



PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

MORNING SESSION: 11.07 a.m. – 2.50 p.m.

Gibraltar, Friday, 20th March 2020

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The Gibraltar Parliament

The Parliament met at 11.07 a.m.

[MR SPEAKER: Hon. G H Licudi QC *in the Chair*]

[CLERK TO THE PARLIAMENT: P E Martinez Esq *in attendance*]

PRAYER

Clerk

CONFIRMATION OF MINUTES

Clerk: Meeting of Parliament, Friday, 20th March 2020.

Order of Proceedings: (i) Oath of Allegiance; (ii) Confirmation of Minutes – the Minutes of the last meeting of Parliament, which was held on 14th, 19th, 20th and 21st February 2020.

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Mr Presiding Member: May I sign the Minutes as correct? (**Members:** Aye.)

Mr Presiding Member signed the Minutes.

Order of the Day

BILLS

FIRST AND SECOND READING

Appropriation Act 2019 (Amendment) Bill 2020 – First Reading approved

10 **Clerk:** (iii) Communications from the Chair; (iv) Petitions; (v) Announcements; (vi) Papers to be laid; (vii) Report of Committees; (viii) Answers to Questions; (ix) the Order of the Day.

We now proceed to Bills for First and Second Reading.

A Bill for an Act to amend the Appropriation Act 2019. The Hon. the Chief Minister.

15 **Chief Minister (Hon. F R Picardo):** Mr Presiding Member, I have the honour to move that a Bill for an Act to amend the Appropriation Act 2019 be read a first time.

Mr Speaker: I now put the question, which is that a Bill for an Act to amend the Appropriation Act 2019 be read a first time. Those in favour? (**Members:** Aye.) Those against? Carried.

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Clerk: The Appropriation Act 2019 (Amendment) Act 2020.

**Appropriation Act 2019 (Amendment) Bill 2020 –
Second Reading approved**

Chief Minister (Hon. F R Picardo): Mr Presiding Member, I have the honour to move that the Bill now be read a second time.

25 Hon. Members will have seen I have chosen not to make a Statement at the beginning of this session because everything I need to say to the House I think I will say during the context of this Second Reading.

30 Mr Presiding Member, I want to start by reflecting that you are in the Chair because our Speaker is not here. I want to thank the Speaker, who is a sprightly 71 years old, and the Father of the House, who is a sprightly 80-year-old, for leading by example and not coming to the House today. I also want to recognise Members opposite, not all of whom have come to be here with us in the House today in order to enable us to practise that element of social distancing which we now all understand is so important, and to lead by example on both sides of the House to our community.

35 I want to particularly mention Mr Feetham, who is self-isolating due to the immunity issues arising from his having lost his spleen in the knife attack he suffered some years ago, but who has been in contact with his colleagues and with us over the issues that we have been facing.

40 Mr Presiding Member, on the Government side you are present but not on our benches, as you take the Chair. I want to thank you for the work you have done with the Department of Education and the NASUWT and with me in relation to education in Gibraltar in these difficult times.

45 Mr Speaker ... Mr Presiding Member – I am going to make that mistake a lot this morning, as people will realise – additionally, the Members who are present on the Government benches have been working in their areas of political responsibility; those who are not, apart from Sir Joe, are not here because they continue at their workstations at the coalface. Sir Joe will be at the coalface wherever he is, whenever he is able to, and he is continuing to do his own work, of course.

Samantha Sacramento has been in constant work with Ivor Lopez on the logistics of this public health emergency, which is of course also a civil contingency.

50 John Cortes has been fronting much of the decision making and advice, given that he is the Minister for Public Health and as such is the pivotal Minister in relation to this public health emergency, with Sohail Bhatti. They have both been working almost round the clock on these issues now for weeks.

55 And finally, Mr Presiding Member, Minister for Health Paul Balban has been in constant work alongside the many professionals in the GHA as that organisation prepares itself for the influx of patients. The Minister for Health's role has been secondary to that of the Minister for Public Health until now, because the latter is the one preparing for the work to flatten the curve that we are so keen to do. The Health Authority, however, has been preparing and they have prepared extraordinarily well, thanks to the work of its professionals and the leadership of Paul Balban. In particular, I want to reflect on Paul's stoic approach in the face of some undignified criticism: he has just carried on regardless with the job at hand. Today, for example, our hospital
60 has 96 available beds at St Bernard's. (*Banging on desks*) We are therefore as ready as possible for what is to come.

Mr Presiding Member, it saddens me greatly that we are meeting today at the time of this public health emergency. The House is having to consider measures in extremis against the background of a scenario which none of us would ever have wanted to countenance. I am sure that I speak for every Member of the House when I say that in that respect I have no doubt I can include also those Members who are not in the House today in expressing that sadness. If I may say so in respect of those who are not here, they are all greatly missed, whatever side they habitually sit on.

The House has been asked today to meet to consider a Bill published less than 48 hours ago. It is a finance Bill, an Appropriation Bill that will amend our existing Appropriation Act. It is agreed with the Leader of the Opposition and his party and Ms Hassan Nahon has also indicated that she considers it best that we should proceed in this way.

When we consider that our Budget sessions are traditionally a time when we debate what we call the 'state of the nation', it is really remarkable and unprecedented that instead we should now, by way of agreement, bring an extension to an existing appropriation at a time when the state of the nation is in such flux. It is no hyperbole to describe this moment as without precedent in the history of our democracy. We are living in unprecedented times, but in bringing this Bill we are assisted by precedents established in different, perhaps less extreme, circumstances.

The virus COVID-19 is coming at us at exponential speed. Physically it manifests upon the body first gradually and then suddenly. It will use the same speed to infect and disrupt our economy. Its effects have already been felt by the vast majority of businesses operating on the Rock. Bars, restaurants and other establishments are closed by order of the Government. Large events have all been cancelled. Gibraltar is closed to tourists. Main Street is a far cry from the hive of activity that we all know it to be. Businesses are being stretched to their limits and they will be pushed to even further extremes in the weeks to come.

Those over 70 are confined to their homes by an order of the Minister for Civil Contingencies approved by the Government in a Cabinet meeting on Monday attended also by the Leader of the Opposition. Mr Azopardi was not invited by me to vote in respect of that measure, only Ministers voted, but I am grateful that he attended and questioned experts and contributed to the debate. It was the first time that we in the Cabinet that I lead have voted on a measure since our election in 2011, given that we have always sought to resolve matters by consensus. The vote was unanimous and it was important that it should be because this is a seminal measure that deprived of their liberty some of the people in our community we all have the highest regard for, a measure imposed out of our love for them and our desire to protect them from the invisible killer that lurks amongst us and which puts them at the highest risk.

But it is clear that society is not functioning normally. To quote a character who may be better known to our 70-year-olds than our 17-year-olds, Dr McCoy from the original *Star Trek* television series, what is happening on our streets and in our homes today is 'life, Jim, but not as we know it'. In fact, it is impossible to understand that in a liberal, modern society there are some who are calling for Government to do more to confine even larger sections of our population, and we may have to do so but we can only do so on advice. Liberty is one of the most precious and fundamental of our freedoms and we will be loath to go further in restricting citizens' rights of movement unless we are unequivocally advised to do so for the protection of the most overwhelming of our fundamental rights, which is the right to life.

That is why, at the time when the Government has taken the unprecedented step to curtail the usual freedom of movement for our over-70s, I have also asked all other members of our community to try, of their own volition, to follow, where possible, the advice given to 70-year-olds. Do not go out unless it is absolutely essential. Avoid contact with others as much as humanly possible. Of course such instructions and advice are good to slow the spread of the virus, but they are the antidote of our usually buoyant economic activity and in this alien environment, like our constituents and our businesses, the Government is also being stretched

beyond our ordinary parameters because our primary focus is and continues to be the
115 protection of life, the safety and security of our people, the first duty of Government.

The same applies to so many of our Departments, Authorities and Agencies, not just the
Gibraltar Health Authority, which is undoubtedly the front line in response to the virus. Indeed,
Mr Presiding Member, as you are acutely aware, normally at this time of year the Government
Finance teams would usually be working in earnest and progressing their preparations for the
120 Estimates of Revenue and Expenditure. That work was progressing well this year as usual, but in
the present circumstances we simply do not know what the next couple of weeks or months will
bring.

This is a time in the calendar where I would usually engage with the Financial Secretary and
convene meetings with the larger Departments as might have been necessary to discuss their
125 budgetary requests for the next 12 months such that the Estimates of Revenue and Expenditure
could be laid in Parliament by the end of April, as is required by the Constitution. The largest
spending Department of all in our Government structure is the Gibraltar Health Authority. Not
only would such meetings now detract our key civil servants from planning and executing our
defence against this virus, they would also be wholly inconsistent with our social distancing
130 objectives. It is unrealistic in the extreme that these meetings could now go ahead. Like so many
aspects of what we have hitherto considered to be normal or routine, they have had to be cast
aside in these moments of massive human and economic uncertainty. One of the things we
would be doing would be assessing what the forecast outturn for the year would be likely to be
by the end of March and any unusual or extraordinary expenses we might have had in the last
135 quarter would have to be factored in.

Of course this year, whilst our estimates are being assessed our costs across the board are all
being severely affected by the unusual and extraordinary expenditure that we are seeing and
committing to in our fight against this virus. This will not just be reflected in the last months of
the financial year but in the coming months of what would then be the new financial year. At
140 this stage we are unable to have any clarity on how spending will have to evolve. We cannot see
trends yet when dealing with a new threat that is not even hitting us as hard as it will. This is not
only expenditure in terms of the GHA – the GHA will have whatever it needs in order to deal
with this virus – but there is also the expenditure that we are expecting in associated areas such
as contingency planning and the cost implication of our injections of measures for our economy
145 generally in respect of the initiatives announced and to be announced in support of our
economy during this challenging time.

As we have stated in various of our press statements, the economic measures I have
announced will need to be dynamic and may need to be updated as this public health crisis
evolves. Any changes to these economic measures would also have a natural and delayed impact
150 on any Budget that we can present. Therefore, any submission of estimates at this stage is
difficult if not impossible to close. Additionally it will almost certainly not be ultimately
representative of the true cost to be incurred throughout the next year, as the financial impact
associated with this virus is exceedingly difficult to project at this time. For this reason, I am
proposing to the House this morning that we should change the financial year and extend the
155 present financial year by six months – that is to say a restated financial year end of September
2020.

Mr Presiding Member, in the present crisis I am thankful to the Leader of the Opposition, the
Hon. Keith Azopardi, and also to Ms Marlene Hassan Nahon, as they have both lent their support
for this approach.

160 I have spoken also with the Shadow Member for Public Finance, Mr Clinton, and discussed
aspects of my intervention with him. He has indicated publicly the areas he wants to have
further clarity on in the context of this debate. I am therefore going to address these in the
course of my intervention now. The areas in question are the extent of the rainy-day funds
available and the Government's intention when it comes to borrowing.

165 In respect of the former, I am able to advise the House that the rainy-day funds hold available
cash in the region of £150 million of readily available cash. The breakdown is as follows:
170 £46 million is in the Savings Bank Reserve, £15 million is in the General Sinking Fund, £1 million
is in the Government Insurance Fund, £1 million is in the Notes Security Fund. It is additionally
reported to the Government by the trustees of Community Care that the sum of £87.5 million is
available to that charity to enable them to continue to pay Household Costs Allowance and
community officers in months and years to come, even if the Government were unable to
provide them with the usual annual and extraordinary contributions. These sums are subject to
the usual end of month and year journal adjustments which we have not been able to carry out,
and the figures I am giving the House are therefore reasonable estimates considered to be
175 correct as at the end of February.

Mr Presiding Member, I now turn to address the latter issue raised by Mr Clinton, anticipated
further borrowing that the Government may consider engaging in these difficult times.

I can confirm we will now increase borrowing. We are able to do so because of our existing
level of direct borrowing and this will enable us to be able to field the necessary firepower to
180 assist individuals and businesses in this difficult situation. I do not ask hon. Members opposite to
abandon their views in respect of the structure of borrowing, but I can tell them the following.
We intend to stay within the 40% ratio of direct borrowing to GDP. In calculating, therefore, the
maximum borrowing that we will incur, we will work conservatively with the gross borrowing
figure. On that basis, I can advise the gross borrowing figure is presently materially unchanged
185 from the earlier reported figure of £447 million. The GDP of Gibraltar as reported at the time of
the last Budget for March 2019, almost exactly a year ago, was £2.35 billion. We conservatively
estimate that GDP is now at at least £2.44 billion. At those levels, the 40% ratio would produce a
potential maximum borrowing of £940 million with the GDP at £2.35 billion and £978 million
with the GDP at £2.44 billion. We consider that this calculation conservatively allows us
190 borrowing now of an additional £½ billion if our community requires it. It is important to note
that sovereign borrowing rates are presently at a historic low with the Bank of England base rate
at 0.1%, the lowest it has ever been since 1694.

So, Mr Presiding Member, we are ready to take up to £500 million of borrowing, if we need
it. We are already confident we have access to that level of lending. That equates to a package
195 of measures which will amount to over 20% of the GDP of this community. Importantly, we have
already started to work towards a first tranche of £150 million to be immediately available,
should it be required in the immediate short term.

The Hon. Mr Clinton has also spoken at length with the Father of the House about some of
the details of the Schedule to the amending legislation. The Schedule to this Bill will, in effect,
200 replace the Schedule to the existing Appropriation Act, under which all Government
Departments are presently spending.

I would usually take the House carefully through the Schedule and then my colleagues would
go into great detail on the work being done by their Departments in respect of each of their
areas of political and ministerial responsibility. I will not do so in that level of detail today. The
205 numbers are in great measure simply an addition of six months – that is to say half again the
expenditure voted by the House to the service of each Department last year.

I am grateful to Mr Clinton for his approach to this proposal and to this debate. We have had
a long-running difference as to the mechanics of this debate and the casting of the Estimates
Book. He has agreed to put that continuing difference of opinion to one side to support the
210 passage of this Bill through its stages in the House today. I fully recognise that the position being
taken by the Official Opposition is without prejudice to their continuing contentions in respect of
what one might call the 'traditional' Budget debate. I am not going to suggest in hopefully
happier times to come that they somehow have abandoned these positions by supporting us in
this crisis now.

215 It is also true that the Hon. Mr Clinton and I have had many disagreements on peripheral,
perhaps less important but more contentious matters. We both have agreed to put those

disagreements entirely to one side. It is important that we should do so at this time. I do hope we will be able to say that we have done that, not just for now but for good, when everything returns to normal, while still taking a robust but mutually less personalised position in respect of our different views on the technical aspects of the public finances.

Mr Presiding Member, it is important that people watching should understand what it is that this Bill does. In both technical and layman's terms what this Bill does is change the financial year period. The effect is that the next financial year will now start on 1st October 2020 because this financial year will end on 30th September 2020.

Under the Constitution, the Estimates of Revenue and Expenditure need to be laid within 30 days after the commencement of the financial year. We oft have guidance from the Clerk when we meet in March about when the Book, as we call it – the Estimates Book – will be circulated. This is particularly provided for in section 69(1) of the Constitution, which provides as follows under the heading 'Authorisation of expenditure':

The Minister with responsibility for finance shall cause to be prepared and laid before the Parliament, before or not later than thirty days after the commencement of each financial year, estimates of the revenues and expenditure of Gibraltar for that year.

By changing the year end as proposed, we effectively push back this requirement to around the end of October. It is possible, depending on how matters progress, that in coming months we may seek to further extend the financial year. But these are not decisions that we can take today, which is why the extension proposed is for a limited period of six months.

Additionally, as the Leader of the Opposition has pointed out to me, we may nonetheless together decide that it is less convenient for all that we should then have a Budget for six months in October and we may decide that it is better to run an accounting period of 24 months in these extraordinary circumstances before reverting to a normal 12-month accounting period to run once again from the usual date of 1st April to 31st March. I have no doubt, however, Mr Presiding Member, that all hon. Members and everyone watching us would have felt like real April fools if we had been attempting to debate matters with a 1st April start date this year with what is going on around us.

As I indicated, there is, ironically, some precedent for this unprecedented situation. This process of changing the financial year has been undertaken once before – in 1970, when the year end was extended from 31st December until the following March to seek to align Gibraltar's year end with the United Kingdom's year end. As this was done by the Integration with Britain Party when they were in government as perhaps, I wonder, a faltering first step towards integration, it has not been done since and we have stuck with the 31st March date.

In order to provide the necessary financial headroom for the date extension to happen, the Bill not only changes the year end but also adjusts the Appropriation Bill that we passed last year to increase the amounts in the Schedule. In that regard and in respect of the numbers in the Schedule, I think the following points should be noted.

Most Departments', Agencies' and Authorities' recurrent amounts have been increased by 50% to reflect a further six months of operation. That does not, however, apply to the GHA, where an extra amount of headroom has been applied. In this regard, our people should understand that we will deploy the necessary resources to face this health crisis. The Gibraltar Health Authority will have what it needs to face this crisis. Throughout the Schedule, all amounts have been rounded to the nearest thousand pounds.

An exercise has been done by the Financial Secretary and the Ministry of Finance in respect of the Improvement and Development Fund to provide for those projects that have commenced and are continuing and not to provide where projects are finished during the period to March 2020. That is why it is not just a straight extrapolation of 50% when it comes to the capital projects. Therefore, the amounts provided for in respect of those capital projects heads are less than the 50% applied elsewhere. The reduced allocation reflects the fact that no new projects will commence within the next six months. The next six months will, in effect, be similar to the

265 start of each financial year where Departments are curtailed and required to remain within the
previous year's Budget, save this period will extend six months rather than the usual four
months.

Notwithstanding the change in ministerial portfolios, the Ministries will have the same
structures in the current approved Estimates of Revenue and Expenditure, save the new
270 Minister is now responsible broadly in line with the announced responsibilities when we
distributed folios after the General Election. In the circumstances, I do believe this is the best
way to proceed in this period, where changes are occurring on a daily basis and our focus rightly
needs to be on public health concerns.

In doing the things we are doing today in the manner in which we are doing them in this
275 House, united and together in the common purpose of saving our economy from systemic
failure, what the Government, the Opposition and the whole Parliament are saying with one
voice is that things are going to get worse before they get better. We are delivering a nationwide
extreme weather warning, an extreme weather warning of indeterminate but massive potential
strength with massive potential adverse effects and for an indeterminate period. We are
280 planning for the very, very worst but we are hoping for the very, very best.

Mr Presiding Member, large and small businesses, employers, employees and the self-
employed will need considerable help as we navigate these uncharted and turbulent waters.
That is what the Government is very keen to ensure we are delivering and what we want to
ensure that our measures are designed to deliver, where the relief necessary is given to every
285 affected sector. Indeed, it is becoming increasingly likely that we will have a shorter list to
compile of the sectors that will not be affected than the list of sectors that will be affected. I
already made announcements on Monday in my Ministerial Statement. I will provide some more
detail on those measures now and I will provide additional measures and create a framework to
produce new measures for those businesses, employers, employees and the self-employed to
290 help them to get through this gathering storm.

Mr Presiding Member, in the financial crisis of 2008 the key concern of central banks was to
alleviate the plight of banks. In this looming financial hurricane about to hit, the key must be to
alleviate the businesses and employers so that they can take care of the employees, and we will
not forget the self-employed. In the end, they are the ones whose ability to spend will
295 determine whether or not our economy and economies around the world will be able to bounce
back, when they bounce back – and they will bounce back. So, the Government will provide
relief across all affected sectors.

We will provide support for businesses. I welcome the commercial support already being
provided to businesses by all commercial lending institutions. We will introduce measures to
300 encourage all lenders in our economy to take the approach of the commercial banks to the
borrowing of businesses and individuals. Lenders should realise that a loan extended is better
than a loan defaulted or the liquidation of a borrower or the bankruptcy of a guarantor. I am
sure all sensible lenders realise this.

The measure we have introduced already on Monday in respect of landlords has been
305 positively received by many who are commercial tenants. I must say I have been very pleasantly
surprised by the approach of landlords. Individual landlords have approached the Government
to confirm that they will take the measures proposed or do even more to alleviate the plight of
commercial tenants. These include some of Gibraltar's largest and most prestigious landlords of
some of the most important commercial properties in Gibraltar and I want to express the
310 Government's gratitude for their extraordinarily positive approach. The Government itself will
extend its measures beyond the sectors initially proposed and we will be providing full details of
the sectors to be supported in this way. Again, the list of sectors which are not affected will be
shorter than those that are not affected. Additionally I will be meeting with the Gibraltar
Landlords Association on Monday to discuss how best this sector can continue to assist
315 businesses through this crisis.

Measures may also be required in respect of residential rents payable to landlords. In this respect I will propose a measure for private landlords' rents to be treated in the same way as commercial rents in cases where the landlord enjoys the benefit of the property rented free of a mortgage or where the landlord is able to secure mortgage relief from the lending institution involved.

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This measure, as all others I am considering, will be implemented only after I have met the COVID Economic Liaison and Advisory Committee (CELAC) which I am hereby establishing. I will invite Unite the Union, the GGCA, as well as the FSB, the Chamber the GBGA, the Finance Centre Council and the Landlords Association to form part of the CELAC. I will convene the CELAC to meet tomorrow, Saturday, to continue to thrash out the exact details of measures in a manner that works for business. This will also provide the further clarity in respect of the measures already adopted and which the GFSB and Chamber have welcomed but need more detail on.

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Additionally, in order to be able to target the cost of this crisis in terms of support for the economy, we are considering setting up a COVID-19 special fund into which most of the borrowing firepower will be placed. This fund will then apply its amounts to economic initiatives, incentives and other measures we introduce in consultation with CELAC to protect this economy such that it endures this crisis. In this way, these costs will be contained and measurable. This applies to economic initiatives, the additional costs of the GHA and within Government, which will be met from the usual heads. The fund will contribute as appropriate to cover these costs.

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It is in order to give effect to the measures we will implement in law that I am proposing the inclusion of a new section 8 into the Appropriation Act. It is a section designed to give me very wide power to make regulations and amend legislation. The power will be used only as necessary to give economic relief to businesses and to individuals. The fact is that we will still not have full clarity of what is going to be required to keep our businesses afloat, and in that way our workers can be properly funded when they need to be. We may need to scale up our support further, not just by announcing measures but also by providing the certainty that the relevant rules and laws are being changed.

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I want to be clear that the power I am seeking is limited in time and purpose. It will exist only for 90 days. It can then only be renewed by this House, or, if that is impracticable, by my express written agreement with the Leader of the Opposition and with that written agreement to be tabled in the House at the first available opportunity thereafter. Additionally, I want to record in *Hansard* that I have written to the Leader of the Opposition to say that I will use this power sparingly and will only do so without consulting the Leader of the Opposition unless it is absolutely impracticable to do so. It is a power not just to make any regulations but also to amend any primary or secondary legislation as may be necessary to put in place measures to assist businesses, registered employers and employees and the self-employed. The power is curtailed to matters arising in the context of the public health emergency created by the coronavirus COVID-19. Mr Presiding Member, the House can be assured of my undertaking that the power will be used properly and as required only.

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At this time that we are considering the plight of employees in the private sector we should also reflect, perhaps less wryly and more positively, upon the size of Gibraltar's public sector. So often in this House we recriminate each other on the size of the public sector. Today we can congratulate ourselves on it for one reason: the Government will of course lead by example and every employee, whether self-isolating, redeployed or sick with coronavirus COVID-19, will of course continue to be paid. We will thereby ensure that a large chunk indeed of our labour market will have no need for concern in respect of their salaries. By doing so, we will have a trickle-down effect on the rest of the economy.

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But I want to do one thing today which is important. I want to thank every single one of our public sector workers for the work they do and are doing. I want to single out every single one of them. I want to thank them and highlight the work of those on the frontline of this crisis in our health services and care sectors, in our elderly residential services as much as in the GHA, in our Civil Contingencies Department, in our law enforcement agencies and in our emergency services

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and in our utilities, and generally everyone in the public sector. Thank you all for what you do. You are assured your salaries. You will also largely be in the frontline of this crisis.

370 I want to recognise all those in the private sector who keep working and who are not so assured of their salaries. We will work to assure them, especially those who are keeping our people fed and watered in supermarkets and grocery stores and in pharmacies and chemists, and our cooks and delivery people, each and every one of you.

375 I want to thank every one of our volunteers, almost 900 already. Thank you all so very much for coming forward and for being ready to do more.

Mr Presiding Member, our key objective is to ensure our businesses can stay afloat. We will do whatever we can to ensure that no business will face insolvency as a result of this crisis. But our fundamental objective will not just be the businesses; it will be the employees of the businesses and the self-employed. For that reason, we are today asking employers not to lay off
380 staff. We are seeking to establish a mechanism in coming days which we will finalise in consultation with CELAC, to protect employment and employee income. This may include the establishment of a temporary layoff scheme linked to a new benefits scheme payable to employees. I know that the GFSB and the Chamber have already written to me on this basis and the unions will need to understand and be comfortable with the measures being proposed. The
385 Government will need to be satisfied that such a measure will offer employees protection for the relevant period of unemployment and ensure that they have income in that period.

We will also propose an alternative measure for employers, employees and the Government to share the cost of this period. Essentially we may propose for discussion a mechanism where each of those parties bears the burden of funding employment for a period: an employer pays
390 full salary for a day, the employee takes remuneration for a day or loses a day of paid holiday and the Government funds a day at an agreed amount. Again, this proposal will be put to the CELAC for consideration and will include consideration of further measures to be announced in the United Kingdom today or in coming days.

I believe the Chancellor will be making a further statement during the course of today, if he is
395 not making it already whilst we are here. We are seeing measures from all EU states, from supranational bodies and from central banks. We want to ensure we put in place the most effective measures to protect businesses and workers in Gibraltar. Indeed, the UK is about to see a third tranche of Budget measures announced in one week and we continue to keep a very keen eye on what is being done there by Chancellor Sunak to determine how best to act here
400 also.

As all hon. Members know, I met last week with the Prime Minister, the Rt Hon. Boris Johnson MP, in Downing Street in London. We spoke about the future relationship negotiations with the European Union, which at that time seemed like quite a pressing matter. We spoke also about the developing issues facing all of Europe in respect of COVID-19. I asked the Prime
405 Minister for support in respect of the challenge that COVID-19 represented to Gibraltar, in particular given our geographic reality at the southernmost tip of the Iberian Peninsula. At the Prime Minister's invitation, I wrote to him detailing the support we expected we would need in respect of COVID-19. I wrote to the Prime Minister immediately after our meeting. I detailed the short, medium and long-term challenges I could see developing for Gibraltar.

410 One of my key requests of the Prime Minister, who has always been fully supportive of Gibraltar and who told me we would have what we needed to deal with this challenge, was that we should have access to the package of measures being made available by the Chancellor of the Exchequer to UK-based businesses. My request arose from the fact that packages of measures are being assembled for access by European small and medium-sized businesses to
415 which Gibraltar would have had access 45 days ago before our *de jure* departure from the EU but which Brexit may now deny us. Gibraltar is unique amongst the Overseas Territories and Crown dependencies in this respect, as none of the others had access to European regional funds before the end of January. The UK model to replace European regional funds has not yet been developed.

420 As a result of this and subsequent communications via colleagues in the Foreign Office, I
spoke late last night at some considerable length with the Financial Secretary to Her Majesty's
Treasury in the United Kingdom. Financial Secretary the Rt Hon. Jesse Norman MP was positive
in his understanding of the particular difficulties that Gibraltar is facing given our geographic
425 reality and the UK-facing nature of our financial services and online gaming industry, as well as
the problems being faced by our tourist industry given the current lockdown in Spain, which in
turn is creating huge uncertainties for the people who work in these sectors. This is adding huge
stress at an already very stressful time. I am taking forward discussions, therefore, with the
United Kingdom to develop a meaningful package of measures of the scale required to allow
430 Gibraltar small and medium-sized businesses to access funding which will enable them to survive
the economic crisis that accompanies the progress of the virus through Gibraltar and as we take
increasingly stricter measures to slow its progress. There will be much work to be done, but the
commitment to work to develop the package and to make it meaningful and of the scale
required will give great confidence to all in our economy. We will work together with the United
Kingdom to develop that package in a way that is fair, that protects entrepreneurs' ability to
435 continue to be the generators of wealth in our economy and protects workers in these
unprecedented circumstances.

I am also taking forward discussions with the UK on support for the Gibraltar Government's
own borrowing needs to ensure that we have the headroom and firepower to protect our
economy at this difficult time and ensure that we can survive this historic global economic
440 downturn as well as regenerate once the crisis recedes.

Specifically I must turn now to some measures which will apply to particular sectors of the
economy requiring immediate direct support.

Mr Presiding Member, in the hotel industry we are talking directly to our hotel operators to
finalise a package that will enable them to continue trading and to continue to fund staff costs.
445 We need to be ready to have our hotels available when this crisis passes. We may also need our
hotels in the coming weeks and months to house additional medical personnel or for other
purposes. It is not advisable therefore that we should see our hotels close if we can avoid it. We
will finalise the package for our hotels to remain open in the coming hours. Our online and
financial services industries are aware that we have worked and are working hard to maintain
450 border fluidity for essential workers, goods and services. Our approach in respecting the Spanish
decree liaising closely with the Spanish authorities and health services and taking our own
austere measures to guard the most vulnerable in our community gives no cause to think that
essential cross-border migration will be curtailed, but cross-border movement is subject to the
same rules as the Spanish state of emergency decree provides for once you enter Spain.

455 Indeed, Mr Presiding Member, I should record the gratitude of Her Majesty's Government of
Gibraltar and the people of Gibraltar for the call from Spanish Foreign Minister Arancha
Gonzales Laya earlier this week during which we confirmed our views on the importance of
fluidity at the border. The public nature of that conversation will have created great confidence
about continued fluidity in the context of respect for the Spanish state of emergency.

460 Today the Gibraltar Government has published notices in our local newspapers so that cross-
frontier workers are clear on the documentation necessary to cross the Frontier. Most online
gambling companies have now implemented remote working policies and other business
contingency arrangements which will serve them well when we emerge from this pandemic. The
same is true of the public sector, where many are now able to work from home. We will look
465 forward to working with them directly and through the GBGA to relaunch all activities as soon as
possible and especially as the sporting calendar resumes in the months to come.

What we need to put in place now are the support mechanisms that can be provided to those
companies and their employees. For that purpose, we will shortly establish the Gaming Industry
Contingency Framework that will enable us to understand individual companies and collective
470 industry pressures at this hugely challenging time. It will enable us to be agile in our response
and the Gambling Division resources will be focused on that. Initially I can confirm that the next

date for licence fee payments for gaming firms, which is 1st April – that is to say in coming days – will be deferred to 1st July this year. Additionally I can confirm that the deferral of PAYE and Social Insurance contributions that I referred to on Monday will apply to this sector also.

475 Our motor industry will also enjoy the terms of the duty waiver announced by me on Monday, but will do so only in a way that we are satisfied delivers the savings in the duty entirely to the ultimate consumer in a manner verifiable by the Ministry of Finance. We will finalise the details of how this will be operated by way of rebate with our motor vehicle importers in coming days. This, we trust, will create continued confidence in the sector, which
480 employs a large number of people. All of these measures are about continuing employment and continuing to pay staff, keeping people paid and on the books or otherwise provided for under the temporary layoff provisions we will make.

Mr Presiding Member, we are working constructively with all the unions. With the NASUWT we are working closely on keeping our schools available for those who are key workers and
485 whose children need to be provided for whilst they work. Our teachers, LSAs, school secretaries, cleaners, technicians, caretakers, all our school staff, have been brilliant. They are our partners in what we are trying to do. And Unite and the GGCA and the Chamber of Commerce and the Federation of Small Businesses are working with us also in a common endeavour to keep our economy alive. That is our common aim. We will do so in a way that protects all aspects of our
490 economic activity. In fact, the Government cannot do this alone but we can all do it together, not looking inwards to self-interest but outwards to community interest, sharing the pain but also reaping rewards together.

In this respect, Mr Presiding Member, we will not hesitate to act to stop profiteering. We have seen remarkable work from volunteers. The *Chronicle* and *Panorama* are gifting their
495 papers to our vulnerable over-70s. The Gibraltar Confectionery is donating bread daily to our elderly citizens. Eroski and Morrisons are making special provisions for our elderly to shop. Even our rugby players are supporting our elderly with cake deliveries. I cannot mention everyone who is acting out of sheer kindness and community spirit because there are so many, but if we find someone profiteering we will implement price control measures and we will do so
500 retrospectively if necessary.

Mr Presiding Member, already today the Office of Fair Trading will start a price monitoring scheme. Now people must also understand that it is true that our retailers and our wholesalers will themselves be suffering from the increases in prices in the world markets as a result of the problems of huge demand and low supply of some goods. So, some of what might appear as
505 profiteering in the shops will actually just be an increase in the cost to the shopkeeper and the wholesaler, which is not happening just at the local level, it is happening in terms of the supply to them. But if it is profiteering at a local level we will stop it. It is part of protecting our vulnerable and our working people to stop price abuse, if it exists.

Mr Presiding Member, on Monday evening in my statement to the nation I announced certain measures in respect of the retail distributive and catering trade, but I want to be clear:
510 we are going to be reaching out to all affected sectors. We will work so that no prudently managed business will go into liquidation. No worker, no person, no family will go without, so that by next week no worker, no person or family will have to worry about paying the rent or buying food or other essentials. That is what I will use the extraordinary power I am taking to
515 achieve, and I will do so in the closest consultation with the Leader of the Opposition. We will do whatever is necessary to get through this crisis together. Now is the time for our society to come together to make the best for all, to work for all, because we are all at the mercy of the physical world, even its invisible challenges.

In the last financial crisis the banks were bailed out. This time, we have to bail out our people
520 and our businesses, to put a shield around the most vulnerable in this community, because we will come out of this but when we do we will be a different Gibraltar – we *must* be a different Gibraltar and we must be in a different world, where we had better know what matters the most, where we will be the better for it if we do.

525 Hon. Members must know that if worst-case predictions are borne out, our toughest moments are yet to come. So, today I am asking for sacrifices by employers and by employees, and I am not forgetting about the self-employed. I am calling for social, communal and national unity. We will have to reconstruct and rebuild our nation socially and economically. When we do so, we will have a generational responsibility to rebuild a better society, a better social model, a society built on responsibility.

530 The age of entitlement is long gone now. The age of responsibility is all we have left. But this will not just redefine or mark a generation of Gibraltarians. This is a moment of global redefinition, and as we hanker to go back to normal we must be ready to challenge ourselves also. Let us take the good out of the normal that we knew and bring it back with care and refinement. Let us take the bad out of the normal we knew and confine those aspects of our
535 previous lives as we knew them to history. Let us adopt a different definition of success going forward. We need to ensure that the way we act in coming days is fashioned around the key principle of human solidarity, social solidarity and community solidarity. Let us do so in a manner that achieves the common good. That is our responsibility.

540 The history books are being written by our actions. The judgement of history will be harsh if we fail and harsher still if we allow our egos, our partisan interests or any objective beyond the safety and security of our people based on the best clinical advice to determine how we act. If we do not take drastic economic measures now, we shall suffer the drastic economic consequences in the future.

545 Mr Presiding Member, conscious of the historic challenge we face, conscious of the needs of our community and conscious that the first duty of Government is the protection of the safety and security of our citizens, which we best do by extending the 2019 Appropriation Act as I have explained, I commend this Bill to this House. (*Banging on desks*)

550 **Mr Presiding Member:** Before I put the question, does any hon. Member wish to speak on the general principles and merits of this Bill? The Hon. Roy Clinton.

Hon. R M Clinton: Thank you, Mr Presiding Member. I too will have to get used to using that term.

555 As the Chief Minister said, we live in extraordinary times, but before I go into the substance of the matter that we are debating today I would also like to put on record my thanks to him personally and to Sir Joe Bossano for their very quick and open reaching out to the Opposition side so we better understand what it is that they need to do and what we need to do for Gibraltar collectively.

560 On a personal note, I fully recognise the olive branch that the Chief Minister has offered and which I fully accept with both hands. We can let bygones be bygones, as we are here to do a job to serve the people of Gibraltar.

565 And so, Mr Presiding Member, as I said, this is an emergency Budget for extraordinary times and we in this place have to do what we think is necessary to protect our people in terms of public health and also our economy from the point of view of finances – not just public finances, but the general economy as we know it. This is not a normal Budget, as the Chief Minister has already pointed out and recognised, and of course, whereas we have on this side of the House had a particular view as to how Budgets should be put together and conducted, as he has recognised and I repeat, we are happy and in fact we think it is correct and absolutely right that
570 we put aside those differences for today's purposes. Today's purpose is to approve this extension on the previous Appropriation Bill that was debated last year. I think it is only right, for the reasons that the Chief Minister sets out, that we undertake this exercise today.

575 Mr Presiding Member, I hope to be brief. I only want to look at three particular areas: first, the Budget Bill itself; second, our reserves; and third our economy. This Bill does exactly what the Chief Minister said it does. I have personally put the numbers into a spreadsheet and I have crunched the numbers. I again am grateful to the Chief Minister and Sir Joe for making these

580 numbers available to us ahead of today and I can confirm to the House and to the general public that all this does – although the numbers may look big in terms of departmental expenditure, which comes to the grand total of £830 million and some change – is to what we would call in accounting terms ‘flex’ the Budget for another six months. And in all the heads of expenditure, all of the Departments, it is exactly 50% plus or minus a little bit of rounding to come up to a round number.

585 Of course there is one exception to that calculation and the Chief Minister has correctly pointed it out, and that is in respect of the budget for the Health Service, for the GHA, and in that calculation the number in excess of the normal increase of 50% for the six months gives us another £7 million for the GHA on recurrent expenditure. I think that is only right and proper and I am sure that this House will have no problem whatsoever if that number changes in future by way of a supplementary appropriation as necessary. I notice that that number also feeds through to all the other parts of the Schedule in terms of expenditure that is required for the GHA on capital projects as public undertakings.

590 I also recognise, as the Chief Minister has said, that in terms of the Improvement and Development Fund expenditure, other than works and equipment, which has been flexed by 50%, projects certainly are only up by 17%, reflecting, as he has said, those projects which are already in progress and probably require completion.

595 And so, in terms of the content of the Bill, in terms of the numbers, I can provide assurance to the House that I am entirely satisfied with the way these numbers have been put together and that they do reflect exactly what the Chief Minister has said.

600 Mr Presiding Member, the extension of the financial year for the reasons the Chief Minister has said makes perfect sense. We are not in normal times. This is not business as usual. We have to do what is necessary with the resources that we have available to us, and where we have the ability to make things easier for our public sector and the Civil Service, and the people who put together these numbers when they should be doing other more important things, we obviously need to take that decision here in this place. We have the power vested in us by the people to do what we think is correct, and I think this is entirely correct. Moving out the financial year to September will allow the Treasury to focus on much more important things than just reporting the numbers, and so in that respect I think it is entirely a correct decision and in fact, as he may have already flagged, we may even have to extend the year end further, but no doubt that will come back to this House if it is required.

605 Mr Presiding Member, there is an amendment to the Bill in a new section, which Members will have seen, and this section under ordinary circumstances would probably attract some debate from this side of the House, but we are of the view that, again given the extraordinary circumstances, we are willing to give the Chief Minister the powers that he requires, and, I quote:

‘the power to make any regulations and amend any primary or secondary legislation as may be necessary to put in place measures to assist businesses, registered employers and employees in the context of the public health emergency created by the coronavirus COVID-19’.

615 This power is only exercisable for 90 days, as the Chief Minister said, and it can be amended with the agreement of the Leader of the Opposition.

620 Mr Presiding Member, these are extraordinary powers. I think these are powers that not even Henry VIII may have had, but we do live in extraordinary times. I think it is a matter of judgement for Members in this place as to whether we are willing to grant those powers, but I think given the extraordinary times we are in and given the fact that this is a very fast-moving, changing scenario, the Government needs to have that latitude and that ability to react immediately as and when necessary, and in that respect it has my entire support.

625 In respect of the Bill, Mr Presiding Member, there is nothing more to be said, other than it does do exactly, as the Chief Minister said... on the tin, and in that respect it will have the full support of Her Majesty's Opposition.

630 Moving on to talk about our cash reserves, the Chief Minister has very kindly communicated to the House a number in terms of the rainy day funds. He gives us the number £150 million and he has given us the breakdown, but of course £87 million in Community Care is not immediately available to the Government unless of course the trustees are willing to lend it to the Government, which I would commend that they did. It is available to continue to support the functions of Community Care, which of course is laudable and right. But that means that of the £150 million immediately available to the Government it is really £63 million that is immediately available for their use now. They could transfer the £46 million of Savings Bank reserve immediately, as they could the Sinking Fund and the other special funds, but of course the Community Care money is ring-fenced and not available to the Government immediately unless by way of loan.

640 And so, Mr Presiding Member, we have the number £63 million plus whatever cash reserves may be in the Consolidated Fund. From an analysis of the numbers over the past couple of months, the last number I have, as at 1st December 2019, was that we had cash of £26.3 million. That number may have increased or decreased, but it is certainly lower than the number we had on 31st December 2018 of £85.7 million. And so you can only come to the unavoidable conclusion that the Government will have to borrow, and the Chief Minister has kindly confirmed that indeed they will look at the need to borrow.

645 Mr Presiding Member, now is not the time for us to nit-pick as to is this prudent or is this the right thing to do at this stage. We need to do what is necessary and we will work out later on how we pay for what we need to do. This is something I thought I would never say, but it is true.

650 And so, in terms of numbers, the Chief Minister's calculations are correct in terms of his headroom. On a number of £2.4 billion or £2.5 billion of GDP he can indeed borrow 40% of that, which would give him £940 million. He says he has headroom of £500 million and I would agree with that calculation and can assure the House that that is correct.

I am also glad to see that he already has commenced the process to borrow at least a tranche of £150 million, although he may have to borrow more, but we will see in the coming days, weeks and months.

655 I am heartened to hear the Chief Minister talk about the creation of a special fund into which these moneys will be paid and into which we will have full visibility as to how this money is expended when we look back in future. It is of course important that any borrowing and anything that the Government does and how that money is used is targeted in the correct way in order to maximise the benefit to the public good, which is people's livelihoods, businesses and the economy in general. In that respect, when we talk about borrowing, if anybody from Barclays Bank is listening, I would encourage them to please consider extending the loan. Now is not the time for them to ask for their £50 million back.

665 Mr Presiding Member, moving on to the economy, everything we have heard about today from the Chief Minister we have heard on the news – we have all heard chancellors around the world issuing emergency budget measures. When we hear Sir Joe Bossano's contribution I am sure we will hear the words 'recession' and 'global recession'. This is not something that is unique to us. This is something which we cannot avoid and this is something that will affect everyone and every country in the world. And so the money that we have or we will borrow, which will go into the special fund, is exactly what we need to do and I am heartened to hear of the creation of this body called CELAC. In my notes I have called it a task force but I think CELAC sounds much better. It is important, in order to ensure that we target those sectors of the economy in the best possible way with the participation of all stakeholders, that such a body should be created and I am glad to see that the components of that body are exactly the sort of people I would expect to see in it: all the stakeholders, all the people in a position to understand what is needed on the ground. Of course the unions will want to protect workers, the Chamber

675 and the Federation want to protect businesses, the Government will want to protect the
economy as a whole. Working together we can hopefully achieve that objective in a way that is
the best for Gib, and in that we have to work together, as the Chief Minister said.

In terms of the economy – and I really am looking forward to hearing Sir Joe’s opinion – I am
receiving messages and I am sure the Chief Minister has received messages in the last 48 hours
680 from all sorts of businesses. The problem is that they cannot wait. They need measures now. I
fully recognise the urgency of CELAC to meet tomorrow or as soon as possible, because the
problem is a lot of these businesses’ cashflows are just drying up and they are faced with a very
real problem: how do they trade? How do they pay the salaries? It is a very immediate problem.
I have had messages from people saying, ‘Look, if I don’t get a loan, if I don’t do something
685 today, I don’t know if I can last next week.’ And so I applaud the creation of CELAC. It has
important work to do.

The problem is that we do not know how long this will last. We do not know if we are talking
about weeks or months, or even longer. So we have to, as a community, understand and accept
that we all need to do our bit. There is not going to be a magic bullet from the Government.
690 There are not going to be magic handouts. Everybody has to do their bit. We will have to pull
together to get through this, and get through this we will. But the economy is made up of all
sorts of different types of businesses and the economic textbooks have not been written yet
that will describe what is happening in the world economy, let alone in Gibraltar, because what
we are faced with is a very sudden demand shock to the economy. And it is not just tourism, it is
695 not just the taxi drivers, it is not just the hotels and not just the restaurants; it is businesses you
would not even imagine – the estate agents; the hairdressers whose clients are not going out;
the bureaux de change who are not doing any business; people on Main Street who are not
selling goods, whether physical goods or services. I was told there was a major retailer down
Main Street that did zero business yesterday and only took in £30. It is incredible. It is a
700 simultaneous nuclear wipe-out of the economy. I do not for a minute suggest that the public
sector should not be paid, but even if we do pay the public sector the trickle-down effect may be
limited because they are not going to go out to the bureau de change, they are not going to go
and get their hair done, they are not going to go and buy goods and services in Main Street
because naturally they will stay at home.

705 So we have this sort of tug of war between the public health necessity to self-isolate and look
after ourselves and then of course the economic imperative to try and keep everything going,
and of course the public health imperative is always the one that should come first. And so,
Mr Presiding Member, anything that this House can do to help the economy and the private
sector certainly has the support of this side of the House.

710 The biggest problem that we are hearing from the private sector employers is the salary
burden, or what they call the salary burden. Of course there are three different types of
employee: there are the ones who are ill and have to self-isolate, and who is going to pay for
them; there are the ones who are able to work but there is no work; and then there is a third
sector perhaps where they are not working but it may be that we work on some sort of gig
715 economy type arrangement where they come in as and when necessary. We have to be
imaginative as to how to address this, but certainly what nobody wants is mass layoffs. In other
parts of Europe governments are funding 75% of salaries; we will see what the UK Chancellor
says today. But we have to have an economic stimulus package that protects and preserves and
will be there to kick-start the economy in the future.

720 Of course I am conscious that, given our economic resources and given that we are facing an
unknown timeframe, we cannot do everything immediately and there has to be a measured
response in conjunction with CELAC. This will be critical because today I recognise what the Chief
Minister has said and I recognise the measures he put in place on Monday, but there will be
some out there who say, ‘Well, I haven’t heard anything yet that will benefit me today.’ What I
725 would say to them is the Government is obviously doing its best. CELAC has been created. They
are setting up a special fund. There will be measures, there will be action taken as soon as is

physically possible. I recognise that in an emergency situation there are priorities and the priority has been and has had to be making sure that we have what is necessary in the health sector, in the GHA, to treat those affected by this virus. Then they have to focus on 'what about the private sector?'

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In the last employment survey there is close to 30,000 people employed, but of those 30,000 about 24,000, 80% of our workforce, are in the private sector. Of those numbers there are five point six thousand people who work in the wholesale and retail trade and hotels and restaurants. That is 24%, a quarter almost, of the private sector. This is ... I cannot even find the words to describe it. This is awful and we need to do whatever we can in this place to address this scenario.

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I have heard on other media reports, in interviews, where members of the public – not in Gibraltar, in other places – have been asked, 'Are you happy with what the Government is doing?' and their response is, 'That is what government is for. That is why we have government. Government is there to see us through the good times and the bad times.' And these, Mr Presiding Member, are the bad times and we therefore need to pull together, as the Chief Minister said, and see our way through this crisis.

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And so, Mr Presiding Member, I said I would be brief, and remarkably, for what is probably the most important Budget speech I will ever give in this place ... We need to look at what we do and how we do it. I think, from what I have heard today, we are doing just that. The Budget extension to six months makes perfect sense and I support it. The additional measures that the Chief Minister has announced in terms of the powers that he requires within the Budget Bill, although exceptional, we will support. As regards the rainy-day funds, to be honest I think we would all wish there was more but what we have available is a start, and certainly with the additional borrowing we should have sufficient.

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On the economy we need to do what is necessary – and quickly, because the private sector cannot wait. Whatever can be done should be done as soon as possible and with the minimum of red tape.

As the Chief Minister said, this is about the here and now. It is about the very clear and present danger we face in the face of this virus. We are in a state of war with this virus and we have to adopt war-type Budget measures. We need to do whatever is necessary to protect our community, our jobs and future generations of Gibraltarians, and so with a heavy heart I wholeheartedly support this Budget Bill.

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Thank you. (*Banging on desks*)

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Mr Presiding Member: The Hon. Joseph Garcia.

Deputy Chief Minister (Hon. Dr J J Garcia): Mr Presiding Member, only a few months ago everyone was fed up with the word 'Brexit'. It monopolised the headlines, it saturated the news media and it took over our lives. It was the centre of debate in the UK and of discussion here too in Gibraltar. We described it then as the challenge of a generation. We had mapped out a before and after, a clear dividing line beyond which nothing would ever be the same again. How things have changed. The word 'Brexit' has been banished from the vocabulary of the media and we now face an even more serious challenge. COVID-19 is now the challenge of a generation. It is a threat to our way of doing things, a threat to how we go about our business and a threat to life itself.

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Mr Presiding Member, when we debated and approved the Estimates of Revenue and Expenditure last year, who would have said that we would today find ourselves in this position? The world now faces a public health emergency. That emergency requires this Bill to amend the Appropriation Act and an extension to the financial year. These are abnormal times and abnormal times require exceptional measures. There is no other option.

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In this Parliament, thankfully, we all get it. Governments and parliaments around the world are reacting in the same way in order to protect workers, business and the economy as a whole.

I therefore also welcome the support from the Hon. Members opposite for the action that the
780 Government proposes to take as outlined by my hon. Friend the Chief Minister.

Mr Presiding Member, when the COVID-19 virus hit the news at the end of last year there
were probably those who felt protected by the distance between China and Gibraltar. That
tragic drama still felt unreal to many people as it played out before our very eyes on our
television screens. Distance created a false sense of security. However, in a globalised world
785 linked together through air communications it did not take long for the virus to spread. It came
to Europe. The way the virus took root in Italy made everything feel more real. The UK reported
its first case, in York, on 31st January. Spain too reported its first confirmed case, in the Canary
Islands, on that day. Gibraltar reported its first case on 3rd March, now thankfully recovered.

But January is a distant memory now because events are moving at an incredibly fast pace.
790 The situation is changing constantly. This is why the Government has taken extraordinary
measures not only to ensure and preserve and protect our business community, the workers
and the economy, but also to keep the public informed. We are all subject to constant flows of
information. Some is disseminated online, some on the 24-hours-a-day news cycle that plays out
on our television screens. The responsibility of the Government is to keep our people informed
795 about what happens here in Gibraltar, and this is exactly what we have done and what we are
doing.

The Press Office has imparted information for the Government, the GHA and Public Health
Gibraltar. Once again I want to thank all involved with the dissemination of this official
information. It is, as has been said, based on the advice of our medical and public health experts.
800 Some 50 press releases have already been issued touching on the subject from a variety of
different angles. Extensive use has been made and continues to be made of the Government's
social media platforms. As the House knows, a press conference is held daily at 4 p.m. The Chief
Minister has delivered a Ministerial Statement on the subject and already made several live
appearances on our screens. There have been plenty of opportunities for the press and the
805 public to question Ministers and the officials who are dealing with this crisis. We have and
continue to place adverts in the local media. And, as we all know, data has been provided
directly to our mobiles by Gibtelecom.

This degree of engagement and the amount of information which has been placed in the
public domain on one subject is probably without precedent in Gibraltar. I urge people to listen
810 and to act upon this official advice. I say that because there are hundreds of self-professed
experts out there ready to second guess every decision that is taken. This happens too
everywhere in the world and it happens here as well in Gibraltar, but now is not the time. The
situation that we face is too serious. This attitude serves only to generate confusion and to cause
distress. The real experts here in Gibraltar are Public Health Gibraltar and the Gibraltar Health
815 Authority. Therefore, people should listen to the advice given by the Government, by the
Gibraltar Health Authority and by Public Health Gibraltar. They should also act on that advice.

The House can rest assured that we will continue to tell it as it is, as it is told to us by the
experts. We are not hiding anything and we never will.

I know that some of the messages that the Government is delivering are uncomfortable to
820 hear. Believe me, they are just as difficult for us to deliver. So, as has already been said but I will
repeat, if anyone has COVID-19 symptoms they know that they should call 111 for advice. If
anyone has a non-medical query, they should call 200-41818. It is pointless to post anything on
Twitter or Facebook, or elsewhere. Use the official channels if you want official advice.

Mr Presiding Member, as my hon. Friend and colleague the Chief Minister has made clear,
825 Gibraltar has acted throughout on the advice of public health experts. We have taken difficult
decisions; there will be even harder ones to come. But the advice to the Government has been
clear and consistent throughout. The objective must be to shield the over-70s and to protect the
vulnerable. The rest of us, we are told, will by and large catch a cold to different degrees. The
data compiled from other countries has shown that our children are largely safe. We have
830 relayed that advice to the general public. The elderly were told not to use the buses. Some have

proved more rebellious than others, so we have had to stop the bus service as we knew it altogether. The advice was also given to avoid social gatherings. Sadly, people continued to congregate in cafes, bars and restaurants. These were then closed. On public health advice the Government, with the support of the Opposition, had to legislate to keep the over-70s at home.

835 This measure has been designed to protect our senior citizens. We must shield our elderly relatives from a dangerous virus which attacks them more strongly than it does other groups in society.

The truth is that this is all very difficult. It will become more difficult as the days become weeks and the weeks become months, but we have to stand firm. We have to resist this invisible enemy because, as you have heard, this is a war. War brings with it a threat to human life. 840 Wartime creates exceptional situations and abnormal circumstances, but we will get through it. Our weapon, in the absence of medication or vaccines, lies in the advice that is relayed to our citizens, advice that we need them to follow.

The GHA and the Government, and everyone, are doing everything humanly and logistically possible. It is indeed not possible to do more. I too want to take this opportunity to praise the GHA, Public Health Gibraltar, the Civil Service and the many agencies, authorities and companies who are now part of the effort to combat the virus; our emergency services too. I think I should thank my colleagues also. The same spirit that you see across our community is palpable amongst the Government's ministerial team and everyone is playing their part. In particular, my 850 hon. Friends and colleagues the Minister for Public Health Prof. John Cortes, the Minister for Health Paul Balban, and the Minister for Civil Contingencies Samantha Sacramento. And of course the Chief Minister himself. He has taken this crisis by the scruff of the neck and displayed the qualities of leadership that Gibraltar needs at this difficult time. Wise leaders take difficult decisions when those are for the greater good.

855 The truth, Mr Presiding Member, is that COVID-19 has turned our world on its head. But our people are strong and they are resilient. Both individuals and businesses have put their shoulder to the wheel. There are now over 800 volunteers. Gibraltar continues to pull together in the face of this virus. That positive spirit marks who we are as a people. We pull together in times of adversity. In our long and turbulent history this Rock has faced military sieges. It is said there are 860 14 recorded sieges of Gibraltar. We held out for three years against larger numbers and even greater odds during the Great Siege. We have endured forced evacuation during World War II. This was a time when our men, women, children and our elderly manifested that proud Gibraltarian spirit that faces adversity head on. That powerful sense of community ran through every evacuee in London during the Blitz, everyone in the heat of Camp Jamaica, all Gibraltarians 865 in Atlantic exile in Madeira and through all those who faced the bitter winters in metal Nissen huts in Northern Ireland. We stood up to Hitler and we stood up to Franco too. We have faced economic sieges in living memory. Many of us know what that felt like and we never gave up. We resisted and we won against incredible odds, yet this latest siege is different, a siege where the enemy is cowardly and invisible, where it targets our elderly and vulnerable and forces them 870 to stay at home. But we can defeat that enemy. We will do battle armed with the qualities that have defined us as a people through time, that indomitable spirit which has served us so well for over 300 years, the spirit that we see already and we hear emerging from balconies, patios and windows around our country. That spirit will guide us through this latest challenge.

875 Today is the first day of spring, a time when we turn our backs on the darker winter and welcome the light. In that same way we will turn our back on this virus and happier days will come. Normality will return. To achieve this, we must follow the official expert advice that has been given. It will not be easy, but we will get there in the end.

Thank you, Mr Presiding Member.

880 **Mr Presiding Member:** The Hon. Marlene Hassan Nahon.

Hon. Ms M D Hassan Nahon: Mr Presiding Member, I take this opportunity firstly to thank the frontline GHA workers, our agencies, our authorities, our essential workers, individuals in isolation for their selfless and responsible acts, the over-70s as well, teachers, mothers, fathers, our amazing volunteers and of course the Government's efforts and hard work during this difficult time of crisis. I take this opportunity as well to wish our community the very best of health in these coming weeks and months, which are going to be so difficult.

Two terms, eight years, the best economic performance in Gibraltar's history, the strongest foundations taking root and the best is still to come. This year's surplus is the highest in our history. This great nation of ours turned a deficit of £352,000 into this year's record-breaking all-time-high, unquestionable surplus of almost £83 million. The surpluses have grown. The rainy day funds have also grown. As a percentage of GDP our net public debt is currently among the lowest of countries in the European Union. Net public debt is 13.5% of GDP and aggregate public debt is 18.6% of GDP. Gibraltar's GDP per capita for 2018-19 is forecast at \$111,505, placing Gibraltar still in third position, closely ahead of Luxembourg, which enjoys a GDP per capita for the year of \$108,812, and behind Macao with a GDP per capita of \$122,201. Qatar heads the list with a GDP per capita of \$134,623.

These are our Chief Minister's words, not mine: up to 40 mentions of record-breaking surpluses with over half a dozen mentions to a growing rainy day fund. These are all from last year's Budget address, where the Chief Minister described to us, in his usual eloquent style, our superlative economic success.

Mr Presiding Member, I remember the magic words uttered by Mario Draghi now some eight years ago. He said:

Within our mandate, the European Central Bank is ready to do whatever it takes to preserve the euro. And believe me, it will be enough.

What ensued was the most aggressive quantitative easing drive ever delivered in Europe that saved many floundering European economies and most probably the European project itself – a bazooka, as it has since been described.

Mr Presiding Member, we have heard the magic words from our Chief Minister not only in the description of our economic success but also in numerous public appearances since the outbreak of this terrible crisis. Unfortunately though, there is no trace to date of a bazooka in the Bill presented to us today.

We have extended the temporary application of the current Budget by a factor of 1.5 and extended the amount in that Budget by a factor of 1.5. There has been a shift in how that money will be spent, which I am sure has been well thought through. But in the next month, with a national crisis the likes of which we will have probably never seen before, we expect Gibraltar to spend at exactly the same rate as we did when it was business as usual. The Bill therefore does not indicate any extra spending regardless of our rainy day funds, our record high surpluses and our lowest in Europe public debt.

I remind this House that the economic stimulus is another fundamental public health measure. If business owners are adequately reassured, they will be more inclined to stop their activity and send their workers home. This will help us flatten the curve of contagion of coronavirus. Pretending that only a few sectors are being affected means many businesses are forced to keep operating, which will be counterproductive in our efforts to respond to the pandemic.

I understand that some of the measures suggested have been fully or partially announced, but I would still like to reiterate these points and the reasoning for this and further aid measures. We need to nurture the health of our economy now in order that we can fund our Health Service in the future. We are under no illusion. Without appropriate and immediate Government intervention, our economy will begin to crumble and we will be scarred with the long-term damage that the coronavirus will leave in its wake.

930 Businesses need robust support. Many company balance sheets will not have contingency plans in place, certainly not of this order, and will not be prepared to survive the crisis. There will be a need for liquidity support over the next six to nine months, conservatively speaking. An immediate business and social package is needed to ensure that the most vulnerable are protected.

935 We note the levels of government intervention that the governments presiding over economies closely linked to ours have already taken. They understand the importance of nurturing the hand that feeds them in their hour of need. They understand the intrinsic link between the health and economic harms that the coronavirus brings. They are interwoven and failure to recognise this will result in long-term socio-economic malaise.

940 As you know, the UK has announced fiscal support to businesses to the tune of £380 billion, for now. Chancellor Sunak has promised to implement whatever measures are necessary. This was the overarching message delivered by the Chancellor during yesterday afternoon's press conference and was driven home repeatedly. France has pledged to make available €300 billion, where President Macron has promised to ensure no redundancies would result from the coronavirus crisis. Spain has so far pledged €200 billion, some 20% of the national GDP.

945 Monday's announcement of remedial measures to be taken in Gibraltar were commendable and very much welcomed by areas of the business community, but at this stage fall significantly short of what the situation actually requires. Inadequate measures now would cause such a dramatic economic collapse of the small and medium-sized business sector that the tax purse would suffer for many years to come.

950 Mr Presiding Member, we are being told that because of our small size we are much better and faster at reacting, so why are specific packages therefore taking so long? Why are we so behind the curve? Employers are laying employees off already. How long can we wait? A failure to act swiftly and boldly in ramping up these measures now would have a damaging impact on our society. The inevitable collapse of the small and medium-sized business sector would result in economic and social unrest at great cost to our community.

955 So, while we commend the Government for assisting those businesses that are most affected, we have received concerns from some individuals and businesses that they have been overlooked. There is a need to extend support to other sectors due to the domino effect the measures taken will have across the board. For example, training companies will not be able to provide their services while crowding is discouraged and people are being asked to work from home. And while IT and legal services can continue to operate relatively unscathed, there are a wide range of other businesses not mentioned in Monday's announcement, or today's even, that may be seriously affected.

965 We would ask that there be provision to allow these vulnerable businesses to apply to be added to the list of eligible businesses. One of the key determining factors would be whether or not these businesses are able to open to operate remotely, i.e. without staff and/or customers attending their place of work. Small and medium-sized businesses often lead a hand-to-mouth existence, and are the most likely to have to shed staff quickly. Any measures taken need to reach these people quickly to safeguard jobs and businesses. Every day counts.

970 Employees may resist the need to self-isolate or take time off sick if on zero-hour contracts or if they are employed in a role that cannot be conducted from home. Having many staff off sick would be an enormous burden to businesses. In addition, employees are understandably asking for time off to look after sick children as they cannot leave them with grandparents, in line with Government advice. Gibraltar currently has no statutory sick pay covered by Government. As a holistic approach in order to protect from the virus spreading, and to protect these vulnerable businesses, we request that Government reimburse a large percentage of sick pay with immediate effect. We welcome the Government's proposal of writing off PAYE and Social Insurance payments for affected businesses for the month of April, but it is highly unlikely that this crisis will be over by the end of April. The Director of Health could not commit, but mused that autumn was an optimistic temporary end date.

In order to best protect jobs and protect businesses while still encouraging them to adapt to the new circumstances, we suggest the following. In the first place, write off PAYE and Social Insurance due for the whole of the second quarter for all affected businesses.

985 Secondly, a one-off cash grant for all affected companies with fewer than 50 staff, equivalent to the total PAYE and Social Insurance paid in the first quarter of 2020, excluding one-off bonuses. Should the declared amount for the second quarter PAYE and Social Insurance be less than the first quarter bill by employee, the difference should be taxed at 100%. This means there is no grant for companies where any employees are laid off, made redundant or given reduced
990 hours. In effect, each company is being given a grant to keep each employee under full employment. In addition, every business saved by using these methods will pay back by being able to pay six months' PAYE and Social Insurance in the two subsequent quarters.

In the third place, those who are self-employed could be vulnerable in some sectors. Norway is guaranteeing four fifths of current earnings for self-employed people. In order to support the
995 self-employed, the Government should guarantee a certain percentage of their previous net earnings up to a cap of average salary. Clearly, many self-employed may not be affected, so a balance needs to be struck between showing reduction in income and the speed at which the Government needs to get funds to these individuals.

And in the fourth place, a commitment that if the isolation and social distancing period
1000 extends beyond June the above measures will be extended in line with the length of the crisis.

Mr Presiding Member, regarding rates, as this crisis will go on for months and because the effects will be felt for months afterwards, we request you follow the UK lead in giving free rates for one year.

On the issue of loans, mortgages and rents, while the banks have declared their intent to
1005 provide loans quickly and willingly to those businesses which have requested assistance, the reality is that these loans have not yet been forthcoming. Will the Government expedite this by underwriting these loans? We welcome the attempts to make rents more affordable and hope that this offer will be extended as long as the crisis goes on. We note that landlords can get mortgage holidays to cope with this reduced income.

1010 With regard to temporary suspension of contracts, as a last resort for businesses in serious trouble we would urge the need to legislate to allow a temporary suspension of contracts. Redundancy requirements here are so high that no small business can afford mass redundancy payments, leaving them with little option but to file for insolvency. The resulting effect would be that no employee will receive redundancy and creditors will be left unpaid. Individuals affected
1015 will require immediate access to an emergency social fund and be able to apply for a mortgage holiday. Individuals who pay high rents and are on temporary suspension of contracts should be able to negotiate reduced rents upon proof of this temporary suspension if the property owner can get a mortgage holiday for the same period.

In summary, now is not the time for half measures. A crisis requires immediate bold actions
1020 and we would fully back the Government in continuing to provide swift support to businesses along the lines we have suggested. The grants listed above would be a first phase and fall short of what many other economies are doing. Further actions will undoubtedly become necessary the longer the crisis endures.

1025 It is raining now. The rainy day has arrived and it does not make sense to defer measures any longer. It is time to bring out that bazooka and put our money where our mouth has been for the last decade.

Needless to say, I will be supporting the Bill, as I do every year in normal times of Budget so that our economy and society continues to function, and now so in these times of crisis more than ever.

1030 Thank you.

Mr Presiding Member: The Hon. Vijay Daryanani.

1035 **Minister for Business, Tourism and Transport (Hon. V Daryanani):** Mr Presiding Member, I
am delivering this speech on behalf of my colleague, the Father of the House, the Hon. Sir Joe
Bossano. (*Banging on desks*)

1040 I regret I cannot be present to deliver my contribution to the 2019-20 Budget extension Bill.
This is not because I do not want to be here, but because I want to take the opportunity to bring
home to my fellow octogenarians and those 10 years younger than us that we are at a higher
risk of exposure to this nasty virus than those who are even younger than us. It is to protect our
generation that our Government, as many governments of other nations have, has called on our
most senior citizens to remain at home as far as possible and limit their exposure to contagion
from the virus. This virus seems to hate elderly people and seems to hate prosperous societies,
and it has a drastic impact on both, so I will now turn to what it wants to do to our prosperity.

1045 What we would have done in a normal year would be to estimate the Government revenues
and expenditures projected for the financial year ahead, which would have started at the end of
this month, in respect of which our National Economic Plan projected 2.5% economic growth,
much lower than we have been used to in recent years. This rate of growth was calculated on
the assumption in the General Election that we would be facing an economic slowdown and that
1050 the European Union would be entering into a recession deeper than that of the UK, which would
also be facing a contraction of its economy. Both these projections were made on the basis of
the economic effect of a no-deal departure from the European Union, which I still consider to be
the likely outcome in January 2021.

1055 The virus has changed the world. The initial disruption to the global economy came with the
breakdown of the supply chain from China at the beginning of the year. Since then, we have
seen nation after nation introducing restrictions on internal movement and closing external
frontiers. The European Union has closed both internal and external frontiers to stop movement
and new measures are being constantly announced. The pandemic that started in December
2019 in China and has now spread to 175 other countries has affected over 200,000 people and
1060 killed nearly 9,000 to date. It still has some way to go. The epicentre of this pandemic is now in
Europe, with Italy experiencing almost as many deaths as China, a total collapse of its health
service in the rich north of the country and permanent damage to its economy.

1065 What has already taken place has been enough to suggest that the slowdown of economic
growth this year will remain, the global economy growing at 1%, and if it continues the result
could even be going down to zero or into negative territory. This is the present situation
compared with the December estimate for 2020 putting economic growth at the global level at
2.9%. For the UK and the EU it means a deeper recession than would otherwise have been the
case. Against this background we are still maintaining our target for 2021 as the 2.5% growth of
the economy, but may no longer be able to attain it. As our manifesto states, we are expecting
1070 zero growth in the size of the workforce, which may already be shrinking, as we shall see when
the figures for the future October survey in 2020 comes out; and the 2019 October survey due
to be published during the course of this year was estimated by us to show an increase which
would be the ceiling for the size of the workforce going forward.

1075 By the time the virus leaves our shores we should be experiencing the first stage of our exit
from the European Union, ushering in another period of uncertainty as to our economic
potential and where our customers are going to come from. The global landscape was initially
expected to continue growing at the time we drew up our National Economic Plan, which was
calculated on the premise of a downturn in the EU and the UK and growth elsewhere. The latest
forecast for Italy, the country worst hit by the virus outside China, is that the GDP of the Italian
1080 economy will shrink by 3.4%, a figure that could still go up as there is still ongoing growth in the
spread of the virus there. This economic background will have a huge negative impact on both
our economy and Government revenues and we shall have to learn to cut our suit to fit our
cloth, as we had to do with the impact of the dockyard closure and the impact of a closed
Frontier.

1085 The important thing to do is to be realistic and face the threat to the health of our people and
the health of our economy, so that we take on both these threats and defeat them. There is a
difficult year ahead. The health issue for our people has to be dealt with first, and when that is
out of the way we will have to then deal with the future health of our economy. This is likely to
1090 be a much more protracted and difficult issue, since it is not entirely in our hands but is going to
be shaped by how deep the global recession will be and how long it will last.

What we all need to learn and understand is that we cannot spend money before we make it,
which is what the campaign slogan was when the GSLP won the 1988 General Election and took
on the task of the transformation of our economy. The difference between then and now is that
in 1988 we had to overcome the negative effects on our economy as a local issue whilst the rest
1095 of the world was not affected and the global economy was growing. This time round, we cannot
plan the direction of the economy until the direction of the global economy becomes clearer
post the pandemic. What we can say without a shadow of a doubt is that it will be considerably
tougher than it would have been if the pandemic had not happened and we were just dealing
with the impact of Brexit.

1100 The measure we are taking today is the only one that we can take to prepare ourselves for a
sustainable, affordable public service delivery and maintaining employment for a future
generation of Gibraltarians in a totally different economic scenario from the one we have had
before. The end of the fiscal year in July should give us an opportunity to get a clearer idea of
just how badly Government revenue is being affected. All we can say for certain is that what we
1105 are facing is the likelihood of having lower revenues in the future than we have had in the past
and we shall have to adjust our spending to what we can afford.

Today I am not in Parliament because those of my generation, who are over 70, are the ones
most at risk. After this risk is defeated and gone, our focus must be on securing the future of the
younger generations, the upcoming new Gibraltarians who will need to take over from us. For
1110 their sake we shall need to ensure that, both in respect of our economy and in respect of the
finances of the Government, we provide what is needed for our people to continue to have in
the future a quality of life and security that compares to that which Gibraltarians have enjoyed
in recent decades.

Some of our people take what we have for granted and assume it has always been there and
that it happened by itself and not with a great deal of effort and struggle to get to what we are.
1115 They assume it happened without any of us having to do anything to make it so. They will have
to learn that this is not so. Today's Bill marks an important point in our history and the turning
point in the decisions that we are going to have to take in order to protect our way of life in the
future.

1120 I welcome the support we have had from Members opposite in taking this decision, which
shows that we are a people able to put our differences to one side and take action in unison
when faced with a collective threat. (*Banging on desks*)

Mr Presiding Member: The Hon. Albert Isola.

1125 **Minister for Digital and Financial Services (Hon. A J Isola):** Mr Presiding Member, thank you.

I think I would like to start by thanking and showing my appreciation to my colleagues who
have worked at a quite incredible rate these past weeks, as they have had to, under the
leadership of the Chief Minister, whose energy is simply extraordinary, as is his leadership.
1130 Decisions at this moment in time are incredibly difficult and incredibly challenging, and the
manner in which he has just got on with the job that he has had to do – that responsibility that
he has on his shoulders, as we all do – has really been quite extraordinary, so I wish to commend
him and thank him on behalf of myself, my family and, I am sure, the rest of Gibraltar for the
work that he has put in to date. I know he will continue at the same pace – which I cannot keep
1135 up with – for the weeks and months to come.

I would also like to single out Mr Paul Balban. I say that not because he has worked any longer or harder than Samantha or John in the specific areas that they are working on, but because he has been singled out for some quite stupid and idiotic attack, a very personal attack – quite unnecessary, especially at this moment in time as the community is united, working for the betterment and security and safety of us all. That somebody should single him out in the way that they have, including some idiot who posted on social media yesterday having a go at Paul, who has been all hands on the pump the whole way through this process and has not shied for a second from any of his responsibilities ... So I think it is only right and fair that I should specifically mention him. *(Banging on desks)*

Mr Presiding Member, whenever we face, in the area that I work in, primarily in the financial services, the gaming and some of the other areas that I am responsible for ... and we are hit with a challenge, the first thing we always try and say is 'Business as usual: come on, let's keep going, let's keep pumping, let's keep going and see our way through it.' Today is anything but business as usual. As all of our businesses know, these are extraordinary times and an incredible challenge they face, we face, and we all have to put up with. And again, as Sir Joe has just mentioned through Vijay's intervention, no one escapes it. There is no part of the world. We cannot say, 'Well, we can focus on that part or this part, business continues there.' And so it is a global pandemic, it is a global crisis; it is affecting businesses all over the world with very few winners.

I am glad that the Chief Minister highlighted particularly in his intervention the need to watch out for those who may be profiteering in the way that they are seeking the assistance and the support that Government intends to give to businesses. It is important that we are fair and of course it is important that businesses are fair and open with us. I think that is a prerequisite of the support that we will be giving to the business community, as outlined by the Chief Minister in his intervention.

In the area of financial services the bulk of our firms have taken the appropriate steps to mitigate, work from home and do as much as they can in different shifts, taking it in turns to try to continue as best they can in these very difficult circumstances. We are in touch with the Regulator, who has also been in touch with all of the various firms to ask if they need anything in terms of their own contingency planning, and that seems to be going well.

From our own perspective in Gibraltar Finance we are doing something quite different. What we are doing is to prepare ourselves for when we come out of this. By that I mean that we are now working on how we are going to get out there and tell the world that Gibraltar is open for business as and when normality is resumed: new business strategy, new business planning, new campaigns, a lot of work now being done on our DTA network; the things that we can do now when business is not happening. We need to be ready on day one when we are through this – and we will be through this – so that we can get out there as quickly as we can, be nimble, be agile and do what we do best, which is promote the entrepreneurial skills that we have available to us. That is a lot of the work that Gibraltar Finance is specifically doing. Similarly on gaming, we are working on the gaming legislation in order that by the middle of this year, again once we are through this ... to be able to go flat out with the new gaming legislation, to get out there and begin to tell people the work that we are doing on that also.

So, we are doing the work that we can to prepare ourselves for the other side, which I think is extremely important particularly because of the hit that this is going to have in our businesses. The sooner we can give them confidence that we are beginning to regain some ambit of that normality the better for them, and of course the better for all of us because our economy is going to need a big kick to get it started again, and that is, certainly in these areas, what we intend to do and I am grateful to them for the work that they are doing.

The Chief Minister has highlighted already the specific measures for the gaming community. I look forward to meeting with them very shortly, as part of the new framework that the Chief Minister has announced, to identify specifically what support and assistance they may require which may be targeted to them. I do not agree with my friend the hon. Lady in breaking the

bank. I think the bank is there to be used sensibly in a targeted manner and in a way that will enable us to survive the test of time and not throw the toys out of the pram at the same time. And so, with the gaming community we will continue to work closely. I fear that there will be runs at some stage. We are working with them to see how we can mitigate those to the greatest extent possible. The measures that the Chief Minister has announced are all designed to release those firms from other costs in order that they continue to pay staff. I think that is targeted, measured and extremely sensible and I am very happy to support those measures also.

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In my other areas: town planning – you will know that the DPC has suspended its next sitting, and we will see how that develops.

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GBC has become the national broadcaster and I am grateful to them for the work they are doing in pushing out the messages that we need people to hear so that we keep them informed. Communication is critical and fundamental and I am delighted that we have, from the word go, been giving out clear and concise information, daily statements, daily broadcasts, and keeping our community fully informed of everything so that we do not rely in any way on chat on social media.

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In terms of IT, our Digital Services team and our IT Department have set up a COVID-19 Digital team to support Public Health, to support the GHA and to support all the other areas of Government where certain services are not available through the changes made to the counter. So, we are going to be rolling out a number of services on the new website. If you go on to the Government website and click COVID-19 you will see there is a new website there which provides all of the information on COVID-19. Every press conference that has been hosted, every press release that we have issued are all available to the members of the public on that website, and to that website we shall be adding the different services that will be coming online.

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I can tell businesses who have had issues with their workers not being able to come to Gibraltar because of not having an S-1 that at two o'clock this afternoon, in an hour's time, the S-1 process will be on that website and firms will be able to go and deal with it in a far quicker way than we have had in the past, through the use of that. I thank the COVID-19 team, who will be putting a number of other services out ... At the latest next Wednesday, we will have the payment gateway for all Government services, the GHA health card for renewals will be ready on Monday, the S-1 is today, and we are also working on a number of other interesting applications to help members of the public affected and impacted by COVID-19 specifically.

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In terms of ITLD, we already had set up 542 VPN accounts for Government public services – 155 are functioning and connected today, the others are available as and when they are needed; 1,150 Microsoft Team tools have been rolled out; and almost a hundred laptops are now available to public sector staff to help them to be able to work away from their desktop, and of course many of these members of staff have also had their personal laptops made available to continue to work with them from home.

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Mr Presiding Member, everyone is doing everything they can to see how we can deal with this in the best way possible and, importantly, to come out of this in the best shape possible. I commend the idea that the Chief Minister has had to bring this short mini Budget to Parliament, indeed also with the powers to enable him, in the appropriate way, to farm out the support, which is going to be targeted and selective, to the areas where it is needed most.

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I commend the Bill to the House, Mr Presiding Member. (*Banging on desks*)

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Mr Presiding Member: The Hon. Elliot Phillips.

Hon. E J Phillips: Mr Presiding Member, I am grateful to you for notifying me that I can speak now. I was not originally going to speak in relation to the emergency Budget but I thought I would make, given the exceptional circumstances which our community faces, a very small contribution.

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I have listened very carefully to the contributions of Members of this House and echo many of the sentiments expressed which demonstrate the resilience of our community in times of

1240 struggle and indeed the crisis upon all of us. Indeed, I listened very carefully to the Deputy Chief
Minister's reminder of history insofar as the 14 sieges that our community has faced militarily
and also economically – and we will survive this crisis that is COVID-19. I echo and support the
comments made to applaud our Civil Service, the Health Service, the private sector and many
others in fighting this war on COVID-19.

1245 In good times, many of us would be now arguing about public finances – indeed, the Leader
the Opposition and the Hon. Mr Clinton would be engaging in a ding-dong fight about the
interpretation of the Budget book and principles of public spending – but today we are entirely
united in fighting a common enemy, which is coronavirus. We have come together not only as a
Parliament but as a community in this emergency Budget. COVID-19 is an invisible enemy. It
1250 lurks in the lungs of our people but it also lurks in the lungs of our economy. I entirely agree with
the comment made by the Chief Minister. It had been made before the end of the General
Election campaign. The age of entitlement is not only over, it is long gone. The age of
responsibility is upon Gibraltar and our people.

In relation to my particular responsibility on this side of the House, for Health, we are living in
1255 a time of information overload. It was only today that I walked into my office to see a very
worried, very concerned, and indeed I probably would say a very paranoid member of my staff
looking at Sky News constantly. That information is having an effect on the ground in the homes
and in the workplaces of the people of our community and I remain deeply concerned about the
mental health implications of this information overload on the people of our community and
1260 indeed our elderly, many of whom are confined to their homes, in self-isolation in many
instances, and I remain deeply concerned about that.

I know no one has mentioned it yet, but I am sure the Chief Minister will mention what
measures will be put in place to try to ease the strain on many of our elderly, and actually, in
fact, on many members of our community entirely. It is the duty of every single one of our
1265 community to watch out for our friends, our family, our neighbours and anyone who needs help.
We should applaud and commend the 900-plus individuals in our community who have come
out to volunteer to help anyone in distress in our community and doing what we can, which is to
do what is best, which is to pull together in this time of crisis.

I have no hesitation whatsoever, Mr Presiding Member, in supporting the Bill before this
1270 House. (*Banging on desks*)

Mr Presiding Member: The Hon. Steven Linares.

Minister for Housing, Youth and Sport (Hon. S E Linares): Mr Presiding Member, I rise as
1275 Minister for Housing because the first responsibility that I was given was to look after our elderly
and they are the ones who are residing in the pensioner flats. We have 500 of them there. From
the very beginning, that was our priority. The Housing Works agency has been working round
the clock to see how best we can manage their welfare.

The fact that the law came in and said that people over the age of 70 could not come out
1280 meant that many of them were confined to their homes, like Mr Phillips has just said, and
therefore this is the responsibility now of the Housing Agency for how we manage that. We have
managed that by having officers going daily per household, with the care that the virus is
obviously not transmitted. They collect the rubbish, they ask them for their needs, through the
door with the door closed. They are given newspapers, so that they are informed, for those who
1285 are not on social media. We are, I can say, really trying our best because it is important that
others do not have contact with them. We are also monitoring ... and now it has got to the stage
where nobody is allowed in. There is a complete and utter curfew. That is for their own good
and they have understood it. I am happy to say that most of them, if not all of them, know and
understand why we are doing it. For us it is a privilege to work with them closely, and we will
1290 continue to do so. We are working also with another 1,500 elderly who also live in the whole of
the Government's stock. We are working closely with the tenants' associations. We will be

meeting with them very closely and very soon to see how we can reach out to those elderly who are not in the pensioner flats. So, I can say that we are doing all that we can and I would like to commend that the Housing Works Agency and other Ministries that I run have really worked up to this challenge which is the coronavirus.

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Mr Presiding Member, I commend this Bill to the House. (*Banging on desks*)

Mr Presiding Member: The Hon. the Leader of the Opposition.

Hon. K Azopardi: These are unprecedented times requiring extraordinary actions. Who could have imagined it, as we reached the end of last year, that an issue other than Brexit would be our biggest challenge and how things change in a short period of time?

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The last few weeks have seen a virus spread from Asia to Europe and now become a global threat. It has replaced national or international debates as the dominant issue of the day.

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Countries have struggled in grappling to come to terms with the public health risk that it represents. It has led to frontier restrictions, curbs and freedoms of movement and strains on medical services, and affected the financial markets. It has been declared a global pandemic by the World Health Organisation and overnight it challenges the global community and has reminded us how fragile our normality and our mortality is, how much we take for granted from our basic liberties to our freedom to travel or even go out for a meal or enjoy a family gathering. It has hit at the core of how we do our business, how we see our friends and how we interact with our families. This is a world issue. We cannot eradicate it; we can only minimise the impact on our community. Lives may be lost.

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It has also made us focus and refocus on our collective emergence from this challenge as a top priority so we can regain the normality we all cherish, which can allow us the luxury of disagreement. That is why we in the Opposition completely understand the need to work together as much as we can to get us through all this. That is why my message today is clear and unequivocal. It is one of determination to ensure that we deal with this virus decisively. I have been in daily contact with the Chief Minister over the last few days on these issues because we appreciate the need to work together.

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The GSD Opposition is in favour and supportive of radical action to minimise the spread of the coronavirus in a bid to alleviate any pressure on our medical services and to save lives. We support the closure of the schools and their conversion into facilities for childcare for workers in the medical or essential services who have no alternative childcare arrangements, which would otherwise expose our vulnerable citizens. We are in favour of comprehensive and systematic testing to give us a better understanding of where we are on COVID-19 and the effectiveness of preventive measures. We must also support these by robust contact tracing and household isolation.

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My colleagues and I have been working with the Government behind the scenes and will continue to do so in the interests of this community. It is no secret that we have deep political differences with the Government on other issues, but these differences will not stand in the way of our co-operation at this important moment for the benefit of every member of our community. Once we return to normality – and we will – we can once again focus on that luxury of disagreement. For now, we will focus on our common ambition to ensure our people emerge as well as possible from this public health challenge.

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There are aspects of how we tackle this where we may have a different approach or emphasis. We will, as much as possible, seek to raise these privately first to try to get consensus, and ventilate these in public where necessary, but fundamentally we will be working together in your interests. That is also why, at the invitation of the Chief Minister, I attended last Monday's special Cabinet meeting on COVID-19. This was unprecedented. We will work together on other measures and on facilitating the political process to allow for public servants to be able to concentrate on this public health challenge first.

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1345 I also want to take a moment to reflect on that amazing work of all our frontline workers and thank them. Doctors, cleaners, nurses, paramedics, nursing assistants, teachers, the Police, environmental health workers, border authorities, every single public servant out there: your effort is invaluable and appreciated. And to all our volunteers who have come forward at this time, our big thanks as a community.

1350 We are, of course, concerned about various aspects of this challenge. First, there is the seminal challenge to individuals in this community and the vulnerable in particular. We will sadly see that some of our citizens will fall to this virus. It will be deeply saddening to see that. At this time we echo the call that our elderly and vulnerable citizens in particular should heed the public health advice that has been given. The legal restrictions on freedom of movement for the over-70s are also unprecedented, but necessary for your protection, and I hope this is understood. We all have elderly relatives and we must also all act responsibly at this time to carefully adhere to the health advice on hygiene, social distancing and self-isolation. This will also save lives.

1355 There will also be pressure on workers, on business, on our collective livelihoods, on our liberties, our freedoms and on the cultural way we have grown accustomed to behave as a society. We need to turn to those economic issues immediately, so that we do not allow this public health emergency to create in its slipstream an economic emergency that then undermines the sustainability of this community as a whole. We must appreciate the immediate urgency of now. Economic action must be rolled out in parallel to public health action. The survival of our Gibraltar as we know it depends on it.

1360 I believe we will emerge from this as a community, and indeed we all pledge to work to ensure that the impact to our country is overcome. I certainly promise everyone listening that we will work tirelessly for you, and together it will be the mark of our strength and our spirit to overcome this COVID-19.

1365 Mr Presiding Member, I want to make some observations on what has been said and indeed the Budget that we have in front of us, which is of an emergency nature. We have, on this side of the House, agreed to support this Budget – which is unprecedented, at least in modern times. Indeed, as the Chief Minister has said, there has only been one extension in the history of this Parliament and it was, may I say, on a rather more technical basis just to adjust the financial year to align it with that of the United Kingdom, and not because of any social or domestic imperative. This is not even that. It is a global imperative of a public health nature which brings in its slipstream an economic emergency that we must deal with. These are special times. It is insufficient to say it a hundred times to get the message across of how special these times are.

1370 I just flag, and of course it has been acknowledged and accepted by the Chief Minister, that we are not abandoning our traditional stance on public finances, accountability and prudence. We are simply parking that for another day. We will have a lot to say about all those issues again, and we may even have things to say in respect of prudence in the context of borrowing under this umbrella and where we need to direct funds – and I may say a bit more about that later in my contribution. We understand that this is necessary because of the situation where we find ourselves as a community. We immediately understood it would have been a completely mistaken use of the energy and resources of the public service to concentrate, at a time of potential peak of COVID-19, on drawing up estimates for the coming year when simply, in any event, it would have been impacted by the pandemic, and so we would not inevitably have made provision, had we come to this House and laid the estimates in the normal way, for things that will emerge in the next couple of months. And so we immediately understood and agreed when it was suggested to us that this was necessary.

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1395 need to understand that unless we act quickly on this issue we will move from a public health
emergency to have a parallel economic emergency. That is something that, as a Parliament and
indeed working together with the Government, we must ensure does not happen, because the
1400 reality is that we can only protect our people if we have the economic means to do so. If we do
not have the economic means to do so, simply focusing on the public health issues will not work,
because sooner or later the house will come crashing down around us. So we must work the
economy.

And there is a danger of not acting. I do not say a danger of not acting because the
Government is not acting, but rather I say that there is a danger as an immediate consequence
of standing by and focusing simply on the public health issues, because everything that we are
1405 hearing on this side of the House tells us and indeed surprises us, although I suppose we should
not be surprised by just taking a walk down Main Street or putting on the news about how
desolate it all is ... Everything that we hear tells us that there is immediate and current pressure
on business, especially small business; that this is not just about a sector here or a sector there.

The Chief Minister said in his contribution that he was keen to roll out assistance across all
1410 affected sectors. I will turn it around for him, if I may. I will tell him that it is not that he should
roll out measures across all affected sectors, but that all sectors are affected. That is what is
happening today, because what we hear on this side of the House is that there is loss of income
and loss of jobs already. I hear the impetus that he wants to give so that people are protected,
but people are already suffering issues, and it is understandable because very quickly we have
1415 seen a massive slowdown in the economy and it is incredible how quickly it has come.

They say a week is a long time in politics. A week is a long time in COVID because it was only a
week ago that the Government took the unprecedented measure of saying to bars and
restaurants that they should close in the evenings, it was only on Monday that it was extended
to all day, and it was only on Monday that we told our over-70s that they could not go out with
1420 effect from Tuesday. But the reality is that people have listened to what is going on around them
and they have taken their own measures. They have gone into self-isolation; some people
because they have symptoms, some people because on a prudential basis they have done so, on
a cautious basis. One only has to walk down Main Street to see how few people are out there
and how that is affecting businesses, because it is not just the businesses that have been closed
1425 through no fault of their own, who are in the catering business. It is not just that. It is that there
is a massive read across, across the economy. There is an incredible loss of confidence.

And so the measures that have been announced so far of course are welcome, but they are
insufficient. I do not mean that as a criticism. It is simply that the events are moving so fast that
it is clearly insufficient to deal with the massive loss of confidence that is created across all
1430 sectors. And this is not a Gibraltar issue; it is an issue that is being felt in every single jurisdiction.
And when we hear the kind of packages of lending or assistance that are being rolled out by
international governments, they are stunning and staggering in their financial extent. I am not
saying that because I am recommending to the Government that they should follow suit. Let me
voice a note of caution, because I am a fiscal conservative. There may be headroom in terms of
1435 borrowing, but the Chief Minister knows that we take a slightly different view of prudence and I
would say even within the times that we live we need to be sure that whatever we borrow we
borrow because it is necessary. We would say, on this side of the House, without trying to strike
a contentious tone, that there are aspects of borrowing that are off the book, that in global
terms we would normally, ordinarily take into account and therefore impact on our affordability
1440 as a community.

I do not want to prolong my intrusion into prudence in any way and I am not raising it on a
contentious basis, and I hope he understands that. I am only raising it because whatever the
borrowing capability in legal terms the Government has, there is a need to temper necessity
with prudence, and that is important under the umbrella driver, which is that of overall
1445 sustainability for future generations of this community.

There are not going to be, as has been said, magic solutions, and people need to understand that out there. There are certainly not going to be magic solutions and we welcome on this side of the House the creation of these bodies which will allow the Government to get a greater and quicker insight about the concerns from unions and indeed business organisations about what is going on out there, because I emphasise this is not just about the obvious sectors that perhaps people think are affected because of the closedown – bars and restaurants and anybody; it is about every single sector in Gibraltar. Every single economic sector is reporting to us a massive loss of confidence – and slowdown, not just because of local measures. Inevitably, there is a global slowdown. Anyone doing international business from Gibraltar in any service industry has seen a massive slowdown in any email communication, for example, at the most basic level. Anyone dealing with local clients, they are all staying at home. Anyone dealing with international clients, they are not picking up the phone or sending emails because they are all dealing with the same issues in their own respective countries. And while things can carry on as normal now, we can all pretend we are on a short holiday and hope that it goes away, but the reality is it will not and it has an effect across all sectors. So it is indeed important to do that number-crunching work and the work with the sectors to understand it. And yes, I take from what the Father of the House has said that it is also important to take a deep breath and model the economy, once you get an insight as to how the world is emerging from the global pandemic. As always, words of wisdom on an economic sphere from the Father of the House.

But it will also be important for us to be radical as a stimulus to the economy to avoid those economic walls coming down, and why we completely support that the Chief Minister says that the initial financial impetus and assistance is to ensure that businesses are assisted so that no one is laid off, etc., which is, may I say, although he did not express it in these terms, a preservation strategy. It may not be for now, but we, as leaders of this community, must very quickly have the vision to move from the preservation strategy to the stimulus strategy because it will not be enough to direct financial assistance simply to fund inactivity; it must be to stimulate activity. The funding of paralysis by the taxpayer is not going to get this economy going after we emerge, so we must also think about that. So, whatever financial bullets we have, we cannot simply spend on preservation; it must be with an eye on stimulus as we emerge, and also now because there are things that can be done to facilitate some economic activity even now. When there is global slowdown, the public sector, to the extent that it can, should carry on doing what it can. For example, of course the public servants are directed towards the public health issues first, but if there are planning applications and the planning process needs to continue, it should be allowed to continue because that in itself is fostering activity, albeit at a minimal level, in different sectors. If there is any business interface with business Ministries that can be done even at a local level, it should be done so that we carry on at least preparing to do business in a normal climate.

Of course I spare a thought at this, because one of the things that struck me when I was listening to the contributions from different Members is that we have got, of course, a tremendous tension here between the public health measures that we are imposing for the protection of people and the effect it will have, not just on this community but our culture. We are a Latin Mediterranean people. We are used to going about our business in a particular way and we are telling people to do the opposite for the first time in our history. We have got to have an eye also on not just the economic repercussions and economic consequences but the social consequences of this pandemic.

Again, I am talking about the future, I am not talking about now, but one of the things that we will have to, as leaders of this community, quickly move on to think about as we emerge from this pandemic is the social effects of this. Having indoctrinated people with social distancing, which is absolutely necessary at this time, and having told people to stay at home, there may be issues that result from that. We have spent so long concerned – well, at least I have spent so long concerned about the effects on mental health of social media and telecommunications on our youngsters and the fact that youngsters do not sufficiently engage

with each other in this day and age, and now we are telling them not to engage with each other. And there will be mental well-being issues when we tell our elderly not to engage with their families for prolonged periods of time when they are in their 80s. There will be all sorts of support and counselling issues we need to think about as a community if this goes on.

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All those issues are, I am sure, matters that the Government has foremost in its mind. Of course the most important imperative is preservation strategy in public health terms and in economic terms, but soon – sooner rather than later – we must think about the future, both in economic terms and in public health terms, in the broadest sense of the word.

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But we certainly appreciate, for the moment, that this Budget is absolutely necessary, that it is an imperative for this community, and for all those reasons – and I have no doubt we will emerge from this, as Gibraltar always does – we believe we need to lead by example and show Gibraltar a renewed strength of purpose to deal with all these matters. For all those reasons, we support the Bill that is in front of us. *(Banging on desks)*

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Mr Presiding Member: Before I call on the Chief Minister, can I ask him to address one particular issue in his reply, and that is that the Bill is dated 18th March. The Chief Minister has written to Mr Speaker on that day, on the 18th March, certifying the Bill as too urgent to permit the expiry of six weeks, and although I do not expect the Chief Minister to talk on the certification, because he has explained already in his original speech why the Bill is urgent, I would ask him to place on record, for the sake of *Hansard*, his certification of the Bill as urgent.

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The Chief Minister.

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Hon. Chief Minister: Thank you, Mr Presiding Member.

It is important that I do exactly as you have suggested, which is record that I have written to the Speaker to say that the consideration of this Bill cannot await the constitutional six-week period, and I did that after consultation with the Leader of the Opposition and indeed with Mr Clinton in the discussions that he and I had and he and the Father of the House, Sir Joe Bossano, had.

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I want to thank all hon. Members for their contributions. I will have something to say about what they each have said.

The first speech that we had from Members opposite was from Mr Clinton. I am very pleased that he has accepted my olive branch and that we are going to try and do things in a slightly different way going forward, although I look forward to returning to robust debate on the subject – although taking, as I said, even in that respect the good of the normal and not the things which might not have been so good about the normal.

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It is important that everyone in this community realises that, not because we are going to teach anybody any lessons but because all of us have to be alive to the fact that although I agree with the Leader of the Opposition, we will go back to normal – as I have said to many people, we will smile again – it is important that we realise that nothing will ever be the same again as a result of the world having to face this reality. That is why the Hon. Mr Clinton is absolutely right: this is not a normal Budget; this is a situation where the community needs us to act in the way that we are doing because we cannot simply go about our normal business, even in the financial sense.

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So, dealing with the three areas that he analysed – the Bill, the reserves and the economy – in the same order, I think his analysis of the Bill is identical to ours. I think it is helpful and important that he has confirmed that and that the numbers that he has analysed have led him to the same conclusions as we have and that we have been able to agree that, and that on the record of this House it is not just the extraordinary nature of the debate that we are having but also agreement as to the numbers that we believe we should have for our public services to have at the disposal and service of each Department in the time that we are extending the financial year. Indeed, I think it is important that what I am saying repeatedly in respect of the GHA having what it needs to deal with this virus ... that this House shares that view, that we are

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1550 therefore demonstrating, by voting these new Schedules, that we are giving the GHA that additional amount. And indeed, as he said, if they need more they will come back for supplementary and they will find the House not wanting in giving that support when the time comes to approve it at the end of the financial year.

1555 It is absolutely true also that the House will, I think, have the benefit of the record demonstrating that we are not just agreeing in respect of the need for this; we are agreeing also in terms of what I might call the financial mechanics of the Schedule being as they need to be, with both sides of course continuing to keep their powder dry on the substance of our philosophical approach to the way that the book is prepared. Of that, Hon. Members need have absolutely no doubt.

1560 The Hon. Mr Clinton said that it was right that we should exercise the power vested in us by the people to act in this way. I think that is a good way of putting it, because the power that we have is primarily, as I have said, to be deployed to ensure the safety and security of our people. Here, we are acting – and I think the Leader of the Opposition put it this way – we are acting in effect to save lives. That is what we are doing and that is absolutely, therefore, the right exercise of the power that we are given when we are returned to office and to this place.

1565 In the context of potentially having to extend further, I think we may all agree that we might not be in a position to have prepared sensible estimates in September, or we may take the view that we might be able to do that but that even if we were able to, calculations will be harder, the accountability that hon. Members opposite need to pursue of the Government may be harder if we are calculating 1.5, and the emergency – although we are going to try and put that in the special fund ... It may be easier for ourselves and for the general public, for everyone to understand the Budget over 24 months, so you are looking at two financial years, divide by two and add a little for the second, which was the point that the Hon. the Leader of the Opposition made to me when I first broached this subject with him. So I think we need to keep that issue under review. Even if we are going to come back to fall out over the mechanics of how the book is constructed, I would hope that we would be able to continue to act in concert as to what we consider to be the best financial period to account for, whether it is 18 months or 24 months, because I think it will be helpful to us. It will be helpful to each of us to be able to have a better argument in respect of the things that we are reserving our position on, if we do it in that way.

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1580 On the new section 8, I was grateful to the hon. Gentleman in respect of the way that he analysed what we might call these extraordinary Henry VIII powers. Indeed, these powers are powers that we all first started to hear about in the context of the Brexit negotiations for the short period when there might have been a hard Brexit or when amendments might have needed to have been made to a whole raft of legislation. That may still come, but that is how we started to understand the existence of these powers, and I was very pleased to hear the hon. Gentleman give his entire support to the way that we have cast that. I have cast it in the context of consultation with the Leader of the Opposition and the words I have used in *Hansard* as to how I will use the power I reflected in a letter also to him.

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1590 Mr Presiding Member, I want the House to know and I want the community to know that I will take the responsibility of the exercise of those powers as seriously as I do everything else, and that the community will never want for my exercise of those responsibilities to have been done in a way other than entirely properly, because granting that very great power also means that there must be great responsibility in the exercise of that power, especially given the ability to trigger spending in the way that we will. I am conscious that I will be judged on how I exercise that power.

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1600 Turning to the rainy day funds and the analysis that I had done, I do not think that the hon. Member incurred in an argument about them, but he did say that of course we would want to have more and it would have been nice to have more, etc. The only point I would make, and I make it not contentiously, is that those funds have only grown in the past eight years. I am very pleased that we do have them.

Community Care, as the hon. Gentleman says, is a step away. It is not money in the hands of the Government. The analysis of why we call Community Care a rainy day fund is one that we do repeatedly and I think is agreed: it is there to continue to discharge the payments without having to give them the payments, and in that way it relieves the public purse. But indeed all I would say is that the directors and trustees of Community Care have traditionally stepped up when Gibraltar has needed, so it may be that they do something. I do not envisage it will be that the Government will seek to borrow that money, but it may be that they decide that they will also do something in the context of this emergency, given what may be relevant. It is a matter entirely for them, but I envisage, given how they have behaved in the past, that it may be something that they wish to consider.

The cash reserve is higher than £26 million, I think it is closer to £50 million, and of course a lot of what we have spent that cash on are the things that will now enable us to act. For example, the Europa sports facility is now potentially the field hospital that we need because we have spent the money in creating it. So there are connections with the spending that has gone on which will now stand us in good stead.

We are ready to borrow the £150 million that we need, but we want to borrow the maximum level of £500 million, if we need to, in the way that is the most affordable for the community. That means ensuring that we get the best rate of interest. Because of the historic low, we need to go for the lowest rate of interest that is available and we shall try and seek to do that in the context of ensuring that, as we borrow, we do not just deploy the money in the way that we might all agree is necessary in the context of the emergency – and I will come later to the things that the Leader of the Opposition has said about that and with which I largely agree – but also that the commitment that we enter into with the lender is the best possible commitment that we can enter into in terms of period and in terms of interest rate. Renewing the Barclays facility might not actually be the best deal out there, but anyway, we will see. We are not saying no to any of that. And it is going to be about looking to target the way that we preserve (a) livelihoods and (b) the economy in general, because that leads us to that twin period of ensuring that people have now in this difficult time, but not just continuing to give. Otherwise, we are transitioning towards communism and that is not what we want to do. We are transitioning to the stimulus package and ensuring that people have in their pockets ...

I think what the great criticism of the 2008 issues are ... As Mr Clinton said, the textbook about how to deal with this problem is not yet written, but there are many written about what happened in 2008. I think the mistake there was that you denuded the working and middle classes of the ability to go back into the economy to be spenders, unless they once again leveraged themselves and put themselves in hock. A lot of the money got stuck in the middle of the financial institutions, where the hole was. The stimulus package – and on this the Leader of the Opposition and I will need to do more talking, but I think we are of the same mind – the stimulus package must be there for businesses at the end of this horror, but it will only work if there are clients for those businesses, and you need to keep those people alive and dealing with the issues economically in a way that allows them to come back into the game.

I took a careful note of the things that he said about what we are seeing from chancelleries across the world. All hon. Members on the other side should know that we have a very detailed note of what every nation is doing, and not just the nations that are grabbing the headlines. We see a lot here, of course, from the United Kingdom. We see a lot of what is happening in Spain. The major economies are making the news – the French approach and what I might call the Merkel approach in Germany. *Monsieur* Macron was very clear: no business will go into liquidation. Ms Merkel was a little less clear. The Chancellor was somewhere in between, doing everything possible but not saying the words that every business will be able to survive. So there are degrees of what we are going to need to do. Every economy will be different. There are some economies which we are looking at which are closer in scale to us and we intend to do a lot more than we have seen those economies do. Again, what they are doing may be right for them. We may need to do more because of the nature of our economy and where we are in

1655 terms of the spread through Europe of the virus – we are at the Spanish levels, not at levels elsewhere. And there are some larger economies than ours, which are still small economies, which are doing things which we think are very favourable and we are having a look too.

1660 That is why it is very important that people understand – and this is a general point, and I think some hon. Members opposite have understood it but not all of them – that for an administration the size of Gibraltar to have been able to prepare a Budget and appropriation, even if it is by way of amendment of an existing one, in 72 hours is very difficult indeed. To have refined the measures necessary is well-nigh impossible, despite the wholesome co-operation of the Opposition, the wholesome support of the Federation and the Chamber and the wholesome support of the unions.

1665 We have got to get this right because what we are going to deploy is the firepower that we have got. We have got to deploy it in the right way and calibrate that in the proper way. That is why I was very pleased to hear the hon. Gentleman welcome the creation of CELAC. I think it is the right way to ensure that we are doing what we need to do for all of these sectors. I think hon. Members on the other side made the point in different ways and I think Mr Clinton made it in the same way I did, which is that there is now a very short list of sectors that are not affected, and that has happened – and I agree with the Leader of the Opposition – in 96 hours.

1670 You go from doing something in one sector and therefore trying to support them; that catches fire not just because of what you have done there, which is dramatic, the 70-year-olds and the catering industry generally, but because of what is happening around us and measures which are being applied in Spain, what people are seeing on television and the immediate restraint that people have. Therefore, we need to act, as I said, to deal with all affected sectors.

1675 And the word ‘affected’ may have to disappear from that analysis, or it may be that there are some sectors where that does not disappear. I said in my address on Monday that supermarkets, ironically, are doing very well indeed. We are working very closely with the supermarkets and they are saying to us, ‘At the moment, we don’t need a stimulus package – this is going well for us and we want to continue working with you to ensure that the supply chains work, etc.’ So we need to ensure that we are doing this in exactly the right way, but there are more and more sectors that are affected.

1680 I agree with Mr Clinton that the public sector receiving its salary without interruption is going to create a trickle down, which will not be in itself the stimulus package that the economy needs but it is an important part of the trickle down. In other words, they will be a hugely important part of this economy; the other side of the coin of what Mr Clinton said. In other words, of 30,000 he identified there were 24,000 that were in the private sector, 6,000 in effect – between four and six thousand – directly employed by the Government or not directly employed by the Government, who will be able to continue to enjoy the guarantee of their salary and will be able to therefore be ready, when they have the confidence, to go back into the economy and start spending. That means that we have dealt with one part of the problem, the problem being the whole of the 30,000 people in our economy who work. Ironically, the number is so close to the actual number of the population. So, the Leader of the Opposition and Mr Clinton were right – the firepower must also be kept back for a stimulus package to come.

1695 I just want to explain that the CELAC is created because it is the place where I am going to consult those bodies. It is not to say that I am now going to go off with the power that hon. Members have given me and conspire with unionists and business representatives to spend all this money without regard to them. I want to be clear that the approach of the Government will be faithful to the approach that there will be different groups to consult. And so, for example, there is the CELAC, there is the Cabinet and then there is the Opposition, and all of those will, in my view, be the groups that I will consult *before* bringing about the measures, because if I consult with the CELAC and then use my power without consulting the Opposition I am being disloyal to the terms of the clause that I am seeking. I am not looking at this in partisan terms at all. I *want* the advice of the Leader of the Opposition and hon. Members opposite in the same way as I want the advice of my colleagues in the Cabinet, but of course, apart from the social

1705 distancing issues, I do think there is a room big enough for all 17 of us and all eight of them, and
it is not conducive to a debate to have everybody trying to write the same letter at the same
time by committee. All of the parts of the groups that I have mentioned are an important part of
making the decisions that we then deploy.

1710 But I do agree with him that it is sometimes difficult to describe the scenario – and he ended
up saying it is ‘awful’ – because I do not think it is possible to find words to describe the scenario
in which we find ourselves and it is difficult to try and not hyperbolise, because this is really so
remarkable.

1715 Mr Presiding Member, the point he made repeatedly was that we all wish we had more in the
rainy day funds. I think the rainy day funds have gone up by about £140 million, so that is not so
bad, I would say. It gives us the opportunity to do the spending that we are going to need on a
war-type budget basis. It is important that I pause there because he used that phrase and the
Prime Minister used that phrase in the past 24 hours about the United Kingdom being almost at
war and having to deal and deploy measures on the basis of being at war. Gibraltar has never
itself been at war and it is important that we understand that. The United Kingdom declares war
1720 and Gibraltar becomes *part* of a war.

Well, Mr Presiding Member, the hon. Gentlemen opposite will have picked up that I have said
something about what we are expecting the United Kingdom to do here also, and that is
something which I look forward to discussing with them as well. We are proud Gibraltarians. We
know what it is that Gibraltar means to us and we know what it is that we can do. I think most of
1725 us are realistic enough to know that we are not able to declare war, even if we had the
international legal capacity to do so, and stand much chance of winning a war against most
other nations in the world because of our scale. When the world declares war, it is also
important that people realise the scale of Gibraltar and the help that we may need in the
context of surviving that. I think that is well understood beyond Gibraltar, but I thought it was
1730 important to remark upon the words that the hon. Gentleman had used. I thank him again for
the approach that he has taken to this debate.

Mr Presiding Member, the hon. Lady then introduced her address by reminding me of all the
things I have said before, which are exactly the reason why we are able to be so bold in the
approach that we are taking – all of the reasons related to the creation of the rainy day funds,
1735 which are now higher than they have ever been; all of the reasons why the borrowing is
therefore now available, which she repeated. I do not know whether she was intending to
repeat the things that I had said in the positive, because I did detect what I thought was a hint of
irony, but I think it would have been misplaced if that is what she was trying and intending to do,
because this economy will have £½ billion available just in terms of the borrowing being put at
1740 our disposal in the context of being able to deal with this, which is 20% of the GDP. That is a
bigger bazooka than Mario Draghi ever deployed, and I think that whoever suggested that this
was a good example to use might want to reflect on that, because frankly the Draghi proposals
have meant that for the past decade most of Europe has not been able to drag itself into major
growth. It is a hugely criticised package that benefitted banks more than it benefitted people
1745 and I am surprised that she, of all people, is commending to me the Draghi proposal. I thought
that was lamentable. I think there are some who will give her an analysis of the Draghi approach
which will be very negative, not least Mr Varoufakis, who does an analysis of how people were
ignored in the last financial bailout. I am not going to say I am going to follow Varoufakis and not
Draghi, I am not going to say I am going to follow Lagarde and not Pablo Iglesias; I think that we
1750 need to have a Gibraltar solution and that the Gibraltar bazookas are better than anybody else’s.

In terms of the other things that she went on to say, she said that we are going to do no extra
spending. Well, I had just told her that we are going to be ready to inject £500 million in the
economy and to do many other things.

1755 She says that I was talking only about one sector when in fact there are many sectors
affected. Well, I had already said that I thought that there was a shorter list of sectors that were
not affected than the list of sectors that were affected, so I do not know why it was that she was

saying things that I had already said we were addressing – the spending into the GHA, the establishment of the separate fund. It is not like her not to listen and not to be able to reflect back from what it is that the House has been told.

1760 When she says that businesses must have robust support, she is calling loudly for that which she has just been told we are going to give them. When she says that we need to have clarity of the measures, she is calling loudly for what it is that we have created CELAC to do in a way that it is better able to do than just Members of this House. When she is calling for liquidity to support them for six to nine months, she is again calling loudly for us to do that which we have said to
1765 do. And when she talks about what other governments are doing, she is ignoring what it is that the Gibraltar economy is, which is a unique creature which needs its own style of support, which is what we are going to design and ensure that we do properly.

So, we are not failing to recognise anything, but she is apparently failing to understand some of what I was telling the House. For example, Mr Speaker – Mr Presiding Member, I keep calling
1770 you Mr Speaker. For example, Mr Speaker – again! It has been a long week! The hon. Lady says that we are constantly told that we are so small that we can move quickly and nimbly and why aren't we doing that now. Well, that is exactly what we are doing now. If you look at what other countries have done, in many instances they have made announcements without detail. The Chancellor of the United Kingdom, one of the top seven economies in the world, has had to go
1775 back and do a budget for the third time because he has been told that what he has announced the first time and the second time is not sufficient or not sufficiently particularised. So I think that working together in the way that we are demonstrating that we will, we are giving actual business efficacy to the reality of a Gibraltar that can move quickly and that can put in place the right measures.

1780 Yes, I know that there are many who are already saying, 'Look, I can't go on for very long, I am about to lay people off,' etc. We have been in direct contact with a lot of people. We expect the measures that we announced are going to ensure that a lot of people are able to hold the ring and that we will be able to get the message out so that those who might not have to lay workers off will be able to hold off for long enough, because we do understand that if we do not
1785 extend this to all the sectors the dominoes will not fall. That is exactly what I was saying. In fact, the hon. Lady has missed a key word in my address: 'affected'. I said we will deal with all the affected sectors, so how can she tell me that I am failing to understand that many more sectors are affected?

I thought her analysis of the European packages was a little superficial. We have done much
1790 more analysis than that and identified many other jurisdictions which have many better measures of the sort that we want to consider proposing through CELAC should be implemented in Gibraltar.

So, I am sorry to say that on this particular and key moment her address seems to have failed to grasp the nettle of leadership required, but I will put it no higher than that because I want to
1795 move on as positively as possible. I am sure it is just a difficult moment and we will be able to continue working together positively in coming days, weeks and months, because that is what Gibraltar expects, not second guessing each other, not trying to score any points, but just working together.

Mr Presiding Member, I was heartened to hear Mr Phillips agree that the age of entitlement
1800 is over; the age of responsibility is firmly here. I think it is important that we are of one mind and one voice in that respect. It is what I have been saying and he knows I have repeated. That was the mantra of the General Election.

I too feel, as he does, that too many people are permanently connected to rolling news programmes that are ... I am not going to say sensationalising the news but certainly telling it
1805 like it is but in a way that ensures that their audience share is there, and frankly I do think this is affecting many people and the issue of social media is affecting many people. The Leader of the Opposition is right: we keep telling people that social media is, in many respects, problematic

whilst at the moment we are also asking them to stay at home and many of them are relying on social media.

1810 I would put it like this to everybody. COVID-19 is what it is. We know how it affects those under 70 and those over 70, and even those under 70 are not to expect an easy ride from it, but if I had a heart condition I would not switch on the television to work out how to have it resolved. I would not go on Facebook to ask for somebody to come round or send me a kit so that I might have it resolved. I would go to the doctor. The doctor would refer me to the specialist and the specialist would refer me to the consultant who would carry out the operation. I think the view that the hon. Gentleman was expressing, with which I have great sympathy, is that people need to trust the certified clinicians, and the views that are being put to us are being put to us by the certified clinicians, not by the best-intentioned or the worst-intentioned, the best-informed or the worst-informed social media hack or person that the latest news channel has been able to get to come on at five past two because somebody else is not able to do the interview and they need to fill the five minutes. That message needs to go to people in his office, in my office, to me, to him, to everyone, because we are all human and this is a moment to remind ourselves that it is the clinicians that we need to trust.

1825 What are we doing for the over 70s? What are we doing for our mental health generally? I think these are key issues that might not have been at the fore in the past, but now we understand how important these things are we also have a responsibility to know that we are doing something about them.

1830 I know that Gibraltar Cultural Services and the GSLA are planning to do things initially for the over-70s and also those of our children who will be in the schools, the children of key workers, but also to roll out other programmes to try and keep people entertained. I must say I have seen some extraordinarily inventive things on social media; for that, it is good. And if there is one thing that the human condition never fails to see dampened, it is humour. I have seen some WhatsApp jokes arising from the Spanish lockdown, the sorts of which I have never seen before and at least keep me smiling in some of the more difficult moments. I do applaud, however, the fact that we are looking at the mental health issue that arises here alongside the physical issues that arise.

1840 Mr Presiding Member, the Hon. the Leader of the Opposition said that this is a global threat and a global pandemic, and of course I agree in particular with the way that he cast one aspect of this, that this is not something that we can eradicate. That is not the stage at which we are at. There are researchers trying to find vaccines and people trying to find antiviral drugs that will be the magic bullet – and that, we all hope, will come. That is not where we are at the moment and he is absolutely right to point that out. We are at the stage of slowing down the passage of the virus through our community.

1850 I have been very grateful for the way that he has worked with me in the past days and it may be that ... We are all being a little more reflective and philosophical these days. Life has a way of doing things at the right time. Perhaps now a Leader of the Opposition and a Chief Minister who have known each other for 30 years, and know each other politically very well as well, are destined to have the mutual understanding and the ability to work together when the time comes. That is why we have been able to work together behind the scenes. I have said publicly already and I have shared with him and others that if things were to get worse – and frankly, given the predictions, we may be only at the beginning of this difficulty, at least at the level of public health – I do not discard a Government of national unity, in which case, if we are able to agree the terms of that, I would invite him to join the Government.

1855 Mr Presiding Member, despite those dramatic words, I do hope that we will return to normality and to the luxury of disagreement. Those of us who have been in politics together for 30 years love the luxury of disagreement – that is why we are in politics and the quarrelsome so-and-sos that we are – but when we do get back to that, I would just reiterate the point that we must go back to a better normality. Yes, Gibraltar as we know it will return, as he said, but Gibraltar as we know it new and improved, and as the political leaders of our community today

1860 it will be our responsibility to lead, not just in this difficult moment through crisis but also we shall lead, I hope, to a better, new normal Gibraltar.

The global emergence of this as a public health issue, he said, is what is leading us to this special moment. Indeed, it is what is leading us to a moment where we are acting to save lives, and that is why everything else is trumped – because we are acting to save lives. I record again
1865 that I recognise that they are not abandoning their position on the structure of the book, the public debts and all the rest of it; of course, neither are we. And he went on to deal very quickly with the issues. I do not want to go into any more detail than he did, but we will say, when the
1870 time comes, that we are able to borrow £½ billion because we have the headroom, because we have done the indirect borrowing and we have the ability to do the direct borrowing now. Now, with the Government covenant, we can try and get £½ billion and we will get it. Through a company it might be harder at this stage, so right, in our view, to borrow through companies at one time and now through the Government.

The only reason I have said that is because he gave us an overview of his own position and that is the overview of our position for when the time comes. And you never know, Mr Presiding
1875 Member, we may in summer have an opportunity to not just have the debate here; we may also be able to get together over a plate of fried calamari and a beer to have the discussion on a sunny day when things are back to normal. I hope those days will come, and not soon enough.

I have said enough times that I recognise that all sectors, almost, are affected and that there may just be one or two, and I think that there is now clear agreement across the floor of the
1880 House and we are all saying the same thing.

The packages that the hon. Gentleman is rightly saying he is seeing across the world are stunning and staggering, and he is right to say that we must not fall into the trap of just paying for inactivity. We have to ensure that people survive, but we also have to be ready for the stimulus. And when we borrow – and the issue of the borrowing is parked for now as to the
1885 argument but when we borrow, the deployment of that borrowing must be alive to the different moments that we expect to see in the context of this global pandemic, both the current moment and the issues that we see today and the future, when there needs to be stimulus to those businesses.

We have done that already, not just with the public sector continuing. In the context of all of
1890 this madness I am also approving category 2 certificates and HEP certificates which are continuing to come from the Ministry for Financial Services. Indeed, it is important that those who are coming into Gibraltar should realise that even in this moment we have the ability to turn as we need to be nimble and quick and approve those things, and we are approving them.

He has seen in what I have said today that we are dealing with hotels, so our hotels will stay
1895 open. We are dealing with the issue of the motor trade to deal with a duty rebate so that there is a stimulus for those who are in the motor trade, so that cars continue to be sold. Talking about the sale of cars at this moment might seem flippant, but of course if cars are sold because they are attractive even at this moment, people who work in those industries continue to keep their jobs and continue to keep their pay, and that is important stimulus even now because we are
1900 talking to those industries directly.

He also raised the issue of mental health. I have outstanding a reply to an email of his, but both his first email and his second email came in at terrible moments ... which I was not therefore able to deal with, but I hope that perhaps over that beer and those calamares we will be able to talk even about that in coming months.

Mr Presiding Member, I am very pleased that eight years ago we made the decision to bring
1905 cameras into this place. Now in particular their value will have been seen. Not only is the public able to watch us on parliament.gi and on GBC; also on panorama.gi I have noticed we are also live on their web page. The outreach that we have been able to do is an important one. All politicians are going to be important as we resolve this moment, and therefore the fact that
1910 people have been able to watch this, in my view seminal, debate on an appropriation is important.

1915 Joe Bossano's contribution, ably introduced by the newest Member of this House, Mr Daryanani, I thought was hugely important. It would have been the first time in the history of this Parliament since 1972 that we had an Appropriation Bill without a contribution from Joe Bossano. I certainly took a lot from it and I know Mr Clinton was looking forward to hearing it. That speech, if I may say so, perhaps even more than mine, will bear analysis in the coming weeks and months because, as usual, Sir Joe has focused it from the point of view of the experience he had in 1972 with the closed Frontier and in 1988 with the closing dockyard. So, all of that will be hugely important.

1920 I am remiss if I do not mention Mr Reyes and Mr Bossino, who are also not here and were the only two I had not mentioned by name, and they are also, in parliamentary terms, much missed.

1925 Let us be clear, Mr Presiding Member: after this crisis, things will never be the same. Nothing will ever be the same. Normality will return, but it must be different. And so I say to all hon. Members this is a time not to fail the test of leadership. It is a test that comes around only once and people never forget if you fail it. I encourage them all, because we are all leaders in this community, to be ready for this test, because when it comes it is what determines whether you have the right stuff or not, and it only comes once.

1930 Those who are in the GHA will have seen that with 96 beds available today and all the resources necessary, their Minister has certainly got the right stuff. He has not failed the test of leadership. He has been ready to do what he needed to do and the statesman ignored a lot of what was being said about him by those who just did not realise what was going on.

This is not a time for second guessing whilst allegedly supporting.

1935 A total lockdown may come in days and our community needs to be ready for that eventuality, but if it does, if the moment for total lockdown comes, we will implement such a measure only on the basis of clinical advice. In fact, hon. Members will know, and everybody watching should know, that we cannot engage the powers in the Civil Contingency Act to have a total lockdown of Gibraltar just because we think it is a good idea. We can only engage if we have the medical advice that we should do so. That is what gives us the ability to make those rules, and without that public health advice we cannot and will not lock down. Constitutionally we cannot restrict movement further without a law to support that restriction, and the law comes from the power in the Civil Contingencies Act. So, anybody who is calling for a lockdown needs to understand that there are these locks in the way of a lockdown that have to be undone if we are going to do that.

1940 Mr Presiding Member, all of this that is happening and an emergency Budget in 72 hours is a huge and great challenge for any administration, but we have done it and we have done it in great measure thanks to the diligence of the Ministry of Finance, in particular the work of the Financial Secretary and the co-operation of the Opposition, and we will do more: we will do what is required. It will not be for want of effort or for want of co-operation across the floor of this House that we will not do what we are advised by clinicians that we have to do.

1950 The GHA staff have been superb, the public sector have been superb, the volunteers have been superb, the emergency responders, all of them have been superb; and even, if I may say so, a meeting of this House on an Appropriation Bill, whether it is because of the extraordinary circumstances or not, but without jibes or name-calling, a salutary break from business as usual – if I may say so, I think all hon. Members of this House have been superb too.

1955 Extraordinary times require extraordinary action. We will be ready to deliver. We will be ready, if necessary, for a Government of national unity.

I know that there are people at home who have little more to do, but we might even bore them if we carry on for much longer.

1960 I want to thank all hon. Members for their support and I want to say this. Let the message ring out from this House to every house and every home in the land, to every man and every woman in our nation, to every child on whom our future depends: we are ready for the hard times to come, we will bear the hardships with stoic resolve, we will grieve knowing that happier

times will come, we will arise from these moments stronger than ever. The spirit of the Gibraltarians will never be broken.

1965 I commend the Bill to the House. (*Banging on desks*)

Mr Presiding Member: I now put the question, which is that a Bill for an Act to amend the Appropriation Act 2019 be read a second time. Those in favour? (**Members:** Aye.) Those against? Carried.

1970

Clerk: The Appropriation Act 2019 (Amendment) Act 2020.

**Appropriation Bill 2019 (Amendment) Bill 2020 –
Committee Stage and Third Reading to be taken at this sitting**

1975 **Chief Minister (Hon. Picardo):** Mr Presiding Member, I beg to give notice that the Committee Stage and Third Reading of the Bill be taken later today, if all hon. Members agree.

Mr Presiding Member: Do all hon. Members agree that the Committee Stage and Third Reading of the Bill be taken today? (**Members:** Aye.)

1980

Mr Presiding Member: The Committee Stage and Third Reading of the Bill will be taken today.

**Income Tax (Amendment) Bill 2020 –
First Reading approved**

Clerk: We now proceed to a Bill for an Act to amend the Income Tax Act 2010.
The Hon. the Chief Minister.

1985

Chief Minister (Hon. F R Picardo): Mr Presiding Member, I am keen to deal with this Bill because I think it is a quick Bill to deal with.

Do hon. Members wish to have a recess, or shall we carry on? Mr Presiding Member, conscious of your age, would you need a ...? (*Laughter*)

1990

Mr Presiding Member, I have the honour to move a Bill for an Act to amend the Income Tax Act 2010 be read a first time.

Mr Presiding Member: Very grateful for the Chief Minister's concern, but I now put the question, which is that a Bill for an Act to amend the Income Tax Act 2010 be read a first time. Those in favour? (**Members:** Aye.) Those against? Carried.

1995

Clerk: The Income Tax (Amendment) Act 2020.

**Income Tax (Amendment) Bill 2020 –
Second Reading approved**

Chief Minister (Hon. F R Picardo): I beg to move that the Bill for the Income Tax (Amendment) Act 2020 be read a second time.

2000 Mr Presiding Member, I just want to reflect, before I start my intervention here, that this is a demonstration that there are two things in the life that are guaranteed and one of them is taxes, because whatever it is that is going on, the Income Tax Act is on the agenda.

2005 This Bill is of crucial importance to Gibraltar's international tax footprint, and indeed as we look to the future and the sort of business that we are going to need to do, I think it is fundamentally important that we deal with it today.

When I started practising law – too many years ago to remember, but not as many years ago as you, Mr Presiding Member – Gibraltar used to promote itself on the basis that it did not have any double taxation agreements (DTA). The world has changed dramatically in that time and Gibraltar has been out of step with its competitors by not negotiating any DTAs.

2010 One of the biggest challenges we faced was the question posed by other jurisdictions when we asked to engage with them to negotiate a DTA and they said, 'Do you have a DTA with the United Kingdom?' Faced with a negative response it is often impossible to progress matters given countries devote very few highly specialised resources towards negotiating such agreements.

2015 If Brexit and the JNC process with the United Kingdom have achieved anything, it has been the ability to engage positively and constructively with the UK to make the argument that a DTA between Gibraltar and the United Kingdom was necessary for us at this key moment in our history. The Finance Centre Council, key practitioners in this community and international businesses relocating here have been asking us for some time to negotiate a DTA with the UK. 2020 This has not been an easy task. However, it was one I was keen to achieve as part of the Brexit process. The effect of Brexit is that Gibraltar will lose access to EU directives, namely those on parent, subsidiary and interest and royalties directives. Although these have not always been applied by other EU countries consistently to Gibraltar, I was keen to seek to protect this community as much as possible from this loss. The DTA with the UK is a way to somehow 2025 replace and reposition Gibraltar towards the UK-centric market. Double taxation agreements remove barriers to international trade and investment and provide a clear and fair framework for having tax businesses that trade across borders. By doing so, they benefit both businesses and the economies of the countries that sign up to them.

2030 Irrespective of whether we leave the EU, tax transparency, administrative co-operation and good governance continue to be very much on the agenda of global organisations such as the OECD and the G20. We therefore have to measure up to these initiatives and comply with them if Gibraltar wishes to be considered a mainstream tax jurisdiction. The landscape has evolved significantly and is expected to do so further apace into the future with initiatives such as those 2035 designed to address the tax challenges arising from the digitisation of the economy, including the OECD's programme of work under pillars 1 and 2, to which we will need to adapt. Gibraltar must ensure that it is well placed to meet these outcomes and to establish a framework of relationships cementing its position as a credible finance centre and avoiding both the pitfalls identified with blacklisted jurisdictions in addition to the associated consequences and sanctions.

2040 In this context it is important to take note that the international agreements entered into in these past 12 months with both Spain and the UK are immensely significant. Spain is our closest neighbour geographically, whilst the UK is our closest trade partner with most of the operators within our financial services and gaming sectors facing that market. Our economies are inextricably linked and therefore it was a logical step to enter into agreements allowing for 2045 closer ties and enhanced co-operation in tax matters for mutual benefit.

I recognise that we have a significant disagreement with Members opposite in respect of the Double Taxation Agreement with Spain.

2050 The negotiation and conclusion of these international tax agreements have paved the way for our commitment to expand Gibraltar's network of treaty partners in the future. A significant and measurable result from concluding our international agreement with Spain was the ability of Gibraltar to secure access and gain membership of the OECD-G20 inclusive framework. This has

historically always been blocked to Gibraltar and this is a programme of work comprising defined action plans which aim to provide consensus to face long-term solutions to challenges in taxation, including those affecting the digital economy.

2055 Our membership guarantees Gibraltar the opportunities to align and maintain best practice and adhere to the highest standards as set out by these global institutions pioneering in such taxation matters. It also allows Gibraltar as a jurisdiction to access a wide range of shared experiences and knowledge through an established peer review process and participate in a number of multilateral exchange instruments allowing for enhanced co-operation and mutual
2060 assistance. More importantly and notable, exclusion burdened the jurisdiction with many unwanted and negative badges and we have been keen to strip these away with all the negative connotations associated with them. This is a major step and one firmly set in the right direction.

The inroads that have been made in repositioning Gibraltar's international tax presence with the OECD is something we should be proud of. Nevertheless, a vital component of any
2065 meaningful taxation relationship is an international tax agreement. These tax agreements are treaties that allow contracting parties to promote international economic activity through the allocation of taxing rights and the prevention of that double taxation problem. In addition, the inclusion of the necessary safeguards and measures against abuse and the exploitation of instances of doubled non-taxation assist in preventing a negative perception of the jurisdiction
2070 by its peers. The importance of such international agreements for modern sophisticated economies cannot be underplayed. In the current climate it is imperative that we continue to take the necessary steps to remove barriers to international trade and investment.

Mr Presiding Member, before I turn to the substance of the Bill I have given notice of a housekeeping amendment to the Bill, the effect of which is to renumber Schedule 11 and
2075 Schedule 12. This occurred because a further Schedule 11 has been inserted into the Income Tax Act 2010 since the date of the publication of this Bill.

These are the very first international tax agreements Gibraltar has entered into. Unlike other jurisdictions that have well-developed networks of tax treaties and therefore already have the legislative framework in place to give effect to others entered into with prospective partners,
2080 the ITA lacks the provisions necessary to enable our international agreements to interact with our existing tax legislation.

After consultation with the Leader of the Opposition, I want to be clear that the Government will be implementing at this stage only the Double Taxation Agreement with the United Kingdom. The international Tax Treaty with Spain will not be implemented until the motion by
2085 him, which is already on the Order Paper, on that treaty has been debated in this House.

Additionally I will be moving an amendment to section 74 of the Income Tax Act to include a reference to agreements that are OECD model agreements. I have written to Mr Speaker already and I think hon. Members have a copy of the notice of amendment.

I will also bring a further amendment at the next meeting of the House to require that double
2090 taxation agreements are tabled and debated by motion or resolution before they are given effect. I will do that after a request from the Leader of the Opposition to amend the legislation in that way. This is the position in most other parliaments applying what is known as a dualist model of international law, where such agreements have to be debated as they are dealt with as treaties requiring activation into the national body of laws of each state or *corpus juris*.

2095 This is a Bill that makes the necessary adjustments to the ITA to provide the framework and foundation for approval of all new international tax agreements as and when those are negotiated and concluded. It therefore paves the way for Gibraltar to develop a tax treaty network of its own.

The effect of international tax agreements is that they impact on various sections of the ITA, ranging from powers to obtain information to the imposition of penalties for not providing that
2100 information. The Bill therefore amends the relevant and appropriate sections of the ITA, and for this reason you will note that the amendments will effectively be interspersed within the ITA.

Mr Presiding Member, in terms of each clause of the Bill, clauses 1 and 2 are the usual introductory provisions.

2105 Clause 3 provides for the amendment of the ITA, in subclause (2) amending the long title of the ITA, to widening the scope of the Act, and in subclause (4) inserting some sections into the ITA.

2110 A new section 3A applies for the element of publicity and information and applies to any international tax agreement in that the text of such agreements are required to be published by way of notice in the Gazette. The amendment I am bringing is also going to require that before that notice is published an agreement will have to be tabled in this House and subject of a motion or resolution within 14 days.

2115 The Bill provides for the necessary framework to allow us to negotiate new international tax agreements and, as we do so, publish those, bring them to the House, debate them and then implement them.

Subsection (5) provides that the notification steps required under (2) and (3) are key for the coming into operation of the Act and indeed now the additional step, which is that the agreements will have to be tabled and debated here.

2120 New section 3B is an enabling section which sets out how the international tax agreement and the ITA are to be read where, for example, a conflict may arise, and confers power on the Commissioner of Income Tax to enable him to comply with and implement a tax agreement.

A new section 3C provides for the publication by notice in the Gazette of members appointed on behalf of Gibraltar to any committee or liaison body for the purposes of performing functions under international agreements.

2125 The new section 3D enables regulations to be made for carrying out the provisions of an international tax agreement. These typically cover the requirements of OECD-style double taxation agreements covering administration and enforcement of tax laws, as well as providing powers, procedures and processes to all the Ministers effectively implementing an international tax agreement.

2130 Subclause (5) inserts a new section 6C, which affords the Commissioner the powers to request any information needed to comply with or implement any international tax agreement to be provided to him.

Subclause (6) inserts a new section 30A, enabling the Commission to issue a return of information to any person when this is required to comply with an international tax agreement.

2135 Subclause (7) inserts a new subclause in section 37 which provides a restriction on the application of the unilateral provisions contained in the ITA to those instances where an individual in receipt of income accrued in or derived from Gibraltar is also taxed in another country solely by virtue of their residence in that other country.

2140 Subclause (8) inserts a new section 65G, which provides for the imposition of penalties for the failure to comply with the requirements of an international tax agreement and a right of appeal for such penalty to the Income Tax Tribunal.

2145 Subclause (9) inserts a definition of 'international tax agreement' in section 74 of the ITA, which is the interpretation section, and this will include the additional language I wrote to Mr Speaker about this morning – language which is language I have agreed with the Hon. the Leader of the Opposition. The amendment now makes reference to specifically include the OECD standard model double taxation agreement within that definition.

Subclause (10) inserts a new schedule to the ITA, the purpose of which is the one I referred to earlier – that is to say to put in the new agreements.

2150 Finally, as I said earlier, seeking to negotiate a DTA with the UK has been something we have had as an objective for many years and something that has eluded us. Those in the Finance Centre, gaming industry and our professional advisers will understand the benefits of such an international tax agreement with the UK and its historic significance for this community. It is now agreed that this legislation allows us the final step to change our laws and make this effective just in time for the new financial year that starts in the UK on 1st April. It is therefore

2155 timely and imperative that we approve this legislation at this point or risk missing another UK financial year.

I therefore, Mr Presiding Member, commend the Bill as amended to the House. (*Banging on desks*)

2160 **Mr Presiding Member:** Before I put the question, does any hon. Member wish to speak on the general principles and merits of the Bill? The Hon. the Leader of the Opposition.

Hon. K Azopardi: Mr Presiding Member, we are going to support this Bill because of the accommodation that we were able to reach in discussions with the Government late last night.

2165 We absolutely support the UK Double Taxation Agreement and understand and are happy to communicate our support for the measure insofar as the UK Double Taxation Agreement. Of course, our position in relation to the Spanish Tax Treaty is well known and we will have the debate on another occasion. Our position there is markedly different.

2170 When we received this Bill originally – and it was certified urgent back in February, which now seems almost light years away – we were concerned that there were no distinctions that allowed us leeway on that, because this is a general umbrella mechanism under which different tax agreements would be parked. But in discussions with the Government over the last few days we have reached an accommodation that allows the definition section of ‘tax agreement’ to be amended by the insertion of words that keep the original wording that the Government suggested but also insert words that my hon. colleague Mr Clinton suggested, which encapsulate the OECD model convention. With that, together with our second concern having been dealt with, which is the lack of parliamentary oversight, the fact that an agreement could be domesticated and take effect in Gibraltar without further ado, as it were, without further reference to the Parliament – we were concerned that the Parliament was being bypassed – we are now going to insert a mechanism which allows the tabling of the agreement and a debate in the House leading to its approval or otherwise. That will deliver that degree of parliamentary oversight that deals with our second concern. And then finally, of course, as the Chief Minister has alluded to in his contribution, the letter that he has sent to me with his undertaking not to use the mechanism in this Bill to give effect to the Spanish Tax Treaty until such time as the motion that we have put forward and which stands in my name is debated in this house.

2185 So, together with all those three accommodations, we are going to support this Bill and in particular I wish to add our words of support to the UK Double Taxation Agreement. We think that is a valuable tool for Gibraltar’s financial services, especially at the time in which we find ourselves, and we will support the Bill on that basis. (*Banging on desks*)

2190 **Mr Presiding Member:** The Hon. Albert Isola.

Minister for Digital and Financial Services (Hon. A J Isola): Mr Presiding Member, I rise briefly to obviously support the Bill and to just make a number of observations.

2195 The Chief Minister has referred to how this has eluded us in recent years. One of the first things that I did when I was elected in July of 2013 was to have a meeting with Treasury where this was on the list of items that we were seeking to obtain from them. It was difficult, it has been difficult, and I recognise and record that – and I could be called a brown nose today; this is the second time I am going to commend the Chief Minister – it has only now become possible as a result of that relationship that he has generated with Her Majesty’s Government in the UK, that we are able to be passing this legislation today. So I commend him once more in respect of the relationship, the environment that has enabled this to happen.

2200 It is important to our financial services community. They have for many years always complained, as have I when I was a part of it, that we never seem to have a level playing field. Gibraltar financial services almost got that, but never were able to. Well, nobody can argue today that with the arrangements that we have for access to the financial services market in the

2210 United Kingdom and with the DTA to boot we have never been better placed to work with the United Kingdom in the financial services space, and both of those are very much down to the work that the Chief Minister and his team have done and been able to achieve since 2016 and Brexit. There is also an international impact in having achieved this DTA, which the Chief Minister has also referred to. As I have mentioned in my own intervention earlier today, we are working to create a DTA network. We are now beginning the process of preparing ourselves to be able to engage with other countries and hopefully obtain the same response from them.

2215 Certainly it is extremely important. Our financial services community very warmly welcome this. It is another feather in our cap and I am delighted that we are able today to pass this legislation, enabling this now to be taken through and receive the benefits of this for the next financial year, so I commend the Bill and I support the Bill proposed by the Chief Minister.

Thank you, Mr Speaker.

2220 **Mr Presiding Member:** The Bill is dated 20th February 2020. We do have a certification in writing by the Chief Minister, dated 2nd March, that the Bill is urgent, but again I would ask the Chief Minister to make the certification orally, so that it is on the record of *Hansard* that we comply with the constitutional requirements.

2225 **Hon. Chief Minister:** Yes, Mr Presiding Member. I shall remember how much of a stickler for the rules you are on a Monday when I am chairing the Cabinet, but of course you are absolutely right that we certified the Bill as urgent because we needed this Bill to be in place in time for us to be able to pass the UK Double Taxation Agreement before the end of the month and in that way have the benefit of the UK financial year, as I said.

2230 I am grateful to the Hon. the Leader of the Opposition for having set out the agreement between us. The debate between us on the Spanish Tax Treaty is for another day. We will have that vigorous debate when the time comes.

2235 Mr Presiding Member, I was just reminded of one thing. The Hon. Mr Clinton in less convivial times once said that he would congratulate me if I came back with a Double Taxation Agreement, but times got so little convivial that he never congratulated me. I wonder whether now he might rethink. I am prepared to give way, Mr Presiding Member! *(Laughter)*

2240 **Hon. R M Clinton:** Mr Presiding Member, I stand by what I said. I certainly do congratulate him and his team for achieving such a Double Taxation Agreement. I know these are not easy things to get, as the Hon. Minister for Financial Services said, and it will be of great benefit to us in the coming years, certainly in the post-Brexit environment. I wholeheartedly congratulate him.

2245 **Hon. Chief Minister:** You see, Mr Presiding Member, we can do impossible things, so there will be this community working together achieving great things.

I just say that, by passing the Bill today with the caveats that we have indicated, we have the ability to take the benefit of this financial year, the next financial year being the one which kicks in for the UK. I am very pleased that we are able to do that by consensus.

2250 **Mr Presiding Member:** I now put the question, which is that a Bill for an Act to amend the Income Tax Act 2010 be read a second time. Those in favour? **(Members: Aye.)** Those against? Carried.

Clerk: The Income Tax (Amendment) Act 2020.

**Income Tax (Amendment) Bill 2020 –
Committee Stage and Third Reading to be taken at this sitting**

2255 **Chief Minister (Hon. F R Picardo):** I have the honour to move that the Committee Stage and Third Reading of the Bill be taken later today, if all hon. Members agree.

Mr Presiding Member: Do all hon. Members agree that the Committee Stage and Third Reading of the Bill be taken today? (**Members:** Aye.)

2260

Mr Presiding Member: The Committee Stage and Third Reading of the Bill will be taken today.

COMMITTEE STAGE AND THIRD READING

2265 **Chief Minister (Hon. F R Picardo):** In that case, Mr Presiding Member, I have the honour to move that the House should resolve itself into Committee to consider the following Bills clause by clause: namely, the Appropriation Act 2019 (Amendment) Bill 2020 and the Income Tax (Amendment) Bill 2020.

In Committee of the whole House

2270

**Appropriation Act 2019 (Amendment) Bill 2020 –
Clauses considered and approved**

Clerk: A Bill for an Act to amend the Appropriation Act 2019.
Clauses 1 and 2.

2275 **Mr Chairman:** Stand part of the Bill.

Clerk: Clause 3 as amended.

Mr Chairman: The Chief Minister.

2280

Chief Minister (Hon. F R Picardo): Mr Chairman, I give notice of the amendment circulated this morning, which I would propose should be a new clause 3(8), with the existing clause 3(8) becoming clause 3(9), and that would be the clause that includes the section that we have been discussing which will enable me to make the changes to primary and secondary legislation after consultation with CELAC and the Leader of the Opposition.

2285

Mr Chairman: Does any hon. Member want to speak on the amendment? Then we will take it as carried.

Clause 3 as amended stands part of the Bill.

2290

Clerk: The Schedule.

Mr Chairman: Stands part of the Bill.

2295

Clerk: The long title.

Mr Chairman: Stands part of the Bill.

**Income Tax (Amendment) Bill 2020 –
Clauses considered and approved**

Clerk: A Bill for an Act to amend the Income Tax Act 2010.
Clauses 1 and 2.

2300 **Mr Chairman:** Stand part of the Bill.

Clerk: Clause 3 as amended.

2305 **Mr Chairman:** Again, the Chief Minister has given notice of amendment. I understand the letter has been circulated. Unless anybody wants to – The Chief Minister.

2310 **Chief Minister (Hon. F R Picardo):** Mr Chairman, there are two aspects to this amendment. The first is the technical aspect that I referred to in the context of my intervention, change of schedule numbers; and the second is the reflection of the agreement with the Leader of the Opposition.

Mr Chairman: Clause 3 as amended stands part of the Bill.

2315 **Clerk:** The long title.

Mr Chairman: Stands part of the Bill.

**Appropriation Act 2019 (Amendment) Bill 2020 –
Income Tax (Amendment) Bill 2020 –
Third Reading approved: Bills passed**

2320 **Chief Minister (Hon. F R Picardo):** Mr Presiding Member, I have the honour to report that the Appropriation Act 2019 (Amendment) Bill 2020 and the Income Tax (Amendment) Bill 2020 have been considered in Committee and agreed to with amendments, and I now move they be read a third time and passed.

2325 **Mr Presiding Member:** I now put the question, which is that the Appropriation Act 2019 (Amendment) Bill 2020 and the Income Tax (Amendment) Bill 2020 be read a third time and passed.

Those in favour of the Appropriation Act 2019 (Amendment) Bill 2020? (**Members:** Aye.) Those against? Carried.

Those in favour of the Income Tax (Amendment) Bill 2020? (**Members:** Aye.) Those against? Carried.

ADJOURNMENT

2330 **Chief Minister (Hon. F R Picard):** Mr Presiding Member, I have the honour to move that the House should now adjourn.

I want to thank you for having taken the Chair at short notice to enable the Speaker to not have to attend and comply with the Order, and I want to thank all hon. Members who are not here for not having come. This was an important session. They are either out doing other work at the front line, on the coal face on the Government side, or with Sir Joe Bossano no doubt working at home but confined, and the other hon. Members agreeing not to come in order to help us with the social distancing. I am extraordinarily grateful to absolutely all of them, Mr Feetham, as I said, in particular, who is self-isolating for the reasons that I suggested in relation to his spleen –

2340 I think the Leader of the Opposition wants me to give way.

Hon. K Azopardi: I am grateful for the hon. Member giving way because I actually had marked that I wanted to say something about that in my contribution on the Appropriation Bill. There are so many points to make that sometimes these things are not said, but I did want to acknowledge the fact that Members have not come today by agreement, that they are indeed all missed, that on our side those GSD Members who have not come, it has been by agreement, and that we continue to work as a team. They have not come at my request and because of the COVID challenge, but I think all Members of the House are here in solidarity and they would have all voiced their agreement to the course of action that we have taken today were they to be here.

Hon. Chief Minister: Thank you, Mr Presiding Member, and I think those are points well made.

2355 Now the House will move to adjourn *sine die*. The reason we will adjourn *sine die* is because we do not know when we will be able to come back. We would usually not have met in April; we may need to come back in April. We may need to extend powers. We may have other reasons why in fact we may not be able to meet.

2360 So, my final words in this Parliament at this stage, having said everything that we needed to say already, are that the community should brace itself. We know that we are as ready as it is possible to be for this moment and we should hope for the best. As I said on Monday, we are so diverse, we are so different. Some of us believe: they should pray. Some of us do not believe: we should hope. And then one day everything will come back to a better normal than before.

I move that the House should now adjourn *sine die*.

2365 **Mr Presiding Member:** It has been an honour to preside over this *very* important session. Very grateful to all Members for the way proceedings have been conducted and it is so good to see Government and Opposition all coming together for the good of the community. As the Chief Minister and the Leader of the Opposition – all Members – have said, this is a battle which we face; it is a battle we will win. Be safe, everyone.

2370 The House will now adjourn *sine die*.

The House adjourned at 2.50p.m.