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**PRESS RELEASE**

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**Government's position is vindicated by Sir Peter**

The advertisement by the GSD published in today's Gibraltar Chronicle and no other newspaper, ignores all the information set out in the Chief Minister's Budget speech and his reply to those from members of the Opposition.

The first point raised by the GSD advertisement is to say that the GSLP/Liberals "told you there was no money" at the time of the election. In fact, Hon Mr Bossino further said in the course of his Budget Speech that there was "a treasure trove of money" left behind by the GSD when it left power.

The fact of the matter is that the position of the GSLP at the election has actually been entirely vindicated by the Hon Sir Peter Caruana QC MP who during the course of his intervention in the Budget debate said:

"...I would have been willing whilst keeping within economically prudent guidelines to have changed the law to increase the debt ceiling, the debt limit, which I acknowledge would have been necessary."

This confirms the position set out by the Treasury to the current Government when elected to the effect that there were only £16m left to spend for the whole of December 2011 to March 2012. That resulted in only £2.5m of useable cash reserve being left by the end of that year.

The second point made in the GSD advert is as to the increase in recurrent expenditure since the GSLP/Liberals were elected.

As the Chief Minister has demonstrated in Parliament, the lion's share of the increase is related to spending authorised by the GSD before it left Government (pay rises, three year pay deals for the public sector, creation of new agencies at higher cost than before) and items where expenditure is driven by market or outside forces. The latter include the high cost of diesel fuel which is rising dramatically (but which the new GSLP/Liberal power station will do away with) as well as the increased costs of sponsored patients and scholarships as a result of rising tuition fees in the UK.

The Chief Minister, Hon Fabian Picardo MP said: "I have made these points to Mr Feetham in Parliament but he is not interested in the forensic truth of what the recurrent expenditure increase relate to. He just wants to try to use the figure to try to scaremonger. But he needs to be honest. If he thinks recurrent expenditure has risen too much, what would he do to cut it? Would he cut public sector salaries? Would he stop burning diesel to produce electricity for a few hours each day? Would he cap the number of students who are allowed to go to UK to study? What would he cut? If he would cut nothing, he needs to accept the spending is at the right level. And he knows this is not about projects like the Commonwealth Park or anything else he may say he would not have done; as all of those items are funded from the Improvement and Development Fund, where he has not criticised the spending.

As for the issue of whether or not there was money when we were elected, that two and a half year argument has now been entirely settled by Sir Peter Caruana QC MP, who Mr Feetham has previously described as the "Greatest Gibraltarian Politician of All Time". Sir Peter's words in Parliament could not have been clearer in admitting that it would have been necessary for him to raise the debt ceiling if he had been re-elected. The Treasury's position, clear as it has been from day one, has been entirely vindicated, as has that of the GSLP/Liberal Government. Sir Peter has left Danny without a leg to stand on!"