



PRESS RELEASE

No: 453/2019

Date: 11th June 2019

Budget Speech – The Hon Albert Isola MP

Mr Speaker,

Just so we can be clear from the start, I am a cheerleader. I'm very proud to be a cheer leader (cheers) - Thank you - in defending the incredible work that this Government has done over the last few years and getting ready for what's coming in the rest of the year.

Mr Speaker, I say that because, clearly, Members Opposite have woken up to the fact that it is election year because they've been hibernating for the past three years and suddenly woken up while this Government's been getting on with the work of looking after our people, for caring for every single section of our community as only we know how.

And, it's interesting, Mr Speaker, that Mr Hammond should now come to this House and begin to lecture my good friend Mr Cortes on the environment and on our wildlife and on LNG and on everything else.

Well, Mr Speaker, I think he should dedicate himself to plane-spotting and leave the environment and wildlife to Mr Cortes because there is, truly, as everybody in this community knows, there is nobody like Mr Cortes when it comes to caring for the environment. The work he's done these past few years are absolutely, frankly, incredible by comparison, to anything that has ever happened before. Indeed, Mr Feetham, my good friend and learned friend in his impassioned speech on African elephants, lauded the praise on Mr Cortes that he richly deserves. So, like Mr Feetham, I am very pleased to say that I have every confidence in the work, the good work, that Mr Cortes does when it comes to our environment and for caring for our wildlife as well as everything else that he does.

And then, of course, Mr Speaker, Victoria Keys. Mr Speaker, my family has been involved in property development for a very long time. Portland House, EuroPlaza, Kings Wharf, Quay 27, Quay 29, Quay 31.

And Mr Speaker, when you talk about direct allocation and you talk about Victoria Keys in the same breath, if you are a member of the GSD you need to be careful what you are saying. Because, Mr



Speaker, the Coaling Island development was given to the developers of Victoria Keys by direct allocation - by the GSD.

And Mr Speaker, it's interesting because I was in that room when the GSD did the direct allocation as the lawyer for the developers. And I sat through and watched and I thought, 'Crikey! This is good!' That's how the GSD used to do it, Mr Speaker, and I sat there and I witnessed it - and I am a beneficiary of it! Linked to a Minister now but not then, Mr Speaker.

So, when you come and talk to this Parliament about direct allocation, about no tender, it isn't time you began to understand what's just been explained to you by the Chief Minister yesterday, who went through with great care and detail precisely what happened, what was old, what was new, the same developers linking up with new ones who've made proposals, all coming together, local developers in the interest of producing more land for Gibraltar. Mr Speaker, I don't understand where direct allocation, no tender and no risk to rich developers. You really need to listen a bit more, and I think like many of his colleagues, if he listened a bit more to what's coming from this side of the House, they would actually be much better informed. More of that in a moment.

Mr Speaker, political parties need to have some consistency. You can't do direct allocation, direct allocation then come and say, you've done a direct allocation. Well actually I haven't, you've done it yourself. Surely, Mr Speaker, some consistency, some philosophy, some ideology, some *raison d'être*. There must be something behind a group of people to form a political party. But in the case of the GSD, Mr Speaker, it seems to be completely devoid of any such thing.

But, it hasn't always been the case, Mr Speaker. The old GSD, people knew what they stood for. People knew what they were voting for. People knew that that Party represented something. Who in Gibraltar today knows one single thing that the GSD stand for? Because I don't, and I suspect the majority of the people in Gibraltar don't either. Because many of my friends, Mr Speaker, used to be followers of the GSD but like me, they don't know what they stand for today. In the days of Mr Feetham, in the days of Mr Feetham as Minister for Justice, you knew what it was you were voting for but today, what are you voting for? Are you voting for a platform of the GSD? Or the PDP? Something in-between? Maybe a bit of Together Gibraltar? Maybe bit of the GSLP ideas. Who knows? But the inability to have any form of honest political philosophy is completely devoid in the GSD of today. Indeed, it may well be, Mr Speaker, why when they held their recent Party gathering in an empty John Macintosh Hall, both Sir Peter and Peter Montegriffo opted to do video recordings rather than be there. I assume because, Mr Speaker, they were talking about the past and not the future.

Mr Speaker, the GSD of yesterday supported good business relations, supported relations with Spain, dialogue with Spain, even. And today, this GSD talks about going into government, tells us that we should get a better deal with our European partners and the first thing it intends to do is rip up the Tax Treaty. Well, that's one hell of a way to get good relations with your neighbours and to foster a free flowing frontier, which is what they tell us they want.

[CM Aside: And access to the Single Market]

And of course, maintain access to the Single Market. Why the heck not? Well, Mr Speaker, isn't it remarkable that our friends on the other side of the floor live in what I can only deem to be cuckoo land. Mr Speaker, the issues, it almost makes us feel like saying 'bring back Jaime Netto' because at



least with him we knew what he would talk about and he was at least straight in his thinking and philosophies. Mr Speaker, they say again this year for the third time that they're going to vote against the Budget. Yet, isn't it remarkable that the reason why they vote against the Budget, obviously because they're so consistent and they always had this philosophy even though it's only 3 years old, isn't it true, Mr Speaker, that every single thing that we have done in that book is exactly the same thing that they used to do in their book.

Well, Mr Speaker, you can wave your finger but I'll prove to you why your finger is wrongly being waved. Well, keep waving, keep waving because he's going to get tired of waving it by the time I've finished.

Mr Speaker, they talk about all the ... I mean, the Leader of the Opposition Mr Phillips says all these lovely sounding things, meaningless all of them, but lovely sounding. Mr Speaker, Sir Joe's health warning does little to provide security to our families, failed our young people, we are servants of our people, we're setting out our priorities ... But he says, interestingly, that we have an addiction to spending. That's what he said, we have an addiction to spending. And then he says our priorities are education, hmm, I think we're doing a bit of that. Homes, I think we're doing a bit of that too. The best healthcare possible for people, especially in later years, we're doing a bit of that too. That the vulnerable are looked after and cared for. That the land is used wisely and maintains green areas and development. Well we're doing both of those too. That we promote our sectors internationally, we're doing that too. And that we support the private sector, the engine of our economy. Well, Mr Speaker, having told us that we are addicted to spending he then goes on to lay out all the areas in which we are spending. Mr Speaker, has he not realised that we are new Primary Care Centre, new Children's Medical Facility, new schools for the young, and the also the older, new housing for our people, new parks for our families, a new clean and efficient power station, and improved policing. We are investing, Mr Speaker, in our future.

But he says we're addicted to spending because the GSD is the Party of do as I do but not as I do. Because in 1996 - and I know that's a long way back, Mr Speaker, but it's another example of the way that these people operate - they came and they told us we're gonna have regular meetings of Parliament, we're gonna have a open planning system, we're gonna get rid of this shocking use of companies. 16 years later, having been in government for that period, did they deliver? Absolutely not. More companies than ever before, less Parliamentary meetings than ever before, and a planning system as devoid of public participation 16 years later as on the first day when they started.

So to what extent, Mr Speaker, should we listen to what they tell us? Well, sometimes it's worth looking at what they say but looking at them at the same time as we look at the facts. It's important that we look at the facts and we understand precisely what they're saying. Mr Speaker, the honourable member came to us and told us that Mr Phillips, that the book showed on head I don't know what it was, £1000 for ... well it was Mr Clinton, I apologise, who told us of £1000 on the schools I think it was. And Mr Speaker, how on earth can we say that the schools are gonna cost £1000? The first thing that I would say to the honourable member, and he should know this and I'm surprised that he doesn't, is that it makes perfect commercial sense when you're negotiating with someone not to put the amount of money in because it could prejudice some of your negotiating processes and procedures. It makes perfect commercial sense, Mr Speaker, and when I refer to these little pink papers in my hand it may be come round to help him understand a little bit better.



Mr Speaker, the GSD government, 2003, Improvement and Development Fund, the very same fund he referred us to in his address yesterday. Gibraltar Development Plan, £1000. Strategic Fuel Reserve, £1000. Casemates Museum, £1000. Page 122, 15 years ago, well give me a bit of time and I'll catch up. Cos it didn't just happen once. It happens every single year. He's been here for 3 years, has he still not understood that it happens every single year? And he comes to this House and he tells the people of Gibraltar, it's disgraceful that they put £1000 when you've been doing it for 16 years. That is disgraceful, Mr Speaker. That is disgraceful.

[Shouting from the benches]

I'll come to that, I'll come to that. We'll come to the £100million, Mr Speaker, we will.

2003 that was. So, in order to please Mr Phillips, let's go to 2004, it's a bit closer. Relocation of Civil Prison, Improvement and Development fund, £1000. Well, Mr Speaker, I don't think it would have cost £1000 to build a new prison. Anyway, GSD, pink paper, estimates Improvement and Development Fund, if he wanted to check page 111. 2004, New Incinerator ... Good God that must be expensive ... no! £1000. Good God! How can this be possible? How can Mr Clinton, the man that gets all his numbers right and knows everything about numbers be getting this so wrong? 2004, Gibraltar Development Plan, £1000. Beaches Development Scheme, £1000.

Let's skip a few years, shall we? Let's bring it closer, Mr Phillips. 2008, Incinerator and Sewage Treatment Works ... still there, do you remember the incinerator a few years before that Mr Phillips is talking about now? It's there too, page 104, 2008, Incinerator and Sewage Treatment, £1000. Mr Speaker, 2009, now this one will make you laugh. New Airport Terminal Building, £1000. [Laughter and banging] Hey! You were better than we were if you can build that for £1000.

[From the bench: 84million, 84 million]

New Government Rental Housing Scheme, £1000.

[From the bench: You cheats, you cheats. You're a cheat]

Strategic Fuel Reserve, £1000. Mr Speaker, the Strategic Fuel Reserve is something that you put into the estimates every single year. He can't say they hadn't negotiated it before if you do it every single year, but it's £1000 too. Not once, but almost every time.

[Speaker, aside: It was cheaper in the days of the AACR it was only £100!]

[Laughter and banging]

Mr Speaker, it is a technique which is very common and anybody like yourself who's been in Parliament will fully understand the reasons as to why.

Mr Speaker, if I can just look at one little point. Mr Clinton told us that it was remarkable that with Brexit looming we hadn't made any provision. He told us he had been studying these estimates and these accounts for 3 years, he didn't understand why we hadn't made any provision for Brexit. Well, Mr Speaker, if the Honourable Member looks at the provision on page 152 for supplementary funding, he'll notice that the estimate last year was £9million, forecast outturn zero, and that this year the estimate is £10million. If he asked himself why, why, page 152, if he asked himself why



further provision has been allowed in the supplementary provision part for extra funding, seeing as he spent 3 years studying the book in depth, I'm sure he would have spotted it. I don't quite understand why.

Now, Mr Speaker, the Honourable Members say, the Honourable Members say, [shouting from bench] well pssht, I didn't hear him asking the question. Why is it always 9 and this year it's 10? If I studied a book closely I don't think I'd miss £1million. Not quite that easily anyway.

[Chief, aside: He's not that good is he?]

He's not very good with his numbers, that's the problem. Mr Speaker, and I'm useless with numbers so that's saying something. Mr Speaker, the Honourable Member then talks about everything going through companies. Well, everybody knows, Mr Speaker, that the use of companies for Government expenditure is a trick they taught us and it's something that has continued ever since. But Mr Speaker, when he says, as does Mr Phillips, that this is opaque and this is not transparent, and that this book is not fit for purpose, every single thing that they complain of is actually in the public domain. And if you go on to the Government website and you look at the quite spectacular Budget presentation put there by the Chief Minister, it actually goes to the detail of telling you every single project that is ongoing and has been completed. Well, we're talking about transparency now. Well, Mr Speaker, let's talk about that shall we, first, before I move on to these lovely pictures.

Mr Speaker, the Honourable Member says why isn't it in the book? Well, Mr Speaker, for exactly the same reason that it wasn't in the book when the GSD were there. Or hasn't he gone back that far? It is a very standard practice in all governments for very good reason. And the Honourable the Father of the House Sir Joe Bossano has explained at length that I honestly think, why bother? Why do we bother explaining because we give all the explanations and we get the same written speech immediately afterwards. There's no point in wasting the time explaining all the breadth.

Mr Speaker, when the Opposition says Gibraltar deserves better, as I said last year, they really do. This Opposition needs to go, Mr Speaker.

Mr Speaker, the website, and I urge Gibraltarians to go on to the website. Look at the page, the wonderful photograph of my leading cheerleader, and he says a budget of confidence. This is a serious Budget, for serious times, by serious people. Every generation provided for, every generation cared for every generation with us as these spending plans prepare this nation of ours towards a bright, successful future. And if you go there and you click on selection of capital projects, you'll see that some have, all over Gibraltar with little markers, the red and the blue. The red are companies and the blue are the Government general account in your book. So if you want to see how much this secret Government, who is so not transparent, has spent on each, you put your mouse on top and it tells you. It's really complicated so I have to apologise if the Honourable Member's finger can't reach that far. But for the rest of the people in Gibraltar, I would urge them to go on to that website, look up Selection of Capital Projects and see every single current project and ongoing project, and see if it's funded by a company where it'll tell you which company it is and how much is being spent. Don't come and talk to us, Mr Speaker, about transparency.

[Chief Minister, aside: I announced it during my speech. I mean, he just wasn't listening. He read out the speech he'd written on Friday.



Clinton retort across the House, inaudible.

Speaker, through microphone: Will Honourable Members please desist from making any further exchanges across the floor of the House. I have allowed this for about 15 or 20 minutes, as the temperature rises and so that we don't fall asleep. But I would ask members not to make these exchanges across the floor of the House.]

Mr Speaker, I thank you.

Mr Speaker, they then move on to talk about – if I could just go back very quickly – they talk about the economy being on a cliff edge. On life support. That it's opaque and flawed. Mr Speaker, just a month ago the Honourable Member Mr Clinton asked us how the negotiations were going with the renewal of the Barclays Loan. It seemed an innocuous general question. So, do you honestly ask Government how is it going with the renewal of the Barclays Loan, it's going absolutely fine, and then you say that our economy is on life support. Then you say that our economy is at a cliff edge. Well if you used to be a banker, were sitting there looking and listening and hearing the Parliament talking about the economy being on a cliff edge and you were lending money to that jurisdiction, I think it is the height of irresponsibility for Members Opposite to make these crass statements. The height of irresponsibility. Especially being a banker when he knows full well what the implications of those statements are and the colleague to the left is a lawyer who should also damn well know that it is not good for his jurisdiction to say such things for political ends when he knows they're not true and, to make matters worse, could jeopardise some of our funding. The height of irresponsibility, Mr Speaker.

But of course, if that wasn't enough, they then talk about Brexit. Mr Phillips tells us we should recalibrate, that we should engage with the European Union to see what sort of relationship we want with Europe, as if it was our choice. Which planet are you on, Mr Speaker? Are the Honourable Members not aware that the Chief Minister and the Deputy Chief Minister - and the whole of our community recognises this, the whole of the community knows that they've done an incredible job on Brexit. Where everyone has complete uncertainty, we have certainty. Our businesses know they can carry on accessing the UK market, whether in financial services, whether in gaming, we are the only jurisdiction in the world that has that. And you want to recalibrate our relationship. Mr Speaker, really, again, the height of irresponsibility. Mr Speaker, I have to again, as I said last year, congratulate and comment the excellent work of the Chief Minister, the Deputy Chief Minister, Michael Llamas, Albert Mena and the remainder of the negotiating team whose efforts the whole of Gibraltar owes a huge debt of gratitude for.

[Cheers]

If I may now, Mr Speaker, move swiftly on, rather more boringly, to deal with the remainder of my address, Mr Speaker.

Mr Speaker, I will work my way through my various responsibilities starting with Financial Services.

Mr Speaker, our major focus on Financial services this year has been threefold;



1. Complete the Legislative Reform Programme with the introduction of the Financial Services Bill;
2. Progress our arrangements with Her Majesty's Government to maintain access to the United Kingdom market post December 2020;
3. Continue to work with the private sector to review and improve our product line, and to get out and tell the world what we have to offer.

I am very pleased to report Mr Speaker that we have made significant progress in each of these areas and that we continue to enjoy the confidence and support of our entire sector in achieving each of these aims. Before diving into the detail of these areas I must thank the Finance Centre Council, its Chairman Marc Ellul and the Committee for their interaction and valuable counsel these past 12 months on all things financial services. They are an important stakeholder and their input is always welcome and constructive, even when we do not agree.

Financial Services Bill

As Honourable Members know we have recently published the Financial Services Bill. A modernization, consolidation and improvement of our over 80 pieces of legislation coming into one. A bill that introduces the DMC, the Decision Making Committee which will be comprised of independent persons from the local sector who will be the Committee responsible for the implementation of any enforcement action or sanction. This check and balance on the Regulator has been widely welcomed by the private sector and especially by the Finance Centre Council. This is just one of many changes that the Bill will introduce to the Sector and that we are working our way through with them. We intend to pass the Bill with the support of Honourable Members and then bring this into effect after the summer, allowing the sector to be fully acquainted before we implement. We will of course continue to work with the sector on the Bill throughout this period to correct any defects or deficiencies. For example, the Finance Centre Council has recently requested that a complaints procedure be introduced on the conduct of the Regulator and we will be introducing this change.

I must thank all professionals that have supported us on this journey. Consultations started in 2017 and we have worked through with the sector many of the new parts of the Bill taking their views and counsel into account as we brought this work together. I must thank the entire team but especially Ernest Lima, Julian Sacarello and Jimmy Tipping who have been the core team with drafters working on this project over the last three years.

Access to the United Kingdom market

As Members are aware access to the UK Market until December 2020 has already been agreed and announced. We have this year been working with HM Treasury to agree the UK access for the period post December 2020 and ensure we enjoy regulatory alignment with the United Kingdom. A process was agreed at the JMC meetings in London and the insurance sector was chosen as the object of the review due to the large market penetration of Gibraltar Insurance firms in the United Kingdom.



The objective of the review was to compare the outcomes of the Gibraltar system of regulation with that of the UK and to highlight any areas that may require further work or attention. These areas have now been identified and we continue to work with HMT to align these outcomes.

Mr Speaker we have worked in in very close cooperation with the team at HMT with whom we have developed an excellent relationship, and I would like to sincerely thank all of the HMT team but especially John Macartney, Hannah Malik and Becky Morrison for their frank and considered approach to this work.

Separately Mr Speaker, we have also worked on the drafting of all relevant legislation by the UK in terms of Statutory Instruments providing for continued financial services market access by Gibraltar, in all areas of passportable activity in the event of a hard Brexit and these have been published in the UK; in Gibraltar a similar drafting exercise was carried out so as to allow for reciprocal UK single market access in financial services in such an event. I must thank the local team of professionals who have supported this work and especially Sir Peter Caruana, Peter Montegriffo and Peter Isola. Their support has been invaluable both to us and HMT in getting this important work right.

I must also Mr Speaker thank our Attorney General, Mr Michael Llamas who has been working with us and supporting us in every aspect of our work with the UK, and especially in all aspects of our UK passporting rights in financial services. He is a rock of wisdom in these areas and a pillar of support.

Product & Business Development

Mr Speaker, as a Government we have always worked closely with the private sector to improve our product line, to welcome innovation and to work together in identifying new lines of business; but always in a manner that is safe for our jurisdiction and compliant with our International obligations. This year we have achieved this yet again and there are further product changes in the planning stages. My thanks to all the sector representatives for their excellent work in this regard.

Mr Speaker we have also worked very hard to ensure the world understands what we are doing by focused marketing in our target jurisdictions. It is no coincidence that business is coming to Gibraltar from the areas we are targeting and this will continue.

Mr Speaker, the “DLT” framework has continued to grab much attention all over the world and I am delighted to announce that there are now eight firms fully licensed, with a further 8 firms licensed in principle and soon to be completed. There are other firms at earlier stages of the process and we are also aware of complimentary applications lodged for other financial services activities, including eMoney institutions and banking. There is undoubtedly more to come and exciting times lie ahead. We will continue to innovate and lead in this sector and I look forward to making further announcements in the coming months.

Mr Speaker, since my last address, we have pushed the Gibraltar proposition to London, Manchester, Amsterdam, Brussels, San Francisco, Zurich, Tel Aviv (hosting our first Gibraltar Day event there), Vilnius, Dubrovnik, Washington, New York, Santiago, Dubai and Bahrain. The pace is unrelenting and it will remain so as we continue to accrue a significant return on our investment.



Closer to home Mr Speaker, I am delighted that the New Technologies in Education Key Advisory Group (NTiE) came into existence. This is a collaborative endeavour between this Government, the University of Gibraltar and private firms active in the sector. Chair, Nadine Collado and fellow committee members have hit the decks running. The University has already delivered educational courses to students and on an “in-service” basis to relevant members of the teaching profession in Gibraltar. In May 2019, the first Professional Certificate of Competence in Blockchain and Smart Contracts was delivered. I must take this opportunity to recognise and thank those private sector firms that have given hugely of their time and considerable expertise to the delivery of these courses supporting the efforts of colleagues in the University. We will continue this great work in 2019/20.

Mr Speaker, another significant milestone was the creation of the Gibraltar Association for New Technologies (GANT) earlier this year. This representative body now boasts 40 members and is reaching out internationally to similar representative bodies to create relationships through which exchange of ideas and best practices can occur.

Mr Speaker, my one regret this year is that we have not yet delivered the promised “Token Bill”. I had envisioned that this legislation, complimentary to the DLT Regulatory framework, would be in place and operative by now. The world we were seeking to regulate has changed very significantly and the working group has needed to adopt a change of direction on more than one occasion. I am confident that we now have, and will deliver, an appropriate Bill that is fit for purpose and supportive of industry goals and ambitions.

Mr Speaker we have also worked closely with GFIA, the Gibraltar Funds Association both in product development and of course in business development. They are great partners of Government and fully understanding of the power of working closely together for the benefit of the Jurisdiction. My thanks to James Lasry, Jay Gomez and the Executive Committee.

Mr Speaker, Gibraltar’s important insurance sector has continued to perform well over the last 12 months with a number of insurance companies delivering significant growth.

Advantage Insurance joined Admiral in writing over £1 billion of gross premium income from Gibraltar over the last 12 months. As reported at the Deloitte Insurance Seminar last September, Admiral and Advantage, as part of the “big is beautiful category”, were two of the largest and most profitable insurers writing UK motor business in 2017 and their 2018 results were equally impressive.

The acquisition of Markerstudy and Zenith insurance companies by Qatar Re, which was announced in January 2018 closed soon after my budget speech last July. Qatar Re now writes over £750 million of gross premium income from its two Gibraltar insurers with further growth expected in the next few years.

Finally, on Insurance Mr Speaker, we are also working with a group of insurance industry experts and the GFSC to develop a wider and more flexible Managing General Agency offering from Gibraltar, or to use insurance parlance MGAs. We hope to create an offering to encourage new



MGAs, who are supported by A rated insurers, to establish in Gibraltar. This initiative also aims to focus on attracting Insurtech businesses that can leverage off Gibraltar's vibrant FinTech sector.

Mr Speaker, I am delighted to join the Chief Minister in congratulating the team at Gibraltar International Bank. Ahead of time and in times of much uncertainty they have turned the corner into profit, and spectacularly so. The achievement is significant and I am hugely proud of the work of Lawrence Podesta, the CEO and Derek Sene the COO in making this happen of course with the full support of the entire staff. My thanks also to Albert Langston the Chairman of the Board and his fellow Directors for their excellent stewardship of this institution. The decision of this Government in 2013 to deliver this Bank was inspired and necessary, and an investment which benefits the whole of Gibraltar.

Mr Speaker I must also mention our 2019 Moneyval Evaluation. A huge amount of work has gone into preparing for this evaluation both in the public and private sectors and it has been a real and genuine partnership. This was the only way we would do our Jurisdiction proud. I must thank all those involved and especially acknowledge the excellent work of David Parody and Superintendent Edgar Lopez. The work is ongoing and I am cautiously optimistic that we will have an evaluation which we can work with to continue to improve our compliance and remedy any shortcomings effectively and efficiently.

I must Mr Speaker thank Mr Jimmy Tipping the CEO at Gibraltar Finance for his continued counsel and excellent work and all his team for their significant support this year. In particular Mr Speaker, Mr Paul Astengo for all his work on DLT. He has been outstanding in his endeavor to promote our Jurisdiction internationally and I am most grateful. Mike Ashton and Tim Haynes have continued their work in pushing our Insurance and Funds sectors and we are fortunate to have this strong and dedicated team with us.

The Gambling Sector

Mr Speaker, I now turn to the gaming sector.

The combination of the remote and land based sectors provides employment for some 3,800 individuals. This Mr Speaker is an increase on last year, and almost double what it was in 2011.

The sector continues to make a very significant contribution to the economy in terms of corporation tax, PAYE and gambling charges and fees and the Gambling Division continues to provide significant value for money with modest operating costs of only £840,000. I am grateful to Andrew Lyman our Gambling Commissioner and his team for doing this difficult work so professionally and with such competence. Andrew is a joy to work with and his calm and expert approach to our challenges and opportunities bodes well for our future.

As outlined in my speech last year, the basis of the charge for gaming tax has been transitioned to a more progressive base; whereby B2C operators pay 0.15% of actual gross gambling yield; which is uncapped. Licence fees for operators have risen, to more properly reflect the cost of regulation, but overall the changes are broadly budget-neutral.



We are grateful to the operators for their cooperation in transitioning to this new system and I would like to convey my thanks to the Licensing team for the way they have coped with what was a significant and challenging administrative change.

Last year, I touched on the uncertainties created by Brexit and those concerns, and as recent statements have shown, we continue to work with Operators to support them in managing these issues.

This year we have spent considerable time with operators, particularly our biggest B2Cs, agreeing contingency proposals for structural changes that guarantee continued access to EU markets.

That said, most operators want to leave critical mass here and do not want to uproot from Gibraltar. Gibraltar has historically provided a significant growth and supportive business and tax environment for those operators and the discussions at the recent KPMG eSummit reflected a renewed confidence in the jurisdiction.

Operators will, in the end, make their own decisions based on their own risk assumptions, their own strategic plans and their own interpretation of a currently uncertain future. They may be influenced by mergers and acquisitions activity, cost pressures, expansion into new markets and perhaps just the fact that they believe doing something may be better than doing nothing.

Mr Speaker, Operators will know that they will not find a more supportive Government, a more supportive regulator and a more straight forward and fair political, constitutional and legal environment in which to conduct their business affairs, than in Gibraltar.

This year, we have issued 10 new licences to 6 companies (split evenly between B2C and B2B), we have seen the emergence of two well invested gambling start-ups and we continue to talk to our operators and prospective licensees about future business plans centred on Gibraltar. New gambling markets are opening up and many see Gibraltar as a base for launching into new markets and from which to forge new strategic partnerships. With the uncertainty of Brexit, it is a testament to our jurisdiction that we continue to attract quality business to our shores.

We also think there is a major opportunity for operators to expand into Asian markets from Gibraltar.

This will be a year of change. A modernisation program for future regulation is already underway. The 2016 report into legislative and regulatory change was delayed due to the Brexit vote and the work we had to do on Gaming tax.

The report authored by the four Peters (Caruana, Howitt, Isola and Montegriffo) still contains many relevant recommendations, but with giant strides being made in technology infrastructure; such as the growth of the cloud and API use, we now need to build on that report through industry consultation and deliver a regulatory regime that is fit for the future.

This Summer will see the start of the legislative reform program to expand the basis of licensing and to update the underlying regulatory codes. This is no small task and will involve industry



consultation, legislative drafting, underpinning this with a new regulatory framework and updated governance arrangements for the Gambling Division.

Liaison Unit

Mr Speaker, the Liaison Department continues to provide a necessary and worthwhile service to the Gaming and Finance sectors. DLT businesses now also benefit from these services. Lizanne and Tania work very hard to ensure that Public Service processes can be streamlined as much as possible. They work closely with a number of Government departments and I am glad to say that the industry strongly and continuously praise the good work that they do.

Commerce & The Office of Fair Trading

Mr Speaker, this year the Office of Fair Trading has focused most of its efforts in two main areas;

1. On anti-money laundering and counter terrorism financing responsibilities in preparation for Gibraltar's evaluation by the Council of Europe's MoneyVal assessors.
2. On the work with the Chamber and the GFSB to update and modernise the Act to deliver the improvements the Chief Minister referred to in his address as well as empowering the OFT to deal with those not complying

During this past year, the OFT's role as a business regulator has continued to develop. In order to maximise the OFT's effectiveness, the Fair Trading Act is being reviewed and updated to create a more appropriate and mature framework within which it can operate. The ongoing review has been expanded from simply reviewing the licensing provisions to a more general review of the Act which now also includes a review of the consumer protection provisions also.

With regard to the revision of the licensing provisions, as always, the Gibraltar Federation of Small Businesses and the Gibraltar Chamber of Commerce is actively involved with the process and I am excited to announce that I expect to be able to present the substantial revisions to Parliament soon. These will provide a new, practical licensing procedure that will deliver certainty, efficiency and simplicity for applicants. This will no doubt be welcomed by the growing business community which, since the OFT's inception in October 2015, has consistently seen licence applications increase year on year. This past year was no exception. This reflects the resilience and buoyancy of our economy and business community, despite Brexit and the uncertainty this has caused. The changes in the Act will help to make Gibraltar more business friendly and I have no doubt that the improvements will result in even more business growth.

In addition to the work on the Fair Trading Act, I have worked with my colleague Minister Balban on a consultation document affecting business licensing and enforcement. This has stretched from tables and chairs licensing to harmonizing the licences issued by Government in this area as well as our ability to ensure these are properly enforced in a timely manner. Draft legislation is being prepared as a result of this consultation.



Mr Speaker my sincere thanks to Francis Muscat, the CEO of the OFT and all of his team for their energy and commitment in driving the improvements referred to as well as maintaining their business as usual work. Further announcements will be made shortly as we ask them to further enlarge the services they offer to our community.

Postal Services

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

I would like to commence by saying that I am very pleased to have recently announced that the collective agreement in respect of the Postal Grades and Post Office employees at the Mail Centre and Parcel Stores was signed after lengthy negotiations between all parties. We all worked in a fruitful and constructive manner to conclude these negotiations. We had delicate and difficult discussions with the shop stewards and Unite and I am most grateful for their professional manner in enabling both sides to reach a fair and reasonable result. They are a credit to the men and woman of the RGPO.

The new agreement introduces further flexibility in working practices which have become more relevant as technology is increasingly used by the RGPO to provide improved mail related services. I must thank the HR team lead by Collin, Lyzanne and Nadine who consistently provided invaluable knowledge advice and support in undertaking the review and stitching together the Collective Agreement. Their work has been instrumental. My thanks also to Unite the Union for their continued involvement in the review and the efforts made in making the final outcome of interest to all parties. This really has been a team effort.

Mr Speaker, I must especially thank Mr Gareth Flower, who lead the review on my behalf for his excellent work. Gareth has been instrumental in guiding us through the past 18 months, and negotiating a path which will undoubtedly be the basis for the future success of the RGPO. He has worked with HR, the shop stewards, Unite and the staff to prepare us for the future. My thanks to him.

Mr Speaker, a clear direction has been established in order to build upon the work already commenced during the RGPO review and that has already led to positive progress. During the course of 2019, we will be rolling out new services including an electronic parcel notification system that will gradually replace the printed notification cards and a new RGPO website with improved tracking software and updated postage calculator options has been launched. There is lots more to come.

We have also experienced a substantial increase of incoming parcels due to the continuous growth of internet purchases. During 2018, the total incoming volume of parcels alone processed via the Mail Centre was of 127,487 between EMS, Parcel Posts and Packets. An increase of 5,109 in comparison with the previous year. All incoming and outgoing mail in Gibraltar is now processed electronically via the International Postal System (IPS) which provides the RGPO with the means to



have an accurate and comprehensive view of its mail movement covering every point between origin and destination.

Mr Speaker, we have exciting plans for the future of the Royal Gibraltar Post Office and I am delighted that we have engaged a new Director of Postal Services with over 20 years' experience in international mail order fulfilment and ecommerce operations to assist us in delivering a better quality service in Gibraltar and expand our range of products. Glendon Martinez joins the Government after working many years for the Gibraltar Philatelic Bureau. He is already producing excellent results and the Government is very lucky to have him at the helm of the RGPO. I have every confidence in his ability to manage the organisation effectively and drive success.

Mr Speaker I must thank all the staff of the RGPO for their work this year. They like I fully understand we have an opportunity to significantly improve the work we do, and we are determined to do this. Watch this space. On a sad note Mr Speaker, I must record our most sincere condolences to the family of Mr Frank Bado who we lost recently. He was a gentleman with uncompromising principle and always ready to roll up his sleeves and do whatever was asked of him, and in quick time. May he rest in peace.

Information technology and logistics department

Turning to technology, during the past year, the key areas being worked on by IT&LD include everything from enhancing physical network infrastructure at the Gibraltar International Airport to enhancing communication devices and cyber security capabilities to protect the Government corporate network.

The challenges ITLD face on a daily basis are as diverse as they are unique. The range of systems and software platforms they maintain and service is quite considerable. Every aspect of our connectivity is managed by them and as we move to a new digital world, their responsibilities will further increase.

Mr Speaker, the Government continues to invest in enhancements to the Government network, its security and connectivity standards. The challenge is to build a digital society that is both resilient to cyber threats and equipped with the knowledge and capabilities required to maximize opportunities and manage risks.

From data analytics, to cyber security to user experience, the aim is to make the best use of technology, driven by the purpose of bringing citizens and businesses closer to an interactive Government.

I am sincerely grateful to Tyrone Manasco and his entire team at ITLD for their dedication and professionalism. Their work is deeply appreciated and necessary and their importance as we move to digital government will continue to grow.



eServices

Mr Speaker, the work being done on eServices is transformational. Everything we do has been studied and analysed to understand the processes we undertake to transact business. These will be automated and result in improving the service and user experience, as well as making it more efficient.

Over the last 2 years Mr Speaker, we have assessed our hardware and software infrastructure and we have evaluated our security infrastructure. We have looked at how we are networked, how we store and move data and what our future requirements may be. We have also considered how we interact with each other and how we propose to interact with businesses and users of the new platform.

This has led to the design of systems and acquisition of software which will enable the whole of Government to work on one procurement system, one finance system and one HR and finance system. We will have one customer facing system. Gone are the days of different systems that worked in silos – we will all now be connected and automated. This will not be easy and we are dealing with training and integration as we speak. Change is never easy, but we all know it is right to invest in this technology and it will not be long before we begin to see the benefits of working efficiently and effectively.

Once we have the finance systems in place, which we expect to happen shortly, the digital part of the project will then commence in earnest. The Employment Department will go first, this is currently on pilot testing, and should be fully operational by the Summer, the Income Tax Office and parts of the GHA will follow after that. This will be the first wave of departments adopting the digital services. We are already planning for the next phase of departments, which will include eServices for the Civil Status and Registration Office, Office of Fair Trading, Department of Education and the Department of Environment.

Mr Speaker, the introduction of the Digital Transformation Programmes creates new ways of working for the Public Service and allows citizens and businesses to interact with Government systems in ways that have never been available in Gibraltar. The implementation of these systems represents a quantum leap forward for Government. Mr Speaker delivering eGovernment is an enormous challenge. We have expert support and implementation teams drawn from all corners of the Public Service, including of course our own ITLD team. The determination and resourcefulness of everyone involved in the project is exemplary.

Their resolve is unwavering and I believe we are witnessing a new era for the Government, and ultimately, for Gibraltar as a whole and I am grateful to Julian Baldachino and Karon Cano from my office for their complete dedication and in driving and managing this project with all the counterparties from both within and outside the public sector. Their effort has been remarkable and I am sincerely grateful to them. Their effort has been outstanding.

Mr Speaker I must thank my secretary Lourdes Piri and the rest of my team at the Ministry. They look after me with great care and professionalism and I am truly grateful to them all.

Thank you Mr Speaker.