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Minister for Business and Employment

The Hon Neil F Costa MP

Budget Speech 2016

Mr Speaker, as always, it is with great pleasure that I deliver my Budget Address in this House. This speech marks my ninth Budget contribution as a Member of Parliament and my fifth as a Government Minister. It is Mr Speaker, my second Budget Address as Minister with responsibilities for Business, Employment, Postal Services and the Department of Social Security.

During the course of my contribution, I will report on the projects undertaken over the past financial year and I will set out my Ministry's objectives for this financial year.

With your indulgence Mr Speaker, I will start with my Social Security responsibilities.

SOCIAL SECURITY

Married Women Reduced Rate Contributor

Mr Speaker, as this House will know, prior to 31 December 1984, married women, whose husbands were paying social insurance contributions and widows who were in employment or self-employment, had a choice of paying either the reduced married women rate of contribution, or, the full rate of social insurance contribution. This option is no longer available, but continues to apply to existing contributors on a personal-to-holder basis. Married women who opted to pay this reduced social insurance contribution were not entitled to claim old age pension in their own



right on attaining the age of 60. They could only claim an old age pension, at the dependant's allowance rate, based on their husband's insurance record, once the husband reached the age of 65. As the House will also know, the dependant's allowance is paid at half the rate payable to the husband.

With effect from 1 April 2016, the Government introduced legislation to allow married women who paid, or are paying the reduced social insurance contribution, or women who have not paid contributions as self-employed persons, to make retrospective payments of the difference between the reduced social insurance and the full social insurance contribution. If the minimum contribution conditions for pension purposes are met, they will be entitled to a pension in their own right when they reach the age of 60 or enhance their existing pension rate. Mr Speaker, I would like to stress that this opportunity will be available until 31 March 2017.

Disability Allowance

Mr Speaker, as this House has been informed, the entire process of awarding Disability Allowance was reformed with effect from July of last year. The Department of Social Security, which administers this allowance, was finding it increasingly difficult to consider the applications received in a just and equitable manner, based on the brief guidelines available and in the absence of professional medical advice. With this in mind, the former Director of Social Security and I took the initiative of overhauling the Disability Allowance Arrangements and introducing a new set of eligibility criteria together with an entirely new assessment process.

In this respect Mr Speaker, the Disability Allowance is no longer awarded on the basis of a particular health condition or impairment, but on the impact that such a condition has on the everyday life of the persons or his or her carer.

An Assessment Panel made up of Health Professionals from a range of different health disciplines, including a Physician, a Psychologist, a Physiotherapist and an Occupational Therapist, bringing together diverse expertise and skills, was set up to assess Disability Allowance applications. As a consequence, entitlement to Disability Allowance is now determined in a new, fairer and objective assessment of an individual's needs based on professional medical advice. Panel members may request further assessment from relevant professionals or further medical information to help them in their assessment.

The ultimate decision, however, rests with the Director. The Director of Social Security will make a determination on the award of the Disability Allowance based on the Panel's professional recommendation and taking into account all relevant circumstances. If an applicant appeals a decision, an assessment panel composed of different members will convene and reassess the application. This procedure will ensure that the second assessment is considered afresh.



As a result, those individuals whose health condition or impairment has the greatest impact on their day-to-day lives and require the most support, are caught by our reforms.

Mr Speaker, we have worked toward achieving a system that will assess individual needs, ensure consistency of decision-making and make the whole process fair and objective. It gives me great satisfaction to say that nearly a year after the inception of this new arrangement, all historical applications have been assessed and all current applications are being addressed in a timely manner. In this respect, I wish to place on the record my sincere thanks to the hard working professionals who volunteer of their time to fulfil this important endeavour.

Up-Rating of Gibraltar Pensions

Mr Speaker, this House is aware that Gibraltar Old Age Pensions and Survivors' Benefits were increased by 1.6% with effect from 1 August 2015. In previous years, pensions were increased in line with the annual increase in General Index of Retail Prices. Last year, however, the increase was only a mere 0.1%, and, for this reason, it was decided to apply the same increase as in the previous year. Furthermore, the Minimum Income Guarantee was also increased by 1.6%.

Mr Speaker, as the Honourable the Chief Minister announced in his Budget Address, Old Age Pension and Survivors' Benefits will increase by the Retail Price Index, with effect from 1 August 2016.

Maternity Grant

Further, Mr Speaker, last year it was announced that Maternity Grant would increase from £600 to £700 for births that occurred after 1 August 2015. I know that this increase has been very welcome indeed by all parents enjoying a new addition to the family.

POSTAL SERVICES

Mr Speaker, I now turn to my responsibilities for The Royal Gibraltar Post Office (RGPO).

On the 1 January, the RGPO launched the UN Universal Postal Union Customs Declaration Kiosk System (CDS) on its webpage to meet the new security requirements for mail items entering the European Union. Effective from the 1 May 2016, the European Union (EU) makes the provision of advance electronic information (AEI) mandatory for postal items entering the EU.

The Customs Declaration Kiosk System is a new tool that offers swift customer experience through the customs declaration (CN22/23) data capture process, empowering RGPO customers, (both private individuals and businesses), to provide their postal declarations in advance.



Customers sending international mail will no longer have to rely on their hand-writing being correctly interpreted, or, on a single hardcopy of their customs declaration label safely reaching its destination. They can now use the Customs Declaration Kiosk System to provide their customs declaration data, in a quick and accurate manner, while maintaining full control of their declaration.

At destination, the availability of this declaration data will allow customs to prepare fiscal and risk assessments in advance, enabling nimble inbound customs process. Currently, the Customs Declaration Kiosk System makes use of the system's unique postal lookup engine, to suggest tariff-codes for the goods being sent abroad. In the short term, the Kiosk will include warnings on prohibitions and restrictions, as well as postal address validation.

Mr Speaker, it is therefore with great pride that I quote from the PostEurop News saying:

"The RGPO is one of the postal operators spearheading the revolution, having already integrated the CDS Kiosk on their website. At points of lodging, dedicated customer facing kiosks are being rolled out to enforce the declaration data capture of all international mail items."

Further Mr Speaker, the United Nations Conference on Trade and Development has signed a Memorandum of Understanding with the UN Universal Postal Union to facilitate in the area relating to the interface between Customs Declaration Kiosk System and HM Customs' ASYCUDA, where the RGPO is the pilot country.

Given the increasingly sensitive aviation safety and security issues facing the global postal network, and in recognition of the Royal Gibraltar Post Office leading in the area on dangerous goods awareness, the RGPO is the cover story in the UN Universal Postal Union Postale Publication, yet again giving Gibraltar very positive global exposure.

Mr Speaker, I am also pleased to inform this House, that due to the success of the Post & Go Kiosks, the Gibraltar House Kiosk in London has been to the World Stamp Show in New York to launch its new Macaque stamp. The RGPO kiosk was also on the front cover of the special edition of the Intelligent AR magazine. It is also important to note that since the installation of these kiosks at Gibraltar House in London and the premises of the RGPO, £39,056.63 of revenue has been raised.

Mr Speaker, another area where the Royal Gibraltar Post Office has taken centre stage, is in improving quality measurement between two countries. The RGPO setup a trial of different Radio Frequency Identification (RFID) transponders to give 100% visibility of mail bags arriving in the UK. The trial was a great success and created a demand for the RGPO to share their best practice. The CEO of the RGPO has presented to three different UN Universal Postal Union committees, with other countries like the Netherlands, that want to carry out a data exchange with Gibraltar. The RGPO has introduced RFID readers in the cargo shed at the Gibraltar Airport and is now the only country to put passive RFID in all of its mailbags.

Mr Speaker, during this summer, the RGPO should introduce the latest postal track and trace system (called IPS.POST) to meet its mandatory obligations for data exchange. IPS.POST is an application for handling international mail. The IPS.POST application will allow postal



organisations to store and exchange data related to the mail handling process.

IPS.POST records information about the mail events that happen to an item during each step of the international mail handling process. The RGPO can use the IPS.POST system to identify each mail event, that is to say, the specific steps of the mail handling process as defined in international postal regulations, that happens to an item from the time it is received from the customer, until it is delivered.

Furthermore, Mr Speaker, it is with great satisfaction that I can confirm that additional cargo space was secured with Monarch Airlines from Monday 6 July 2015. This has meant that any backlog of mail is reduced and is delivered to its recipient sooner. This collaboration was the direct result of a meeting held between the Chief Executive Officer of the Royal Gibraltar Post Office, the Monarch Airlines cargo services agent and myself.

COMMERCIAL AFFAIRS

Mr Speaker, I turn now to my responsibilities for Commercial Affairs. Before I turn to the tremendous work that this Government has achieved in reducing the costs of doing business, let me ask the Honourable Mr Clinton to take good note of all of the matters that I will highlight. Mr Speaker, his contribution on small businesses, if measured by its length, could politely be described as superficial and perfunctory. In all Mr Speaker, 7 paragraphs, the longest of which, was a cut and paste from the GFSB's survey in respect of which there is no analysis beyond repeating the concern of some of its members. On the other hand, if the Honourable Member's comments on small businesses are analysed frankly for the quality of its analysis, then I must describe it as shocking, for its complete lack of knowledge on all of the work that this Government has carried out, not just in reducing the administrative burden on businesses, but in revolutionising the way businesses are now licensed and in slashing business costs. I will have more to say, Mr Speaker, at the conclusion of my section on small businesses on the Honourable Member's inexplicable neglect of his duties as a spokesperson on SMEs, evidenced, not least, by the absence of a single Question by him at Question Time.

I start with the excellent and newly established Office of Fair Trading.

Office of Fair Trading

Mr Speaker, I am delighted to confirm that on 7 October of last year, the Office of Fair Trading, or the OFT as it is commonly known, opened its doors pursuant to the enactment of the Fair Trading Act 2015. A lot of work continues to be devoted to this project and I am happy to say that Gibraltar now boasts a statutory regulator that caters exclusively to the needs of our business community and consumers.



As the House is aware, three pre-existing Government Departments merged to create the OFT: the Department of Consumer Affairs, the Trade Licensing Section and the Business Support Unit. The OFT is, in addition, responsible for the implementation of the new business licensing system and the establishment of the Single Point of Contact, which I will address shortly. The Office is dedicated to maintaining the highest business standards in Gibraltar and is already serving to bolster the confidence of both entrepreneurs and consumers in our local market, which, I am confident, is resulting in a positive knock on effect in our economy.

The OFT, Mr Speaker, is staffed by seasoned public servants who are experienced in consumer protection, licensing matters and providing support to businesses. Furthermore, the operation and management of the new Office is carried out by a legally qualified Chief Executive Officer who brings to the administration of public services his own experience of working in the private sector. Indeed, Mr Speaker, anyone who has worked with my responsibilities since my election will tell you that I insist on a private sector turn around time frame and a totally focused client service. The staff at the OFT have, since before the Office was formally established in October, developed a very productive working relationship with other Government Departments, not least the Income Tax Office, the Department of Employment, HM Customs and other non-Governmental bodies such as Companies House. In this respect, Mr Speaker, written protocols are already in place with the Income Tax Office, the Gibraltar Port Authority and the Department of Employment, to ensure the highest level of practical cooperation. In addition, the OFT has, in conjunction with HM Customs, created a new Approved Goods List that categorises all goods that are traded in Gibraltar into a simple, easy to use and informative list. Further, the OFT's staff's experience and contacts are proving invaluable to the one-stop-shop service that the Office offers to start-up businesses. The OFT continues to work towards even greater cooperation with other bodies for the continued improvement of its services.

Mr Speaker, the OFT and my Ministry are involved in a substantially progressed consultation with the Chamber of Commerce and the Gibraltar Federation of Small Businesses to deliver some changes to the Fair Trading Act 2015, which we mutually agree are desirable. In this respect Mr Speaker, I will be in a position to publish an amending Bill in the last quarter of this year that I am certain will iron out the small creases that we have witnessed in the first 8 months since the commencement of the Act.

Mr Speaker, under the Fair Trading Act, new guidance codes have been set for tourism service providers, real estate service providers and for businesses handling client monies in Gibraltar. The Codes set out industry best practice guidelines and non-compliance will be investigated, and where necessary appropriate action taken, by the OFT. These codes of conduct are, among other matters, concerned with the protection of deposit monies that are paid by consumers, which in our view, require specific protection. Businesses handling client monies or holding financial deposits are required to provide evidence of a separate client account to the OFT.

I hope that Mr Clinton has taken note.



Single Point of Contact

Mr Speaker, one of the most exciting changes, is the establishment of the OFT's Single Point of Contact, whose aim is to ease the administrative burden of establishing a business in Gibraltar. Mr Speaker, budding businesspersons are no longer obliged to navigate the labyrinthine administrative morass to start up a business or to keep their business licence extant. It goes without saying Mr Speaker, that speed to market is essential and it is important that administrative procedures do not get in the way of entrepreneurialism and innovation. The Office of Fair Trading assists in focussing new business applications to the right Government Departments by the Office itself, speedily and from one single venue. Entrepreneurs may visit the OFT's conveniently located office at Europort and receive guidance to complete their registration and licensing processes. The team will then distribute all these forms as necessary to the other Departments. In other words, whereas before a person would have to attend every relevant Government office necessary to obtain a business licence, such as the Environmental Agency, the Town Planning Department, the Employment Services and the Department of Social Security, among others, today, that same person attends one office, the OFT, is assisted by an experienced official in filling all of the forms and that same official then distributes all the forms to the Departments and completes the process with the client, so that the businessperson only deals with the OFT.

The call by the business community for a single counter service has finally been answered and allows entrepreneurs to concentrate on what they do best, Mr Speaker: run a successful business.

And Mr Speaker, in the same way as businesses are called to innovate and provide wide-reaching methods of doing business remotely, we as an administration, are also committed to providing the ability to businesses to deal with Government Departments easily and efficiently online. Businesses are therefore able to complete and submit the forms required for business licensing online via the eGov website. Furthermore, downloadable versions of all the relevant forms for each of the Government Departments are also available on the OFT's website.

Consumer Affairs

Mr Speaker, as I noted some moments ago, the commencement of the OFT saw the absorption of the Department of Consumer Affairs, which has become the OFT's Consumer Protection section. While the team members themselves have not changed, the nature of the work carried out by the team has, pursuant to the provisions of the Fair Trading Act, and has shifted from a mediatory role to a regulatory one. The ultimate aim of the Consumer Protection division is to prevent significant harm to consumers. The Act has given the OFT much needed teeth by the creation of Consumer Protection Enforcers to ensure that all businesses comply with this legislation. CP Enforcers can visit local traders to review their business practices, inspect weighing and measuring equipment used for trade and check business licences to ensure they are in place and up to date. Consumer Protection officers are also empowered to monitor and check advertisements for accuracy, inspect and test goods for safety, ensure that no person is selling goods to consumers without a business licence and investigate business practices that the OFT may consider to be significantly



harmful to consumers.

The members of the team have undergone training from the Chartered Trading Standards Institute earlier this year which, with previous training from the Royal Gibraltar Police last year, ensures best practice methods and procedures when using their enforcement powers under the Fair Trading Act 2015. The staff have also benefitted from practical training carried out in the UK with Cornwall Trading Standards.

Business Licensing Authority

Mr Speaker, I now turn to Business Licensing, previously known as Trade Licensing. In accordance with the Fair Trading Act, the functions of the Trade Licensing Authority have been transferred and subsumed within the remit of the OFT and are undertaken by the Business Licensing Authority (BLA).

The new licencing system created by the Act now requires that all businesses in Gibraltar that are not regulated by another enactment are licenced. There is no longer an irrational differentiation in law between the requirements of businesses wishing to trade in goods and those that provide services.

The introduction of the BLA has also marked a significant increase in due diligence checks at the time of applying for a licence to ensure that, among other things, all applicants carrying on business do so from adequate premises and are properly registered and up to date at Companies House.

Mr Speaker, it is well worth remembering that the Act contains a statutory presumption in favour of carrying on business in Gibraltar, subject to obtaining the required licence. As a result, the new statutory system also allows the BLA secretariat to consider and approve straight forward applications, allowing the BLA board to consider complex applications. All decisions taken by the secretariat are communicated to the BLA and are based on precedents previously established by the BLA. This has the effect of dramatically improving the speed in which applications are processed. Where all documents are received, and the applications do not need to be referred to the BLA's board, applications can be processed within three working days. Quite sharp, Mr Speaker.

Crucially, the BLA also has the ability to deploy the OFT's CP Enforcers to investigate businesses that it suspects are not in possession of a valid business licence. This is already proving to be an important tool in encouraging non-compliant businesses into regularising their position.

Mr Speaker, another significant change that improves the efficiency of the business licensing process, is that the BLA is now required, at a minimum, to meet fortnightly rather than monthly, as was the case under the previous trade licensing regime.



In summarising Mr Speaker, we now enjoy a streamlined, simplified Business Licensing procedure that reduces the time an applicant has to wait to obtain a licence to start carrying out their business.

All of the above strands that I have highlighted exist by virtue of the FTA and reflect the Government's achievement of a level playing field for all businesses.

Small and Medium Sized Businesses

Mr Speaker, I now turn to my responsibilities for small and medium sized businesses. As I will never tire of saying, small businesses are the lifeblood of our economy and the Government must enable the right conditions for businesses to flourish. It is significant to note, that collectively, small and medium sized businesses are Gibraltar's biggest employer. It therefore gives me great satisfaction, Mr Speaker, to set out the many budgetary measures that this Government introduced to buttress the right legal, regulatory, economic and fiscal conditions for success. Mr Speaker, let me highlight some of the main measures. This Government has:

1. Maintained energy prices at the same rates since 2011 with a promise not to increase the same for an additional 4 years. Mr Speaker, I should remind the House of the admission by the previous administration, that had it proceeded with the Lathbury Barracks power plant, utility costs would have increased by 5% per annum. This therefore already represents a saving of 20% over 4 years for businesses. Further still, in addition to this 20% saving, we need to add the 5.65% discount over the last 4 financial years representing inflation over that period. Even further still, this does not take into account the important amount by which the Government subsidises the costs of electricity. It is important for the business community to reflect on the effect on their business costs if the Government were to remove this subsidy;
2. Not increased social insurance contributions in 4 financial years, now 5 financial years, Mr Speaker. Rather, Government has abolished employer's contributions in respect of an employee's secondary employment, subject to the full contribution having been paid once in Gibraltar. As the Honourable the Chief Minister has noted, however, we will need to consider developments in UK arising from the Brexit vote and we may have to review this position in January of next year;
3. Undertaken import duty reductions on the widest range of goods. This year has been no different, Mr Speaker, and there have been even further import duty reductions on 12 items. Our anecdotal evidence, however, firmly suggests that, regrettably, some traders are not passing such savings to consumers;
4. Provided discounts for early payment of Rates of 65% for businesses in the first year of trading for new set-up companies. For those new companies that had already received a 50% general rates discount in their first year of trading since the scheme was introduced, they were given a 25% discount in the second year of trading;
5. Increased the discount for early payment of rates from 10% to 15% for offices, workshops, construction and manufacturing industries, transport and distribution industries. These discounts will continue in this financial year;



6. Allowed companies, partnerships and self-employed individuals to claim 100% of its eligible Capital Allowance in the first year of trade in order to further incentivise new businesses to set up in our tiger economy and generate further economic activity;
7. Following proposals from ATCOM, in order to incentivise training in the workplace, allowed training costs as an expense against profits of a business or company at the rate of 150%. In other words, a company that invests £1,000 in training its employees with a view to them obtaining an accredited qualification, will now be able to claim £1,500 as a deduction against its profit for the accounting period in its tax computation;
8. Raised the Audit Threshold, that is to say, the level of turnover beyond which audited Accounts are required, from £1,000,000 to £1,250,000;
9. In order to assist small scale start-ups, introduced a capped 200% credit in respect of the cost of any architect's fees incurred in respect of successful planning applications under the Town Planning Act, (and any fees charged by Government in respect of any such planning application), made by such a company in respect of its own property in the first 24 months of operation of any new company;
10. To further encourage and assist small businesses and start-up companies, introduced a Social Insurance Credit of £100 per employee in respect of Employers' Contribution for companies who have 10 or less employees; and
11. An additional start up incentive scheme announced this year. Any company that sets up in Gibraltar over the next 12 months and meets various conditions, amongst others, that it must be a new business, must employ 5 employees in the first year and the business is not a transfer of a business previously existing in Gibraltar, or one that is used as a transfer pricing mechanism to allocate profits from a business previously existing in Gibraltar may be eligible for this scheme. And the excellent incentive is that over the first 3 financial years of trading, the business, (which can be a Company, or a limited partnership), will be eligible for a tax credit equal to the tax due up to a maximum of £50,000 over each of the first 3 years. The tax credit does not carry forward from one year to the next and is not eligible for repayment by the tax office. Therefore, Mr Speaker, the incentive acts as a mechanism to shelter a liability to tax, up to the maximum of tax equivalent to £50,000 per annum, effectively sheltering £500,000 of profits per annum.

Mr Speaker, in light of all the measures I have just mentioned, the Business Support Unit has carried out an internal exercise to determine how all these measures have affected businesses in Gibraltar. I am very grateful to the two businesses in Main Street and the one just outside Main Street, which helped us with this task. In essence, Mr Speaker, we factored into our financial comparison analysis, the costs in relation to social insurance, the minimum wage, electricity and water, salt water and rates, licence fees and import duty since this administration was elected and compared and contrasted the cost of doing business over the last 5 years over the average cost of doing business over the past 16 years. Mr Speaker, this forensic analysis determined that in five years, the Main Street businesses have made a saving of just over £17,000 and £18,000 respectively and the business just outside Main Street made a saving of nearly £9,000. It is therefore estimated that with this administration, the businesses that participated in our exercise had saved, on average, approximately a staggering £3,500 every year and the business just outside Main Street made a saving of just over £1,700. Mr Speaker, by any objective measure and



analysis keeping the costs of businesses is well and truly down under this business friendly administration!

Gibraltar Business Nurturing Scheme

Mr Speaker, another measure which continues to be of great benefit to businesses is the Gibraltar Business Nurturing Scheme (GBNS) that was introduced last year. It may be useful, Mr Speaker, to quickly explain the logistics of the process for those who may be interested in applying. The application process for these loans sees applicants complete a simple form. The applications are scored by a committee comprised of a Chamber representative, a GFSB representative and a Government official. The scores take into consideration the purpose of the loan and evaluates the application against set criteria, ranging from: evidence of demand, innovation, sustainability and risk, value for money, the safeguarding, and creation, of any jobs, environmental and health impact, e-commerce, urban renewal and touristic or reputational value. Applications are given a preliminary score. Applicants who obtain a satisfactory score meet with the Committee. The meeting allows the applicant to meet with individuals operating in the business field and avail themselves of a steer, prior to launching or expanding their business. After the meetings, the scores are finalised and a majority recommendation is made for my final approval. As always Mr Speaker, I have been happy to accept 100% of the Committee's recommendations.

As we all know Mr Speaker, seed capital is an essential part of starting a business or accelerating an existing business. The GBNS has eased the financial burden on aspiring entrepreneurs who may have had an exciting business idea but lacked the funds to proceed. The GBNS has also assisted existing businesses that required an injection of capital in order to expand or diversify their business. The GBNS has proved to be a popular mechanism, with 19 applications received in the last financial year and 7 successful applications approved. The GBNS has received a second batch of 17 applications, which the Committee is currently processing. The availability of sound and repayable finance is not just vital to grow our economy, but, is equally important in creating employment opportunities, generating government revenue, fostering technological innovation and expanding the range of goods and services enjoyed by consumers. Mr Speaker, what economists call a virtuous economic cycle.

Mr Speaker, as I have just highlighted, over the past 4 years, and indeed in this financial year, the Government has already introduced a series of budgetary measures to assist and encourage start-ups. In this Financial Year, we will start work with the Gibraltar Federation of Small Businesses and the Gibraltar Chamber of Commerce to consider the elements of an incubator scheme for start-ups, where start-ups can be nurtured for the first year of their existence. This will be particularly useful for start-ups in the software and technology industry, which we will seek to further nurture and I am personally thrilled to pursue this particular project.

Business Support Unit

Mr Speaker, I must also mention that the Business Support Unit last year organised sixteen



seminars. These seminars quickly became very popular and covered a wide range of topics aimed at providing the local business community with guidance and support. Topics such as the Office of Fair Trading, the importance of advertising and marketing your business, the Gibraltar Business Nurturing Scheme, customer service, taxation, business websites, the Gibraltar International Bank and bullying in the workplace, among others, were held. The Business Support Unit is currently in the process of preparing a new programme for this year, which I very much look forward to launch.

Mr Speaker, there is no question that in the past four and a half years we have worked extremely closely with representatives of the local business community, which I am happy to consider as friends, and that we have heard and moved on their representations and helped where possible with individual concerns and cases. HMGoG will, of course, continue to listen to the business community and move swiftly to tackle any issues as they may arise. We will also continue to engage in meaningful dialogue and consultation with the Gibraltar Chamber of Commerce, the Gibraltar Federation of Small Businesses and individual traders.

It is certainly the case, Mr Speaker, that this Government has introduced and maintained the most business friendly environment, especially when taking into account the unprecedented measures and incentives implemented. I look forward to continue the journey started with the business community and in continually improving Gibraltar's business proposition and making Gibraltar an even more attractive place for businesses to invest and from which to start their commercial operations.

Further Mr Speaker, in the light of the UK referendum result, and in keeping with the Honourable the Chief Minister's pledge to set up various working groups, I will invite the Chamber of Commerce, the GFSB and other stakeholders to analyse the possible consequences of Gibraltar leaving the EU, of which I will say more a little later, and devise different models depending on the various outcomes.

And it is in the light of the robust legal, regulatory, fiscal and economic architecture that this Government has rolled out in its first mandate and which I have just set out in detail, that Mr Clinton's glib lip service to small businesses must be judged. Mr Speaker, such is the Honourable Mr Clinton's intimate knowledge of the concerns of businesses, that he referred to the Gibraltar Federation of Small Businesses throughout his 30 seconds on small businesses as the GSFB, in other words, the Gibraltar Small Federation of Businesses; not quite the same thing, Mr Speaker, not least, given that the GFSB represents at least half of the business community that he pretends to care about. Mr Speaker, I almost fell off my chair when he called the increase in businesses licence fees a stealth tax! Mr Speaker, is he so disengaged with the public political process that he is unaware that the Fair Trading Act was the product of the fullest consultation with the Chamber and the GFSB over 3 entire years? Mr Speaker, does he care so little about engaging with the representatives of small businesses that he was not aware that both the GFSB and the Chamber, in fact, agreed with the new licensing fees? Mr Speaker, does he still think that increases agreed in a public consultation is a rise by stealth? Mr Speaker, does he not agree that because there have been no increases since 1988 it was only fair to increase fees by inflation in the light of the enforcement powers contained in the FTA? Further, Mr Speaker, if he had bothered to ask, I would have told him that moving forward all increases are in line with Retail Price Increases.



Mr Speaker, I could say more; so in fact, I will. The Honourable Gentleman in his contribution does not even refer to any of the excellent business measures that the Honourable the Chief Minister introduced, not one. Not even the very exciting start-up scheme.

And Mr Speaker, in complete defiance of the Law of Holes, which helpfully suggests to the Honourable Gentleman to stop digging when already in a hole, he says that this Government is not transparent. Mr Speaker, I will urge the Honourable Gentleman to pick one of the Budget replies by the former Chief Minister – Mr Speaker, any reply will do. On considering any given one, he will come to the same conclusion as I, that there does not exist any currently accepted mathematical measurement that can fully measure the contrast between our huge level of transparency and theirs when in office. In the absence of such a qualitative measure, Mr Speaker, I have settled on the basic measure of “bucket load”. And I will tell him, without hesitation or reserve, that this Government is a bucket load more transparent, a bucket load more open, a bucket load more accessible, a bucket load more effective and efficient and a bucket load more considering and caring, than the poisonous and pernicious style of politics they discharged when in office and which motivated me to enter politics in the first place to excise from public political life for good and for better. And may I say, Mr Speaker, mission accomplished!

DEPARTMENT OF EMPLOYMENT

Mr Speaker, I now turn to my responsibilities for Employment, where, I am sure, all Honourable Members will agree, we have not stood still either.

Services to the Public and ERASMUS 15

Over the past year the Department of Employment has been improving the quality of the services that it offers to its customers.

The digitisation of forms that support the Government’s objective to ease the administrative burden on businesses, which offers round the clock, on-line functionality with virtual access to the Department of Employment, has been live since October of last year. This portal allows members of the public with an Electronic Identity Card to complete and submit all necessary forms on-line.

In addition, I am very pleased to report that ERASMUS 15, a purpose-built program specially designed to cater for Gibraltar’s particular labour market needs, is fully functional. The program not only performs the basic tasks that are currently carried out by the present system, such as the registration of those in employment, the listing of the unemployed and other basic administrative tasks. This uniquely tailored software also carries out operations that we were unable to perform with the previous program, such as, matching unemployed persons to specific vacancies where



certain qualifications could be required by the employer. The new software accomplishes this by cross-referencing and analysing key information such as qualifications, experience, skills and other requirements. With the introduction of ERASMUS 15, along with the option to submit forms online, staff at the Employment Service will be able to operate more efficiently, allowing them to further assist the unemployed, or, those in employment, who are seeking different opportunities. In order to enhance the opportunity of those registered as unemployed, the Department will request all unemployed persons to submit their qualifications.

Mr Speaker, as this House knows, our commitment to ever increase employment opportunities has resulted in the lowest number of unemployment in our recorded history over the last calendar year. ERASMUS 15 will further assist in maintaining those numbers down, as it is a flexible program that will not only serve us now, but also for many years to come. Just as importantly, the program will empower officials in their efforts to serve the unemployed find gainful opportunities.

Labour Inspectorate

Mr Speaker, part and parcel of our strategy to keep unemployment down, is the effective deployment of the Labour Inspectorate. The Inspectors work hard in the field to ensure that all employers comply with employment legislation and that, among other things, vacancies are registered with the Employment Services in good time to allow us to choose suitable persons for companies to interview them. From April 2015 to March 2016, this section has carried out a total of 848 Inspections, has issued 38 Fixed Penalty Notices and 37 breaches of the Act have been dealt with by regularising employees' positions. Of course, Mr Speaker, this buttresses the virtuous economic cycle to which I alluded earlier, as registered employees result in paid tax and social insurance to our Treasury, which enables Government spending on its programmes. The revamped Inspectorate is composed of two teams tasked with the full time enforcement of our laws under a Principal Labour Inspector and under a new programme of inspections, thereby ensuring that we have a level playing field for all businesses.

Further in this respect, my Ministry, in response to a request from the Chamber of Commerce, set up a hotline in October of last year to help tackle illegal labour. Anyone who wants to anonymously report illegal labour Mr Speaker, may now do so.

Health and Safety Inspectorate

In respect of the Health & Safety Inspectorate, I am pleased to report that the Principal Health and Safety Inspector position, which had remained vacant since August 2006, has now been filled and that the newly selected candidate is in post. A further two posts will now be advertised bringing the complement of the Inspectorate to five operational posts. Further, a new programme of inspections is being considered and meetings with contractors are taking place to ensure good working practices.



Health and Safety Advisory Council

Mr Speaker, as the House is aware, HMGoG is currently conducting a substantive review of the legal, regulatory and practical architecture relating to health and safety at the workplace. In this respect, Mr Speaker, it gives me great pleasure to say that the Government recently introduced a new Health and Safety Policy specifically designed for Gibraltar, as part of an ongoing wholesale strategy to develop and strengthen Health & Safety procedures. Here too Mr Speaker, we are breaking new ground by creating Health & Safety codes specially for Gibraltar. This first Policy establishes best industry practice guidelines that will, in the first instance, be applicable to the public sector.

Further, a new Health and Safety Advisory Council has been established, the composition of which has been decided under the newly introduced Health and Safety Policy. The Advisory Council, which met for the first time on the 17 May, forms part of the Health and Safety review, and will work in tandem with the Health and Safety Inspectorate. The next meeting of the Council will take place in September. It is because Government has overall responsibility for complying with legal requirements relating to health and safety at work, that we must make sure that health and safety is managed effectively to protect everyone at Government premises and sites, that is to say, employees, Government officials, contractors, visitors and the general public. As I have already stated, this is only the beginning of a series of measures that will be introduced to improve Health and Safety procedures. The next stage will involve work to define the responsibilities of management toward Health and Safety. I am convinced that this Council will contribute to making workplaces in Gibraltar safer. Once these policies are introduced and the structures established are working satisfactorily, the Government will start the consultation process with the private sector.

Mr Speaker, I relish the opportunity to further deepen our work in this field to make accidents and fatalities at work a thing of the past. In this respect, Mr Speaker, it is significant to note that there has not been a fatality in Gibraltar for over 5 years.

Employment Development Service

Further still, the Department of Employment is proud to offer the services of an Employment Counsellor who is working side by side with the Employment Officers. The Employment Counsellor is a Qualified Therapeutic Counsellor whose function is two-fold. The first objective is to guide all persons who register as unemployed with regard to qualifications or training required to increase their employment prospects; and, secondly, for the Counsellor to visit the secondary schools and The Gibraltar College and make students aware of the fields or professions in which they are more likely to find employment in our labour market.

This new structured programme is available to young persons between the ages of 14 to 19 in the form of work-shops and one to one tuition on interviewing techniques, CV production and any other skills required by the unemployed that will assist them in gaining meaningful employment. The programme will complement those services already offered by the Department of Education, which has a teacher in each of the secondary schools who offers career advice. The new



Employment Development Service will work closely with these teachers to provide the best possible counsel to students. It is very much hoped that these innovative services will help our students learn, and better understand, the world of work, so as to help them make informed educational, career and employment decisions.

The Employment Development Service is yet another strand of the Government's multi-track employment strategies, which aim to find employment opportunities for those seeking employment.

Industrial Tribunal Reform

Mr Speaker, in respect of the Industrial Tribunal reform, given that we will debate the merits of the Employment Amendment Bill under which the Employment Tribunal reform will be ushered later on this month, I will only say here that the consultation in respect of this crucial reform is now complete, that the Government is ready to proceed and that I very much look forward to its implementation.

REGISTERED UNEMPLOYED

Mr Speaker, I now turn to the rate of employment in Gibraltar.

Employment Survey

Mr Speaker, before I am unfairly accused, as I once was by the Hon Gentleman Opposite, Mr Phillips, that the Government is somehow playing with figures when citing our magnificent unemployment numbers, let me first take the House through the Employment Survey. In the first place, the Statistics Office confirms, black upon white, the fact of growth in employee jobs in our economy. The total number of employee jobs in Gibraltar increased by 1,722 from 24,422 to 26,144 in October 2015. This, Mr Speaker, is the highest number ever recorded and is a testament to the success of our thriving economy. Mr Speaker, we can also boast the highest number ever of Gibraltarians in employment at 11,010. Average gross earnings is a staggering £28,090.78.

Further Mr Speaker, it was the private sector, not the public sector, that saw a growth by 1,629 from 18,441 to 20,070 in October 2015. In this respect, the top three industries were, as you would expect, Construction, Real Estate & Business Activities and Hotel and Restaurant industries. The Public sector saw an increase of only 132.



As my colleague the legendary and Honourable Minister Bossano has explained in his contribution, the available Gibraltarian workforce at any one point in time is estimated by combining the numbers registered as seeking employment and those in employment. This exercise also serves to indicate the reliability of the results of the employment survey, since we are comparing data from two sources.

The registered unemployed in October 2014 was 306 and the comparable figure for 2015 was 268, a drop of 38. The number of Gibraltarians in part-time employment in October 2015 is 38 more than the number in October of the previous year as shown in the Employment Survey report.

The total number of Gibraltarians in employment, however, only increased by 19 because in the same period, there was a reduction in the numbers in full-time employment in the MOD well in excess of 19. There has been an increase in part-time private sector jobs and a decline in MoD full-time jobs in the year between the two surveys and that alone is more than sufficient to explain the net effect.

The correlation of these results is, as the Honourable Minister Bossano has said, a sound indicator of the accuracy of the picture painted by the Employment Survey report.

Mr Speaker, it is in the light of these statistics and the explanatory note provided on the Employment Survey by the Honourable Minister Bossano, which I have had no shame in pilfering just now, that I turn to consider the unemployment figures. As the House knows, the Employment Survey is, in effect, a snapshot of Gibraltar's labour market in October compared to the previous October. And it is for the purposes of making the Employment Survey intelligible, that I have revealed that the unemployment figure for the month of October 2014 was 306 and that it was 268 for October of 2015. In other words, Mr Speaker, there is clearly a downward trend in the rate of unemployment. Indeed, Mr Speaker, as this House is aware, 2015 saw the lowest ever level of recorded unemployment over the entire calendar year. In this respect, the quarterly averages were 282, 204, 207 and 255. And it has to be said, Mr Speaker, that these employment statistics and the rate of employment put to shame the record of the Opposition whilst in Government, which in almost 16 years saw the employment of fewer full-time Gibraltarians than we were able to ensure in just one year. The GSLP/Liberals in four years since coming into office, have succeeded in ensuring 730 full-time jobs for Gibraltarians, while the GSD, in a period of almost 16 years, had ensured employment for just 337 full-time Gibraltarian employee jobs. Under the GSD, therefore, there was an average of 21 Gibraltarians per year in employment, whereas our record is an average of 182 every year of our first four years of office.

In further excellent news Mr Speaker, 168 out of a total of 276 trainees who were employed by the five Government training companies, were employed in the Private sector.

Wonderful news all round!

Mr Speaker, this House is also aware of the focused and concerted effort between my Ministry and the Department of Employment in identifying vacancies with the Government's approved contractors. The conditions of the approved contractor scheme, administered by my colleague, the Honourable Minister Bossano, stipulate that the companies involved must ensure that all



employees are registered with the Department of Employment prior to commencing work and throughout the term of any contract. Furthermore, contractors are required to employ workers specifically identified to them by the Employment Service from the list of registered unemployed persons. My Ministry, together with the Employment Officers, have attended to organise interviews for individuals currently unemployed with the respective service providers. Furthermore, the Employment Careers Service continues to organise training programmes on interviews and other skills, in order to prepare the candidates for their forthcoming interviews. It is intended that these interview skills' seminars increase an applicants' chances of succeeding at the interview stage.

Mr Speaker, I cannot stress enough the tremendous level of work that has been undertaken to organise the interviews with these companies and I publicly thank each and every member of the staff at my Ministry and the Employment Officers at the Employment Services for their meaningful and tireless efforts. I must also congratulate the Careers Development Service for helping to improve the interview and presentation skills of the candidates.

Mr Speaker, ultimately, the successful selection of these applicants will mean that there will be a good number of previously unemployed persons in gainful employment. And even though it is very rewarding for us to assist the unemployed where we can, of far greater importance is the stability, meaning and purpose that comes from being in employment. It is therefore very disappointing when unemployed persons do not attend interviews we arrange for them and, sometimes, turn down a job, or even a number of jobs. Such a handful of persons may not realise that they make it just that little bit harder for other persons sent by my Ministry and the Employment Service for an interview. As a result, Mr. Speaker, the Director of Employment has met with these individuals and advised them, in no uncertain terms, that failure to attend interviews or the refusal of job offers may prevent them from registering as unemployed for a period of time. In this respect, it is important to stress that my Ministry and the Employment Services, only arrange an interview with an employer if the person has expressed an interest and after being fully informed of the job description and the company.

In any case, and to continue on a positive note Mr. Speaker, it is very gratifying, for me personally and as a Government Minister to report to this House, that since we implemented our focused strategy of working closer with the Government's Approved Contractors in June, we have identified 160 vacancies, we have arranged 202 interviews, and we have successfully ensured the net employment of 88 previously unemployed persons over a 4-week period. Mr. Speaker, for me and for my staff, certainly one of the most fulfilling 4 weeks that we could have imagined and, given the level of success of this strategy, we intend to pursue it with even greater diligence and enthusiasm.

Mr Speaker, with your indulgence, I will now read from a quote in a local magazine of a young Gibraltarian, who said: "I left Bayside with my GCSEs but I'm not very academic and A Levels and University weren't really for me. So I went down to Employment, and a really great careers advisor helped me out. We worked on my CV and soon enough I had a job in a Gaming company. The company trained me up and after my one-month trial they offered me a permanent full time job. I'm happy here and I'm told that if I do well there will be opportunities for me to move up through the company in the future. My parents are really proud of me and it just goes to show that



there are opportunities for everyone if you are willing to work for it. And I'm not the only one. I've made friends who also got jobs after getting help and advice from the ETB and I know that unemployment is down to an all-time low, which can only be a good thing!"

Further, Mr Speaker, if I may quote just one more person, who recently said that: "Gibraltar leads a blessed life...we lead a blessed life living in Gibraltar. We have got very low levels of unemployment, we invest hugely in our caring, in our social services, in our education system, [which] funds our young people all the way to post graduate level." Mr Speaker, I have to say that I entirely agree with that statement, and I wish to place on the record my thanks to the Honourable the Leader of the Opposition for being gracious in verifying the success of the Government's various employment strategies. It takes courage, Mr Speaker, for the leader of the Opposition to admit that the Government's policies are bearing fruit and working effectively.

Mr Speaker, I have no doubt that everybody, including, clearly, the Honourable Members opposite, agree that the increased number of Gibraltarians in our labour market and the reduced levels of unemployment, is sensational news. Success breeds success and I strongly believe that our economy will continue to develop even in the face of the recent current political changes that may be caused as a result of the BREXIT, to which I now turn briefly.

BREXIT

Mr Speaker, the times, they are a 'changing – or are they? On the 24 of June we awoke to the unthinkable reality that a plurality of UK citizens had voted to leave the European Union, even though we here in Gibraltar, voted by an overwhelming 96% to remain. Whereas the referendum is merely advisory, the UK has still to start the process of extracting herself from the EU under Article 50 of the Lisbon Treaty, whilst all EU laws and fundamental freedoms continue to apply until the conclusion of the Article 50 process and whereas there is doubt as to when, or even whether, the next UK Prime Minister will commence the process under Article 50, HM Government of Gibraltar and this Parliament must proceed on the basis that Westminster will give effect to the will of the people as expressed in the Referendum.

Mr Speaker, the political storm that has been unleashed in Westminster following the vote to leave, is certainly unprecedented since the time that I have been following British politics. We do not know who will succeed the Prime Minister on the 9 September, but we do know that he has said that there may be a case for an early general election. The current frontrunner, however, seems to have dismissed an early election and has said that "Brexit means Brexit." Were that it be so simple, Mr. Speaker. A report by top constitutional lawyers has set out that the Prime Minister will need parliamentary approval to trigger Article 50. There are various press reports that suggest that because there is a majority, of approximately 350 MPs who are against the UK leaving the EU, there could be resistance to vote in favour of the UK Government starting the Article 50 process. On Monday, a UK newspaper carried the news that a prominent law firm has taken pre-action litigation against the UK Government to seek assurances that Article 50 is not



commenced without an Act of Parliament. The article added that the law firm has instructions to pursue the matter through the courts if they are not satisfied that the UK Government will follow the correct process to “protect the constitution and sovereignty of Parliament in these unprecedented circumstances.”

Further, in the event that a snap election was called, we will have to wait and see which party, if any, has a majority and how such a majority intend to deal with the referendum result. At this point, the Liberal Democrats have committed to keeping Britain in Europe and the Labour Party are undergoing what can be kindly characterised as an internal leadership tumult. What is clear, is that the resignation en masse of the Labour front bench and the vote of no confidence in Mr. Corbyn resulting in 172 votes against and only 40 votes in favour, has arisen due to what is generally perceived to be Mr Corbyn’s lacklustre advocacy for Britain to stay within the EU during the campaign.

Further still, the Prime Minister has announced that there is no chance of a second referendum, notwithstanding the Petition that has garnered over 4 million signatures, and he has set up a new cross-department advisory unit to consider how to give effect to the referendum result. Notwithstanding this statement Mr Speaker, one cannot help but remember the time when the Irish voted against the Lisbon Treaty in a referendum, only for a second referendum to be called and which produced a vote in favour.

Straight forward so far, is it not, Mr Speaker? And, Mr Speaker, one really is left wondering why the Prime Minister, in a representative democracy where Parliament is the supreme decision making forum, called for a referendum on the UK’s membership of the EU in the first place, not least given that he campaigned with so much ardour and enthusiasm in favour of Britain staying in the EU. And whereas, surely, it should have been enough for Mr Cameron to keep to his earlier promise to hold a referendum on any new EU treaty, rather than to hold a referendum on membership, I cannot but express profound regret for the various wildly unsubstantiated claims made by the Leave campaign from which they have, subsequent to the vote, tried to walk back. It is nothing short of shameful, Mr Speaker, that statements were made that were clearly not accurate and which we can assume will have led millions to vote to leave the EU. It is even more incredible still, shocking really, that the architects of the Leave campaign have clearly been caught out without a plan for Britain outside of the EU. And, to boot, the leader of the Leave campaign has decided not to stand for the leadership of the Conservative party after having led the leave campaign and for which he must assume political responsibility. The less said about Mr Farage’s resignation, Mr Speaker, the better! This House will no doubt condemn such reckless disregard for the truth in political debate and for the very real consequences that could arise for our present stability and prosperity and future.

Whilst Westminster is consumed by the fallout of the referendum vote, we in Gibraltar have pulled closer together and are more determined than ever before to get this process exactly right. Our community will have seen the Government and the Opposition close ranks, and will have witnessed the Honourable the Chief Minister and the Honourable the Deputy the Chief Minister waste no time whatever in meeting with the UK Government to fully and robustly put forward Gibraltar’s position. Gibraltar also knows that the Government is exploring every possible avenue and that the Honourable the Chief Minister is in contact with the First Minister of Scotland, Mrs



Nicola Sturgeon, to discuss all options. Further, we on this side of the House, are busy meeting all of our respective stakeholders to discuss the present situation and to analyse, in detail, the various models available depending on the different possible permutations that may emerge. We stand ready, Mr Speaker, in solidarity with our entire community, to work harder than ever before and leave no stone unturned in searching for opportunities from a sea of uncertainty. And, Mr Speaker, the fruits of the work of the Chief Minister and the Deputy Chief Minister are already evident, as the Prime Minister himself has said that the UK Government will involve Gibraltar when negotiating a new deal with the EU to protect and safeguard Gibraltar's interests. This, of course, is excellent news and will be welcome by the entire community and the financial and business sectors.

In short, it is, to the extent that nothing has happened to sever the relationship with the EU after the referendum, business as usual. Given that no further steps towards separation from the EU will take place until September at the earliest, this gives the Government, Parliament and all sectors of the community the time and the space to carefully consider all of our options, firmly establish Gibraltar's position with the UK Government and stress the importance of full access to the Single Market, and, also for us, to continue the vital work of looking at all possible models. It is time, Mr Speaker, for cool heads, sober analysis and a lot of hard work – it is time, Mr Speaker, for us in this House to lead and also to raise the quality and the tone of our national and international debate. Our compatriots can rest assured that their government will continue, as until now, to be fully accessible and to be fully engaged in the important work of addressing their concerns and working to fulfil their aspirations.

CONCLUSION

Mr Speaker, before I conclude, I must thank all of my staff at my Ministry, the Office of Fair Trading, the Department of Employment, the Department of Social Security and the Royal Gibraltar Post Office for the, at almost all times, unforgiving pace they have come to expect from me and for their unstinting support in delivering our exciting program for government. It is true to say, Mr Speaker, that it would simply not be possible for me to have been able to stand in this House to make as many announcements or to report on the completion of as many projects without them. I owe all of them, therefore, a very big thank you. And, of course, I take the opportunity to thank Mr Speaker, and the kind, patient and excellent assistance of your staff, namely, Paul, Frances, Kevin and Dani.

Thank you.