



## PRESS RELEASE

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### **Chief Minister's Statement On Business & Employee Assistance Terms - The BEAT Covid 19 Measures**

Ladies and Gentlemen,

Good afternoon.

The latest updated figures on the impact of Coronavirus Covid 19 on our community are as follows:

Total tested 206

Results pending 82

Results received 124

Negative results 109

Confirmed cases 15

Recovered cases 5

Active cases 10

Of those ten, all are doing well. A large number will soon be rated as recovered.

A lot more testing and a much faster response time for tests will start to emerge in coming days as all parts of our testing kit are now in Gibraltar and the drive-through facility is now starting operations.

As from today, restrictions on movement apply in our community.

Many of our businesses are closed.



These are steps that we have taken in order to protect life and in times of a public health emergency that has left us with no choice but to take these extraordinary steps.

In Parliament last week we passed an Emergency Budget.

The purpose of that Emergency Budget was two-fold.

The first purpose was to enable Government to continue functioning and spending in keeping with our laws.

The second purpose was thereby, to prepare us to be able to assist businesses and employees in our community to get through these extraordinary times.

We have already announced some measures to help some affected businesses.

Now we will go further and expand the businesses that will have our support.

And we will act to protect employees also.

The fiscal support and other measures I will be announcing today are designed to protect our economy and our people.

The market economy is largely broken.

The dynamic of supply and demand is absent from our high street and beyond.

There is as much a dearth of demand for retail products as there is for services.

And we have had to stop economic activity in sectors where activity could have continued.

For that reason, these measures are designed to favour everyone who works in our economy.

You are all part of our prosperity in the good times.

In so far as we are able, we must stand shoulder to shoulder together in the bad times also.

And the measures can be divided into 3 main types of recipients:

First and foremost, employees and self-employed individuals who have been affected by our regulations restricting economic activity and free movement of people.

Secondly, and no less importantly, employers, the entrepreneurs who have the ideas, the gumption, the energy and the enthusiasm to run businesses that today may appear unviable but that will have a bright future ahead of them.

And thirdly, some measures will also be announced that will benefit all citizens generally.

They are some complex measures that I will now relate to, to follow.



There will therefore be a series of guidelines and guidance notes that we will publish to make it easier for everyone to understand the extra packages that we are unleashing today.

We are also working on translating the employee-specific guidelines that we will be rolling out. I will publish these on our social media platforms as soon as they are ready.

We have been working very closely this weekend with the Covid Emergency Liaison and Advisory Committee (CELAC) to design the most effective measures that will support all in our economy in these difficult times.

Present with me for the Government in those meetings have been the Ministers for Business and for Financial Services and Gaming, Daryanani and Isola, together with the Financial Secretary, Albert Mena.

After much consideration, we have devised a scheme that will be known as the Business & Employee Assistance Terms (or BEAT) that will be a lifeline for this economy during the Covid emergency.

These BEAT Covid measures are designed to be easy to access and to provide no more and no less than what will be needed during this period.

The measures are designed and calibrated to operate for the month of April.

We will review the quantum and extent of their application for future months, but we know we can fund them, even if in lower amounts if necessary, in coming months.

This afternoon, the Financial Secretary and I have consulted on these measures in great detail with the Leader of the Opposition, Hon Dr Keith Azopardi MP, and the Opposition Member for Public Finances, the Hon Roy Clinton MP.

We have therefore, been able to agree these measures with the Opposition for this initial three-month period.

We will continue to brief Opposition colleagues during this period as we have greater clarity on the number of applicants we are dealing with in respect of the measures that I am announcing today.

I want to record my thanks to all the members of CELAC as well as to the Opposition, and especially Dr Azopardi and Mr Clinton, for their cooperation in respect of the agreement of these measures.

I particularly want to thank Ministers Isola and Daryanani for their work alongside me on this and the Financial Secretary for his counsel, advice and diligence over the past 96 hours in the elaboration of this package since the Emergency Budget was passed by Parliament on Friday.

The focus of Government's economic support throughout this crisis will be to help businesses to enable them to help their employees.

These measures will also apply to the self-employed and to those on zero-hour contracts.

We are clear that employees and the businesses they work for are the lifeblood of an economy.

Employees are a business's most valuable asset and the hardest to replace.



So we are going to create a new status in law for employees in this Covid period.

We are creating the status of the 'inactive' employee.

The BEAT COVID-19 measures are aimed directly at employees that are registered by their employer as being inactive during this period of pandemic.

Businesses that would otherwise be unable to support the continued cost of paying salaries to employees that are inactive in this period will be given the closest thing to a shot in the arm that the Government can give them.

Direct financial support to be able to retain their staff and pay them their salaries at a fixed rate.

And we expect businesses to take advantage of this and to retain their staff.

We have already taken measures to reduce all other costs to businesses except for the cost of paying their employees.

Today, I will announce even more such measures and an extension of their application to all sectors except for some excluded sectors.

The excluded sectors will be reviewed on a monthly basis.

And now, in addition, all businesses, other than exempted businesses, will be able to immediately apply for the employees they register as inactive to be paid for by the Government.

This will give businesses the certainty that they can pay for their inactive staff for the period of the Covid pandemic.

It will also mean that no employer will be able to justify any mass lay-offs or redundancies.

Our BEAT Covid measures are aimed at protecting jobs, retaining employment, whilst ensuring that employers are further equipped to fund employees to receive an income sufficient to meet basic needs and put food on the table.

This measure will apply to full time employees, part time employees and self-employed persons.

It will apply to those on zero-hour contracts based on an average of the hours they worked in the first two months of this year.

But let me be clear with you.

These measures represent one of the largest incentive schemes any Gibraltar Government has ever announced.

But these BEAT Covid measures commit large amounts of public money to this community at a time of need and they are intended to be targeted exclusively at those who will need it the most.

So the Government will not tolerate any abuse of the measures.



Any amount claimed abusively will take money from those who need it most.

As a result, the mechanisms designed have a number of internal checks incorporated to ensure abuse is kept to a minimum and severely punished when identified.

### **Outline of the measure**

The measures are designed to ensure employees receive a basic amount each month.

Claiming will require employers to complete an online form.

That claim will result in businesses receiving a monthly payment from the Government.

Those businesses will then have to pay the amounts received to each employee.

Businesses will NOT be entitled to retain or deduct any amount from the amount corresponding to each employee.

It will be an offence for them to do so.

In the case of the self-employed person, claims can be made by the self-employed person themselves who will receive the monthly payment direct.

### **What are the key elements of the measure?**

In order to preserve the rights of employees, terminations of employment from 15 March 2020 will not be allowed without the specific consent of the Director of Employment.

The Director of Employment will not grant consent save in very exceptional circumstances for the registration of any such termination.

This is designed to ensure that employees at the start of this crisis are not somehow disenfranchised from the measures that I am introducing today.

### **Who do the measures apply to?**

To qualify, an individual will have to be registered by their employer in an affected sector, as an “inactive employee”.

An inactive employee will be a worker whose employer has experienced a downturn or cessation in business, and as a consequence of this downturn or cessation, has sent the employee home.

It does not include an employee who is tasked to work from home.



It is for employees who fall outside these categories and are otherwise unable to attend their usual place of work to carry on business.

These employees would otherwise have very likely been dismissed or been laid off or sent home without pay or on a reduced pay.

An Inactive person in the case of a self-employed individual is a person whose income is affected by the Covid emergency and who is consigned to their home by the lockdown measures announced.

We are moving fast on this as we understand that time is of the essence.

Employees need their income to put food on the table.

Employers need to know that they can continue in business with reduced employees or pay those who are rendered inactive by the Covid emergency.

There are much larger countries, with far greater firepower, who have announced measures but have not yet put together the details.

We are delivering on both the measures and the detail because we understand the immediacy and urgency of the situation for real people who need income.

I expect the relevant legislation to follow in coming days, with the first payments to employers so that they are in a position to pay their inactive employees by the end of April 2020.

We are also making arrangements so that we are able to continue these payments if necessary through the months of May and June, when we expect the economy to bear the brunt of the downturn in business.

### **How do you access these measures?**

Let me be clear again about the procedure.

The measures are not designed for the individual employee to access direct.

They are aimed at a claim by the business that is the employer or in the case of the self-employed person, by that individual.

We have prepared the form to be completed by employers or self-employed individuals online. Look out for Government social media to publish the online address of the form.

Each business needs to complete that form.

Employers who are subject of any closure orders will be able to access their place of work to obtain the details they require to complete the form.

It is fundamental that we are provided with contact details and the relevant bank details for the business.



These bank details are key as this is where the total of the BEAT Covid rate amounts will be sent.

The employer will need to inform us of how many of their employees will be designated as inactive.

The details we will require will include the name, position, tax reference number and the individual employee's contact details (mobile and email) for each employee.

The form also requests information on whether each employee is full time or part time employee.

A person will be deemed to be working full time if they are working 7.5 hours each day or more.

If the person is part time the employer should provide the average amount of hours that individual has worked in any day based on the average for the period from 1 January 2020 to 15 March 2020.

The same is true for those on zero-hour contracts who have worked an average of less than 7.5 hours a day in the first ten weeks of the year.

This is important as this amount of hours will be used to pro-rate the daily rate for part-time employees.

We will have the PAYE and Social Insurance returns for this period and we will cross check against these records to ensure that no employer seeks to cheat the mechanisms being put in place.

Employers should note that there will be serious CRIMINAL penalties for providing false or erroneous information.

It is important to note also that the final section of the form contains a number of declarations to be made by the person completing the form.

Please note the importance of these as they include penalties for providing inaccurate or false information.

### **How will the measures work?**

By doing these things, businesses will receive the relevant per employee of the BEAT Covid salary rate to remunerate their inactive employees.

That rate will be £1,155 per month for a full-time employee or a self-employed person and any fraction thereof for those who work less than full time.

So for example, an employee who has worked the average of 4 hours a day will receive £616 for a month.

These amounts will be paid TAX FREE whatever the cumulative income of an employee over the year might be.

The sums will attract no PAYE or SOCIAL INSURANCE deduction on the part of the employer, the employee or the self-employed.



Also, in order to ensure that no one is disadvantaged in the future, we will provide in law that social insurance records will be deemed as paid in April even though the Government has waived them.

The Government in turn requires the employer to process that amount which is paid to them and pass it on in its entirety and without deductions to the employee.

A failure to do this will result in criminal as well as financial penalties. Employers should heed this warning very carefully indeed.

### **How much is the BEAT Covid rate and how is it determined?**

The BEAT Covid rate has been based on the minimum wage of £7 per hour and is computed based on 7.5 hours per day and 22 days in any given month.

We are already working to reduce all costs for people so that the monies they need to live relate to the need for essential supplies for their families in this time.

Lenders are already prepared to defer mortgage and other payments, and I will say more about that later in my address.

So the income required is the income to buy essentials and not to fund different standards of living or lifestyles.

Employers are under an obligation to advise Government if an employee for whatever reason ceases to be an inactive person.

This can happen for example if the person returns to work.

And we hope to see many people return to work as soon as possible.

### **When is the payment going to be made?**

We have announced this measure with the view that it will be paid toward the last week of each month during the Covid Period starting from the last week in April 2020.

As you will appreciate we are now at the end of March and expect employers to honour their March salary obligations.

I know that may be hard in some circumstances, but we cannot move more quickly to provide these amounts to employers and we must all share the pain of what is happening in our economy.

I appreciate that a lot of employees will receive their pay weekly.

Unfortunately it is simply not possible for us to validate the forms and administer payments on a weekly basis.



But now that business are aware that this support is coming, now that they have the confidence that we will be providing this cash injection into their businesses, and that they are GUARANTEED that it will have arrived in their accounts by the end of April, they should be able to turn to their shareholders who may have taken money out of the business during better times, to fund the weekly salaries from now until the end of April.

Equally, those businesses could also turn to some of the local banks who have offered to provide lending at very favourable rates and will no doubt do so against the guarantee of these payments set out in my address.

It is expected that those employers (or self employed individuals) seeking to benefit from this should complete the relevant forms as soon as possible such that these can be processed, checked and validated in time for the payment to be made by Government to all affected employers and self-employed individuals during April.

### **Exemptions from lock down**

As I have said before, employers will be allowed access to their place of work not just to enable them to access the information to complete these forms.

They will also be allowed to access their place of work to carry out essential tasks such as running a monthly payroll run to ensure employees receive their payments.

### **Why are the details of the employees required?**

The reason we are going to ask for contact details for employees is to ensure that the information provided may be checked on a sample basis.

The Government may ask employees on a one-to-one basis whether the information contained in the form is correct.

We are also hoping to let employees know when a payment is made to their employer such that the employee knows when to expect their payment.

Employees will also be asked to advise Government if the employer fails to make that payment.

### **Employers**

Let me turn now to the terms of other assistance to businesses.

I already announced the first round of measures on 20 March for affected businesses.

Now all business sectors are affected, and so the measures I announce will apply to all unless they are specifically excluded from the application of them in the notices we publish after today.



The underlying principle driving our employer-focused measures is the interplay between our economy and the businesses that make it up.

We have to have an economy to come back to once the pandemic subsides, and it will subside.

And that is what we are also trying to protect on behalf of everyone.

The first round of measures that I announced on 20 March are widely known.

This is our second round of measures.

In some circumstances, we have extended or improved measures that were previously announced.

In order to make it easier for businesses to follow these complex and detailed business measures, we will be making available a table that breaks down each of these measures as they apply to business sectors, the status of the measure (whether it is a defer or a waiver) and whether the measure is up for review (and if so, when).

Please understand that is an assessment that is continuously changing, both in terms of the businesses that can be added or removed from this list of Excluded Sectors, as well as those to whom the measure has been waived or deferred, and indeed when the measure is up for review.

This review will be carried out on a continuous basis and updated lists and guidance will be issued as necessary from time to time.

So, in summary, all business not specifically excluded from the application of these measures will benefit from the following:

1. A Waiver of commercial rents for second quarter of 2020 where Government is the direct landlord of a business within a Relevant Sector;
2. They will benefit from the encouragement for private landlords to provide commercial rent waivers for second quarter in 2020 with HMGoG applying a tax on gross rents and a deduction against tax liability of 3 times rent paid, or a rent waiver and lease extension of 3 months. I want to thank landlords for their support in respect of this measure.
3. Business rates are waived for the second quarter in 2020 for all businesses in our economy;
4. A deferral of utility charges for businesses in non-excluded sectors for the month of April 2020 can be paid over the following 12-month period. This will be reviewed to consider whether it should be extended by further months or not on a monthly basis.



5. Payment of salaries to employees who continue at work in sectors not excluded will not attract PAYE or employer or employee Social Insurance contributions for the month of April. These sums will be retained by the employer and the law will change to exceptionally permit this for this extraordinary period.

6. Employers across all sectors (including the Excluded Sectors) will be allowed to defer their PAYE and Social Insurance contributions for the second quarter 2020 by a period of 12 weeks from month end instead of the 10 weeks previously announced.

7. The stock repurchase scheme for businesses in the catering sectors with perishable stock will continue.

8. The import duty waiver for all classes of goods except for tobacco, fuel and alcohol is in effect until midnight on 30 April 2020 and its extension will be reviewed monthly.

9. However, in relation to motor vehicles, the waiver will be administered as a rebate upon the sale of the vehicle that is imported in this period.

10. The Streamlining of work permit and registration process for gaming and financial services sectors and the waiver of all fees in this respect will continue and will include all sectors, as I understand that some of these businesses may need to grow their workforce during this period of increased activity for some.

11. The deferral of FSC fees that would normally be payable for the whole year in advance in April was to be payable quarterly in advance this year.

12. This has now been extended further so that the fees are paid quarterly in arrears, giving FSC-licensed businesses even greater leeway.

In terms of new measures, I am announcing the following:

13. Gaming duty will also be deferred to the end of each quarter.



14. The encouragement we have provided for landlords to pass on rent waiver is limited to a period of 3 months (that is to say the second quarter in 2020), however, if the pandemic extends beyond this second quarter, we will consider whether we are able to provide assistance to affected landlord themselves.

15. The FSC is looking at some of the issues raised by the Finance Centre Council and the Insurance industry. Specialist teams have also been set up to make recommendations to us on exceptional amendments to insolvency legislation and also in respect of continued operation of our court services.

16. I understand and appreciate that some businesses have been undergoing some expense to adapt their operations to the challenges of this pandemic. A BEAT COVID-19 corporation tax deductible will also therefore be introduced at the sum of £50,000 (fifty thousand pounds) as a one-off capital allowance for the current financial year.

One of the sectors that we are closely monitoring is the sports related segment of the online gaming sector.

We understand that their business is affected as it is wholly reliant on the availability of international sporting events and we are keeping this sector under close review.

We also understand how affected the financial services sector is and we will continue to review how to help that sector.

Both the gaming and financial services sectors will however be excluded from the first wave of parts of these measures by the agreement of their representatives.

I want to thank the GBGA and the Finance Centre Council for agreeing to this exclusion.

## **Citizens**

There are also a series of further measures that we are rolling out in order to further protect all our citizens during this period.

The first of these is a price control measure that will be applied to high-demand goods.

The Office of Fair Trading has received numerous reports of various businesses profiteering on the sale of items at suspiciously high prices.

These items are items that are key towards our mitigation of the spread of the virus.

They include hand sanitiser gels, gloves and masks, paracetamol, inhalers and disinfectants.



These price controls will mean that a business will be unable to sell or offer for sale any of these goods with an increase of more than 10% above the price for which they were previously sold prior to 15 March 2020 unless they have a reasonable cause to do so.

Reasonable cause will depend on whether the business itself is able to source these items at the same prices that it was able to do so on 15 March 2020.

They will have to prove that this is not the case.

In circumstances where a business has a justifiable cause because the price that they pay is higher, the business will be limited to selling these high demand goods at a maximum of 20% over the price paid for the goods on importation.

These price control measures will be enforced through the hard-working team at the Office of Fair Trading. Any complaints can be made directly to them.

There will also be a fine of up to £5,000 for any person that contravenes these price control measures.

Because we are not going to allow profiteering in these difficult times.

The other measure that we will be rolling out include a restriction on any recording within medical facilities in Gibraltar unless it has the prior written consent in writing from the GHA.

We have seen too many graphic images in rolling news channels that depict the suffering that is being unleashed by this pandemic on ordinary people.

I do not want this for our patients, and their families, who may not be able to see them in person because of restrictions on visits.

Their privacy must be respected at all times.

These recordings would also not be fair on these patients, or the medical staff.

Additionally, I am going to seek to put in place measures to ensure that no evictions can be carried out or sought in law in cases where the tenant of residential property has been unable to pay rent in the period of the Covid emergency.

But if you can, please pay your rent.

We are also working on what relief we may be able to provide to first time homebuyers of affordable property who are in hardship in respect of their pre-completion instalment payments because of the current circumstances.



Anyone in such a situation of genuine hardship should contact GRP who will work with you on how to alleviate your difficulties.

If we are able to, we will provide relief.

Further, we are asking all management companies to understand that these difficult circumstances may mean some are unable to fund service charges. We are asking management companies not to take any action against any property owner in an estate for failure to pay estate services charges for the second quarter of 2020 where hardship has arisen as a result of this Covid emergency.

But once again, if you can, please pay your service charges. Remember that they go into a pot for your benefit

Some of the measures I am announcing will require legal changes which can happen under existing rules and regulations.

In some respects, I may have to use the extraordinary powers taken by me on Friday in Parliament to amend any law.

I will only use those powers sparingly and in consultation with the Leader of the Opposition, with whom I am in close contact.

We will only emerge stronger from this difficult moment if we act in solidarity with one another and NOT by taking advantage or abusing the BEAT Covid measures.

Because we are all in this together.

I have announced many measures today.

Please, do not abuse them.

Do not claim for an inactive employee if that employee can work.

If you do, we will prosecute you to the fullest extent of the law.

Whoever you are, we will not tolerate abuse.

We will come down on you like a ton of bricks if you do.

Do not pretend to be inactive if you can work.

If you can pay your employees without our help, please do so for as long as you can.

If you can pay your rent, please do so and do not rely on waivers.

If you can pay your mortgage, please do so and do not seek a waiver of the mortgage payments.

If you can pay your service charges, do so.



This is a moment for communal solidarity.

And a moment for international solidarity.

A moment in particular for solidarity with our neighbours who are already suffering human losses on an unprecedented scale.

I want to express my solidarity with and the solidarity of the people of Gibraltar with the people of Spain.

Our neighbouring country is going through a truly difficult time and I know we all empathise greatly with the suffering of so many Spanish families at this time.

This is a time to think communally.

To set everything in the context of what we are seeing globally.

Now, when the chips are down, it's clear only human solidarity will get us through this.

Take what you really need but no more and don't ask for more.

Because the sums we pay this month may not be the sums we can pay next month if more claim the support for inactive employees.

We may have to pay less in May than we will for April.

And we will have to review all measures every month that this emergency goes on for.

Indeed, we will also have to see what effect the measures introduced in the United Kingdom have on our own economic operators that are so exposed to the UK.

In that respect, I want to also express my solidarity and the solidarity of the people of Gibraltar with the people of the United Kingdom at this time of extraordinary measures being taken there by Prime Minister Johnson also.

I am also pleased to be able to confirm to you that our request for UK Military Assistance to the Civilian Authorities has been approved.

MOD planners are therefore already working alongside Gibraltar Government civil contingency officers on matters of logistics and operations.

Ladies and gentlemen,

With the measures I have announced today, we are putting in place a shield around working people.

That is what is required to see us through this period.

But we must also be prudent about what the coming months and years ahead will hold.



And that is why we must preserve our fire power as much as possible.

We have no clarity on what may lurk around the corner of the days and weeks to come.

Finally, in these extraordinary times, remember the very difficult jobs we are asking our police officers to do.

Help them in keeping order and in complying with regulations, today and tomorrow as much as in weeks from now when confinement loses the lustre of its novelty.

And remember that the sun will shine again, but lockdown may not have ended by then.

So do not stand in the way of the instructions of a police officer in these times.

Remember that we are doing this because of lives that may be lost if we do not.

Thank you for your attention and thank you for understanding the importance of this statement to businesses and employees throughout our land and beyond and for that reason, why it has taken so long.

I will now answer questions from members of the media.