



PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

MORNING SESSION: 10.00 a.m. – 12.24 p.m.

Gibraltar, Wednesday, 29th June 2022

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The Gibraltar Parliament

The Parliament met at 10.00 a.m.

[MR SPEAKER: Hon. M L Farrell BEM GMD RD JP *in the Chair*]

[ACTING CLERK TO THE PARLIAMENT: S Galliano Esq *in attendance*]

Appropriation Bill 2022 – Second Reading – Debate continued

Clerk: Meeting of Parliament – Wednesday, 29th June 2022.
We continue with the Appropriation Bill 2022.

5 **Mr Speaker:** The Hon. Albert Isola.

Hon. A J Isola: Mr Speaker, I would like to start by making a point of clarification in respect of one of the matters the Chief Minister detailed yesterday in respect of the COVID recovery charge. We have had representations overnight from the industry and we have agreed to engage with them on how we can address the COVID recovery charge in a way that does not harm their businesses. As Members of Parliament will know, this is a sector that supported us during COVID, took no money from us during COVID and worked with us during COVID to deliver business as usual, and for that we have expressed our thanks and appreciation over the past years. In the circumstances, what we are considering is limiting the charge to those companies that are actively trading in Gibraltar, but we will have the discussion with them. Members opposite should be aware that we will have those engagements with them to ensure that we are able to preserve what is an important part of our financial services sector and one that I look forward to engaging with, as we always have done, in talking through all the issues with them. They have always been supportive, not just in respect of the COVID period but in respect of all the directives that we had to implement whilst in the European Union. They have always been very responsive and helpful, and I look forward to continuing, with the Chief Minister, those discussions in the coming days.

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Mr Speaker, anybody listening to the intervention from Members opposite would believe that Brexit and COVID were two things that we had made up and that, in fact, they had had no impact on our economy and the numbers should be looked at in the cold light of day as if those events had never happened. These are not excuses, these are unprecedented events that have impacted the entire planet, and so for Members to come to this Parliament and tell us, ‘Your spending in the GHA last year was over budget’ ... Oh, my God! If there was one year when that should be looked at kindly by this House, it should be during the COVID pandemic because that is exactly what has happened to every single country on this planet. And so I would ask Members to think carefully about the responses they make, because although, yes, this is a political Chamber and, yes, we are all in politics, it has to come with some responsibility and I do not feel that to brush aside COVID, to brush aside Brexit – which, six years on, we are still working on – is realistic or responsible.

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Every single country is suffering from debt. The consequences of that debt and the monetary measures implemented to deal with that debt now give us inflation and the war in Ukraine. The world is upside down. In most countries around the world, unemployment is a problem. In other parts of the world, there is a problem with not having enough people to put into employment. In

Gibraltar, I think the Chief Minister told us yesterday, we have a level of unemployment of 35. That is remarkable: after COVID, after Brexit, 35 unemployed. So I think putting things in context is what this House should do when we talk to our people in what is, in effect, the one time in the year ... the State of the Union message. The Opposition would have you believe that Gibraltar is the only country that has been impacted negatively by COVID, we are the only country that has debt, we are the only country that has to take these draconian measures, which neither this Government nor especially the Chief Minister wanted to take. But being in government is about making tough decisions, ones that are going to be unpopular, and the sign of a good leader is one who does not shirk away from that responsibility. You take them because you have to.

Why would the Opposition have us believe that we are the only country in the world that has these issues because of COVID? Politics? Convenience? No, because last year the Opposition said specifically, in relation to the issue of COVID ... I will quote, from *Hansard*, the Hon. Roy Clinton, who, at the beginning of his intervention in respect of the Budget last year, said:

In hindsight I do not think this Parliament could or should have done anything materially different in the way the crisis was tackled from a financial standpoint. I welcome the way the COVID-19 Response Fund was created and indeed is properly reflected in the Estimates Book 2021/2022 and I wish to personally thank the Chief Minister and the Financial Secretary for listening to us and taking on board some of our suggestions as to how the COVID-19 Response Fund should be published on a quarterly basis and accounted for in the Estimates Book.

The hon. Member quite rightly acknowledge the work that had taken place between the Opposition and the Government in how we placed the response to COVID in the Estimates Book, but listening to the Leader of the Opposition yesterday, that did not seem to matter. It was just dropped in to the numbers as if COVID and the COVID Response Fund were not relevant. Surely the hon. Members are not suggesting to the people of Gibraltar that the last 12 months is where the problem has arisen – surely not, especially, since they themselves have accepted repeatedly ... In fact, the Hon. the Chief Minister quoted the words of my hon. Friend Mr Feetham that the problem has arisen since COVID. It does not take an economist and it does not take a banker – even a simple lawyer like me can understand that when your revenue is down taxes are down, Import Duty is down, business is down, productivity is down and your spending is up: more in the Health Service, furlough schemes, BEAT schemes. Paying almost the entire private sector salaries when they were not producing is going to have a pretty significant impact on your numbers. This has happened everywhere, not just Gibraltar, so let's deal with it and let's accept it, and let's not try to throw all these numbers into the air and hope they land in a position where you can say, 'It's their fault.' No, it is nobody's fault and we are all trying to fix it.

Let's just say that the Members opposite are right and let's just say that we are in financial ruin – we have problems, yes, but let's just say that we were in financial ruin. If we were, I would expect the Opposition to be the first people, if that is what they believe, to come to this Parliament and vote in favour of any measures that increase revenue. Surely you should be supporting any measure that increases money, because we are in financial ruin – but no, the Leader of the Opposition yesterday complained of the increase in the prescription charge from £2.50 to £5. For goodness' sake, it is £9.60 in the United Kingdom! It has not been touched in years – £2.50 to £5; we are in financial ruin but he complains. It is not credible. It is just not credible. He says we have no plan, we have no direction, we have no policy, that Mr Picardo has slipped his hands into their pockets. Ah, he has just joined us. (*Interjection*) Surely, if we were in the crisis that they described, they would welcome that we actually raise revenue, raise income and begin to deal with the problem that they believe we have. But no, they do not support that, which to me brings into question the veracity of the message they are delivering, which is that we are in financial difficulty. Yes, we are in debt, yes we need to raise money, yes we need to repay the COVID moneys; we know that. We have been telling the people of Gibraltar repeatedly that this was the position that we would end up in. It is predicted.

The Hon. the Leader of the Opposition then goes on to chastise us for what he calls our Brexit plan or lack of plan, and he refers to the 1,000-page treaty that the UK has – nothing in Gibraltar.

Well, my gosh! (*Interjection*) He said ‘a 1,000-page treaty for the UK, nothing for Gibraltar’. I wrote it down. (*Interjection*) ‘We have missed the boat’, ‘We have missed the boat’. What boat have we missed? The boat I want to be in is one that gives Gibraltar access to the UK financial services market, to the UK gambling market, where all our jobs are, and gives us mobility across the Frontier, which is the treaty that we are working to deliver – the best of both worlds. We have not missed any boat. We have made a boat for ourselves which is far better than the one that is contained in the 1,000-page treaty that the hon. Member refers to.

Mr Speaker, who remembers what the GSD policy was on Brexit? I do not think anybody does, because they have not got one. Who remembers what the GSD policy was on the treaty? I do not remember and nobody else will, because they have not got one.

95 **Chief Minister (Hon. F R Picardo):** Their policy is that they will have a policy.

Hon. A J Isola: They will come up with something at the appropriate time. God help us, because they are against the Tax Treaty, they are against a treaty with Spain, they are against the Brexit deal, they are against everything. But what the heck do they believe in? What do they propose as a solution for the people of Gibraltar? Nothing. They come here with nothing. This is an Opposition that has two primary roles: checks and balances, and an alternative to Government. The role of any opposition anywhere in the world is to provide a credible alternative to government. Where are their ideas? Where is their thinking? What do they propose? Who knows? I certainly do not and I do not think they know, themselves. (*Interjection by Hon. Chief Minister*)

105 He talks about the blue card holders’ difficulties crossing the Frontier. It is a testament to the negotiating ability of this Government and this Chief Minister and Deputy Chief Minister that Gibraltarians are the only British nationals who can cross into Schengen without having their passports stamped. Or hasn’t he noticed? But no, they focus on the blue card holders. Well, let’s get real: when the blue card holder lands in Malaga, or anywhere else in the European Union, it is exactly the same, and what this Government is working towards is delivering a treaty on mobility that will benefit the whole of Gibraltar, those who live here, those who reside here and those who work here. That is what the business industry is calling for. That is what the entire business community needs – mobility – because without it they cannot survive. I am staggered that the Hon. the Leader of the Opposition comes and tells this House that we have missed the boat. I wonder if he has read this fabulous 1,000-page treaty that the UK had with the EU. I have yet to come across a non-Cabinet politician who describes it as a good deal for the United Kingdom, yet the hon. Member suggests that we should have been a part of that deal. I, for one, am absolutely thrilled and delighted, and I know that the entire business community is also, that we are working on a mobility deal, that we have access to UK financial services and that we have access to the UK online gaming market, because that is what delivers business to Gibraltar and employment for Gibraltar. The UK treaty that the hon. Member says we missed the boat on does not give you access to the single market, does not give you any movement at all that we will have and does not give you movement of goods either. Our deal, when it is delivered by the Chief Minister – I am confident that he will – does exactly that. So, before we criticise and before we say no to anything and everything, I believe we have to accept the quite incredible progress we have made and the time period we have been able to do it.

120 He says that Brexit was x years ago. Again, does he not wake up in the morning and realise we have been through COVID? Two years of the entire system shut down? I just cannot understand how Members opposite are able to come to this House and describe things in the way they do, as if we were living on a different planet. We live in reality, we take the difficult decisions that we have to in this reality and we will come out of this at the other end in a much stronger position than we have gone in.

135 Mr Speaker, as I mentioned before, in my view the Opposition should support the revenue-raising measures if they honestly believe that we are in the position they tell us we are in. The truth of the matter is that whatever we do on this side of the House, whether we increase taxes

massively or whether we abolish taxes altogether, they are still going to vote against this Bill. That is incredible. That is incredible. We know before we start that they have all prepared speeches which say no before even listening to us, before even understanding the rationale or the reasoning. This is meant to be a debating Chamber – not come with your prepared text and
140 ‘Whatever the Chief Minister says, whatever announcements he makes, I am going to make the same speech’.

The decision to vote against the Appropriation Bill started in 2017 and I believe the Hon. Mr Clinton persuaded the Hon. then Leader, Mr Feetham, that they should vote against – a political stunt (*Interjection*) by which they are now hoisted by their own petard and have to follow every
145 year in order not to make that initial decision look as stupid as it was.

Hon. Chief Minister: And you are easily persuaded by anyone who suggests you might become a little bit more popular as a result, and obviously – (*Interjections*)

150 **Mr Speaker:** Let’s all pipe down and just listen to the speech.

Hon. A J Isola: Mr Speaker, why have they voted against the Budget? Well, again I go to *Hansard* because it is always quite a useful tool to understand why things happen, and I quote again from my friend Mr Clinton’s intervention last year:

We still have no visibility of the state of Government-owned companies, indirect debt is not recognised, we now have three years’ Supplementary Appropriation Bills outstanding, we have no proper Finance Bill – more of which I will say later, and the last report of the Principal Auditor was for financial year 2015-16. We have no Public Accounts Committee and the cumulative result is that this Parliament cannot exercise any effective financial scrutiny over the executive or the Government, and so I still cannot support a half-view Budget and will not vote for it, no matter what screams – and no doubt there will be screams – of the need for solidarity, the new word that we hear again and again, that will come from the Government benches.

155 The reason he votes against the Appropriation Bill is because the system of parliament that we have had since the year dot ... I go back to 1990-96 when the hon. Members were in power: they did exactly the same thing. We tell them every year; they do not listen. Every single year we demonstrate, and the Chief Minister took hours last year explaining to them why it was the same, but for no reason because they are saying the same message that they come with, with their
160 prepared text, before they come to this House. Since the year dot, this Appropriation Bill has been prepared. The Estimates Book has been prepared today with much more clarity, with much more information than ever before, but it is not enough, and because of that they are voting against: ‘No matter whether you abolish taxes or triple taxes, our position is going to be the same – we don’t like it, so we don’t want to play.’ I consider that to be irresponsible, Mr Speaker. Oppositions
165 from time immemorial have made their points about the Budget but supported it because of the impact of the Budget. (**A Member:** Why?) Why? Very simple: because we used to have sensible people in the Opposition and we don’t anymore. (*Laughter*)

Mr Speaker, last years was the Budget of beg, borrow or scrape. Well, I am delighted to tell the Hon. Mr Clinton that this year we have continued to beg, borrow and scrape, which will result in
170 significant savings to the taxpayer, including, as the Chief Minister mentioned yesterday, the undoing of that wonderful financing deal that the Members opposite entered into all those years ago in respect of the Hospital: £3 million of savings to the taxpayer. So the scraping is working and we continue to try to scrape as much as we possibly can.

The interesting thing again, going back to the principle that if things are as bad as they say they are, how should we be acting, I am going to point again to *Hansard* and again from my hon. Friend
175 Mr Clinton’s intervention last year, and I do so in the belief and on the basis that his intervention this year will be similar to what it was last year, because that is what it has always been since we started – (*Interjection*) Yes, consistent, indeed, unfortunately; we were hoping for change.

I was delighted to read the Government's press release on 22nd June this year announcing plans for the building of a National Theatre.

Again, Mr Speaker, I pause to remind people that this is against a financial crisis.

180 The performing arts, compared to sports, have long been overlooked by this Government despite its repeated manifesto promises. This delight was short lived because I then found out that the cost of this theatre was to be met by begging from the general public and generous private donors.

185 I will just pause there for a minute. I want to thank those sponsors, some of whom have been announced recently, who are supporting the endeavour – which delights the Hon. Mr Clinton – in delivering the National Theatre, and we *will* get there. We will get there because the community of Gibraltar supports good projects, but when we are in financial crisis, when we are with our backs against the wall, as Mr Clinton says we are, how could his delight be short lived when he realised that the Government is not going to pay for it? Surely, if the Government has no money, how could he possibly want us to spend money on a National Theatre? I just do not understand it. He goes on:

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Yes, Mr Speaker, begging. To announce the creation of a foundation to spearhead the fundraising campaign as some great event was truly Orwellian given the way this Government has spent on previous capital projects with no regard to affordability or balance.

195 I walked here, this morning, through the quite beautiful Commonwealth Park. The money that we spent we spent on things like the Commonwealth Park, our schools and our sports facilities. We have invested money which will be here forever for the people of Gibraltar and the community that lives here to enjoy. That is good investment, not spending like they would have done in digging a hole in the Theatre Royal or lending money to OEM to lose on houses that were never built. The contrast between telling Gibraltar that we are at death's door and then telling us that we should be spending more money on things like the National Theatre – which we do not believe we should, at this moment in time, do, and that is exactly what we are not doing, which is, I believe, prudent, responsible and appropriate ... The hon. Member goes on:

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It is worth quoting directly from the glossy project plan – a very nice, glossy prospectus which the Government has produced, no doubt to send to all those donors who will dish out the millions to produce the project that they said they were going to do. It is really quite remarkable.

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210 Well, it is not remarkable. If the hon. Member wants a National Theatre, he should not want the taxpayer to have to pay for it if others are willing to stomp up their hard-earned, taxed income to support Gibraltar in more of its projects, like they did with Campion Gardens. That should be welcomed. Surely the hon. shadow Member for Economy would welcome that, not be upset and angry and call it begging. I find it really quite remarkable.

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Mr Speaker, we increased electricity by 8%: that is 'terrible'. Does the hon. Member not realise the extent of the subvention that Government makes on electricity? What we are doing is continuing to subsidise electricity but less so, in the hope that we will catch up. The hon. Member opposite and his party, when in government, had a plan – or has he forgotten? – to increase electricity by 5% every year. In a time of what they call crisis we increase it by 8% and he says it is terrible. Flipping heck! What are we meant to do? Five per cent per year for 20 years, I think it was.

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Hon. Chief Minister: Yes. It would have been about 50% already.

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Hon. A J Isola: Mr Speaker, we have raised it by 8% and it is terrible. What would he have said to the people if he had been in government for five or six years and he had raised it by 30%? He

was going to do that and he committed to it whilst in government, and now he tells the people of Gibraltar that 8% is terrible. Come on!

225 What does it take to get the hon. Members to support an Appropriation Bill, which would pay the salaries of our frontline workers, our police and our firemen? It seems nothing. It seems that it is simply not possible. As a matter of political opportunism they will continue to vote no to the Budget whatever we do. I think it is unfortunate and it is sad, and I know that the people of Gibraltar will take that deeply into consideration when they listen to the presentations before this House.

230 Mr Speaker, in dealing with the first of the responsibilities that I have I would like to start by saying some words on the recent decision of the Financial Action Task Force (FATF) in respect of Moneyval. I have to thank the Hon. Mr Clinton for his responsible approach in dealing with this, unlike the spokesman for Together Gibraltar, who seems to think that I have the power to force the Police to arrest and confiscate and who seems to think I have the power to force our regulators to make fines and carry out regulatory sanctions at my whim. I suggest he reads up a little more before he ventures on to the television. But that contracts significantly with the position adopted by my friend Mr Clinton and I would start off, before I go through the statement, by saying that I would be very happy to engage with the hon. Member behind the Speaker's Chair and have 235 briefing sessions with him so that I can fill in some of the detail. Obviously we have been through a very (*Interjection*) confidential process, much of which we are not able to discuss, but I would be happy to give him a more detailed background in person as and when he pleases. So my thanks to him for that.

240 Moneyval is a permanent body of the Council of Europe entrusted with the task of assessing compliance with the principal international standards to counter money laundering and the financing of terrorism and the effectiveness of their implementation, as well as with the task of making recommendations to national authorities in respect of necessary improvements to their own systems. Moneyval's role is as one of the eight FATF-style regional bodies (FSRBs) and, as such, is autonomous and independent from the FATF but closely co-operates with it, as well as 245 with other FSRBs. The FATF is the global money laundering and terrorist financing watchdog. It has developed the recommendations which ensure a co-ordinated global response to prevent organised crime, corruption and terrorism. The FATF also monitors countries to ensure they implement the standards fully and effectively.

250 In 2015 the Council of Europe adopted a resolution which allowed Gibraltar to be evaluated by Moneyval for the first time. In April 2019, the first Mutual Evaluation Report (MER) process on Gibraltar commenced when an evaluation team of the Moneyval Secretariat and peer jurisdiction assessors came to Gibraltar and drafted a report. The MER was considered at the December 2019 plenary of Moneyval and subsequently published. The MER consists of two parts: the technical compliance against the 40 FATF recommendations and the effectiveness compliance. The 255 technical compliance element of the MER consists of ensuring that legislation, policies and procedures exist in a jurisdiction that would enable the application of preventative measures. The effectiveness compliance evaluation focuses on the attainment of the 11 so-called immediate outcomes. All MERs carried out on all jurisdictions are conducted using the same methodology of the FATF. All these recommendations that are marked as partially or non-compliant have to be 260 addressed by the jurisdiction in time for its first follow-up report. Note that this is only in respect of technical compliance issues.

265 The submission of evidence for the follow-up report was made by Gibraltar in time for the December 2021 plenary and the follow-up report was published in November 2021. In order to achieve the results that Gibraltar did, a substantial number of legislative changes were made, and this follow-up demonstrated a very material improvement in the technical compliance of our 270 jurisdiction. The hon. Members will be aware, because they have supported all of those measures that we have implemented in order to make Gibraltar technically compliant with the FATF requirements, and for that I am grateful. I should also say that our score on the technical compliance at the end of last year was almost 100%; it was extraordinarily good.

275 A subsequent review on effectiveness was not strictly necessary if the measure of broad money
in Gibraltar did not exceed the threshold of €5 billion. In late 2021, Gibraltar surpassed, after
COVID, the €5 billion mark and was, naturally, obliged to inform Moneyval of this, and we did. This
then led to a full review of Gibraltar's effectiveness in practice, with 10 of the 11 immediate
280 outcomes being assessed. The FATF's International Co-operation Review Group (ICRG) oversees
this process. The ICRG process submits a jurisdiction to scrutiny on how, since the MER was
published, it has made positive and tangible progress in attaining the recommended actions on
effectiveness. In May 2022, Gibraltar submitted its report on the progress made against all of the
recommended actions in the MER to the ICRG. This report was followed up by a face-to-face
meeting which was held in Paris and to which all stakeholder authorities of Gibraltar were present
285 to answer questions from the Joint Group (JG) of the ICRG. The end product of the Gibraltar
submission and the face-to-face meeting is the Post Observation Period Report, which is produced
by the JG to the ICRG committee. The ICRG committee then presents the findings of the JG to the
plenary for adoption. Gibraltar had a total of 78 recommended actions in the MER of 2019.

I would like just to pause there, Mr Speaker, to express my thanks to each of those stakeholders
290 who came with me to Paris. They were questioned by the working group for five hours. The detail
and the extent of the scrutiny was comprehensive, to put it mildly, and I have to tell this House
that I was immensely proud of each and every one of those stakeholders for the manner in which
they defended their respective organisations and the manner in which they put forward the
Gibraltar position in respect of the areas they are responsible for. It was quite incredible to see
295 the professionalism of each of them and the manner in which we dealt with the quite intrusive
questioning that we faced from the entire working group of the ICRG, so my thanks and
congratulations to David Parody, who led that team in respect of the whole of the money
laundering process, Jimmy Tipping and each of the stakeholders who was with us at that time and
has worked on this process for some years now.

300 On 17th June the FATF identified Gibraltar as a jurisdiction under increased monitoring in
respect of only two recommended actions relating to the pursuit of regulatory sanctions and the
pursuit of final confiscation judgments. A colossal amount of work by all the supervisory
authorities and others went into achieving the reduction to just two recommended actions in the
action plan. We were, naturally, disappointed but fully accept the action plan as identified by the
305 FATF and are committed at the highest political level to show full compliance within the timescale
given. Gibraltar's action plan is the shortest of any country or jurisdiction that has been identified
as under the increased monitoring process, informally known as 'grey listing'.

The FATF does not call for the application of enhanced due diligence, and this is an important
point because they themselves do not call for enhanced due diligence measures to be applied to
310 jurisdictions under increased monitoring but encourage their members and all jurisdictions to take
into account the information presented below in their risk analysis. In respect of Gibraltar, what
that would mean is the two singular points that are relevant on our action plan, not everything
else that we have been successful in dealing with. So, what the FATF is basically saying is focus on
the action plan and measure that against the risk-based approach that you have with that
315 particular jurisdiction. Some countries will require enhanced due diligence measures as regards
Gibraltar, but we would expect these to be proportionate to the brevity of the action plan.

Needless to say, the Government of Gibraltar has been in very close contact with HM Treasury
for a significant period of time on the subject of our review and they have been and continue to
be extremely supportive. Likewise, Government has been liaising closely with all the relevant
320 sectors in Gibraltar. I met, on the morning of the announcement, with representatives of the
Finance Sector Council and also with representatives of the GBGA, and we had other discussions
with different groups, and I have to say I was hugely impressed by their professionalism and can-
do approach. Many – for example, in the gaming sector – have had previous experience with their
licences in Malta, which has just come off the grey list, and so they have a good understanding of
325 what it means to work within the action plan and its implications.

The Government continues to work in partnership with the FATF and is proud of the relationship that it has with this international standard-setting body. Lastly, we look forward to being removed from the list of countries under increased monitoring in as short a timeframe as possible.

330 Mr Speaker, moving on to financial services, the financial services sector continues to grow, as does the wider business support community. Firms are busier than ever before and employment opportunities continue to outstrip those available in the market place, in both financial services and gaming.

335 The Gibraltar insurance market continues to grow. By far, the largest sector, as you will know, is motor insurance and we estimate that Gibraltar's share of the UK motor insurance market is close to 30%. As a jurisdiction, we have seen tremendous growth over the last years. In my time in Parliament since 2013, as an illustration, I have watched Gibraltar's share of the UK motor insurance market grow from some 12% to the 30% it is currently at. All this despite Brexit, despite COVID and the many other challenges we have faced and continue to face. It is a real testament to the professionalism and entrepreneurial skill of this sector. Today, we have over 40 insurance companies writing new business, and collectively the gross premiums of all of these insurance companies is well in excess of £5 billion.

340 In the DLT/blockchain space we continue to thrive and innovate. Presently, the regulator accounts for the following regulated entities in this space: 15 DLT permissions, 17 initial coin offerings registered under the Proceeds of Crime Act, three firms permissioned as virtual asset arrangement providers and one full bank permission.

345 There are a growing number of crypto hedge funds domiciled in Gibraltar. In 2020 the market was estimated as having US\$3.8 billion of assets under management with some 9% of these funds domiciled in Gibraltar. There is also a strong pipeline of new applicants at different stages of the regulatory process. I must thank Mr William Gracia, who deals with these and with this sector in particular at the FSC, as I know, despite the strains on staffing levels that I will refer to later, he is continuing to deliver a professional and timely service to our licensees. It goes without saying that all of the aforementioned create fees, employment, taxation and a general contribution to GDP, as well as a deserved reputation internationally for supporting innovation and leading-edge multinational technology firms.

350 We have continued to work closely with GFIA, the Association and the sector generally. They are professional, energetic and innovative and it has been a real pleasure to work with them this year, as it has been every other year. We meet regularly, and as a result of their work we have introduced significant new and exciting legislation for the industry, with more to come. My sincere thanks to Jay Gomez, James Lasry and Jonathan Garcia.

360 We continue to work with HM Treasury on the delivery of the GAR regime, which is on course to be implemented in Q1 of 2024. This will, as Parliament knows, confirm our market access to the United Kingdom financial services market, which is so critical to our community. I am grateful to the team at Treasury with whom we are working on this, as well as Jimmy Tipping and Julian Sacarello from the GFSC, who lead on this important work.

365 Mr Speaker, over the last financial year we have, in April, published new regulations setting the standard for market integrity in the virtual asset space. This 10th core principle is the first time that any jurisdiction in the world has established market integrity standards mirroring those in traditional markets. My thanks to the many individuals, both in Gibraltar and abroad, who have contributed to this working group alongside private sector firms, the regulator and Gibraltar Finance.

370 In December 2021, a working group was established to review the Central Securities Depository Regulations, which has now reported back to me with its recommendations. The working group included industry and legal experts in this field, together with the regulator and Gibraltar Finance.

375 In December we also announced that we will begin a process by which we will integrate blockchain technology to complement our e-government systems. The technology builds upon

and enhances the functionality provided by e-services, with the focus of the initial phase being to enable users to store Government-issued and certified credentials in a digital wallet. We are grateful to our partners, IOV Labs and Bitso. As Parliament knows, this is at zero cost to the taxpayer.

GANT, in Q3 of 2021, has established a working group which includes industry representatives and Gibraltar Finance, which will, in due course, provide guidance and recommendations on the decentralised space, DeFi, and how Gibraltar can safely engage further in this industry.

On 26th November 2021 we announced, after a rigorous review and consultation process with GFIA, the Limited Partnerships Act and the Protected Cell Limited Partnerships Act. This new framework keeps our legislation up to date, competitive and able to attract business globally. In March 2022, after a long but beneficial engagement with GFIA, we also announced new legislation to allow for a dual funds regime for experienced investor funds (EIFs). My thanks to GFIA, who were patient as we trawled through all the consequences to ensure there were no unintended consequences of the work that we did to enable them to have these EIFs opting out of the EU regime, which we still have on our books for accessing the UK market. They are now able to compete globally, as Cayman and other international jurisdictions do.

In June 2022 Gibraltar was recognised in the PwC Fourth Annual Global Crypto Hedge Fund Report as the third best jurisdiction in the world to set up your crypto hedge fund. That is an important report and I think it sends a signal on the credibility of the work that we have done and the success we have enjoyed. It is the second consecutive year we are ranked third in the world in respect of crypto hedge fund domiciliation. My congratulations to the sector.

The public/private sector partnership is critical to everything we do, and I must thank the Gibraltar Finance Centre Council for their work and support this past year, outgoing Chair and Vice-Chair Nick Cruz and Marc Ellul for their sterling work over the past 24 months, and incoming Chair and Vice-Chair Shaun Cawdery and Emma Lejeune – I look forward to working closely with them for the benefit of the industry. I must also thank the member associations with whom we have worked closely and who have proven themselves to be a valued and important part of our partnership with the private sector.

In April of this year, Government set up a working policy group on financial services to advise Government on all aspects of the sector, including our product range, new areas of business and how we can improve our offering more generally. The group has done a huge amount of work and has met with all areas of the industry and engaged in detailed discussion on all these areas. I am much looking forward to engaging with them and working to deliver their thinking. The members of the group are Reshma Bhambhwani, Charles Bottaro, Louise Cruz, Nigel Feetham QC, Jonathan Garcia and Jay Gomez.

The GFSC, under the leadership of Kerry Blight, its CEO, have emerged from the COVID period with a rapid return to business as usual. Their work on the GAR is worthy of particular mention, as is their work in managing their day-to-day business against significant staffing challenges. My thanks to Kerry and the senior management team, as well as the chair and members of the board of the GFSC for their continued good work.

I must also thank my team at Gibraltar Finance, including Jimmy Tipping, our CEO, and our senior executives Mike Ashton, Paul Astengo and Tim Haynes for their work this year. As we emerge from COVID they will be at the forefront of our efforts to once more bang the ‘Think Gibraltar’ drum.

The transition back to normality for the Gibraltar International Bank following the peak of the COVID pandemic has been seamless, and the bank is now servicing the needs of the local community once again. Economic activity has reverted to pre-COVID levels, with the bank continuing to perform well and maintaining a stable deposit base over the last 12 months, currently standing at £1.173 billion – a remarkable deposit figure. The bank currently has over 19,000 clients, who hold over 32,000 accounts. With regard to loans and mortgages, the book currently stands at some £321 million. The bank has forecasted a profit for this year to March 2022 – and I say forecasted – of £3.2 million.

430 The bank has worked hard this year to deal with a large number of attempted scams. The bank has responded well to this challenge, altering its policies to combat fraud and continuing to communicate with its clients on the risks of disclosing personal information to anyone.

Finally, Mr Speaker, I am grateful to the CEO, Mr Lawrence Podesta, who has, unfortunately, announced his intention to retire. Lawrence was there on day one of the creation of the bank and was the architect of everything we have done. The unquestionable success that this bank has been in no small measure due to his professionalism and expertise, for which I will always be grateful. I must also thank his excellent senior management team and staff, and indeed the board, who under the chair of Albert Langston continue to drive the bank forward. My sincere thanks to them all.

440 Interest in our jurisdiction as a place for people to operate internationally as a gambling business remains strong, albeit this creates pressure on the local employment market. The gambling sector in 2021-22 has remained vibrant with employee numbers remaining stable at around 3,500, reflected in stable PAYE revenues. Hon. Members will recall that in 2011, when this Government was elected, the number stood at around 2,000. I think despite Brexit, when all of these businesses restructured to provide for their EU business – out of Malta, primarily – that we have continued to hold strong, stable numbers is a testament to this jurisdiction, and I think that deserves to be mentioned.

445 Merger and acquisition in the sector was a strong feature before the downturn in financial markets, but this has not caused pressure on overall licence numbers. The Government introduced change of control fees in anticipation of the merger and acquisition activity, which has allowed cost recovery for the detailed due diligence work that is conducted on these companies.

450 From April 2021 to March 2022 there were three new B2C licences issued and one B2B. There is a pipeline of eight new licences in train – five of those are B2B and three of those are B2C – and we have seen two new licences granted to a company that has repatriated an element of its business to Gibraltar.

455 There has been some reduction this year in Corporation Tax receipts, but we expect the yield to recover by 2023. The overall sector contribution to Government revenues is well in excess of £65 million.

460 Because of well-known factors, there has been some delay to the introduction of the Gambling Bill. A Command Paper has now been drafted and we expect consultation with the industry and wider stakeholders to take place before and during the summer months with a view to the Bill coming before Parliament in the autumn. We have already started the process of one-to-one consultation with our stakeholders and will work through their comments and contributions to our work. The hon. Member opposite is welcome to engage with us in respect of the Bill and I would be very happy to arrange for him to meet with us and the regulator to deal with any questions he may have in respect of what we are proposing.

465 Additional but proportionate resources have been granted to the Gambling Division to enable it to cope with a new licensing regime, including the personal licensing of key individuals. There will be extensive consultation and an increased amount of policy work to embed this new framework. The framework aims to maintain high regulatory standards, including international best practice in social responsibility, whilst maintaining Gibraltar's attractiveness as a business hub.

470 I am also pleased to report the opening of the Centre for Excellence in Responsible Gaming. The Centre is now engaged in active research and cementing its international standing. I am grateful to the team at the University of Gibraltar, Catherine and Dean in particular, who have helped us put this together, and, of course, Prof. Zsolt, who has already commenced the work and is making fantastic progress. I must also thank our gaming firms who have agreed to participate with us in making a real contribution to better understanding responsible gambling and how best we can each work to identify, arrest and support problem gambling.

480 The Gambling Division have done extremely well this year under their quiet but eminently professional head, Andrew Lyman. They manage their significant business workload with no fuss,

delivering efficient licensing and regulatory oversight, and enjoy my full confidence. They have been instrumental in the preparation of the new Gambling Bill, together with the drafting team of the three Peters.

485 The Liaison department – and I talk about them as if they were some huge department: Lizanne Ochello and Tania Pereira – since its inception in 2013 has continued to be instrumental in providing support to the gaming and finance sectors. In November 2021, the Liaison department created a one-stop shop to offer support to persons referred by the Special Needs and Disability Unit. The department helps some of the most vulnerable people in our society access all
490 Government services. The department has also been given the responsibility to deliver and assist the public in accessing support from the Customer Services Hub at 323 Main Street, which will service anyone seeking assistance in any interaction with the Government.

Mr Speaker, moving on to GBC, the new Broadcasting House was inaugurated on Tuesday, 19th October 2021 by the Chief Minister. I am happy to say that the operation has resulted in a
495 seamless transition without interruption to service. That in itself is a phenomenal achievement. Production teams have worked hard to raise the quality of programmes during the last 12 months. A major effort has been made to improve studio-based television shows, all of which have benefitted from new sets and branding.

On Wednesday, 15th December the GBC Open Day was held, raising a record-breaking
500 £185,000 for local worthy causes. This will enable the Open Day Charitable Trust to support a variety of projects nominated by locally registered charities throughout this year.

On 8th May, Gerard Teuma, our CEO, retired after 38 years of service, the last 10 as CEO. During his tenure, Gerard oversaw the transition to digital technology in 2013 and many other changes – too many to mention today, but perhaps his legacy will be the huge task in successfully relocating
505 Broadcasting House to its new home. I thank Gerard and wish him a very healthy and long retirement. I would also like to congratulate Mr James Neish on his appointment as the new CEO of GBC. He will take up his appointment in October and I look forward to seeing his work as we now take GBC to its next level of development. The community expects, and I am sure James will deliver.

I must thank Pepe Caruana, the chair of the board and its members for their work throughout the year, and especially for having managed so successfully the selection process for the next CEO and for their work on developing a strategy for the future of GBC. My thanks to them all.

Mr Speaker, AquaGib continues to successfully service contracts in respect of potable, seawater and sewerage services in Gibraltar. As the Chief Minister has already announced, the
515 Government intends to acquire the shares in AquaGib currently held by our partners and take full ownership of the company. The negotiations have been driven by the Financial Secretary with my full support. We will, of course, continue to invest in capital projects as part of the asset replacement plan, including the replacement of potable and saltwater mains across all areas in Gibraltar and the new potable and seawater infrastructure for the Eastside development and OHL
520 tunnel project. Additionally, this year AquaGib will make a significant investment in additional production capability for the first time since 2011, to ensure that our potable water requirements are met for years to come. This will be an exciting time for AquaGib and I look forward to continuing to work with them.

With respect to the Gibraltar Electricity Authority, there has been significant progress in the fine-tuning of the new North Mole power station. As one can imagine ... Mr Speaker, my apologies,
525 my eyesight with this light is causing me a bit of an issue. The North Mole power station generated approximately 182 million units during the last financial year. Regarding emissions, this again saw a decrease in CO₂ emissions of about 4% from 123,000 tonnes to 119,000 tonnes in 2021.

Mr Speaker, may I have a five-minute break?

530 **Mr Speaker:** The House will recess for five minutes.

*The House recessed at 10.55 a.m.
and resumed at 10.58 a.m.*

**Appropriation Bill 2022 –
Second Reading –
Debate continued**

Hon. A J Isola: Mr Speaker, I am grateful. I have moved a bit to the right, with your leave, so I do not have this light running on top of this very white paper.

535 The North Mole power station generated approximately 182 million units during the last financial year, 2021-22. In respect of emissions, we saw a decrease of about 4%. It is expected that upon the release of the North Mole temporary rental plant there will be a further drop to under 90,000 tonnes per annum, which will be close to 50% of what our emissions were in 2016 when all power generation was derived from diesel. That is a significant reduction in a short period of time.

540 The GEA is actively pursuing the installation of a battery energy storage system. This will effectively make our power generation solution a hybrid one. This initiative will serve to mitigate any potential power outages and it will contribute to fewer emissions by minimising spinning reserve and enabling the more efficient use of the integrated renewable energy sources within our grid. I hope to have this tender published in the coming months. It could also result in a
545 significant financial saving.

Mr Speaker, turning to ITLD, as we move out of the global pandemic and return to the office environment the ITLD team has responded to these challenges by implementing measures to reduce working from home services and to further develop and enhance Government systems. It is clear that technological infrastructures are critical to Government operations. Data security and
550 privacy has become progressively more important, not just for the Government but also for our citizens. In order to keep up to date with these ever-evolving technological trends and patterns, the following initiatives are currently being worked on by the Department: migration to a hybrid Office 365 setup; the implementation of additional advanced email protection systems; preparation and planning for a full server technology refreshment and migration programme; the
555 continued development of application programming interfaces for application and system integration with e-services; continuation of the rolling out of email encryption services; co-ordinating departmental relocations in terms of IT infrastructure and provisioning network connectivity. I am grateful to Tyrone Manasco, the Director of ITLD, and his team for their work in these and many other areas. Human nature is quick to shout when systems are down, but not
560 when they are working perfectly – which is, thankfully, most of the time.

Mr Speaker, turning to digital services, the Government's ERP platform has now been operational for over a year. This combines procurement, purchasing and financial accounting to form one system. Centralised reporting will enable the Treasury and the Office of the Financial Secretary to interrogate live data and have access to corresponding reports. Variations of the
565 same will shortly be introduced to all Government Departments and organisations, and the work continues. Today, Government invoices are processed centrally by a team of four people and this can only be done with the use of automation. As an example, last financial year, the team processed 58,000 invoices. We expect this number to increase as we on-board more Government suppliers and service providers. The current list of e-services can be found on the Gibraltar
570 Government website. There are over 25,000 registered users and more than 100,000 applications have been processed online. Existing e-services have been enhanced and a number of new Departments will be on-boarded in the coming months. Those up and coming include Employment, the Property Register, the GHA, Tax, Housing and the Office of Fair Trading.

575 Moving on to the GHA and ERS, it will not go unmissed that health and care systems globally
have been most seriously impacted by the COVID-19 pandemic. Not only has this tested the
resilience and agility of the health and residential care system in a crisis, it has also diverted
attention from the day-to-day delivery of previously agreed strategic initiatives and priorities.
Furthermore, having to deal with cross-border logistics which were further complicated by Brexit
arrangements, while there were extreme challenges with supply chain issues due to the pandemic,
580 all combined to result in the GHA and ERS having to make decisions against a background of
extreme uncertainty to ensure that essential emergency health services and residential care
services continued to function to protect the most vulnerable in our community.

The combined impact of these factors has placed the GHA, ERS and Public Health staff who
supported these efforts under enormous pressure – indeed, like never before. However, it also
585 brought together those in Health and residential care across the public sector, the voluntary sector
and the wider community. There is no question that this coming together of all these services and
the community has undeniably lessened the impact of the pandemic on our people and
undoubtedly saved many lives from this deadly virus, but the real heroes have been our frontline
staff. They have put their lives on the line every day to protect the people of Gibraltar, day in, day
590 out during the course of this pandemic, something we must not forget, and I thank each and every
one of them for their total, unconditional commitment and professionalism.

As of 19th May, 18,000 individuals have tested positive since the beginning of the pandemic.
As well as being thankful for those we have protected and treated, we should never forget the
lives we have sadly lost, including health and care staff. It is testament to the tenacity and
595 commitment of the GHA and care staff across all disciplines and those who supported us through
the pandemic that the Authority has continued to deliver all that was required of it to help
Gibraltar survive this crisis. I do not apologise for listing just a few of these examples, which I
believe should be mentioned: rapidly and consistently securing a stock of vaccines for a highly
successful programme; quickly expanding local laboratory testing and genomic sequencing with
600 swift access to results, with performance that exceeded that of the UK at the peak of the
pandemic; increasingly strong containment of outbreaks and protection of vulnerable adults;
establishment of a 111 service to ensure that people had ongoing medical advice and support and
were signposted as we managed outbreaks; promptly adapting our residential services to ensure
protection of older people and managing their healthcare needs without the need for admission
605 to hospital; and getting Gibraltar on the green list for travel before most other destinations in
Europe. This House will know that healthcare systems have been fully tested around the globe
and many have not fared so well, or indeed been able to reopen and safely implement their exit
strategies at such an early stage as we have. It will take some time until we fully understand the
impact that COVID-19 has had on the people of Gibraltar, but we have learnt so much in respect
610 of promoting and protecting the health of the population. We will use these important lessons to
guide our thinking for the future.

In spite of those pressures, the GHA and ERS have continued to deliver their services across
our community. Some examples: supporting and treating the most vulnerable, including those
with cancer, where we have significantly reduced admissions to hospital; delivering all urgent
615 outpatient work with minimal disruption, even where there were enormous pressures and
diversion of resources to manage inpatients during the pandemic; strengthening local laboratory
capability beyond COVID-19 testing so we can provide a local service rather than outsourcing;
starting the process to digitise hospital records in a move towards creating a fully electronic
record; strengthening pathways of care across many specialties, including older people's services,
620 mental health, primary care and A&E services; continuing to progress development of a modern
ENT facility to be opened by the end of this summer; delivering several key milestones in the
National Mental Health Strategy; and planning the move of the chemotherapy unit to more
appropriate accommodation.

As we emerge from the pandemic, the GHA family of services is embarking on the
625 implementation of a Reset, Restart and Recover Strategy designed not only to help get us back on

course and address the impact of the pandemic but also to improve and modernise our services. The Authority is already beginning to work towards stabilising its workforce; implementing a programme of improvements to its facilities and to upgrade and replace key diagnostic equipment; to improve systems for booking services – we understand, accept and appreciate
630 people’s frustrations at the PCC booking system and will resolve this, it is not good enough but we will get there; strengthening patient safety and patient liaison arrangements; and strengthening local services so that people do not have to leave Gibraltar for treatment.

The GHA board, which is made up of executives and non-executives and is led by an independent chair, Prof. Ian Cumming, and the Director General, has met and approved an initial
635 set of objectives for the forthcoming year and details of these will be published by the GHA in the forthcoming months. I am grateful to them for all their continued work. In the months to come more details of these objectives will be made public. All are intended to improve the quality of the care we provide and deliver to our community value for money in the provision of these services.

I would like to end by thanking the GHA and care staff for the fabulous work they do in keeping
640 us safe and healthy and always putting the needs of our people first. There is no question that devotion and care save lives – easy to say, but difficult to do. I must specifically thank Mr Patrick Geoghegan, our Director General, and his senior management team at the GHA. In the short time I have worked with him I have been most impressed not only with his knowledge and expertise,
645 but more importantly with his calm energy and determination to address the challenges we face at the GHA and deliver his vision for a service we can all be proud of. It is a privilege to work with him and support him in all of these areas, and I am confident that his efforts will result in real and tangible change in the manner we provide healthcare in Gibraltar.

I now turn to my responsibilities in respect of the Care Agency. I am delighted to report that
650 Learning Disability Services were able to maintain people’s quality of life, despite the impact that COVID-19 has understandably had on everyone. In collaboration with Public Health, the service was still able to provide support to service users and families and was able to keep St Bernadette’s Resource Centre open throughout the year. Remarkably, staff sickness levels were down this year despite COVID-19. The Care Agency continues to recognise that one of its most important
655 resources is its staff. It is committed to the training, learning and development of its entire workforce so that they will gain the necessary skills and knowledge to reach their full potential and provide safe and informed care. Another noteworthy achievement is the creation of the Community Learning Disability Team, which supports service users and their families throughout their lifetime. It consists of a team of social workers and respite managers that aims to work in
660 collaboration with other professionals to ensure that the individual service users’ needs are met. The team hosts drop-in sessions where information and advice is provided to people with learning disabilities, their families, or carers.

Targeted investment has also helped to improve physical assets, including the acquisition of
665 three flats within the community, and therapeutic equipment such as sensory integration apparatus, interactive smart boards, education resources and materials for sessions in the therapeutic programmes offered to service users, to help them achieve their individual aims and objectives. Sporting and leisure activities have also been developed further, such as the partnership with the Gibraltar Football Association which has now been established. I am grateful to them also. The scheme effects bespoke coaching sessions delivered to service users.

The Bella Vista Day Centre had two periods of closure, between July and August 2021 and again
670 between December and February of this year. In order to ensure service users’ needs continued to be met, reviews and assessments were carried out and packages of care provided to ensure the well-being and safety of those remaining in their own homes during these times. Vulnerable individuals who were COVID positive were supported by a specific team to prevent hospital
675 admission and reduce the spread of the virus. In addition, Adult Services have been integral in organising the delivery of medical supplies, food and therapeutic activities. The Waterport Day Centre has remained open and continues to provide a service for our elderly community – some

of whom are socially isolated, having little or no family or community support – to socialise in a safe and stimulating environment.

680 The Care Agency’s Children’s Social Work team have continued to receive a high volume of referrals and have seen an increase in the number of referrals from previous years. The Social Work team are currently working with over 300 children and their families to support and safeguard them. The team continue to work tirelessly to ensure that children are safeguarded and a significant amount of advice, support and practical help is provided to families within our
685 community to ensure that children can, where appropriate, safely remain at home. The team at the Family Centre have increased their workload to cover for children and families in need early on, to ensure that families receive parenting support.

The Therapeutic team, under the Care Agency CEO, have taken on the management and clinical lead on Drugs Alcohol Rehabilitation Services to include both Bruce’s Farm residential services and
690 Drugs and Alcohol community services. The head of service and lead counsellor have led on this project and, together with the new homes manager, nurse and staff, have completely revised and restructured all three operational, residential and community-based programmes to include an established drugs and alcohol pathway plan with GHA Psychiatry, which focuses on the importance of an inter-agency approach.

695 I am pleased to report that the out-of-hours service provided by the social work team is now being streamlined via the 111 line.

I am also delighted that the Care Agency was awarded, this year, a staff well-being at work recognition award as well as the Mayor’s Award in 2021, a small but important recognition of the great work provided by the Agency to our community. Carlos Banderas and his team deliver a
700 quality of care and service to our users that is difficult to understand. They are totally committed and I am sincerely grateful to them for their dedication and sacrifice in caring for others, even at such difficult times as those we have endured in the past 24 months.

Mr Speaker, I must close by thanking the team in my office for looking after me this year and for their untiring work in supporting me as we strive to deliver our different objectives. They all
705 work in different areas but each is critical to our progress. Julian, Karon, Gareth, Karl and Natalie are all supporting my work in different areas of responsibility and I am sincerely grateful to each and every one of them for their total commitment. I must also thank my secretary, Lourdes, who retires in the coming weeks and I wish her a long and healthy retirement. My sincere thanks to each and all of them – and, indeed, Mr Speaker, to you and your staff in this Parliament for looking
710 after us all so well during the course of the year.

Thank you, Mr Speaker. *(Banging on desks)*

Mr Speaker: The Hon. Vijay Daryanani.

715 **Minister for Business, Tourism and the Port (Hon. V Daryanani):** Mr Speaker, it is an absolute privilege to deliver my second Budget speech to this House as Minister for Business, Tourism and the Port. During the course of my contribution, I will report on the projects undertaken over the past financial year and I will set out my Ministry’s objectives for this financial year.

Let me start with tourism and by saying that the Government was delighted to announce the appointment of Mr Kevin Bossino as the new CEO of the Gibraltar Tourist Board. Mr Bossino will
720 take up his post on 1st September 2022. Mr Bossino has worked in the tourism industry internationally, having worked in nine different countries in Europe and Asia. He is currently Vice-President (Operations) for the global hotel chain Accor, overseeing the Singapore and South Malaysia regions, comprising 27 hotels. He commenced his career in Gibraltar at the Rock Hotel and subsequently moved overseas, kick-starting his international career in Europe, moving to
725 Venice, London and Spain, before setting his sights on Asia, where he spent most of his time in Hong Kong and Singapore whilst experiencing the Philippines, Vietnam and Indonesia. As I have already said publicly, I never expected that a Gibraltarian with exceptional tourism experience would be selected, having the right credentials and over 30 years of working abroad in this field.

730 Kevin has worked for some of the top hotel chains internationally and has huge experience in providing high-level customer care. I look forward to working with him in the ensuing months and years.

Mr Speaker, let me say that my aim for tourism during the last year and going forward is to continue making Gibraltar visible to tourists and the wider market. The Government has had a long-held view that its presence at different trade fairs to promote Gibraltar as a tourism destination is, in particular, subject to the criterion of value for money. This is all the more relevant in the context of the huge financial cost of the COVID-19 pandemic. It may change from year to year, depending on the circumstances of the moment. There are occasions when the important activity is not exhibiting at a trade fair as such, but rather the meetings with key decision-makers that are arranged around it. I have also met senior executives, when their diaries have permitted, on different occasions. A lot of work goes on behind the scenes and numerous conversations take place, but of course these are all commercial in-confidence.

In September I participated in a UK tourism conference by Travel Weekly. I addressed a high-level delegation of UK tourism leaders at a conference billed 'The Future of Tourism'. The conference also discussed topics such as sustainable growth for the future and facing a new reality after COVID. This was the first face-to-face travel-industry event in the UK of this kind since the pandemic. It offered the perfect opportunity to network with senior players in the tourism industry. At this event guest speakers included Gary Wilson, Chief Executive of easyJet Holidays; Steve Heapy, Chief Executive of Jet2; and executives from the cruising industry. Tourism is an extremely competitive industry and it is imperative that the Gibraltar brand is kept at the forefront of people's minds. It is extremely important for Gibraltar to be seen and share its experience through the pandemic, while also relaying to the trade how the destination is ready to build forward. The feedback that I get from the local shareholders is extremely positive. I am asked to continue marketing Gibraltar proactively and energetically, and this is what I intend to do.

In October, the Gibraltar Tourist Board exhibited at the Meetings Show in London. This was the first live edition of this international event in over two years. The meetings and event industry is one of the most lucrative sectors of tourism globally and, having been hard hit by the pandemic, is a key area for rebuild. The Gibraltar stand worked over 40 pre-scheduled meetings across two days. It is important for Gibraltar to show a physical presence at this show as the market re-emerges. Business relationships with meeting planners take time to establish and it is crucial that we are able to build business for the years ahead.

Also in October I attended the World Routes Conference in Milan. World Routes is the annual meeting place for airlines, airports, tourism authorities and other aviation stakeholders. It is where the world's airlines' network planners meet with tourism authorities and their airports in order to evaluate existing air services and explore the potential for new ones. At the event I participated in a tourism round-table discussion. Several points were discussed, like the importance of tourism in the economy, how destinations can help bring tourists' confidence back and how Gibraltar has coped during the pandemic, in particular how dedicated our people were in keeping the virus at bay and the excellent vaccine rollout. I also took the opportunity to host a dinner for the British Airways team attending the conference. The aviation industry has taken a battering, so they are even more careful with new business, but we need to showcase Gibraltar's case at every opportunity possible. This was an extremely important stage for Gibraltar, and it was imperative that we should be present. I held numerous meetings with prospective airlines wanting to fly to Gibraltar. It is not easy to attract new airlines and open up new routes, but we will always keep pursuing. Connectivity and growth go hand in hand. My aim continues to be putting Gibraltar on the map and making sure our brand name is at the forefront of people's minds. The event provided, in particular, a great opportunity to discuss Gibraltar and aviation in general with the top executives of the three most important low-cost airlines in Europe – easyJet, Ryanair and Wizz Air.

I will carry on engaging with all airlines that fly to Gibraltar and prospective airlines that one day might want to fly to Gibraltar. As we will have heard over the last few weeks, the airline

industry is going through a very difficult time with cancellations due to a shortage of staff and huge demand. Only last week in Kigali, where I was attending the Commonwealth Heads of Government meeting, I met the CEO of Heathrow Airport. He told me that the current times are extremely challenging and never experienced before. So it is important, more than ever, to continue working on our relationship with the airlines as regularly as possible.

In November I attended the World Travel Market in London. The World Travel Market is the leading global conference for the international travel industry and is an excellent opportunity for tourism representatives to meet and conduct business. Gibraltar had a stand, where it was able to showcase our tourism product and allowed us to host meetings with industry executives during the event. The conference gave me the opportunity to meet executives from the travel trade. Also, I was interviewed by the prestigious *Travel Weekly* magazine and by Mr Simon Calder, the leading travel journalist. I also had the opportunity to meet with David Dingle, Chairman of Carnival Cruises UK, and share the Government's vision on cruising with one of the most crucial companies in the sector. I was delighted that my UK counterpart, the Hon. Nigel Huddleston, Minister for Tourism, Heritage and Sport, visited our stand and I was able to brief him on Gibraltar, how it had fared over the last 18 months and my plans for the future. I also had the opportunity of meeting with the Minister for Tourism of Israel, Mr Yoel Razvozov, where joint initiatives were touched upon. Our participation at this event was extremely successful as we managed to keep on raising our profile in the UK, which is the main source market for overnight tourism in Gibraltar. We have made tremendous inroads in highlighting what our destination has to offer.

In February this year I attended the CONNECT Route Development Forum in Tampere, Finland. Once again, I held a series of meetings with airlines, airports and tourism officials. At the event, I formed part of a panel discussion titled 'Tourism Recovery Strategies', where I was questioned on the work that had been done during COVID, plans for the future, the EU treaty and specifically how the EU treaty would affect Gibraltar International Airport, if aviation formed part of it.

In March I hosted a working breakfast for some members of the travel press at Gibraltar House in London. Attending the briefing were travel writers from *Business Traveller*, *Conde Nast Traveller*, *BA Highlife*, and *Travel Bulletin*, amongst others. I was also interviewed by the editor of *Business Traveller*, Tom Otley. It is important to talk face to face with the UK travel press and keep them abreast of what is happening in Gibraltar. As I mentioned a few moments ago, the UK is our main source market for overnight tourism, and our hotels, hospitality and retail trade will benefit from this. I hope to host another, similar event with different journalists soon. The interest in Gibraltar is at an all-time high but we cannot be complacent. We need to keep at it, always making sure that the Gibraltar brand name is distinctly visible in the high echelons of the tourism industry. I also hosted a marketing event in Edinburgh with travel agents and the local Scottish press. The event created a lot of interest, with many travel agents now intending to push Gibraltar as a city break. We live in an extremely competitive market and these bespoke marketing events are the way forward.

Towards the end of April, I attended Seatrade Cruise Global in Miami. I was supposed to attend two years ago but this was postponed due to the pandemic. Seatrade Global is one of the world's largest annual cruise industry gatherings. The event is where the cruise industry's most influential leaders, from top cruise line executives to port leaders, have been coming together for over 20 years. I held numerous meetings with the largest cruise companies, with the discussions primarily focusing on increasing cruise calls in the short term. Other projects were also discussed; these being based on developing Gibraltar as the port of choice in the Mediterranean. I was also interviewed by various international cruise press. I was able to put across Gibraltar's ambition as we try to cement our position as the jewel of the Mediterranean. Out Port is considered one of the most important in the area; however, there is strong competition with other destinations. Our presence at these events is imperative if we really want to promote our Port as a premier cruise destination. Business does not come instantaneously, as some might naively fantasise; it takes time, and we will keep on working at full throttle to achieve this.

835 In February we announced that the Gibraltar Tourist Board had been confirmed as a new long-term associate partner of Cruise Line International Association (CLIA) UK and Ireland. CLIA is the world's largest cruise industry association, providing a unified voice and leading authority of the global cruise community. On behalf of its members, CLIA supports policies and practices that foster a secure, healthy and sustainable cruise ship environment, promoting positive travel experiences for more than 30 million passengers who have cruised annually. CLIA membership includes the world's most prestigious ocean, river and specialty cruise lines, a highly trained and certified travel agent community and widespread industry stakeholders including ports and destination, ship development, suppliers and business services. CLIA represents 95% of the world's ocean-going cruise capacity, as well as 54,000 travel agents and 15,000 of the largest travel agencies in the world. Therefore, the partnership with CLIA will enhance Gibraltar's brand awareness across the region, bringing them into CLIA's wider community of cruise lines, travel agents and stakeholders. As part of the agreement with CLIA, the Gibraltar Tourist Board sponsored CLIA's flagship main conference in Southampton at the end of May. This event received trade exposure via CLIA's website, newsletter and yearbook. There is no doubt that the cruise sector is extremely important to the Gibraltar economy, and I look forward to working with CLIA in fulfilling our goal to make Gibraltar the port of choice in the Mediterranean.

850 In December, Gibraltar will host the CAPA 2022 World Aviation Summit. The two-day summit will draw aviation and travel representatives from around the world, supported with a live stream of the event available to those unable to attend in person. This is an extremely prestigious event in the world's aviation calendar. It is expected that the top airline executives will be visiting Gibraltar. I look forward to welcoming delegates from all over the world and working with CAPA to make this summit a huge success. This will bring unprecedented exposure for Gibraltar in the aviation industry.

860 During the year I have met with the Moroccan Community Association. The Moroccan community is an integral part of the Gibraltarian family and, until recently, was having an extremely difficult time visiting Morocco during the pandemic, in particular due to the lack of sea and air links. Also, Morocco was on a prolonged lockdown. The Government has left no stone unturned in trying to achieve air and sea links with Morocco. In November last year I held a series of meetings with a number of airlines in Casablanca, but unfortunately the airlines had been forced, as a result of financial considerations due to the pandemic, to cancel a number of their less profitable routes. We will continue working on, albeit in a difficult situation. That said, we continued to work in trying to resume a sea link and, together with FRS, we were able to announce the resumption of the ferry service between Gibraltar and Tangier in April. This had only been possible after the opening of Morocco's sea borders and permission being granted by the Moroccan authorities. I am extremely pleased for our Moroccan community who are now able to visit family in Morocco, as they have suffered the most without the service. Links with Morocco are extremely important and I look forward to new opportunities after Brexit, especially those linked to tourism and business.

875 Mr Speaker, as hon. Members are no doubt aware, the cruising industry was hard hit due to the pandemic, with most cruises cancelled and ships returning to their home ports. Throughout the pandemic we were in constant communication with all operators. In August last year I was delighted to welcome the first official cruise call since the beginning of the pandemic. *Wind Surf*, from Windstar Cruises, arrived in Gibraltar on 13th August 2021. Gibraltar was included in its itinerary as part of their Mediterranean cruise. A limited number of passengers were allowed to disembark, due to COVID-19 protocols at the time. May I remind the House that, at the time, the Gibraltar Government did not have any restrictions for tourists to visit Gibraltar at large, as was detailed in our *Cruise Safe and Secure* booklet; it was cruise companies themselves that had their own procedures which restricted passengers going ashore unless they had a pre-booked tour. September saw the gradual return of cruise liners to Gibraltar. On 6th September the *Spirit of Discovery* arrived in Gibraltar with some 400 passengers disembarking to visit local tourist sites on pre-booked 'bubble' tours. Towards the end of September, we saw the return of cruise passengers

885 in Main Street with the arrival of the *Marella Explorer*. This was the first commercial cruise since
before the start of the pandemic that allowed passengers to disembark into the town centre
without restricting them to 'bubble' excursions. There is no doubt this was a welcome return for
traders, who had missed out on the cruise passenger clients during the previous 18 months. In
2021 Gibraltar received 44 cruise ships, of which five were inaugural calls.

890 The industry is now picking up, with 185 cruises scheduled for this year and 163 booked for
2023 as things stand at the moment. This year alone we will be welcoming 21 new cruise ships to
the Rock. January saw the arrival of *MS Iona*, the new flagship of P&O Cruises, a subsidiary of
Carnival Corporation PLC. It is one of the largest cruise ships, with a capacity of 5,200 passengers
and 1,800 crew, and also their first LNG-powered vessel. On this occasion the ship was carrying
895 2,484 passengers and 1,657 crew. On 12th April we welcomed two inaugural cruise calls to
Gibraltar on the same day. The *Le Bougainville* is the third ship of the Explorer class of cruise ships
operated by Ponant, and the *Costa Deliziosa* is owned by Carnival Corporation and operated by
Costa Crociere. More recently, in May, Gibraltar saw the arrival of the *Valiant Lady* on its first
inaugural call. This is a new ship from the new cruise company Virgin Voyages and will be calling
900 here five times this year. I am delighted to see the quick recovery we are making with cruise calls.
This shows the popularity of Gibraltar as a port of call, but it also demonstrates the results of the
hard work being done by the Government to get the cruise sector back on track. The Government
is committed to the cruising industry for Gibraltar and I will continue my efforts with itinerary
planners to make sure Gibraltar is included in future cruises. At the same time, I will keep on
905 working energetically, engaging with cruise executives worldwide, as I know how important
cruising is to our economy.

Event-led tourism will continue to be a priority and I hope to see more international events
return to the Rock. There are, at present, discussions being held, and I look forward to being able
to make some announcements during the course of the next 12 months.

910 Finally, I believe we are now turning the tide and Gibraltar's tourism market is now looking at
a brighter future after the effects of the pandemic over the last two years. Main Street is a lot
busier and business owners tell me that things are a lot better. May I take this opportunity to
thank the staff at the GTB for their support during the year.

I now move on to the Air Terminal. Mr Speaker, 2021 saw a gradual slow recovery in traffic.
915 The successful rollout of the vaccination programme resulted in Gibraltar being added to the
United Kingdom's list of green countries. We saw growth increasing from May through to
December, with this continuing into the first quarter of 2022, and by the end of 2021 passenger
figures totalled 262,522, an increase of 41% over 2020. The capacity for 2022 is expected to be
very close, if not the same as what it stood at in 2019 before the pandemic started. I am sure all
920 airports worldwide would be delighted with this outcome.

I would like to say a few words about the suspension of flights by Wizz Air and also by Eastern
Airways. I can only imagine the Opposition spokesman for tourism rubbing his hands together
with glee when this announcement was made, because deep down he does not wish the
Government to succeed. Let me remind the hon. Member that Wizz Air announced its decision to
925 suspend the Luton route. I quote:

As a result of the uncertain outlook for travel at the moment due to COVID restrictions, we have had to make a
number of adjustments to our schedule. This decision has not been made lightly. We are constantly reviewing our
schedule and would be keen on re-entering the Gibraltar market when it makes most business sense for us, at the
earliest opportunity.

We need to realise that we are facing unprecedented times as COVID is still lurking in the
background, and all this causes huge uncertainty. As a consequence, all airlines are constantly
looking at their route networks and trying their best to protect their finances. With respect to
Eastern Airways, the airline made a substantial loss on flying to Gibraltar last year. In our
930 discussions with them earlier this year they suggested that the only way they could make the

routes work was if the Government subsidised the operation. We took the prudent decision not to do so. We must respect their decision, as commercially it does not work for them at the moment. I look forward to engaging with them on this matter later on this year. Whilst it is disappointing, it is understandable that airlines need to protect their finances, like any other business. Surely the spokesman for tourism understands this, and that this certainly is not the time to gloat and play politics at the expense of Gibraltar's long-term ambitions.

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Gibraltar International Airport has seen continued growth in the area of non-scheduled services over the past four years. Non-scheduled services comprise the full spectrum of aircraft movements that do not form part of the regular scheduled services occupied by airlines and are as varied as light general aviation aircraft, business and corporate charters and medium to large private aircraft operated by their owners. Mr Speaker, 2019 saw 401 aircraft operate into Gibraltar Airport, a 5.2% increase over 2018, when 381 operated. Mr Speaker, 2020 proved to be an extremely difficult year for scheduled services and the aviation industry in general, with air travel practically grinding to a halt worldwide. This resulted in non-scheduled services only dropping 2.5% to 391 annual movements. The work done by the Government to recuperate our scheduled services in 2021 has clearly not affected this type of operation, with an even higher increase of 19.9% in 2021 in comparison with 2020 and an annual record of 469 non-scheduled aircraft using Gibraltar Airport during the year. A total of 3,821 passengers flew on these flights, and this also shows an increase of 4.4% over the 3,659 carried in 2020. The summer schedule for 2022 will, at its height, offer 39 weekly flights to five airports. As the whole of the aviation industry slowly emerges from two years of considerable disruption, decline and loss of business, load factors for the first quarter of 2022 were very positive as a direct result of the United Kingdom beginning to drop COVID-19 restrictions, which led to more persons starting to travel. Also, because of the Government's ongoing booster vaccination programme, combined with our marketing efforts, we were able to retain our core routes.

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A very important operational factor has come about as a result of the Government's position with regard to the role of the Air Terminal during the pandemic. The fact that no one involved in the operational aspects of the Air Terminal's day-to-day running was furloughed has meant that members of staff employed in these organisations have continued with their mandatory training, competency and skill qualifications, leading to the various compliance obligations being maintained and allowing a seamless transition to the return of normality. This has not been the case in other airports, and hon. Members will be familiar with the press reports recently, where some airports are still facing major organisational hurdles in both recruiting and training, leading to major delays and very negative passenger experiences. In addition to this, airlines are also struggling to recruit and retrain crews to cope with the expected surge, and this may result in some minor amendments to the published flying programme on the days when they are faced with resource issues linked to this. After Monarch's demise, services to Manchester dropped to four flights per week. I have been trying to convince easyJet to fly daily on this route and it was encouraging to see that they did so last year. I am pleased to announce that easyJet has continued with the same frequency for this summer, creating greater connectivity to the North West of the United Kingdom and bringing Gibraltar Airport back to the pre-pandemic levels of traffic to that area.

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Mr Speaker, I now move to the Port. A new Captain of the Port and CEO of the Gibraltar Port Authority was appointed in January this year. Mr John Ghio was appointed following the retirement of Mr Manuel Tirado from the post. May I take this opportunity, once again, to congratulate John on his promotion to Captain and to thank Manolo for his support and wish him an enjoyable and well-deserved retirement. I have no doubt that John will be an impressive Captain. We share the same level of ambition for our Port, and I look forward to working with him to make our Port even more successful.

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The Port of Gibraltar has continued operations throughout the ups and downs of the COVID-19 pandemic, in no small part because of the dedication of all parties involved to ensure that operations continued with as little interruption as possible, while always being mindful of the

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serious nature of the virus. This is borne out by the level of activity for 2021 and in the early part of 2022. While some aspects of the marine industry are only now starting to show recovery, other operations have remained steady or bounced back, and in some cases exceeded pre-pandemic levels. In fact, vessel calls into Gibraltar were up by 5.81% in 2021 against 2019 figures. Bunkering calls and volumes for 2021 against 2019 figures have also reflected a healthy bounce back despite the ongoing global impact of the pandemic on shipping in general, with increases of 6.54% and 5.43% respectively. LNG bunkering operations also took place during 2021 following Shell's granting of a licence, with five bunkering operations being undertaken. While demand is still on the low side, it is envisaged that we will start to see further increases in this activity, especially in light of the global energy crisis versus the demand for this type of fuel, and it is something which will also add to the Port's continued development in improving the environmental performance of shipping, with Gibraltar continuing to lead the way in supporting the changeover to this fuel.

The Government is committed to achieving a net-zero strategy for our Port. This is a complex situation but we will continue consulting and working towards concrete solutions.

We also saw the return of cruise calls in the latter part of 2021 and we are now anticipating that numbers for 2022 will almost match pre-pandemic levels. As I said earlier, the cruising sector has taken a battering, but we are now on our way to recovery. As I have previously mentioned, this year we have 185 calls booked, only slightly down on pre-pandemic levels in 2019. We have done a lot of hard work behind the scenes over the last two years, which is starting to bear fruit, as can be seen with the figures for 2022. Yacht calls also reverted to healthy growth and reflected that Gibraltar has remained a port of choice as well as necessity for the yachting community. This is borne out by an increase of over 15% in levels of activity for the first four months of 2022 against 2019 figures.

While bunkering remains the mainstay of activity at the Port, we are always looking for opportunities to increase the variety of services and business opportunities for the local maritime industry and I am pleased to report that potable water services are now available for vessels visiting Gibraltar Port, something which is very much welcomed by the maritime industry. This additional service adds further weight to the array of services already available at Gibraltar Port.

Mr Speaker, 2021 saw the return of London International Shipping Week. This was the first in-person event in the shipping calendar to take place since the start of the pandemic, and Gibraltar's presence was well received and offered the chance to re-engage with partners, stakeholders and potential clients. As part of our attendance at this event we hosted a reception for the industry at the UN International Maritime Organisation (IMO) headquarters, where I had the opportunity to meet the IMO secretary general. It is notable that even at this level the performance of our maritime industry is recognised internationally, as was reflected by the keen interest in and awareness that Mr Kitack Lim showed of our Port and contributions to the maritime industry.

London Shipping Week also kick-started HM Government of Gibraltar's maritime services marketing drive in 2021, which also saw the return of Maritime Week Gibraltar in November, the second event of its kind which showcased and promoted Gibraltar's thriving maritime sector. Some international visitors were able to visit Gibraltar despite COVID-19 restrictions still impacting on travel, with excellent feedback received from both local and international participants. The expectation is that this event will now form part of the shipping industry's calendar of events moving forward and will be an ideal platform to promote Gibraltar's maritime industry from a home stage as it continues to develop and evolve.

In February, representatives from Gibraltar's maritime industry attended the International Bunker Industry Association annual dinner in London. The Gibraltar delegation was led by John Ghio, the Captain of the Port. This event provided a fantastic opportunity to re-engage face to face with industry partners and meet with current and prospective clients in the margins of this event.

Earlier this month, the Gibraltar Port Authority, along with local stakeholders, attended Posidonia 2022 in Greece. This is the biggest shipping event in the international calendar and is a crucial forum at which we continued our engagement with the international shipping industry. I

1035 am delighted that we were joined by a number of sponsors from our local maritime community
under the banner of HM Government of Gibraltar Maritime Services and I am grateful for their
participation. This shows the commitment of our partners and stakeholders in working together
to promote Gibraltar Port. These events form part of the Government's strategy to directly engage
with partners, stakeholders and prospective clients. Arrangements to hold bespoke events abroad
1040 later in the year are in their early stages of planning, with invaluable support from our partners in
the local industry. I hope to make an announcement on this soon.

Mr Speaker, I now turn to the Port's finances and report that for the financial year 2021-22
revenue received was £7,269,581 against the original budgeted figure of £7,872,000. I am pleased
to report that expenditure for the same period amounted to £6,830,741 allocated against a
1045 budget of £7,149,000 for the full period. As for capital expenditure, the Authority spent a total of
£76,921 against an allocated figure of £365,000. It should be noted that some of the projects
planned were not realised due to the pandemic. However, we were able to improve some of the
Port's infrastructure with spending on the completion of the internal refurbishment at the North
Mole office. We also carried out feasibility and technical studies for both the North Mole fenders
1050 and Mid Harbour Marina project.

As reported in my last Budget speech, both the senior management team and the Ministry for
the Port continue to look at ways of further increasing activity in this sector and I am hopeful that
I will be able to make some announcements on some of those projects in the not-too-distant
future. However, I am very pleased to report that works will shortly commence on the
1055 refurbishment and repairs of the Watergardens marina, a project which had previously been put
on hold due to the pandemic. My team will be liaising with the users of the marina to manage the
works and I am sure that the improvements to the infrastructure will be welcomed by the users
of the marina.

Mr Speaker, 2021 also saw the UK being audited by the IMO under the IMO Member State
1060 Audit Scheme for compliance of the IMO Instruments Implementation Code (III Code). Gibraltar,
being part of the UK flag, was audited in all three areas of responsibility, i.e. flag state, port state
and coastal state. The very strong performance at this audit is a further measure of how proud we
can be of the work that the Port Authority and Maritime Administration continue to deliver.

The Port of Gibraltar has shown its true worth to the community and economy during the
1065 pandemic. The Port has also been able to adapt to some of the initial challenges arising from Brexit
and this has been, and will continue to be, down to the hard work, dedication and willingness to
do whatever it takes from the whole of the Port community in Gibraltar. We have all the right
ingredients to make Gibraltar the port of choice for doing business. During the next financial year,
I intend to continue with my ambitious marketing strategy for our Port as we focus on attracting
1070 new operations. Finally, I would like to take this opportunity to thank my excellent team at the
Port Authority for their continuing efforts to deliver. This makes my role as Minister for the Port a
lot easier.

I now move to the Gibraltar Maritime Administration. A new Maritime Administrator, Dylan
Cocklan, was appointed in October 2021. Mr Cocklan has been in the Department for 22 years and
1075 undertaken a number of different roles. May I take this opportunity to once again congratulate
Dylan on his appointment.

This past year has been another challenging year for the GMA, as the uncertainties of the
ongoing Brexit negotiations have continued to impact on our new ship registrations. However, the
Yacht Register remains largely unaffected by Brexit and the Small Ship Register also continues to
1080 grow as per the trend in recent years. The fleet size on 1st May 2022 was 165 ships, 883 yachts
and 317 small ships registered in Gibraltar. The total combined tonnage of the Gibraltar fleet was
1,206,130 gross tonnes.

Our registers continue to rank highly in the overall technical performance levels within the
major memorandum of understandings on port state control, and as quality registers by the
1085 United States Coastguard in their USCG Qualship 21 system. Gibraltar is one of the 23
administrations having met all the requirements for full participation in the Qualship 21

programme. The Gibraltar Ship Register has retained its white list status worldwide. This was reflected within the annual International Chamber of Shipping's Flag State Performance Table for 2022. Once again, the Gibraltar Ship and Yacht Registries rated in the table with positive performance indicators in every aspect reviewed by the ICS. The indicators include the performance of the Administration, ratification of international conventions, completed ILO reports, attendance at IMO meetings and participation in the UN International Maritime Organisation Instruments Implementation Code member audit system.

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Importantly, following on from last year's III Code audit by the Maritime Coastguard Agency on Gibraltar, the United Kingdom flag state, which includes the Red Ensign Group (REG), of which Gibraltar is a Category 1 register, was audited by the IMO in October 2021. The 11-day audit was carried out from 14th to 28th October 2021. It was the first time such an audit had been carried out remotely by the IMO, because of the ongoing challenges of COVID-19. The audit scrutinised how the UK and the REG administrations meet the flag, coastal and port state obligations. The GMA was audited on its flag state and port state obligations. I am pleased to announce that the audit culminated with no findings being raised against the GMA. In particular, the auditors assigned by the IMO praised the manner in which the UK/REG oversees and manages the delegation of statutory work to its recognised organisations.

In addition to the III Code, the GMA successfully retained its ISO 9001:2015 quality accreditation, having successfully completed three ISO external audits by SGS since July 2021. Maintaining ISO accreditation not only sends a message to stakeholders that the GMA operates robust quality management systems, but also reinforces the GMA's commitment to continuously improve and seek efficiencies in the work the Department undertakes. These achievements are testament to the hard work undertaken by the staff at the GMA.

The goals of the GMA are to reach pre-Brexit and pre-pandemic levels, in terms of fleet size and revenue levels, within the next five years. Through controlled growth, the GMA would still be able to operate a registry that is run with high standards, meet its duties and responsibilities, maintain the quality of its registered fleet and focus on maintaining its good reputation within the industry. The Department has identified areas in which it can generate savings and other areas where expenditure can be reduced.

The GMA continues to explore new avenues to diversify its fleet and increase registered tonnage. As part of this work, the GMA has recently undertaken a thorough review of its fees structure. The result has been the development of new products and incentives which will add to the Register's competitiveness and attractiveness in the global market. A consultation process was launched and completed in April, during which the GMA engaged openly with and sought views from its clients and stakeholders on the new fees and incentives. The fees and services restructure came into effect on 1st June 2022 and introduced an increase in fees across all services, an inflationary yearly increase to all existing fees charged by the Registry, a simplified new product pricing for Annual Tonnage Tax, discounts of up to 50% on Annual Tonnage Tax payable for multiple ships registered, introduction of Annual Tonnage Tax for large commercial yachts and discounts for 'green ships'. The principle behind the green ship discount scheme is to reward ship owners who voluntarily adopt ship designs that exceed environmental regulatory standards set by the IMO. Discounts are also offered for vessels employing green ship technologies and systems.

In line with the Government's policy on digitalisation, and as part of its commitment to client product developments, the GMA transitioned to electronic certification for its ships and seafarers on 4th April 2022. The Administration is now able to offer their clients statutory certificates that meet the requirements of the standards of the IMO's Guidelines for the Use of Electronic Certificates. The introduction of electronic certification will benefit the GMA's clients by providing improved traceability, enhanced security and a quicker means of dispatching documentation. The authenticity and validity of certificates can be obtained via a 24/7 online portal, using two-means verification embedded within the certificate. This move towards digitalisation will directly benefit the GMA's clients. The GMA is continuing to invest in systems and technology which will further enhance the quality of service provided by the GMA. This includes the provision of a cloud-based

1140 GMA/client interface portal for survey-related functions, and new, improved online services via improvements to its website. The aforementioned improvements are expected to be launched by the end of July 2022.

1145 As part of its marketing campaign, the GMA has exhibited at the Posidonia 2022 Shipping Exhibition in Athens and will be participating at the Monaco Boat Show in September. Posidonia offered the GMA direct access not only to Greek ship owners, the largest ship-owning nation, but also to international ship owners and industry leaders. In addition, the GMA visited existing and potential new clients, together with local representatives. Working closely with other local authorities and local stakeholders, the GMA is looking forward to marketing and promoting its new incentives and products at upcoming events and during planned visits to existing and potential clients in the next few months.

1150 During 2021, the Department attended the London International Shipping Week. The Maritime Administrator also attended the International Bunker Industry Association annual dinner in London hosted by the Gibraltar Port Authority. The GMA staff took advantage of these opportunities to engage face to face with existing and potential new clients, as well as other industry stakeholders. The GMA also participated in the very successful Maritime Week Gibraltar at the end of November 2021. During the event, the GMA staff delivered a presentation on the Department's ship/yacht registration, which was aimed at providing an insight to the Gibraltar Registries, local ship registration legislation and requirements, the registration process and the unique advantages Gibraltar has to offer.

1160 In addition to marketing visits, the GMA will also be taking part in the annual Red Ensign Group Conference, which will take place in July 2022 in the Isle of Man. The conference gives members the opportunity to have detailed face-to-face discussions on current matters that are of interest to the group, the chance to share best practice, look at ways of improving the performance of the British Register, both in terms of commercial success and also setting exemplary standards in meeting international obligations.

1165 Earlier during the year, the Maritime Administrator and Chief Surveyor joined other technical experts from the Red Ensign Group, in the Red Ensign Group Technical Forum in February 2022. In addition, the GMA also participated in the different REG technical working group meetings. The forum and associated working group meetings support the REG conference and look at how best to make sure there is consistent application of technical policy across the British fleet. The Technical Forum is responsible for developing new technical standards for the maritime industry.

1170 Despite the challenges brought about by the pandemic, the GMA has continued to undertake port state control inspections on foreign flagged ships visiting Gibraltar and inspections of vessels operating domestically. In addition, it has continued with its monitoring programme of recognised organisations and certifying authorities. This is an important aspect of the work done by the GMA, as it ensures that statutory survey and certification work delegated to the accepted recognised organisations and certifying authorities is conducted in compliance with agreed standards. Importantly, as from April and as a result of the improved situation in relation to the COVID-19 pandemic, GMA surveyors have resumed audits and surveys of clients abroad. This is important for ensuring effective jurisdiction and control over our fleet in terms of quality standards, but it is also essential for keeping a close relationship with our clients. The resumption of surveys abroad will also increase the Department's survey/certification fees revenue.

1180 The GMA Seafarer's Division continues to issue a significant amount of seafarer documentation. Since 1st July 2021 and until 30th April 2022, the GMA has issued a total of 1,097 certificates. This is a very important task, since the quality of the officers and crew determine to a very large extent the safety and marine environmental protection standards on board the Gibraltar fleet. As part of its work to become more competitive in relation to seafarers, the GMA has recently expanded its Recognised Countries' Standards of Training, Certification and Watch keeping list, meaning that the GMA now recognises certificates of competency from a wider range of countries. Twenty-three countries have recently been added, meaning certificates of competency from these countries are now eligible for a Gibraltar endorsement. The total number

of recognised countries now stands at 26, giving our clients greater flexibility in their crewing options.

1195 Within the upcoming year, the GMA once again is expected to host surveyors from other REG members for the purpose of providing them with training and sharing of expertise with regard to port state control. The GMA is regarded as a leader within the REG in relation to this field and during the past few years the GMA has provided training for surveyors from the Cayman Islands, Guernsey, Bermuda, the Isle of Man and the UK.

1200 Locally, the GMA continues to provide technical support to the Gibraltar Port Authority and Gibraltar enforcement authorities via a framework by way of survey and certification. Members of the GMA provided technical support and were part of the multi-agency team that brought about the successful prosecution case against the *AM Ghent* following the oil spill that took place in the Bay of Gibraltar in October 2021 during a bunkering operation.

1205 The GMA also continues to work closely with the Gibraltar Law Office in ensuring that Gibraltar is in a position to implement and enforce the provisions of new international instruments through appropriate Gibraltar merchant shipping legislation. Work is currently under way in relation to the Ballast Water Management Convention and the latest amendments to the Maritime Labour Convention.

1210 The GMA continues to have a crucial role within the Gibraltar maritime industry. Through its role as an international facilitator of trade, its highly rated and competitive registers and global trading fleet, the GMA provides Gibraltar with a significant advantage over many other maritime centres. The GMA's strategy over the next few years is to continue to maintain its high quality of service, increase the size and diversity of its fleet and continue to add significant expertise and skills to the wider Gibraltar maritime industry and its profile as an international centre of maritime excellence. Brexit has created a challenge, but I am keen on marketing the flag with its new products and incentives so we may be in a position to attract new clients to the Registry and will market the Registry more aggressively over the coming months. I would like to thank Dylan Cocklan and his staff at the GMA for their support over the last year.

1220 Mr Speaker, I turn to my responsibilities for the Royal Gibraltar Post Office. I would like to commence by saying that I am very pleased that despite the numerous logistical challenges in the past 12 to 24 months, the Post Office has managed to offer an uninterrupted service to all the 192 Universal Postal Union member countries throughout for parcels and letters. Furthermore, local delivery service continued six days per week, Monday to Saturday. Many business and residential consumers within Gibraltar rely on the RGPO as the universal postal service provider for their standard local and international letter and parcel post services. Therefore, to meet a sufficiently high standard service for users is of significant importance. At the height of the pandemic, staffing levels were affected by staff absences due to COVID sicknesses and self-isolations. Nevertheless, the RGPO delivered 87.69% of local mail within two working days. Towards the end of 2021, the RGPO saw steady improvements in its performance with the resumption of regular flights from the UK. Because of this, its international next-day-delivery performance reached 84.5% in December 2021, 88.3% in January 2022, 97.5% in February 2022 and 95.3% in March 2022.

1235 A clear direction has been established in order to build upon the work commenced during the RGPO review in 2019 and this has already led to noticeable performance improvements and financial savings. The RGPO saved £172,195 in its expenditure budget for the financial year 2021-22 and further savings are expected during the financial year 2022-23 thanks to the modernisation of the RGPO's systems and procedures that have created operational efficiencies. The electronic parcel notification system has gradually replaced the old and costly printed notification cards format, with over 9,800 residents registered to receive notifications via SMS and email. During the financial year 2021-22, 33,563 first notice electronic notifications were sent to recipients. This operational advantage of switching to electronic notifications has hugely reduced costs on paper, ink and deliveries and has, in turn, played an important role in improving the environment.

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1245 We continue to see a substantial volume of incoming parcels due to the continuous growth of e-commerce purchases, with 110,000 parcels registered in EPost since its launch over a year ago. All incoming and outgoing mail in Gibraltar is now processed electronically via the International Postal System, which provides the RGPO with accurate and comprehensive data on its mail movement, covering every point between origin and destination. The online EPost system offers a delivery option to recipients on payment of any applicable fees/duties to which our postal workers delivered 6,023 parcels in the past financial year. The Parcel Post Office Mail Centre collected a total of £224,086 revenue in fees and import duties during the financial year 2021-22.

1250 Although letter volumes have generally declined over the years, new residential developments have grown substantially in Gibraltar during the same period, thus increasing the number of individual addresses. In September 2021 the postal walks system, which had remained the same for the past 25 years, was modified, in consultation with the unions and RGPO staff, by increasing the standard 13 delivery walks to 17 delivery walks in order to accommodate the growth of new addresses. The RGPO delivers letters to any address in Gibraltar six days a week for the same rate, be it in Main Street or the top of the Rock.

1255 The Universal Postal Union announced new regulatory changes as from 1st January 2021. This meant that it is now a requirement to provide electronic pre-advice customs data on all parcel items containing goods or merchandise to international destinations. These changes also came into effect on 1st April 2021 for parcel items containing goods or merchandise sent to the United Kingdom. Letter mail formats containing letters, cards and/or documents were not affected by this new requirement. As a member of the Universal Postal Union, the RGPO was bound by the new regulations imposed upon all member countries and their postal authorities. This pre-advice data helps to automate and speed up manual processes, which enables a more efficient customer clearance process. The RGPO created a new app and provided a custom declaration option available on the website and at the Main Street Post Office to make the process of sending parcels as easy as possible for its customers.

1260 In March, the RGPO supported all Gibraltar residents with relatives and friends in Ukraine, including individuals, charities and schools, by waiving postage charges for mail addressed to Ukraine. Communicating with friends and families during difficult moments is crucial and the RGPO will do everything that it can to help. We continue to do everything possible to show our support and we are grateful to the Ukraine postal service for making a special mention of our charitable support on their website.

1275 In addition to the regular meetings that take place between the RGPO management and its Royal Mail counterparts, the Director of Postal Services took part in the Small Postal Administrations Forum held in Malta in May of this year. This was a unique event especially designed for CEOs and postal leaders in smaller jurisdictions to hear and share latest ideas, best practices and innovative approaches. It is an opportunity to learn from colleagues facing the same challenges and to discuss important topics such as the effects of COVID, terminal due revenues, bi-lateral agreements and direct postal service links. The conference gives members the opportunity to have detailed face-to-face discussions.

1280 Finally, I would like to highlight how pleased I am with the total replacement of all Royal Gibraltar Post Office vehicles to brand-new electric vehicles back in December 2020. This project was in line with the Government's manifesto commitment for a green Gibraltar. The all-electric postal vans now deliver mail across all areas of Gibraltar safely and efficiently in the most environmentally friendly way possible whilst reducing carbon emissions and noise. It gives me a lot of joy and satisfaction to see the red electric postal vehicles operating on deliveries around Gibraltar. As the Minister with responsibility for postal services, it is my obligation to ensure that efficient and reliable postal services are provided both within Gibraltar and between Gibraltar and the rest of the world. My thanks go to all the team at the RGPO ably lead by Glendon Martinez, HM Customs and our logistics partners for their continuous hard work during the course of this year.

1295 Mr Speaker, I turn now to the Office of Fair Trading. I was the Minister responsible for the OFT up to the recent reshuffle, in April, where responsibility was handed over to my colleague and friend Samantha Sacramento for the reason set out by the Chief Minister when he announced the reshuffle. I shall deal with each of its core responsibilities in turn, starting with business licensing.

1300 Over the course of the past financial year the Business Licensing team has seen a significant increase in the number of business licence applications it has received. A huge 935 business licence application notices have been published, representing a 31% increase compared with the financial year ending 2021. Applications processed per week by the team have, therefore, increased from 14 applications per week to 18 applications per week on average, with a maximum of 32 application received in a single week. During this past year, the office has issued 501 new licences, representing an approximate increase in licences of 25% based on renewal data for that same period – 2,335. This is a great indicator that Gibraltar business is flourishing despite significant COVID-19 and Brexit-related uncertainties and that the Gibraltarian entrepreneurial spirit continues to show resilience in adversity. Given the increase in workloads represented by these increases, the Government has invested in IT upgrades for the office to allow the OFT to modernise its internal processes and databases to create a modern and fit-for-purpose software package that will allow the team to provide a quicker and more efficient service to the business community.

1310 Turning to the OFT's consumer protection responsibilities, the Consumer Protection team has processed 374 complaints of reported harm to consumers in Gibraltar during the past financial year. Of these, 75 have led to investigations carried out by the team. This high number of complaints is largely a reflection of the success of the OFT's consumer awareness programme, which continues into 2022. The programme aims to educate local consumers about their consumer rights, and businesses to understand their rights and responsibilities. Awareness has been raised about wide-ranging subjects such as distance contracts, rental deposits, second hand cars and toy safety, with particular emphasis on the dangers to children of button cell batteries, magnets and flammable costumes.

1320 The team has also continually updated its awareness on travelling in the post-COVID 'new normal', to reflect ongoing changes that affect consumers. As a result, the team has extensively engaged with, and issued guidance to, businesses within the travel sector. The OFT also assisted a local consumer in pursuit of a successful claim through the Small Claims Track of the Supreme Court against a local travel agent arising from the cancellation of a package holiday due to COVID-related travel restrictions.

1330 This year, the OFT has also issued the new code of conduct for the retailers of goods, in March, which will serve as best practice guidance for businesses that retail goods to ordinary end consumers. The code provides clarity for both businesses and consumers should disputes arise from purchases, including expected redress and timeframes. As part of its ongoing inspections programme, the team has carried out 53 visits to local businesses, including follow-up visits to ensure compliance of identified shortcomings.

1335 I can confirm that the Government continues to work with the OFT on the Fair Trading Bill 2020 with the aim of producing a more appropriate and mature framework within which the OFT can operate. The Bill will make the establishment of new businesses easier and quicker by simplifying the business licensing process. It will, therefore, drastically improve the manner in which the OFT can provide its services to the public. At the same time, the new Bill will protect consumers in Gibraltar and allow the OFT to set trading standards for businesses operating in Gibraltar. As always, this process continues to be done in consultation with the Gibraltar Federation of Small Businesses and the Chamber of Commerce to ensure that it will support the business community in Gibraltar. The document is practically in final form, pending clarity on some important issues before it is ready to be presented to this House.

1340 Finally, I wish to thank Francis Muscat, Audisa Rodriguez and the rest of the team at the OFT for their support whilst I had ministerial responsibility for them.

1345 Moving on to other business-related matters, in December 2021 I introduced an all-women
Small Business Board, the aim of which is to assist and foster positive development of businesses
locally. The board consists of representatives of the Gibraltar Chamber of Commerce and the
Gibraltar Federation of Small Businesses, in addition to a cross-section of local businesswomen. I
am absolutely delighted with this; business is not only about businessmen. We have some
1350 excellent entrepreneurial women in Gibraltar, and this is proof of that. I wanted to show our
women the respect they deserve, (**A Member:** Hear, hear.) especially at this important juncture
of our economic development. This is the second business board that I have appointed and I look
forward to working with them for the good of our business community and Gibraltar as a whole.

1355 The Business Improvement Districts Act 2021 was passed by the Parliament in May 2021 and
brought into operation, together with the Business Improvement Districts Regulations 2021, on
8th July 2021. Hon. Members will recall that a business improvement district (BID) is a defined
area in which businesses are required to pay a levy to fund projects within the district's
boundaries. The Main Street and surrounding BID is managed by businesses for the businesses
and has the full support of the GFSB and the Chamber of Commerce, Hindu Community of
Gibraltar and Gibraltar Law Council, as well as numerous other interest groups and associations.
1360 In September last year, the voting process began for businesses to decide on whether they wanted
to form part of the BID scheme. On 1st October, the results of the ballot were announced. Of the
291 votes cast, 192 businesses voted in favour, which represented 66% of businesses backing the
scheme; consequently, the scheme was launched.

1365 The BID project will bring life to the town centre for tourists and locals alike. This is an exciting
time. The BID company, which will be managing the BID project, is a not-for-profit company,
limited by guarantee and governed by a board of directors who will be directly accountable to the
BID levy payers and responsible for delivering the BID projects and services and maintaining the
BID objectives. These objectives are to direct and deliver over £4 million of investment over the
1370 next five years; carry out exciting projects and events to drive footfall and spend in the town area,
raise its profile, help its continued recovery and develop its position as a vibrant destination for
local residents and visitors alike; give businesses the support they need to flourish, by driving
down business costs, providing business development opportunities, being a strong voice and
championing their interests; and finally, improve the trading environment, making our town area
a better place for everyone to do business, as well as a better place for locals and tourists to enjoy.

1375 We need to keep people in Main Street and the surrounds. This will bring optimism and
confidence to our small business sector and I am excited to be working with this energetic and
enthusiast task force team to help bring them the much needed success they deserve. I was
delighted to be part of the official launch last night.

1380 Mr Speaker, my Ministry is a strategic partner of the Commonwealth Enterprise and
Investment Council (CWEIC). As hon. Members are aware, a CWEIC Gibraltar office was opened
last year to assist strategic partners to establish, develop and sustain a network of productive
relationships across the Commonwealth's global business ecosystem in order to enable
sustainable business growth. In January, I formed part of a delegation, which included Members
of Parliament from the United Kingdom, on a trade mission to Bangladesh. Meetings were
1385 arranged with the Bangladesh government, including the foreign minister, the minister for the
environment and the minister for economic affairs. There were also separate meetings with
private sector investors, business leaders and industrialists. It is clear that there are opportunities
in many areas that are relevant to Gibraltar, like commerce and financial services, and I look
forward to further engagement with those I met to establish whether there is scope for them to
1390 do business with Gibraltar. I look forward to further collaboration with CWEIC and take this
opportunity to thank them, and in particular the previous CEO, Samantha Cohen, for including
Gibraltar as part of their delegation to Bangladesh.

1395 Mr Speaker, I continue to meet regularly with the Chamber of Commerce and Federation of
Small Businesses. My doors are always open to them and I look forward to working closely with
them over the next year.

1400 The Government announced, in March, additional financial support measures for the catering sector. The Government has consistently assisted and supported the Catering Association throughout the entire COVID-19 pandemic. The support package was aimed at mitigating some of the reduced business the catering sector experienced following Public Health guidelines issued on 18th November 2021. The support package included a rent moratorium, rates discounts and the waiver of all registration fees at the Employment Department.

1405 Mr Speaker, I beg your indulgence, but before finishing my contribution let me start by saying how very disappointed I am with the Opposition tourism spokesman, the Hon. Damon Bossino, (*Interjection*) who has, during the last year, played politics with tourism. In an attempt to grab headlines and make himself relevant, the hon. Member has been constantly nit-picking on almost everything the Government does. (*Interjection*) While the hon. Member is perfectly entitled to have a different opinion, it seems that he just criticises for the sake of criticising and has not been able to come to terms with the fact that he is not the Minister for Tourism. We have been elected to implement and develop our own policies and implement our programme for government in accordance with our own views and assessments, and not the policies of the Opposition. What is remarkable is the arrogance with which the hon. Member approaches his role as a Member of the Opposition, pretending to be able to make policy in the areas he shadows. I can go on and on, but I can assure this House and those listening to these proceedings that whilst the hon. Member plays politics, I will not be detracted from getting on with the serious business of Government, which is what I was elected for.

1415 Mr Speaker, I would like to thank my friends the Hon. the Chief Minister and the Hon. the Deputy Chief Minister. I could not do this job without their support. They have always been there for me. I will never forget that. Thank you. All my ministerial colleagues too, thank you. My Ministry team, of course, efficiently led by John Reyes, each and every one of them – they are an amazing team and I am lucky to have them working with me, hardworking, loyal, ready to do more and always ready to help me. Apologies to them for putting up with my demands at all hours, my WhatsApps, my emails etc. They know they do not need to reply at these hours but they do, because they care. They understand that I want everything done yesterday and they respect that. Last but not least, I want to thank Tracey Poggio for assisting me from the London Office in my tourism endeavours. A heartfelt thanks to all of you; you are a very special bunch.

1425 Finally, Mr Speaker, thank you and the Parliament staff for the dedication you put into this job and making life easy for us. Thank you very much, Mr Speaker. (*Banging on desks*)

Procedural –

Sir Joe Bossano’s Budget speech to be issued via press release

1430 **Chief Minister (Hon. F R Picardo):** Mr Speaker, thanking both of my ministerial colleagues for the interventions they have made so far, I have to share with the House the news that the Minister for Economic Development, the Father of the House, Joe Bossano, has just tested positive for COVID, which obviously puts a bit of a spanner in the works of many things, not least the order of speeches that we had agreed with Members opposite so that those who shadow ministerial responsibilities can speak after the Member shadowed.

1435 I am particularly saddened by the fact that Sir Joe has tested positive for COVID because this would have been his 50th Budget speech in this House.

1440 In an earlier discussion with you and with the Shadow Minister for the same areas of responsibility, Mr Clinton, I suggested that, as Sir Joe’s speech is now ready, one of the ways to ensure that it is reflected in the record of these proceedings is for me, just as I move the adjournment, to read the first sentence of what he would say and then share the speech with all hon. Members and with the general public through press releases and to have it reflected in the *Hansard* as delivered. So, now that the result of that test has come in, and I have Sir Joe’s speech –

which hon. Members will be comforted to know this year even brings its own index to it (*Laughter*) – I would, with your leave, Mr Speaker, read his first few words of introduction, where Sir Joe, the Hon. Father of the House, would say:

In analysing where we are and where we need to be in our public finances, we cannot ignore the global background against which we and every other government has operated. I will, therefore, share with Members my assessment of just how serious the state of health of the global economy is.

1445 Mr Speaker, without reading any more, I will now make arrangements for the speech to be shared with hon. Members and with the House, and I will propose, given that it is quite a lengthy intervention and the hon. Member opposite will want to be able to reply to it fully, that we return this afternoon at four o'clock for him to be able to start his reply.

1450 **Mr Speaker:** The House will now recess to four o'clock.

*The House adjourned at 1.03 p.m.
and resumed at 3.03 p.m.*