



GOVERNMENT OF GIBRALTAR
PRESS OFFICE
No.6 Convent Place
Gibraltar
Tel:20070071; Fax: 20043057

PRESS RELEASE

No: 220/2011

Date: 18th July 2011

“The Government reaffirms everything that the Chief Minister has said in Parliament about public debt, condemns both Mr. Picardo and Mr Bossano for lying to the people of Gibraltar and reassures Government debenture holders.” Mr Bossano and Mr Picardo are now saying the opposite thing to each other, and both are lying”.

Mr. Bossano’s statements about the public debt and that the Chief Minister has lied are as astonishing as they are untrue. The Chief Minister has not lied, nor said anything which is untrue or incorrect and reaffirms everything that he has said on the matter.

It appears that Mr. Bossano has calculated that the best way of defending Mr. Picardo (against whom the Chief Minister has moved a motion in Parliament for lying to the people about public debt) is to seek to muddy the waters by making similar allegations against the Chief Minister. And what is more he chooses to do it while Mr. Picardo is away from Gibraltar and thus not required to debate the issues himself.

The difference of course is that what Mr Picardo has said is indeed wholly untrue and invented by him, while everything that the Chief Minister has said is entirely true.

After delivering his budget speech (in which he had said no such thing) Mr Picardo went off to his party office to record and broadcast on Facebook, You Tube and the GSLP website a podcast in which he said that the legal limit on Government debt was £500million, that the Government had borrowed more than this and that the Government had therefore exceeded the amount it could legally borrow. This is entirely fabricated and untrue. The legal limit is not £500million and the Government debt is nowhere near the legal limit.

Mr Picardo’s very serious allegations are therefore entirely false. What is more, if he really believed what he was saying to the people of Gibraltar, and was not just inventing it for deceitful political effect, it is strange that he did not make this important point in his budget speech in Parliament just a few hours earlier that day! This is why the Government has brought the motion against Mr. Picardo.

In contrast, everything that the Chief Minister has said is true, despite Mr Bossano’s attempt now to distort what he said for the purpose of accusing him of lying – to even the score, so to speak.

The Chief Minister did not say that the debate on the Borrowing Powers Bill was about net as opposed to gross public debt. So the Chief Minister did not say what Mr Bossano now calls a lie.

What the Chief Minister said was that in 2008, when the economy was smaller than it is now, Mr Bossano had said that in his view it was OK for the Government to borrow AND SPEND around £200 million, given the size of our economy. The figure that the Government has borrowed AND SPENT as at 31 March 2011, three years later, is just £217million. That is the point that the Chief Minister made and explained in Parliament to counter Picardo's point that the Government was somehow risking the future by borrowing too much money.

It is wholly deceitful for Mr. Bossano now to argue that his remarks in 2008 related to gross debt and not to the amount of borrowed money that the Government could safely spend given the size of our economy, even though the Bill being debated was indeed about gross debt levels. Indeed Mr. Bossano's whole point in 2008 was that the issue was not how much you borrow, but what you spend it on! Only spending borrowed money increases net debt.

Mr Bossano is now himself lying to the people of Gibraltar when he says that the effect of the law to-day is that there is no ceiling and that with the present legislation any Government of Gibraltar can borrow any amount of money. This is simply untrue. There is a legal limit on the amount that Government can borrow (whether it spends it or not). The Government cannot borrow more money once the annual interest payments exceed 8% of Government revenue.

In other words, whether it be gross or net debt, Government cannot by law borrow more money once it is spending 8% of its total annual revenue on interest payments.

So, we now have the curious position where Mr Bossano is telling the people of Gibraltar that there is no legal limit on how much a Gibraltar Government can borrow, and Mr Picardo is telling the people of Gibraltar the very opposite on Facebook and Youtube, namely, that there is a legal limit of £500 million and that the Government has borrowed more than that already and has therefore borrowed more than the law allows it to borrow.

Certainly they cannot both be right. In fact both are lying or have no clue of what they are taking about, and both are motivated only by the desire to scaremonger for political purposes.

The Government had intended not to debate these issues further until Mr Picardo had returned to Gibraltar from his honeymoon. This has been made impossible by the Opposition itself choosing to raise the matter in his absence.