon Member says, *"The model is obviously wrong because look how silly to produce this and for it to have the meaning that the hon Member would have us think that it has Professors Fletcher and Wanhill would not just have to be not experts they would have to be blind and completely and utterly ignorant because if you look at the transaction tables it shows that big fat zero when it comes to the Government purchasing from the retail outlet."* It is the same point and it is the same mistake that he makes. When the Government purchases from the retail sector it is an end user and that is not what the transaction tables are about. When the Government buys from shops it is a sale to a final user not an intersectorial transaction in that capacity, when the Government are acting as buyer, if I send out my secretary to buy a pencil from the newsagents around the corner the Government there is behaving in the same capacity as he might when he goes to buy a pencil. He is the final user, the final demand, the consumer. That is not what these transaction tables measure but he nevertheless uses the point as one of his examples of how this is so obviously stupid that it must be wrong. I am surprised that he did not also say that the MOD never puts anybody in a hotel or that the MOD never buys any pencils from the newsagents either. The column Government there has Government as a user of final demand of the goods and services in the other columns it is there as Government not as a consumer but he confidently tells us all and everybody listening that the fact that there is this zero in the column between Government and retail, because how can anybody believe that the Government never buys anything, and as it is obviously stupid to argue that the Government never buys anything therefore the report must be wrong because the report suggests the Government never buys from shops. It is not that the report is wrong it is that he appears not to be understanding the nature of the documents that have been provided to him namely the transaction tables and this is not the conclusion that I come to by myself although I have come to it in the context of that particular point but this is what the statisticians and the experts say that these questions these points would not be made by somebody with a true genuine understanding of the nature of these documents and these economic experts. So, we have a non-expert saying that the

experts have got it wrong, we have the experts saying that the non-expert has got it wrong and the Government are in the middle. He will understand that we choose to go with the experts and not with the non-experts who to boot is our political opponent. At least I hope that he has some understanding for the Government's preference for going with the experts but this is not to say that we hide behind that bush. The Government's position has not been in case the Leader of the Opposition might be right we will keep him out of the information, we will deny him the opportunity to get to the bottom of his concerns we could have taken that view if our position was we do not care what the Leader of the Opposition is saying suffice it that it is the Leader of the Opposition that is saying it for us to give it no credit whatsoever and to boot we do not want to run the risk of him being right we would have said, *"...no, no this is the report, take it or leave it if you do not like it say you do not like it,"* but we would not have given him access to the expert we would not have let him put questions after questions and authorise our expert to answer as many of his questions as they can or they will. The Government have not tried to diminish the hon Member's ability to make his argument and to make it good. It is just that I am told, I am assured that he has not succeeded in making a credible case for unreliability yet but I do not withdraw the service from him. I do not withdraw from him the ability to carry on beavering away for fear that one day he might be able to stand up and persuade even me or persuade the experts. *"I said look Leader of the Opposition this is what I have been told, this therefore remains the Government's position but you carry on asking your questions and the Government will carry on instructing its people to answer them for you."* That is the Government's position not entirely unreasonable I would not have thought and therefore it is not our attitude that simply because it reaches us across the floor of the House that we do not know how to differentiate between what is political cut and thrust and what might be not political cut and thrust but might be constructive input. Of course we distinguish between the two and of course I get what he says and if I had concluded that it was political cut and thrust I would just have dealt with it by saying, *"Fine that is your view you are entitled to it this is the report it has been..."* I hope that the hon Member will

accept and understand that the fact that we do not take just that attitude to it demonstrates to him that we are not just regarding it aside. The fact that we are instructing our people to carry on entertaining his requests for information what I cannot do is answer for how long it takes Professor Fletcher to answer his questions. I can authorise him to answer your questions, I can even say if there is a fee we will pay it. Therefore the fact that the Government do that ought to serve to persuade the hon Members that we are not disregarding his points as political cut and thrust to be dismissed that we are trying to take them seriously but as things stand today we are convinced that the Input/Output Study remains valid and if he wants to carry on his enquiries into it we are happy for him to do so and to facilitate it for him and if at some point in the future he is able to make greater impact into his concerns than he has presently been able to do he will not find the Government wanting to defend any experts for the sake of it. I am not defending the Government's work. This is not a debate in this House were the Opposition attack the Government's policy or attack the Government's actions and the Government defends it because it is politically necessary to defend their behaviour this is not the Government's actions that are under scrutiny and if an expert has got it wrong then an expert has got it wrong and the fact that it is a Government expert does not mean that the Government are going to be any less willing to recognise it but in the same sincere sense I tell him that the Government are not persuaded that that is the case and the Government's Statisticians are not persuaded that that is the case and the Government experts are not persuaded either and therefore Mr Speaker I wish to move an amendment to the hon Member's motion.

I tried to keep the language as factual and as politically uncontroversial as possible. This is not one of those amendments where one tries to corner we are going to leave on the record of this House a debate about the reliability or non-reliability of this report then it is natural that the Government would want the record to lie with the vote of the House of reflecting the view of the majority which is that the report is accurate and I say, I do not know what the hon Member's position

is that it is inaccurate and wrong which he appears to be arguing when he says, for example, there are these obvious things which are so obviously wrong that it must be inaccurate. When he says that he appears to be arguing that it is inaccurate and unreliable but on the other hand when he addresses the point directly he says we cannot satisfy ourselves that it is accurate they are two different things that I hope the hon Member will agree. Therefore I would like to leave his own language, and move that the motion be amended as follows:-

"This House notes the report of the Input/Output Study published in February 2003 and notes also that:-

- (1) The report sets out the findings of the input/output Study model constructed by Professors Fletcher and Wanhill within the United Nations Guidelines and presents some figures relating to the structure and size of the national economy.
- (2) The primary data used to undertake the Input/Output analysis is data from a Business Expenditure Survey that was conducted in Gibraltar by Professors Fletcher and Wanhill with the collaboration of input/output data collectors from Cardiff University. Data was also obtained from official Government sources.
- (3) Professors Fletcher and Wanhill are acknowledged specialists in the construction of economic models of small countries based on Input/Out Analysis, and have built input-output models for many governments in the Caribbean, the South Pacific, the Indian Ocean, the Mediterranean and elsewhere in Europe.

At least until that point I would hope propositions that the hon Member would not feel obliged to quarrel with at least (1), (2), and (3) and then the Government's position is that,

AND COMMENDS Professors Fletcher and Wanhill for their expert work and welcomes the availability to the Government of this reliable tool for economic analysis and planning.”

For the Government to have a position other than that reflected in that paragraph (4) is tantamount to the Government accepting on the basis of the arguments that the hon Member has put so far that the reliability of this model and therefore its reliability as a tool for economic analysis and planning has been impugned and we do not accept that the hon Member has succeeded in impugning it. I understand that the hon Members may not wish to vote for the final paragraph but it reflects the Government's position and the Government are not happy to let the debate conclude. I have heard everything that he has said and I will hear everything that he said in his reply but the Government do not wish to leave the record of this debate in the House as being an open question as to whether the report is reliable or unreliable. The Government want the House to have said that in the opinion of its majority at least the report is reliable and I am sure that he will understand that we will not wish to leave the question mark hanging over it which at the very least even if his motives are the most constructive it would still have the effect of leaving a question mark and in all honesty the Government having listened and tried to understand his arguments to the greatest possible degree has not been able to conclude that it is in agreement with him that the model is inaccurate but if at some point in the future he manages to demonstrate the contrary he will not find us so proud as to not be willing to reverse the motion.

**HON J J BOSSANO:**

I welcome the closing remark by the Chief Minister that they are not too proud to come back and change this motion eventually. Let me say that what the Chief Minister said in reply to my opening remark frankly if that is based on the arguments that have been put to him by the experts in the Statistics Office and

by Professors Fletcher and Wanhill I wish they would put those arguments to me because if they put it to me I would be able to give them an answer whereas if they put it to him and then he puts them to me I will be able to give him an answer which he will then presumably go back to them with.

The Chief Minister says that the nature of my questions have led the professors to come to the conclusion that I did not understand the Input/Output model, I do. I spent a long time in 1987 with Professor Fletcher, before he was a professor, when I was the Leader of the Opposition and he was doing the other model. Sir Joshua arranged for me to meet him and I spent many hours with him and at the end of the day what I saw as a result presented a picture of the economy which did not fit in with what I knew was happening outside. [INTERRUPTION] I spoke to him when he was doing the model and the result of the model was one that did not show me just like this model does not show me but that does not mean that, I am saying that the man is an idiot, he does not know what he is doing, he does not use United Nations guidelines, I have not said anything like that just like the Chief Minister in the budget time reacted by saying that I had quoted myself in the previous budget. I did because in the previous budget I had talked about Sir David Hannay and he accused me of calling Dr Wanhill an impostor and I had not even mentioned Dr Wanhill. I am not calling anybody an impostor. I am not calling Professor Fletcher, the Chief Secretary, Reggie Chichon impostors, all I am saying is that I look at these numbers and the numbers do not add up and if I look at these numbers and the numbers do not add up and I have the Chief Minister telling the public in Gibraltar that, for example, the impact of the change in the tax system or the wisdom of joining the Customs Union is something that this model could help the Government take a decision on then I think it is not an unreasonable position to say, *“We are nervous about this...”* and therefore if I put questions and the questions do not get answered I have put 50 odd questions and I have not had one answer saying, *“You do not understand the model.”* What I have had is explanations about the model when I am not asking about explanations about the model. I have not asked one single question about how that

model works. I have been told many times how the model works and I know how the model works. I am not asking how the model works I am asking about how is it that the Financial Services Industry had sales of £222 million and the Chief Minister says, *"Ah, that proves that you do not understand about the model because you have got that from the transactions tables and it is not in the transactions tables."* It is, it is the total of the column Financial Services which is £222 million [ *INTERRUPTION* ] Is it not? Yes, it is the income side of the sale, it is the distribution of the proceeds of the sale. Yes, because if the Chief Minister looks at the final column of the transactions tables where all the totals are added up he will find the £1.34 billion output figure £1.335 and if he looks on page 10 of the report he will find Table 2.3 which says, *"Top 6 sectors direct output."* If he works out the value of each percentage of each sectors the value of each one he will find that they are identical to the total in the columns of the same sectors in the transaction tables. Identical to the last pound. Now they are not the same thing. This is the sale and this is the money from the sale distributed amongst the inputs, repatriated incomes, inputs, depreciation of stock changes. This is the total output including intermediate sales and sales to final domestic customers. He is wrong there too when he says the transaction tables only includes intermediate sales business to business he is wrong. If the experts have told him that then the experts are assuming a lower level of knowledge than I attribute to him on his part because I am saying to him, *"No, the report says, for example, in financial intermediation it says the total output in 1998 was £222 million and then it says net of intermediate sales and final sales to Gibraltar residents that is onshore. Onshore includes the column 'Households'."* I think he should make a note of it and ask the experts because it is not possible that he should shake his head if he has read the report. It actually says it in the report does he want to have the page number where it says, *"...excluding onshore sales to final customers and £193 million are the export sales."* What the transactions table says is that the sales to offshore customers was £193 million and that those sales plus the intermediate sales to the other 12 industries there are 13 sectors shown in the transactions table and the transactions table shows purchases

and sales between these 13 but it also shows the sale to column 14 'households' and the sales to column 15 'MOD' and the Chief Minister says, *"Well if I go downstairs and buy a pencil..."* That is not shown in the transactions table. Presumably if he opens the tap in his office and uses water that is shown in the transactions table. Is he a final consumer of water or is he using water to generate something else? The sales of electricity and water to the Government at £3 million are shown and they are shown just like the sales to households are shown in the same line so I am afraid that if the basis that he has for saying that because I have quoted a figure in the transactions table which incidentally I did not need to quote it from the transaction table because the same figures I have told him I can get and indeed I got before he gave me the transaction table I got the figure of £222 million by working out how much was 16.67 per cent of £1.34 billion total output but the £1.34 billion total output is the output in the economy of Gibraltar in the financial year 1999/2000 that is what this is a percentage of so it means that the report tells me that the total output of this industry was £222 million of sales in 1999/2000 and they have told me in the same report that in 1998 the sales were £222 million and they say that in 1988 the export element was 813 employees and if one does a pro rata exercise of saying, *"...if £193 million of sales produced employment of 813 people how much did £222 million produce?"* the answer is 935 in 1998 and if one looks at the Employment Survey it says 935 in 1998 and if one looks at the transaction tables for 1999/2000 it says 935 in 1999/2000. This is not rubbishing anybody or saying this man is not an international expert, this is a simple straightforward figure which I would have thought that if there is an explanation which is not the obvious explanation that the report says that 935 people were directly employed by financial intermediation in 1998 and were directly employed in that same sector in the year 1999/2000 which is the year for which the report and the transaction table reflects. That is what it says there if it does not say there because I do not understand it I would have thought that it would not take from February to July to say to me *"you are wrong, you have read the wrong figure,"* because nobody in any answer to me has said anything of what the Chief Minister has said today is the reason

why they are welcoming the results and defending it as a reliable tool. We are not saying it is impossible to produce a model that is reliable we are saying, *"If this model contains some incorrect information in some of its contents then does it not follow that the multipliers which are derived from the coefficients which are derived from the numbers in the rows and the columns,"* that is how the coefficients have been worked out because I have recalculated them and I get the same results, *"so the coefficients are each column taking each line in that column and dividing it by the total and that is what the coefficients produce."* If any one of those figures is incorrect it follows the coefficient is incorrect and if the coefficient is incorrect it follows the multiplier is incorrect and if the multiplier is incorrect the prediction is incorrect because the prediction is the result of applying the multiplier to a change in output. If I am saying that because I do not understand the model then please enlighten me because I think that I understand the model and I do not think that it is a difficult thing to understand. One breaks down the sales of a business and then one says, *"If the business sells an extra pound it has to buy an extra penny of electricity so then one works out what is the effect of the extra pound output in terms of the input it has to purchase and then one works out the effect of the electricity business selling an extra penny and that gives one the indirect impact and then one works out how the guy that earns money spends his wages and that gives one the induced effect,"* I understand all that what I am saying is that by applying a multiplier to the £1 if the multiplier is wrong what one predicts will be the result of the £1 extra of sales will not happen and one is relying on the accuracy of those multipliers to take ones policy decisions then effectively one is going to take policy decisions in the expectation of some result materialising which will not materialise. That is the nature of the argument and in order to satisfy us that the apparent flaws in different bits of this report are only apparent and have got rationale technical explanations we have asked specific questions and we have not had specific answers what we have had have been generalisations about how the model works. I have already been told 20 times how the model works and if they tell him that they have to tell me 20 times because I do not understand it I am afraid they are misleading him. I do not

want to be told anymore how the model works I want to know why there are 935 people in the financial services industry in 1998 and 935 people in the year 2000 that is my question because I do not believe that it has been static. That is not me trying to undermine the growth of the economy or saying that there is no growth I am telling him that the report says that there is no growth contrary to everything that he says it is the report that says there is no growth because it gives the same output for two different dates and the same figure of employment and everyone of the indirect and induced effects of those £222 million sales would apply in both periods because everything derives from applying the multipliers to the £222 million so it is inevitable and the Chief Minister says that he has been told by the experts that one cannot do what I have done because with the information that is available to me in the report and in the transactions table one cannot extrapolate what would be the impact of the £177 million of tourism expenditure in the year 2000. It is Professor Fletcher who says in his reply to me that all the breakdowns of tourism expenditure of 2001 are not part of the transaction tables at all they are only there for illustrative purposes, that is, he took the coefficients from the transactions tables and applied it to the £145 million because that was the most recent figure and what I have done is that I have taken the same coefficient that he took and applied it to the £177 million because that is now the most recent figure and by the inescapable logic of his argument had he been doing now what he did last year he would have applied it now to the report that is now available because his only reason for choosing £145 million according to his answer to me, which the Government have, is that he used it because it was the most written data available and he used it only to illustrate it so the Professor is not saying in the report, *"...this is the effect of tourism in Gibraltar,"* in the light of that explanation what he is saying is, *"If visitors spend £145 million and if they spend it with the pattern that we have established through analysing how much goes on shopping and how much goes on hotels and how much goes on bars and restaurants and how much goes on transport the effect of that £145 million distributed through the certain sectors of the economy would produce so many jobs, so much income and so*

and so..” So we have got on the assumption that £145 million is correct these would be the results. He is not saying that the £145 million is correct because he is just taking that out of the survey report but the argument that I am putting to the House and the argument that I put to the Professor and the argument that I put in the budget is , “..you do not know whether the £145 million is accurate, Professor Fletcher does not know because that is a figure that has been given to him by the Tourist Survey Expenditure Report and we do not know whether the £177 million is correct but if Professor Fletcher insists that the coefficients are correct and he says that applying the coefficients to the £145 million predicts that there will be 3,500 jobs in the economy then I can tell him and I can tell the House and I can tell the Chief Minister that using the same coefficient with £177 million produces a figure which is 700 jobs more. If that is not what the model is supposed to do then I would like to know what it is supposed to do because that is precisely what the whole purpose of the exercise is supposed to be that if there is £32 million of extra expenditure by visitors to Gibraltar the Government are able to tell whether those £32 million produce one or 700 jobs by the application of the multipliers given here which I have been told in writing are valid for four to five years and I am not applying it five years after I am applying it one year after, 2002 as opposed to 2001.” The advantage of using this figure is that it is a figure fresh off the production line and we have got the information readily available in the Employment and Training Board and in the industry so we are able to say here we have got a live example on which we can test the organic model. Professor Fletcher took the figures from the year 2000, worked out the coefficients, applied it to £145 million and concluded that that meant that there were 3,500 jobs in the economy of Gibraltar which ultimately owed their existence to the fact that £145 million had been spent by people visiting Gibraltar. Suppose they had spent in the year 2001 £146 million, £1 million more, the model will tell how many jobs there would have been instead of the 3,498. One more job, two more jobs or ten more there is a correlation of what £1 million extra visitor expenditure will mean in terms of jobs so if we say, “Suppose the £177 million had happened in 2001 instead of 2002,” the result is there for us to

see and then we can see whether in fact the model predicts it. That in itself does not prove that the model is inaccurate because that could also mean that the £177 million is inaccurate but what it does mean is that it has to be at one end or at the other end they cannot both be right and one gets a result which is not true. All I have asked the Government to do is to try and get answers that deal not with generalisations but with the specifics that one can see and come back with greater confidence in the reliability of this than they have. The Chief Minister may feel that I was being critical of this before because I am trying to rubbish the growth of the economy this has nothing to do about the growth of the economy the one argument that I have used about the financial services is in favour of growth not against it so that ought to persuade him that that is not what I am trying to do and if indeed I was sceptical about this I was sceptical because I have actually had contact with Professor Fletcher in the first report and in the second report I was around in the 1970's when he did the first one. All I am saying is that the first one did not seem to be able to tell us what was going to happen and the second one did not seem to be able to tell us what was going to happen, it is not unreasonable to think that perhaps the third one will not either. So far I am afraid that there are things in it to which there appears to be no answers. When the Chief Minister says he cannot tell Professor Fletcher how quickly to answer I have to say that the Government's original answer to the questions that I put in this House suggested that they thought that I was asking Professor Fletcher to work round the clock on number crunching for me. This is not true because most of my questions require a 'yes' or a 'no' and I actually put a question and a probable answer to the question other than, for example, when I ask one of the questions that I asked Professor Fletcher was, “..you give percentages of total output but you do not say what total output is,” this is completely useless to anybody that reads this because if one is told the construction industry is 14 per cent of total output and one does not know what total output is it does not mean anything at all but if one is told that the total output is £1.34 billion and then one works out the 14 per cent I have to say that £192 million of sales from the construction industry seems high to me given the amount of money we are

spending in the Improvement and Development Fund it would require that the rest of Gibraltar was building almost 10 times as much as the Government. There is about £20 million of construction work in the I & D Fund and we are talking about the industry producing £200 million in a year so, when I say that I question I am not questioning the expertise of Professor Fletcher in building models but I am certainly questioning from my knowledge of the construction industry with which I had something to do for the last 25 years somehow that figure looks on the high side to me since I know, for example, what the output was of GJBS and the number of workers that GJBS has because it has the same numbers now as then and the construction work the value may have gone up a little bit because of inflation but basically I imagine their turnover is not all that different maybe higher but if we then say, *“How many workers do you need to produce £192 million if GJBS can produce with 100 people £6 million or £5 million?”* It is those tests against real situations that then one says, *“With the 14 per cent I could not make sense of this I did not know whether it was a realistic figure, high, low or what but when I look at £192 million I ask questions,”* therefore if I ask a specific question like saying *“what have you done about frontier workers in the multipliers and the coefficients and all the rest of it?”* I say I am assuming that the figure has been netted that is what I put to Professor Fletcher given that he says that money that goes out of the economy of Gibraltar is leakage I know that in previous reports the frontier workers were not introduced at the induced level although there were far less then but in this one there is nothing to indicate whether it is there or not when I have looked at the transactions table I wondered if the line that is shown as non Gibraltarian was non-resident rather than non-Gibraltarian but if it is then it is way out. The transactions table, the coefficients and the projections on numbers employed and so forth assume that, for example, we have zero non-residents employed in the wholesale trade or 87 in the retail trade then I can tell the House that this figure is way out from the figures that we know from the employment survey and so forth but the actual tables talks about Gibraltarian and non-Gibraltarian which means nothing because it would not make any economic difference if the Gibraltarians and the non-Gibraltarians

spend their money in the same way and it does not matter whether they are Gibraltarian or the non-Gibraltarian what matters is whether they spend the money in the economy of Gibraltar or they spend their money in the economy of the neighbouring town. Incidentally the total employment level in the transactions table is higher than in the report that has been published by 500 the nature of those questions which still remain unanswered I am afraid make it impossible for us to support the version of the original motion which is sought to be neutral and limited to noting the report without saying whether it is good or bad. I would frankly prefer that the Government did not have to come back to the House to change the motion but that indeed if there are things that we have found which do not appear to be accurate they should be altered so that the model is accurate and is able to deliver for the Government the tool that they think that they have I do not think that they have and which we have already paid for out of public funds voted for in this House.

Question put.

The House divided.

For the Ayes:

The Hon K Azopardi  
The Hon Lt Col E M Britto  
The Hon P R Caruana  
The Hon H Corby  
The Hon Mrs Y Del Agua  
The Hon J J Holliday  
The Hon Dr B A Linares  
The Hon J J Netto  
The Hon R R Rhoda  
The Hon E G Montado



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

The amended motion was carried.

## **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 6.10 pm on Monday 28<sup>th</sup> July 2003.