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Feetham Wrong on Debt Again

The statement from Daniel Feetham, the Leader of the Opposition, on public debt serves demonstrate to that he has absolutely no idea of how public finances work or of the substance of the debate had at the last election.

At the last election, the GSD's electoral manifesto was entirely dependant on the then gross debt of £520m being increased. That would have required a change in the law by way of a resolution of Parliament. Moreover, the level of usable cash reserves was left by the GSD at £2m by the end of their last financial year in Government. The Hon Sir Peter Caruana QC MP accepted this was the position during the course of his recent intervention in this year's budget debate in Parliament. Sir Peter himself said that if he had been elected, he would have funded the delivery of the GSD manifesto with further debt.

Moreover, the reserves of the Gibraltar Savings Bank were also reduced from £17m to just over £2000 when Sir Peter Caruana transferred the lion's share of the £17m to the Government Consolidated Fund for general spending.

The position of the GSLP-LIBERALS was that, although strictly within the rules, this amount of debt was too high and should not be further increased.

In fact, since then, the GSLP-LIBERAL Government has been careful to ensure that gross debt has been considerably reduced. As the Estimates showed, the gross public debt is down £70m from £520m to £450m and this is set to reduce further.

The Chief Minister, Hon Fabian Picardo, said: "Cutting the debt was our commitment. We are preparing to reduce it even further by the time of the next election as promised. We are on track to deliver this. Surprisingly, the GSD is doing the complete opposite of what it promised to do. Having said it would borrow even more to pay for the delivery of its manifesto, Mr Feetham now says that our reduced rate of borrowing is a risk.

"It is becoming clear that the Opposition are looking to have their bread buttered on both sides. When they are in Government they want to double the debt to deliver their manifesto commitments . When they are in Opposition, they don't want government to spend any money so that we don't deliver our projects. They have to make up their minds.'

'We are clear. The sum of £520m was too high for gross debt and will be reduced. The net debt will also be reduced. But the funny thing is Mr Feetham seems to be more worried now about the lower borrowings there are under this GSLP-LIBERAL administration than he was about the higher borrowings under the GSD. Perhaps the Damecene Conversion is being felt by Mr Feetham, who appears to now be more comfortable with the GSLP manifesto commitments than his own as he spends most of his time apparently inadvertently criticising Sir Peter's actions. Perhaps he just wants to come back to the GSLP-LIBERALS!

The most important thing for our citizens to understand is that their money in the Gibraltar Savings Bank is obviously entirely safe, despite the repeated and disgraceful scare-mongering from Mr Feetham. Gibraltar's finances are stronger and more resilient than ever."