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Opposition Comments on Public Debt are Incorrect

The latest comments by the Opposition on the public debt are incorrect and are clearly based on a lack of understanding.

The decision by the Government to redeem Government debentures, whilst at the same time ensuring that debenture-holders have the opportunity of investing their savings in the Gibraltar Savings Bank, has no impact whatsoever on the level of public debt.

By transferring the many hundreds of individual Government Debenture holdings to the Gibraltar Savings Bank the effect of the Government's decision is that it will bring the administration of all individual debenture holdings under a single entity (The Gibraltar Savings Bank) in order to ease the administration of this increasingly popular savings product.

The Government will, in turn, issue the Gibraltar Savings Bank with a single short term debenture equivalent to the total amount of all the individual holdings being redeemed, giving the Government more flexibility in the management of its public debt. The effect of this is that both on the level of gross public debt and net public debt remain unchanged.

Individual debenture-holders in the Gibraltar Savings Bank will continue to have their savings fully guaranteed by the Government at all times.